

1.1 Senator moves to amend H.F. No. 3669 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.02, subdivision 7, is amended to read:

1.6 Subd. 7. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal
1.7 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December~~
1.8 ~~31, 2018~~ November 15, 2021.

1.9 **EFFECTIVE DATE.** This section is effective the day following final enactment, except
1.10 the changes incorporated by federal changes are effective retroactively at the same time the
1.11 changes were effective for federal purposes, but are subject to the application of Minnesota
1.12 Statutes, section 290.993, subdivision 2.

1.13 Sec. 2. Minnesota Statutes 2021 Supplement, section 289A.08, subdivision 7, is amended
1.14 to read:

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

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

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

1.29 (d) The electing partner must not have any Minnesota source income other than the
1.30 income from the partnership, other electing partnerships, and other qualifying entities
1.31 electing to file and pay the pass-through entity tax under subdivision 7a. If it is determined
1.32 that the electing partner has other Minnesota source income, the inclusion of the income

2.1 and tax liability for that partner under this provision will not constitute a return to satisfy
2.2 the requirements of subdivision 1. The tax paid for the individual as part of the composite
2.3 return is allowed as a payment of the tax by the individual on the date on which the composite
2.4 return payment was made. If the electing nonresident partner has no other Minnesota source
2.5 income, filing of the composite return is a return for purposes of subdivision 1.

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

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

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

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

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

2.25 (j) For the purposes of this subdivision, "income" means the partner's share of federal
2.26 adjusted gross income from the partnership modified by the additions provided in section
2.27 290.0131, subdivisions 8 to 10, 16, ~~and 17,~~ 19, and 20, and the subtractions provided in:
2.28 (1) section 290.0132, subdivisions 9, 27, and 28, to the extent the amount is assignable or
2.29 allocable to Minnesota under section 290.17; and (2) section 290.0132, subdivision 14, 31,
2.30 and 32. The subtraction allowed under section 290.0132, subdivision 9, is only allowed on
2.31 the composite tax computation to the extent the electing partner would have been allowed
2.32 the subtraction.

2.33 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
2.34 31, 2021.

3.1 Sec. 3. Minnesota Statutes 2021 Supplement, section 290.01, subdivision 19, is amended
3.2 to read:

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

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

3.12 (c) In the case of a regulated investment company or a fund thereof, as defined in section
3.13 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment
3.14 company taxable income as defined in section 852(b)(2) of the Internal Revenue Code,
3.15 except that:

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

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

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

3.25 (d) The net income of a real estate investment trust as defined and limited by section
3.26 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust
3.27 taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

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

3.31 (f) The Internal Revenue Code of 1986, as amended through ~~December 31, 2018~~
3.32 November 15, 2021, applies for taxable years beginning after December 31, 1996, ~~except~~
3.33 ~~the sections of federal law in section 290.0111 shall also apply.~~

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

4.4 **EFFECTIVE DATE.** This section is effective the day following final enactment, except
4.5 the changes incorporated by federal changes are effective retroactively at the same time the
4.6 changes were effective for federal purposes, but are subject to the application of Minnesota
4.7 Statutes, section 290.993, subdivision 2.

4.8 Sec. 4. Minnesota Statutes 2021 Supplement, section 290.01, subdivision 31, is amended
4.9 to read:

4.10 Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal
4.11 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December~~
4.12 ~~31, 2018, except the sections of federal law in section 290.0111 shall also apply~~ November
4.13 15, 2021. Internal Revenue Code also includes any uncodified provision in federal law that
4.14 relates to provisions of the Internal Revenue Code that are incorporated into Minnesota law.

4.15 **EFFECTIVE DATE.** This section is effective the day following final enactment, except
4.16 the changes incorporated by federal changes are effective retroactively at the same time the
4.17 changes were effective for federal purposes, but are subject to the application of Minnesota
4.18 Statutes, section 290.993, subdivision 2.

4.19 Sec. 5. Minnesota Statutes 2020, section 290.0123, subdivision 3, is amended to read:

4.20 Subd. 3. **Amount for dependents.** For an individual who is a dependent, as defined in
4.21 sections 151 and 152 of the Internal Revenue Code, of another taxpayer for a taxable year
4.22 beginning in the calendar year in which the individual's taxable year begins, the standard
4.23 deduction for that individual is limited to the greater of:

4.24 (1) \$1,100; or

4.25 (2) the lesser of (i) the sum of \$350 and that individual's earned income, as defined in
4.26 section 32(c) of the Internal Revenue Code, except that a taxpayer must use earned income
4.27 from the current taxable year; or (ii) the standard deduction amount allowed under subdivision
4.28 1, clause (3).

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

5.1 Sec. 6. Minnesota Statutes 2020, section 290.0131, is amended by adding a subdivision
5.2 to read:

5.3 Subd. 19. **Meal expenses.** The amount of meal expenses in excess of the 50 percent
5.4 limitation under section 274(n)(1) of the Internal Revenue Code allowed under subsection
5.5 (n), paragraph (2), subparagraph (D), of that section is an addition.

5.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
5.7 31, 2021.

5.8 Sec. 7. Minnesota Statutes 2020, section 290.0131, is amended by adding a subdivision
5.9 to read:

5.10 Subd. 20. **Special limited adjustment.** (a) For taxable years beginning after December
5.11 31, 2021, and before January 1, 2023, the amount calculated under section 290.993,
5.12 subdivision 2, paragraph (c), that increases net income for the taxable year is an addition.

5.13 (b) Partners, shareholders, or beneficiaries who file their returns on a calendar year basis,
5.14 and who received an addition from a pass-through entity filing their return on a fiscal year
5.15 basis, must make the addition in the taxable year it is received as required for federal income
5.16 tax purposes.

5.17 (c) This subdivision expires for taxable years beginning after December 31, 2023.

5.18 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
5.19 31, 2021, and before January 1, 2024.

5.20 Sec. 8. Minnesota Statutes 2020, section 290.0132, subdivision 18, is amended to read:

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

5.23 (b) The unused portion of a net operating loss carryover under section 290.095,
5.24 subdivision 11, paragraph (d), is a subtraction. The subtraction is the lesser of:

5.25 (1) the amount carried into the taxable year minus any subtraction made under this
5.26 section for prior taxable years; or

5.27 (2) 80 percent of Minnesota taxable net income in a single taxable year and determined
5.28 without regard to this subtraction.

5.29 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
5.30 31, 2021.

6.1 Sec. 9. Minnesota Statutes 2020, section 290.0132, is amended by adding a subdivision
6.2 to read:

6.3 Subd. 31. **Special Limited Adjustment.** (a) For taxable years beginning after December
6.4 31, 2021, and before January 1, 2023, the amount calculated under section 290.993,
6.5 subdivision 2, paragraph (c), that decreases net income for the taxable year is a subtraction.

6.6 (b) Partners, shareholders, or beneficiaries who file their returns on a calendar year basis,
6.7 and who received a subtraction from a pass-through entity filing their return on a fiscal year
6.8 basis, must make the subtraction in the taxable year it is received as required for federal
6.9 income tax purposes.

6.10 (c) This subdivision expires for taxable years beginning after December 31, 2023.

6.11 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
6.12 31, 2021, and before January 1, 2024.

6.13 Sec. 10. Minnesota Statutes 2020, section 290.0132, is amended by adding a subdivision
6.14 to read:

6.15 Subd. 32. **Delayed business interest.** For each of the five taxable years beginning after
6.16 December 31, 2021, there is allowed a subtraction equal to one-fifth of the adjustment
6.17 amount, to the extent not already deducted, for the exclusion under section 290.993,
6.18 subdivision 2, paragraph (c), clause (11), due to the Coronavirus Aid, Relief and Economic
6.19 Security Act, Public Law 116-136, section 2306.

6.20 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
6.21 31, 2021.

6.22 Sec. 11. Minnesota Statutes 2020, section 290.0133, is amended by adding a subdivision
6.23 to read:

6.24 Subd. 15. **Meal expenses.** The amount of meal expenses in excess of the 50 percent
6.25 limitation under section 274(n)(1) of the Internal Revenue Code allowed under section
6.26 274(n)(2)(D) of the Internal Revenue Code is an addition.

6.27 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
6.28 31, 2021.

7.1 Sec. 12. Minnesota Statutes 2020, section 290.0133, is amended by adding a subdivision
7.2 to read:

7.3 Subd. 16. **Special Limited Adjustment.** (a) For taxable years beginning after December
7.4 31, 2021, and before January 1, 2023, the amount calculated under section 290.993,
7.5 subdivision 2, paragraph (c), that increases net income for the taxable year is an addition.

7.6 (b) Partners, shareholders, or beneficiaries who file their returns on a calendar year basis,
7.7 and who received an addition from a pass-through entity filing their return on a fiscal year
7.8 basis, must make the addition in the taxable year it is received as required for federal income
7.9 tax purposes.

7.10 (c) This subdivision expires for taxable years beginning after December 31, 2023.

7.11 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
7.12 31, 2021, and before January 1, 2024.

7.13 Sec. 13. Minnesota Statutes 2020, section 290.0134, is amended by adding a subdivision
7.14 to read:

7.15 Subd. 20. **Special Limited Adjustment.** (a) For taxable years beginning after December
7.16 31, 2021, and before January 1, 2023, the amount calculated under section 290.993,
7.17 subdivision 2, paragraph (c), that decreases net income for the taxable year is a subtraction.

7.18 (b) Partners, shareholders, or beneficiaries who file their returns on a calendar year basis,
7.19 and who received a subtraction from a pass-through entity filing their return on a fiscal year
7.20 basis, must make the subtraction in the taxable year it is received as required for federal
7.21 income tax purposes.

7.22 (c) This subdivision expires for taxable years beginning after December 31, 2023.

7.23 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
7.24 31, 2021, and before January 1, 2024.

7.25 Sec. 14. Minnesota Statutes 2020, section 290.0134, is amended by adding a subdivision
7.26 to read:

7.27 Subd. 21. **Delayed business interest.** For each of the five taxable years beginning after
7.28 December 31, 2021, there is allowed a subtraction equal to one-fifth of the adjustment
7.29 amount, to the extent not already deducted, for the exclusion under section 290.993,
7.30 subdivision 2, paragraph (c), clause (11), due to the Coronavirus Aid, Relief and Economic
7.31 Security Act, Public Law 116-136, section 2306.

8.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
8.2 31, 2021.

8.3 Sec. 15. Minnesota Statutes 2021 Supplement, section 290.06, subdivision 2c, is amended
8.4 to read:

8.5 Subd. 2c. **Schedules of rates for individuals, estates, and trusts.** (a) The income taxes
8.6 imposed by this chapter upon married individuals filing joint returns and surviving spouses
8.7 as defined in section 2(a) of the Internal Revenue Code must be computed by applying to
8.8 their taxable net income the following schedule of rates:

8.9 (1) On the first \$38,770, 5.35 percent;

8.10 (2) On all over \$38,770, but not over \$154,020, 6.8 percent;

8.11 (3) On all over \$154,020, but not over \$269,010, 7.85 percent;

8.12 (4) On all over \$269,010, 9.85 percent.

8.13 Married individuals filing separate returns, estates, and trusts must compute their income
8.14 tax by applying the above rates to their taxable income, except that the income brackets
8.15 will be one-half of the above amounts after the adjustment required in subdivision 2d.

8.16 (b) The income taxes imposed by this chapter upon unmarried individuals must be
8.17 computed by applying to taxable net income the following schedule of rates:

8.18 (1) On the first \$26,520, 5.35 percent;

8.19 (2) On all over \$26,520, but not over \$87,110, 6.8 percent;

8.20 (3) On all over \$87,110, but not over \$161,720, 7.85 percent;

8.21 (4) On all over \$161,720, 9.85 percent.

8.22 (c) The income taxes imposed by this chapter upon unmarried individuals qualifying as
8.23 a head of household as defined in section 2(b) of the Internal Revenue Code must be
8.24 computed by applying to taxable net income the following schedule of rates:

8.25 (1) On the first \$32,650, 5.35 percent;

8.26 (2) On all over \$32,650, but not over \$131,190, 6.8 percent;

8.27 (3) On all over \$131,190, but not over \$214,980, 7.85 percent;

8.28 (4) On all over \$214,980, 9.85 percent.

8.29 (d) In lieu of a tax computed according to the rates set forth in this subdivision, the tax
8.30 of any individual taxpayer whose taxable net income for the taxable year is less than an

9.1 amount determined by the commissioner must be computed in accordance with tables
9.2 prepared and issued by the commissioner of revenue based on income brackets of not more
9.3 than \$100. The amount of tax for each bracket shall be computed at the rates set forth in
9.4 this subdivision, provided that the commissioner may disregard a fractional part of a dollar
9.5 unless it amounts to 50 cents or more, in which case it may be increased to \$1.

9.6 (e) An individual who is not a Minnesota resident for the entire year must compute the
9.7 individual's Minnesota income tax as provided in this subdivision. After the application of
9.8 the nonrefundable credits provided in this chapter, the tax liability must then be multiplied
9.9 by a fraction in which:

9.10 (1) the numerator is the individual's Minnesota source federal adjusted gross income as
9.11 defined in section 62 of the Internal Revenue Code and increased by:

9.12 (i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, ~~and~~
9.13 17, 19, and 20, and 290.0137, paragraph (a); and reduced by

9.14 (ii) the Minnesota assignable portion of the subtraction for United States government
9.15 interest under section 290.0132, subdivision 2, the subtractions under sections 290.0132,
9.16 subdivisions 9, 10, 14, 15, 17, 18, ~~and 27, 31, and 32~~, and 290.0137, paragraph (c), after
9.17 applying the allocation and assignability provisions of section 290.081, clause (a), or 290.17;
9.18 and

9.19 (2) the denominator is the individual's federal adjusted gross income as defined in section
9.20 62 of the Internal Revenue Code, increased by:

9.21 (i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, ~~and~~
9.22 17, 19, and 20, and 290.0137, paragraph (a); and reduced by

9.23 (ii) the subtractions under sections 290.0132, subdivisions 2, 9, 10, 14, 15, 17, 18, ~~and~~
9.24 27, 31, and 32, and 290.0137, paragraph (c).

9.25 (f) If an individual who is not a Minnesota resident for the entire year is a qualifying
9.26 owner of a qualifying entity that elects to pay tax as provided in section 289A.08, subdivision
9.27 7a, paragraph (b), the individual must compute the individual's Minnesota income tax as
9.28 provided in paragraph (e), and also must include, to the extent attributed to the electing
9.29 qualifying entity:

9.30 (1) in paragraph (e), clause (1), item (i), and paragraph (e), clause (2), item (i), the
9.31 addition under section 290.0131, subdivision 5; and

9.32 (2) in paragraph (e), clause (1), item (ii), and paragraph (e), clause (2), item (ii), the
9.33 subtraction under section 290.0132, subdivision 3.

10.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
10.2 31, 2021.

10.3 Sec. 16. Minnesota Statutes 2020, section 290.0671, subdivision 1a, is amended to read:

10.4 Subd. 1a. **Definitions.** For purposes of this section, the following terms "qualifying
10.5 child," and "earned income," have the meanings given in section 32(e) of the Internal
10.6 Revenue Code, and the term "adjusted gross income" has the meaning given in section 62
10.7 of the Internal Revenue Code.:

10.8 "Earned income of the lesser earning spouse" has the meaning given in section 290.0675,
10.9 subdivision 1, paragraph (d).

10.10 (1) "qualifying child" has the meaning given in section 32(c)(3) of the Internal Revenue
10.11 Code;

10.12 (2) "earned income" has the meaning given in section 32(c)(2) of the Internal Revenue
10.13 Code, except that a taxpayer must use earned income from the current taxable year;

10.14 (3) "adjusted gross income" has the meaning given in section 62 of the Internal Revenue
10.15 Code; and

10.16 (4) "earned income of the lesser earning spouse" has the meaning given in section
10.17 290.0675, subdivision 1, paragraph (d).

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

10.20 Sec. 17. Minnesota Statutes 2020, section 290.0675, subdivision 1, is amended to read:

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

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

10.25 (1) earned income as defined in section 32(c)(2) of the Internal Revenue Code, except
10.26 that a taxpayer must use earned income from the current taxable year;

10.27 (2) income received from a retirement pension, profit-sharing, stock bonus, or annuity
10.28 plan; and

10.29 (3) Social Security benefits as defined in section 86(d)(1) of the Internal Revenue Code.

10.30 (c) "Taxable income" means net income as defined in section 290.01, subdivision 19.

11.1 (d) "Earned income of lesser-earning spouse" means the earned income of the spouse
11.2 with the lesser amount of earned income as defined in paragraph (b) for the taxable year
11.3 minus one-half the amount of the standard deduction under section 290.0123, subdivision
11.4 1, clause (1).

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

11.7 Sec. 18. Minnesota Statutes 2020, section 290.091, subdivision 2, is amended to read:

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

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

11.12 (1) the taxpayer's federal alternative minimum taxable income as defined in section
11.13 55(b)(2) of the Internal Revenue Code;

11.14 (2) the taxpayer's itemized deductions allowed in computing federal alternative minimum
11.15 taxable income, but excluding:

11.16 (i) the charitable contribution deduction under section 170 of the Internal Revenue Code;

11.17 (ii) the medical expense deduction;

11.18 (iii) the casualty, theft, and disaster loss deduction; and

11.19 (iv) the impairment-related work expenses of a person with a disability;

11.20 (3) for depletion allowances computed under section 613A(c) of the Internal Revenue
11.21 Code, with respect to each property (as defined in section 614 of the Internal Revenue Code),
11.22 to the extent not included in federal alternative minimum taxable income, the excess of the
11.23 deduction for depletion allowable under section 611 of the Internal Revenue Code for the
11.24 taxable year over the adjusted basis of the property at the end of the taxable year (determined
11.25 without regard to the depletion deduction for the taxable year);

11.26 (4) to the extent not included in federal alternative minimum taxable income, the amount
11.27 of the tax preference for intangible drilling cost under section 57(a)(2) of the Internal Revenue
11.28 Code determined without regard to subparagraph (E);

11.29 (5) to the extent not included in federal alternative minimum taxable income, the amount
11.30 of interest income as provided by section 290.0131, subdivision 2;

12.1 (6) the amount of addition required by section 290.0131, subdivisions 9, 10, ~~and~~ 16, and
12.2 20;

12.3 (7) the deduction allowed under section 199A of the Internal Revenue Code, to the extent
12.4 not included in the addition required under clause (6); and

12.5 (8) to the extent not included in federal alternative minimum taxable income, the amount
12.6 of foreign-derived intangible income deducted under section 250 of the Internal Revenue
12.7 Code;

12.8 less the sum of the amounts determined under the following:

12.9 (i) interest income as defined in section 290.0132, subdivision 2;

12.10 (ii) an overpayment of state income tax as provided by section 290.0132, subdivision
12.11 3, to the extent included in federal alternative minimum taxable income;

12.12 (iii) the amount of investment interest paid or accrued within the taxable year on
12.13 indebtedness to the extent that the amount does not exceed net investment income, as defined
12.14 in section 163(d)(4) of the Internal Revenue Code. Interest does not include amounts deducted
12.15 in computing federal adjusted gross income;

12.16 (iv) amounts subtracted from federal taxable or adjusted gross income as provided by
12.17 section 290.0132, subdivisions 7, 9 to 15, 17, 21, 24, and 26 to ~~29~~ 31;

12.18 (v) the amount of the net operating loss allowed under section 290.095, subdivision 11,
12.19 ~~paragraph~~ paragraphs (c) and (d); and

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

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

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

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

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

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

13.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
13.4 31, 2021.

13.5 Sec. 19. Minnesota Statutes 2020, section 290.095, subdivision 11, is amended to read:

13.6 **Subd. 11. Carryback or carryover adjustments.** (a) Except as provided in paragraph
13.7 (c), for individuals, estates, and trusts the amount of a net operating loss that may be carried
13.8 back or carried over shall be the same dollar amount allowable in the determination of
13.9 federal taxable income, provided that, notwithstanding any other provision, estates and
13.10 trusts must apply the following adjustments to the amount of the net operating loss that may
13.11 be carried back or carried over:

13.12 (1) Nonassignable income or losses as required by section 290.17.

13.13 (2) Deductions not allocable to Minnesota under section 290.17.

13.14 (b) The net operating loss carryback or carryover applied as a deduction in the taxable
13.15 year to which the net operating loss is carried back or carried over shall be equal to the net
13.16 operating loss carryback or carryover applied in the taxable year in arriving at federal taxable
13.17 income provided that trusts and estates must apply the following modifications:

13.18 (1) Increase the amount of carryback or carryover applied in the taxable year by the
13.19 amount of losses and interest, taxes and other expenses not assignable or allowable to
13.20 Minnesota incurred in the taxable year.

13.21 (2) Decrease the amount of carryback or carryover applied in the taxable year by the
13.22 amount of income not assignable to Minnesota earned in the taxable year. For estates and
13.23 trusts, the net operating loss carryback or carryover to the next consecutive taxable year
13.24 shall be the net operating loss carryback or carryover as calculated in clause (b) less the
13.25 amount applied in the earlier taxable year(s). No additional net operating loss carryback or
13.26 carryover shall be allowed to estates and trusts if the entire amount has been used to offset
13.27 Minnesota income in a year earlier than was possible on the federal return. However, if a
13.28 net operating loss carryback or carryover was allowed to offset federal income in a year
13.29 earlier than was possible on the Minnesota return, an estate or trust shall still be allowed to
13.30 offset Minnesota income but only if the loss was assignable to Minnesota in the year the
13.31 loss occurred.

14.1 (c) This paragraph does not apply to eligible small businesses that make a valid election
14.2 to carry back their losses for federal purposes under section 172(b)(1)(H) of the Internal
14.3 Revenue Code as amended through March 31, 2009.

14.4 (1) A net operating loss of an individual, estate, or trust that is allowed under this
14.5 subdivision and for which the taxpayer elects to carry back for more than two years under
14.6 section 172(b)(1)(H) of the Internal Revenue Code is a net operating loss carryback to each
14.7 of the two taxable years preceding the loss, and unused portions may be carried forward for
14.8 20 taxable years after the loss.

14.9 (2) The entire amount of the net operating loss for any taxable year must be carried to
14.10 the earliest of the taxable years to which the loss may be carried. The portion of the loss
14.11 which may be carried to each of the other taxable years is the excess, if any, of the amount
14.12 of the loss over the greater of the taxable net income or alternative minimum taxable income
14.13 for each of the taxable years to which the loss may be carried.

14.14 (d) For net operating loss carryovers or carrybacks arising in taxable years beginning
14.15 after December 31, 2017, and before December 31, 2020, a net operating loss carryover or
14.16 carryback is allowed as provided in the Internal Revenue Code as amended through December
14.17 31, 2018, as follows:

14.18 (1) the entire amount of the net operating loss, to the extent not already deducted, must
14.19 be carried to the earliest taxable year and any unused portion may be carried forward for
14.20 20 taxable years after the loss; and

14.21 (2) the portion of the loss which may be carried to each of the other taxable years is the
14.22 excess, if any, of the amount of the loss over the greater of the taxable net income or
14.23 alternative minimum taxable income for each of the taxable years to which the loss may be
14.24 carried.

14.25 **EFFECTIVE DATE.** This section is effective retroactively for losses arising in taxable
14.26 years beginning after December 31, 2017, and before December 31, 2020.

14.27 Sec. 20. Minnesota Statutes 2021 Supplement, section 290.993, is amended to read:

14.28 **290.993 SPECIAL LIMITED ADJUSTMENT.**

14.29 Subdivision 1. **Tax year 2018.** (a) For an individual, estate, or trust, or a partnership
14.30 that elects to file a composite return under section 289A.08, subdivision 7, for taxable years
14.31 beginning after December 31, 2017, and before January 1, 2019, the following special rules
14.32 apply:

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

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

15.9 (b) The adjustment in ~~paragraph (a), clause (2)~~ this subdivision, does not apply to any
15.10 changes due to sections 11012, 13101, 13201, 13202, 13203, 13204, 13205, 13207, 13301,
15.11 13302, 13303, 13313, 13502, 13503, 13801, 14101, 14102, 14211 through 14215, and
15.12 14501 of Public Law 115-97; and section 40411 of Public Law 115-123.

15.13 Subd. 2. Tax years 2017 to 2021. (a) For all taxpayers, including an entity that elects
15.14 to file a composite return under section 289A.08, subdivision 7, and an entity that elects to
15.15 pay the pass-through entity tax under section 289A.08, subdivision 7a; for taxable years
15.16 beginning after December 31, 2016, and before January 1, 2022, the following rules apply.

15.17 (b) There is an adjustment to net income equal to the difference between the amount
15.18 calculated and reported under this chapter incorporating the Internal Revenue Code as
15.19 amended through Minnesota Laws 2021, First Special Session chapter 14, and the amount
15.20 calculated under this chapter incorporating the Internal Revenue Code as amended through
15.21 November 15, 2021. This adjustment is only allowed as provided in paragraph (c) and to
15.22 the extent the taxpayer reported a related nonconformity adjustment on their return for
15.23 taxable years beginning after December 31, 2016, and before January 1, 2022. This
15.24 adjustment does not include the changes due to the:

15.25 (1) Taxpayer Certainty and Disaster Relief Act of 2020, Public Law 116-260, section
15.26 114, exclusion of gross income of discharge of qualified principal residence indebtedness;

15.27 (2) Taxpayer Certainty and Disaster Relief Act of 2020, Public Law 116-260, section
15.28 304(b), special rules for disaster-related personal casualty losses; and

15.29 (3) American Rescue Plan Act, Public Law 117-2, section 9675, modification of treatment
15.30 of student loan forgiveness.

15.31 (c) For purposes of this subdivision, the term "nonconformity adjustment" means the
15.32 difference between adjusted gross income as defined under section 62 of the Internal Revenue
15.33 Code for individuals, and federal taxable income as defined under section 63 of the Internal

16.1 Revenue Code for all other taxpayers incorporating the Internal Revenue Code as amended
16.2 through Minnesota Laws 2021, First Special Session chapter 14, and the amount calculated
16.3 under this chapter incorporating the Internal Revenue Code as amended through November
16.4 15, 2021, but does not include impacts to state tax credits. The nonconformity adjustment
16.5 is an addition or subtraction to net income but does not include the following federal law
16.6 changes:

16.7 (1) Taxpayer Certainty and Disaster Relief Act of 2019, Public Law 116-94, section
16.8 104, deduction of qualified tuition and related expenses;

16.9 (2) Taxpayer Certainty and Disaster Relief Act of 2019, Public Law 116-94, section
16.10 203, employee retention credit for employers affected by qualified disasters;

16.11 (3) Families First Coronavirus Response Act, Public Law 116-127, section 7001, payroll
16.12 credit for required paid sick leave;

16.13 (4) Families First Coronavirus Response Act, Public Law 116-127, section 7003, payroll
16.14 credit for required paid family leave;

16.15 (5) Coronavirus Aid, Relief and Economic Security Act, Public Law 116-136, section
16.16 2204, allowance of partial above the line deduction for charitable contributions;

16.17 (6) Coronavirus Aid, Relief and Economic Security Act, Public Law 116-136, section
16.18 2205, excluding subsection (a), paragraph (B), temporary modification of limitations on
16.19 charitable contributions as it applies to individual taxpayers only and including carryovers;

16.20 (7) Coronavirus Aid, Relief and Economic Security Act, Public Law 116-136, section
16.21 2206, exclusion of certain employer payment of student loans;

16.22 (8) Coronavirus Aid, Relief and Economic Security Act, Public Law 116-136, section
16.23 2301, employee retention credit for employers subject to closure due to COVID-19;

16.24 (9) Coronavirus Aid, Relief and Economic Security Act, Public Law 116-136, section
16.25 2303, modifications for net operating losses;

16.26 (10) Coronavirus Aid, Relief and Economic Security Act, Public Law 116-136, section
16.27 2304, modification of limitation on losses for taxpayers other than corporations;

16.28 (11) Coronavirus Aid, Relief and Economic Security Act, Public Law 116-136, section
16.29 2306, limitation on business interest;

16.30 (12) Taxpayer Certainty and Disaster Relief Act of 2020, Public Law 116-260, section
16.31 207, extension and modification of employee retention and rehiring credit;

17.1 (13) Taxpayer Certainty and Disaster Relief Act of 2020, Public Law 116-260, section
17.2 210, temporary allowance of full deduction for business meals;

17.3 (14) Taxpayer Certainty and Disaster Relief Act of 2020, Public Law 116-260, section
17.4 303, employee retention credit for employers affected by qualified disasters;

17.5 (15) American Rescue Plan Act, Public Law 117-2, section 9501(b), preserving health
17.6 benefits for workers;

17.7 (16) American Rescue Plan Act, Public Law 117-2, section 9631, refundability and
17.8 enhancement of child and dependent care tax credit;

17.9 (17) American Rescue Plan Act, Public Law 117-2, section 9641, payroll sick and family
17.10 leave credits; and

17.11 (18) American Rescue Plan Act, Public Law, 117-2, section 9651, extension of employee
17.12 retention credit.

17.13 The addition or subtraction required must only be made in taxable years beginning after
17.14 December 31, 2021, and before January 1, 2023. Except partners, shareholders, or
17.15 beneficiaries who file their returns on a calendar year basis, and who received an addition
17.16 or subtraction from a pass-through entity filing their return on a fiscal year basis, must make
17.17 the addition or subtraction in the taxable year it is received as required for federal income
17.18 tax purposes. For purposes of this subdivision, a pass-through entity is defined as an entity
17.19 that is not subject to the tax imposed under section 290.02, including but not limited to S
17.20 corporations, partnerships, estates, and trusts other than grantor trusts.

17.21 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
17.22 after December 31, 2016, and before January 1, 2024.

17.23 Sec. 21. Minnesota Statutes 2020, section 290A.03, subdivision 15, is amended to read:

17.24 Subd. 15. **Internal Revenue Code.** "Internal Revenue Code" means the Internal Revenue
17.25 Code of 1986, as amended through ~~December 31, 2018~~ November 15, 2021.

17.26 **EFFECTIVE DATE.** This section is effective for property tax refunds based on property
17.27 taxes payable in 2022 and rent paid in 2021 and thereafter.

17.28 Sec. 22. Minnesota Statutes 2020, section 291.005, subdivision 1, is amended to read:

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

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

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

18.8 (3) "Internal Revenue Code" means the United States Internal Revenue Code of 1986,
18.9 as amended through ~~December 31, 2018~~ November 15, 2021.

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

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

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

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

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

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

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

18.32 (iii) a qualified work of art, as defined in section 2503(g)(2) of the Internal Revenue
18.33 Code, owned by a nonresident decedent and that is normally kept or located in this state

19.1 because it is on loan to an organization, qualifying as exempt from taxation under section
19.2 501(c)(3) of the Internal Revenue Code, that is located in Minnesota, the situs of the art is
19.3 deemed to be outside of Minnesota, notwithstanding the provisions of item (ii); and

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

19.7 For a nonresident decedent with an ownership interest in a pass-through entity with
19.8 assets that include real or tangible personal property, situs of the real or tangible personal
19.9 property, including qualified works of art, is determined as if the pass-through entity does
19.10 not exist and the real or tangible personal property is personally owned by the decedent. If
19.11 the pass-through entity is owned by a person or persons in addition to the decedent, ownership
19.12 of the property is attributed to the decedent in proportion to the decedent's capital ownership
19.13 share of the pass-through entity.

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

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

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

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

19.21 (iv) a trust to the extent the property is includable in the decedent's federal gross estate;
19.22 but excludes

19.23 (v) an entity whose ownership interest securities are traded on an exchange regulated
19.24 by the Securities and Exchange Commission as a national securities exchange under section
19.25 6 of the Securities Exchange Act, United States Code, title 15, section 78f.

19.26 **EFFECTIVE DATE.** This section is effective the day following final enactment, except
19.27 the changes incorporated by federal changes are effective retroactively at the same time the
19.28 changes were effective for federal purposes.

20.1 **ARTICLE 2**

20.2 **INCOME, CORPORATE FRANCHISE, AND ESTATE TAXES**

20.3 Section 1. Minnesota Statutes 2021 Supplement, section 116J.8737, subdivision 5, is
20.4 amended to read:

20.5 Subd. 5. **Credit allowed.** (a) A qualified investor or qualified fund is eligible for a credit
20.6 equal to 25 percent of the qualified investment in a qualified small business. Investments
20.7 made by a pass-through entity qualify for a credit only if the entity is a qualified fund. The
20.8 commissioner must not allocate to qualified investors or qualified funds more than the dollar
20.9 amount in credits allowed for the taxable years listed in paragraph (i). For each taxable year,
20.10 50 percent must be allocated to credits for qualified investments in qualified greater
20.11 Minnesota businesses and minority-owned, women-owned, or veteran-owned qualified
20.12 small businesses in Minnesota. Any portion of a taxable year's credits that is reserved for
20.13 qualified investments in greater Minnesota businesses and minority-owned, women-owned,
20.14 or veteran-owned qualified small businesses in Minnesota that is not allocated by September
20.15 30 of the taxable year is available for allocation to other credit applications beginning on
20.16 October 1. Any portion of a taxable year's credits that is not allocated by the commissioner
20.17 does not cancel and may be carried forward to subsequent taxable years until all credits
20.18 have been allocated.

20.19 (b) The commissioner may not allocate more than a total maximum amount in credits
20.20 for a taxable year to a qualified investor for the investor's cumulative qualified investments
20.21 as an individual qualified investor and as an investor in a qualified fund; for married couples
20.22 filing joint returns the maximum is \$250,000, and for all other filers the maximum is
20.23 \$125,000. The commissioner may not allocate more than a total of \$1,000,000 in credits
20.24 over all taxable years for qualified investments in any one qualified small business.

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

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

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

20.32 A member of the family of an individual disqualified by this paragraph is not eligible for a
20.33 credit under this section. For a married couple filing a joint return, the limitations in this
20.34 paragraph apply collectively to the investor and spouse. For purposes of determining the

21.1 ownership interest of an investor under this paragraph, the rules under section 267(c) and
21.2 267(e) of the Internal Revenue Code apply.

21.3 (d) Applications for tax credits must be made available on the department's website by
21.4 November 1 of the preceding year.

21.5 (e) Qualified investors and qualified funds must apply to the commissioner for tax credits.
21.6 Tax credits must be allocated to qualified investors or qualified funds in the order that the
21.7 tax credit request applications are filed with the department. The commissioner must approve
21.8 or reject tax credit request applications within 15 days of receiving the application. The
21.9 investment specified in the application must be made within 60 days of the allocation of
21.10 the credits. If the investment is not made within 60 days, the credit allocation is canceled
21.11 and available for reallocation. A qualified investor or qualified fund that fails to invest as
21.12 specified in the application, within 60 days of allocation of the credits, must notify the
21.13 commissioner of the failure to invest within five business days of the expiration of the
21.14 60-day investment period.

21.15 (f) All tax credit request applications filed with the department on the same day must
21.16 be treated as having been filed contemporaneously. If two or more qualified investors or
21.17 qualified funds file tax credit request applications on the same day, and the aggregate amount
21.18 of credit allocation claims exceeds the aggregate limit of credits under this section or the
21.19 lesser amount of credits that remain unallocated on that day, then the credits must be allocated
21.20 among the qualified investors or qualified funds who filed on that day on a pro rata basis
21.21 with respect to the amounts claimed. The pro rata allocation for any one qualified investor
21.22 or qualified fund is the product obtained by multiplying a fraction, the numerator of which
21.23 is the amount of the credit allocation claim filed on behalf of a qualified investor and the
21.24 denominator of which is the total of all credit allocation claims filed on behalf of all
21.25 applicants on that day, by the amount of credits that remain unallocated on that day for the
21.26 taxable year.

21.27 (g) A qualified investor or qualified fund, or a qualified small business acting on their
21.28 behalf, must notify the commissioner when an investment for which credits were allocated
21.29 has been made, and the taxable year in which the investment was made. A qualified fund
21.30 must also provide the commissioner with a statement indicating the amount invested by
21.31 each investor in the qualified fund based on each investor's share of the assets of the qualified
21.32 fund at the time of the qualified investment. After receiving notification that the investment
21.33 was made, the commissioner must issue credit certificates for the taxable year in which the
21.34 investment was made to the qualified investor or, for an investment made by a qualified
21.35 fund, to each qualified investor who is an investor in the fund. The certificate must state

22.1 that the credit is subject to revocation if the qualified investor or qualified fund does not
22.2 hold the investment in the qualified small business for at least three years, consisting of the
22.3 calendar year in which the investment was made and the two following years. The three-year
22.4 holding period does not apply if:

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

22.7 (2) 80 percent or more of the assets of the qualified small business is sold before the end
22.8 of the three-year period;

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

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

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

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

22.15 (i) The credit allowed under this subdivision is effective as follows:

22.16 (1) \$10,000,000 for taxable years beginning after December 31, 2020, and before January
22.17 1, 2022; and

22.18 (2) ~~\$5,000,000~~ \$12,000,000 for taxable years beginning after December 31, 2021, and
22.19 before January 1, 2023.

22.20 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
22.21 after December 31, 2021.

22.22 **Sec. 2. [116X.01] NEW MARKETS TAX CREDIT.**

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

22.25 (b) "Applicable percentage" means zero percent for each of the first two credit allowance
22.26 dates and ten percent for each of the final five credit allowance dates.

22.27 (c) "CDFI fund" means the Community Development Financial Institutions fund of the
22.28 United States Department of the Treasury.

22.29 (d) "Commissioner" means the commissioner of employment and economic development.

22.30 (e) "Credit allowance date" means:

- 23.1 (1) the date on which a qualified equity investment is initially made; and
- 23.2 (2) each of the six anniversary dates thereafter.
- 23.3 (f) "Greater Minnesota aggregate credit amount" means \$50,000,000 of credits allowed
- 23.4 to all certified qualified equity investments in greater Minnesota counties.
- 23.5 (g) "Greater Minnesota allocation" means \$100,000,000 in qualified equity investment
- 23.6 authority to be awarded for investment in qualified active low-income community businesses
- 23.7 with principal business operations in a greater Minnesota county.
- 23.8 (h) "Greater Minnesota county" means any county that is not a metropolitan county.
- 23.9 (i) "Metropolitan aggregate credit amount" means \$50,000,000 of credits allowed to all
- 23.10 certified qualified equity investments in metropolitan counties.
- 23.11 (j) "Metropolitan allocation" means \$100,000,000 in qualified equity investment authority
- 23.12 to be awarded for investment in qualified active low-income community businesses with
- 23.13 principal business operations in a metropolitan county.
- 23.14 (k) "Metropolitan county" has the meaning given in section 473.121, subdivision 4.
- 23.15 (l) "Minnesota qualified community development entity" means a qualified community
- 23.16 development entity that is or whose controlling entity is headquartered in this state.
- 23.17 (m) "Internal Revenue Code" has the meaning given in section 290.01, subdivision 31.
- 23.18 (n) "Principal business operations" means the physical location of a business where at
- 23.19 least 60 percent of a qualified active low-income community business' employees work or
- 23.20 where employees that are paid at least 60 percent of the business' payroll work. An
- 23.21 out-of-state business that has agreed to relocate employees or a Minnesota business that has
- 23.22 agreed to hire employees using the proceeds of a qualified low-income community investment
- 23.23 to establish principal business operations in Minnesota is deemed to have principal business
- 23.24 operations in Minnesota if the business satisfies the requirements of this paragraph within
- 23.25 180 days of receiving the qualified low-income community investment or another date as
- 23.26 agreed by the business and the commissioner.
- 23.27 (o) "Purchase price" means the amount paid to the qualified community development
- 23.28 entity for a qualified equity investment.
- 23.29 (p) "Qualified active low-income community business" has the meaning given in section
- 23.30 45D of the Internal Revenue Code, except that any business that derives or projects to derive
- 23.31 15 percent or more of its annual revenue from the rental or sale of real estate is not considered
- 23.32 to be a qualified active low-income community business. This exception does not apply to

24.1 a business that is controlled by or under common control with another business if the second
24.2 business:

24.3 (1) does not derive or project to derive 15 percent or more of its annual revenue from
24.4 the rental or sale of real estate; and

24.5 (2) is the primary tenant of the real estate leased from the initial business.

24.6 A business is deemed a qualified active low-income community business for the duration
24.7 of a qualified low-income community investment if the qualified community development
24.8 entity reasonably expects, at the time it makes the qualified low-income community
24.9 investment, that the business will continue to satisfy the requirements for being a qualified
24.10 active low-income community business throughout the entire period of the qualified
24.11 low-income community investment.

24.12 (q) "Qualified community development entity" has the meaning given in section 45D
24.13 of the Internal Revenue Code, provided that the entity:

24.14 (1) has previously entered into an allocation agreement with the CDFI fund with respect
24.15 to credits authorized by section 45D of the Internal Revenue Code; and

24.16 (2) includes the state within the service area set forth in the allocation agreement.

24.17 (r) "Qualified equity investment" means an equity investment in a qualified community
24.18 development entity, if the equity investment:

24.19 (1) is acquired after the effective date of this section at its original issuance solely in
24.20 exchange for cash;

24.21 (2) has at least 100 percent of its cash purchase price used by the qualified community
24.22 development entity to make qualified low-income community investments in qualified
24.23 active low-income community businesses that have their principal business operations in
24.24 the state of Minnesota; and

24.25 (3) is:

24.26 (i) designated by the qualified community development entity as a qualified equity
24.27 investment under this section; and

24.28 (ii) except for a Minnesota qualified community development entity, is at least 50 percent
24.29 designated by the qualified community development entity as a qualified equity investment
24.30 under section 45D of the Internal Revenue Code.

24.31 An investment that does not qualify under clause (1) is a qualified equity investment if the
24.32 investment met the requirements of this paragraph while under possession of a prior holder.

25.1 (s) "Qualified low-income community investment" means any capital or equity investment
25.2 in, or loan to, any qualified active low-income community business.

25.3 (t) "Tax credit" or "credit" means a credit against the tax imposed by chapter 290 or
25.4 297I.

25.5 (u) "Taxpayer" means a taxpayer as defined in section 290.01, subdivision 6, or a taxpayer
25.6 as defined in section 297I.01, subdivision 16.

25.7 Subd. 2. **Credit allowed; qualification; limitation.** (a) An entity earns a vested right
25.8 to a credit against the tax imposed under chapter 290 or 297I, subject to the requirements
25.9 of this subdivision. The credit may be claimed against the tax imposed by chapter 290 or
25.10 297I, but not both.

25.11 (b) The credit equals the applicable percentage for each credit allowance date multiplied
25.12 by the purchase price paid to the qualified community development entity for the qualified
25.13 equity investment.

25.14 Subd. 3. **Application.** (a) A qualified community development entity that seeks to have
25.15 an equity investment designated as a qualified equity investment and eligible for the credit
25.16 under this section shall apply to the commissioner on a form provided by the commissioner
25.17 that includes:

25.18 (1) the name, address, and tax identification number of the applicant, and evidence of
25.19 the applicant's certification as a qualified community development entity by the CDFI fund;

25.20 (2) a copy of the allocation agreement executed by the applicant or its controlling entity,
25.21 and the CDFI fund;

25.22 (3) a certificate executed by an executive officer of the applicant attesting that the
25.23 allocation agreement remains in effect and has not been revoked or canceled by the CDFI
25.24 fund;

25.25 (4) a description of the proposed amount, structure, and purchaser of the equity
25.26 investment;

25.27 (5) the amount of qualified equity investment authority sought under the greater
25.28 Minnesota allocation or the metropolitan allocation, as applicable, which collectively may
25.29 not exceed the applicant or its controlling entity's available qualified equity investment
25.30 authority under section 45D of the Internal Revenue Code multiplied by two, provided this
25.31 limitation does not apply to a Minnesota qualified community development entity;

26.1 (6) if required by clause (5), evidence of the applicant or its controlling entity's available
26.2 qualified equity investment authority under section 45D of the Internal Revenue Code; and

26.3 (7) a nonrefundable application fee of \$5,000 paid to the commissioner to offset costs
26.4 associated with personnel and administrative expenses related to administering the credit.

26.5 (b) The commissioner shall set a date to accept applications not less than 30 days but
26.6 not more than 45 days after the CDFI fund announces allocation awards under a notice of
26.7 funding availability that was published in the Federal Register in November 2021.

26.8 (c) A qualified community development entity may apply for both a greater Minnesota
26.9 allocation and a metropolitan allocation.

26.10 Subd. 4. **Certification of qualified equity investments.** (a) Within 30 days after receipt
26.11 of an application, the commissioner shall grant or deny the application in full or in part. If
26.12 the commissioner denies any part of the application, the commissioner shall inform the
26.13 applicant of the grounds for the denial. If the applicant provides the information required
26.14 by the commissioner or otherwise completes its application within 15 days of the notice of
26.15 denial, the application is deemed complete as of the original date of submission. If the
26.16 applicant fails to provide the requested information or complete its application within the
26.17 15-day period, the applicant must submit a new application.

26.18 (b) If the application is deemed complete, the commissioner shall certify the proposed
26.19 equity investment as a qualified equity investment eligible for a credit under this section.
26.20 The commissioner shall provide written notice of the certification to the qualified community
26.21 development entity. Once the qualified community development entity identifies the
26.22 taxpayers who are allocated credits and their respective credit amounts, the qualified
26.23 community development entity shall provide a notice of allocation to the commissioner,
26.24 and the commissioner shall provide a certification to the qualified community development
26.25 entity and each taxpayer containing the credit amount and utilization schedule for which
26.26 the taxpayer is eligible. If the taxpayer is eligible to utilize the credits change due to a transfer
26.27 of a qualified equity investment or a change in allocation pursuant to paragraph (c), the
26.28 qualified community development entity shall notify the commissioner of the change.

26.29 (c) The commissioner shall certify applications for the greater Minnesota allocation and
26.30 the metropolitan allocation in proportionate percentages based upon the ratio of the amount
26.31 of qualified equity investments requested in applications for each allocation to the total
26.32 amount of qualified equity investments requested in all applications for each allocation
26.33 received on the same day.

27.1 (d) If a pending request cannot be fully certified, the commissioner shall certify the
27.2 portion that may be certified unless the qualified community development entity elects to
27.3 withdraw its request rather than receive a partial award of qualified equity investment
27.4 authority.

27.5 (e) An approved applicant may transfer all or a portion of its certified qualified equity
27.6 investment authority to its controlling entity or any affiliate or partner of the controlling
27.7 entity that is also a qualified community development entity if the applicant provides the
27.8 information required in the application with respect to the transferee and the applicant
27.9 notifies the commissioner in the notice required by paragraph (f). Within 30 days after
27.10 receiving notice of certification under paragraph (b), the applicant or transferee shall:

27.11 (1) issue qualified equity investments in an amount equal to the total amount of certified
27.12 qualified equity investment authority;

27.13 (2) receive cash in the amount of the certified qualified equity investment; and

27.14 (3) if the applicant or transferee is not a Minnesota qualified community development
27.15 entity, designate 50 percent of the qualified equity investment authority as a qualified equity
27.16 investment under section 45D of the Internal Revenue Code.

27.17 (f) The qualified community development entity must provide the commissioner with
27.18 evidence of the receipt of the cash investment and, if the qualified community development
27.19 entity is not a Minnesota qualified community development entity, the designation of 50
27.20 percent of the qualified equity investment as a qualified equity investment under section
27.21 45D of the Internal Revenue Code within 35 days after receiving notice of certification. If
27.22 the qualified community development entity does not receive the cash investment, issue the
27.23 qualified equity investment within 30 days following receipt of the certification notice, and
27.24 comply with paragraph (e), clause (3), if applicable, the certification is void. A voided
27.25 certification must be returned to the commissioner and must first be awarded pro rata to
27.26 applicants that received awards of qualified equity investment authority and complied with
27.27 paragraph (e).

27.28 (g) The commissioner shall notify the commissioner of revenue of credits approved
27.29 under this subdivision within 15 days of granting an application.

27.30 Subd. 5. **Credit recapture.** (a) The commissioner shall recapture credits allowed under
27.31 this act and future credits are forfeited if:

27.32 (1) any amount of the federal tax credit available with respect to a qualified equity
27.33 investment that is eligible for a credit under this section is recaptured under section 45D of

28.1 the Internal Revenue Code. In that case, the commissioner's recapture shall be proportionate
28.2 to the federal recapture with respect to that qualified equity investment;

28.3 (2) the qualified community development entity redeems or makes principal repayment
28.4 with respect to a qualified equity investment prior to seven years after the date of issuance
28.5 of the qualified equity investment. In that case, the commissioner's recapture shall be
28.6 proportionate to the amount of the redemption or repayment with respect to the qualified
28.7 equity investment; or

28.8 (3) the qualified community development entity fails to invest at least 100 percent of
28.9 the cash purchase price of the qualified equity investment in qualified low-income community
28.10 investments in greater Minnesota counties or metropolitan counties, as applicable, within
28.11 12 months of the issuance of the qualified equity investment and maintains the investment
28.12 in qualified low-income community investments in greater Minnesota counties or
28.13 metropolitan counties, as applicable, until the last credit allowance date for the qualified
28.14 equity investment. A qualified community development entity must use the proceeds of
28.15 qualified equity investments awarded under the greater Minnesota allocation to make
28.16 qualified low-income community investments in qualified active low-income community
28.17 businesses with principal business operations in greater Minnesota counties.

28.18 (b) For purposes of paragraph (a), clause (3), an investment is considered maintained
28.19 by a qualified community development entity even if the investment has been sold or repaid,
28.20 provided that the qualified community development entity reinvests an amount equal to the
28.21 capital returned to or recovered by the qualified community development entity from the
28.22 original investment, exclusive of any profits realized, in another qualified low-income
28.23 community investment in this state as required under the greater Minnesota allocation or
28.24 metropolitan allocation within 12 months after the receipt of that capital. Periodic loan
28.25 repayments received by a qualified community development entity from a qualified active
28.26 low-income community business within a calendar year must be treated as maintained in
28.27 qualified low-income community investments if a qualified community development entity
28.28 reinvests the repayments in qualified low-income community investments by the end of the
28.29 following calendar year.

28.30 (c) A qualified community development entity is not required to reinvest capital returned
28.31 from qualified low-income community investments after the sixth anniversary of the issuance
28.32 of the qualified equity investment, the proceeds of which were used to make the qualified
28.33 low-income community investment, and the qualified low-income community investment
28.34 is considered held by the qualified community development entity through the seventh
28.35 anniversary of the qualified equity investment's issuance.

29.1 (d) With respect to any one qualified active low-income community business, the
29.2 maximum amount of qualified low-income community investments made in that business
29.3 in aggregate with all of its affiliates that may be counted toward the satisfaction of paragraph
29.4 (a), clause (3), is \$10,000,000, whether made by one or several qualified community
29.5 development entities but exclusive of redeemed or repaid qualified low-income community
29.6 investment by the qualified active low-income community business.

29.7 (e) The commissioner shall provide notice to the qualified community development
29.8 entity of any proposed recapture of credits pursuant to this subdivision. The notice must
29.9 specify the conditions under which the deficiency resulting in the proposed recapture occurred
29.10 and state that the credits will be recaptured within 90 days unless the qualified community
29.11 development entity complies with the conditions identified in the notice. If the entity fails
29.12 or is unable to cure the deficiency within the 90-day period, the commissioner shall provide
29.13 the entity and the taxpayer from whom the credit is to be recaptured with a final order of
29.14 recapture. Any credit for which a final recapture order has been issued must be recaptured
29.15 by the commissioner from the taxpayer who claimed the credit on a tax return. The qualified
29.16 equity investment authority of the recaptured credits must be returned to the commissioner
29.17 and must first be awarded pro rata to applicants that have received awards of qualified equity
29.18 investment authority and complied with this subdivision.

29.19 Subd. 6. **Examination and rulemaking.** (a) The commissioner may conduct examinations
29.20 to verify that the credits under this section have been received and applied according to the
29.21 requirements of this section and to verify that no event has occurred that would result in a
29.22 recapture of credits under subdivision 5.

29.23 (b) The commissioner may issue advisory letters to individual qualified community
29.24 development entities and their investors that are limited to the specific facts outlined in an
29.25 advisory letter request from a qualified community development entity. The rulings cannot
29.26 be relied upon by any person or entity other than the qualified community development
29.27 entity that requested the letter and the taxpayers that are entitled to any tax credits generated
29.28 from investments in the entity.

29.29 (c) In rendering advisory letters and making other determinations under this section, to
29.30 the extent applicable, the commissioner shall rely upon guidance to section 45D of the
29.31 Internal Revenue Code and the rules and regulations issued thereunder.

29.32 Subd. 7. **Annual reporting by community development entities.** (a) Each qualified
29.33 community development entity shall submit an annual report to the commissioner within
29.34 120 days after the beginning of each calendar year during the compliance period. No annual

30.1 report is due prior to the first anniversary of the initial credit allowance date. The report
30.2 must include but is not limited to information with respect to all qualified low-income
30.3 community investments made by the qualified community development entity, including:

30.4 (1) the date and amount of, and bank statements or wire transfer reports documenting,
30.5 qualified low-income community investments;

30.6 (2) the name and address of each qualified active low-income community business
30.7 funded by the qualified community development entity, the number of persons employed
30.8 by the business at the time of the initial qualified low-income community investment, and
30.9 a brief description of the business and its financing;

30.10 (3) the number of employment positions maintained by each qualified active low-income
30.11 community business as of the date of the report or the end of the preceding calendar year
30.12 and the average annual salaries of those positions;

30.13 (4) the total number of employment positions created and retained as a result of qualified
30.14 low-income community investments and the average annual salaries of those positions;

30.15 (5) a certification by its chief executive officer or similar officer that no credits have
30.16 been subject to recapture under subdivision 5; and

30.17 (6) any changes with respect to the taxpayers entitled to claim credits with respect to
30.18 qualified equity investments issued by the qualified community development entity since
30.19 its last report pursuant to this section.

30.20 (b) The qualified community development entity is not required to provide the annual
30.21 report set forth in this section for qualified low-income community investments that have
30.22 been redeemed or repaid.

30.23 Subd. 8. **Program report.** If the credit under this section has not been reviewed under
30.24 the provisions of section 3.8855 by December 15, 2031, the commissioner shall report to
30.25 the legislature no later than December 31, 2031, regarding the implementation of the credit
30.26 under this section, including an evaluation of the credit using the components listed in
30.27 section 3.885, subdivision 5.

30.28 Subd. 9. **Expiration.** This section expires for taxable years beginning after December
30.29 31, 2030, except that the commissioner's authority to allow the credit under subdivision 2
30.30 based on certificates that were issued under subdivision 4 before expiration remains in effect
30.31 through the year following the year in which all certificates have either been canceled or
30.32 resulted in issuance of credit certificates, or 2033, whichever is earlier.

31.1 Subd. 10. Account created; appropriation. The Minnesota new markets tax credit
31.2 account is created in the special revenue fund in the state treasury. The account is
31.3 administered by the commissioner. Application fees required under subdivision 3, paragraph
31.4 (a), clause (7), are appropriated to the commissioner for costs associated with certifying
31.5 applications and for personnel and administrative expenses related to administering the
31.6 credit under this section.

31.7 EFFECTIVE DATE. This section is effective for taxable years beginning after December
31.8 31, 2022, and before January 1, 2031.

31.9 Sec. 3. Minnesota Statutes 2021 Supplement, section 289A.08, subdivision 7a, is amended
31.10 to read:

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

31.13 (1) "income" has the meaning given in subdivision 7, paragraph (j), modified by the
31.14 addition provided in section 290.0131, subdivision 5, and the subtraction provided in section
31.15 290.0132, subdivision 3, except that the provisions that apply to a partnership apply to a
31.16 qualifying entity and the provisions that apply to a partner apply to a qualifying owner. The
31.17 income of ~~both a resident and~~ qualifying owner of an entity taxed as a partnership under
31.18 the Internal Revenue Code is not subject to allocation outside this state as provided for
31.19 resident individuals under section 290.17, subdivision 1, paragraph (a). The income of a
31.20 nonresident qualifying owner or the income of a qualifying owner of an entity taxed as an
31.21 S corporation including a qualified subchapter S subsidiary organized under section
31.22 1361(b)(3)(B) of the Internal Revenue Code is allocated and assigned to this state as provided
31.23 for nonresident partners and shareholders under sections 290.17, 290.191, and 290.20;

31.24 (2) "qualifying entity" means a partnership, limited liability company taxed as a
31.25 partnership or S corporation, or S corporation including a qualified subchapter S subsidiary
31.26 organized under section 1361(b)(3)(B) of the Internal Revenue Code. Qualifying entity ~~does~~
31.27 ~~not~~ may include a partnership, limited liability company, or corporation that has a ~~partnership,~~
31.28 ~~limited liability company other than a disregarded entity,~~ or corporation as a partner, member,
31.29 or shareholder, provided those entities are excluded from the qualifying entity's tax return;
31.30 the entity is taxed as a partnership, limited liability company, or S corporation; and is not
31.31 a publicly traded partnership, as defined in section 7704 of the Internal Revenue Code, as
31.32 amended through January 1, 2021; and

31.33 (3) "qualifying owner" means:

32.1 (i) a resident or nonresident individual trust or estate that is a partner, member, or
32.2 shareholder of a qualifying entity; ~~or~~

32.3 (ii) ~~a resident or nonresident trust that is a shareholder of a qualifying entity that is an~~
32.4 ~~S-corporation~~ an entity taxed as a partnership under the Internal Revenue Code; or

32.5 (iii) a disregarded entity that has a qualifying owner as its single owner.

32.6 (b) For taxable years beginning after December 31, 2020, in which the taxes of a
32.7 qualifying owner are limited under section 164(b)(6)(B) of the Internal Revenue Code, a
32.8 qualifying entity may elect to file a return and pay the pass-through entity tax imposed under
32.9 paragraph (c). The election:

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

32.12 (2) may only be made by qualifying owners who collectively hold more than a 50 percent
32.13 ownership interest in the qualifying entity;

32.14 (3) is binding on all qualifying owners who have an ownership interest in the qualifying
32.15 entity; and

32.16 (4) once made is irrevocable for the taxable year.

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

32.19 (d) The amount of a qualifying owner's tax liability under paragraph (c) is the amount
32.20 of the qualifying owner's income multiplied by the highest tax rate for individuals under
32.21 section 290.06, subdivision 2c. When making this determination:

32.22 (1) nonbusiness deductions, standard deductions, or personal exemptions are not allowed;
32.23 and

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

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

32.28 (f) This subdivision does not negate the requirement that a qualifying owner pay estimated
32.29 tax if the qualifying owner's tax liability would exceed the requirements set forth in section
32.30 289A.25. The qualifying owner's liability to pay estimated tax on the qualifying owner's
32.31 tax liability as determined under paragraph (d) is, however, satisfied when the qualifying

33.1 entity pays estimated tax in the manner prescribed in section 289A.25 for composite estimated
33.2 tax.

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

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

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

33.12 (j) If a nonresident qualifying owner of a qualifying entity making the election to file
33.13 and pay the tax under this subdivision has no other Minnesota source income, filing of the
33.14 pass-through entity tax return is a return for purposes of subdivision 1, provided that the
33.15 nonresident qualifying owner must not have any Minnesota source income other than the
33.16 income from the qualifying entity, other electing qualifying entities, and other partnerships
33.17 electing to file a composite return under subdivision 7. If it is determined that the nonresident
33.18 qualifying owner has other Minnesota source income, the inclusion of the income and tax
33.19 liability for that owner under this provision will not constitute a return to satisfy the
33.20 requirements of subdivision 1. The tax paid for the qualifying owner as part of the
33.21 pass-through entity tax return is allowed as a payment of the tax by the qualifying owner
33.22 on the date on which the pass-through entity tax return payment was made.

33.23 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
33.24 after December 31, 2020.

33.25 Sec. 4. Minnesota Statutes 2020, section 289A.10, subdivision 1, is amended to read:

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

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

33.30 (2) the sum of the federal gross estate and federal adjusted taxable gifts, as defined in
33.31 section 2001(b) of the Internal Revenue Code, made within three years of the date of the
33.32 decedent's death exceeds ~~\$1,200,000 for estates of decedents dying in 2014; \$1,400,000 for~~
33.33 ~~estates of decedents dying in 2015; \$1,600,000 for estates of decedents dying in 2016;~~

34.1 ~~\$2,100,000 for estates of decedents dying in 2017; \$2,400,000 for estates of decedents dying~~
34.2 ~~in 2018; \$2,700,000 for estates of decedents dying in 2019; and \$3,000,000 for estates of~~
34.3 ~~decedents dying in 2020 and thereafter.~~

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

34.6 (c) The return may include an election, as provided in section 290.03, subdivision 1e,
34.7 to allow a decedent's surviving spouse to take into account the decedent's deceased spousal
34.8 unused exclusion amount.

34.9 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after June
34.10 30, 2022.

34.11 Sec. 5. Minnesota Statutes 2021 Supplement, section 289A.382, subdivision 2, is amended
34.12 to read:

34.13 **Subd. 2. Reporting and payment requirements for partnerships and tiered**
34.14 **partners.** (a) Except for when an audited partnership makes the election in subdivision 3,
34.15 and except for negative federal adjustments required under federal law taken into account
34.16 by the partnership in the partnership return for the adjustment or other year, all final federal
34.17 adjustments of an audited partnership must comply with paragraph (b) and each direct
34.18 partner of the audited partnership, other than a tiered partner, must comply with paragraph
34.19 (c).

34.20 (b) No later than 90 days after the final determination date, the audited partnership must:

34.21 (1) file a completed federal adjustments report, including all partner-level information
34.22 required under section 289A.12, subdivision 3, with the commissioner;

34.23 (2) notify each of its direct partners of their distributive share of the final federal
34.24 adjustments;

34.25 (3) file an amended composite report for all direct partners who were included in a
34.26 composite return under section 289A.08, subdivision 7, in the reviewed year, and pay the
34.27 additional amount that would have been due had the federal adjustments been reported
34.28 properly as required; ~~and~~

34.29 (4) file amended withholding reports for all direct partners who were or should have
34.30 been subject to nonresident withholding under section 290.92, subdivision 4b, in the reviewed
34.31 year, and pay the additional amount that would have been due had the federal adjustments
34.32 been reported properly as required; and

35.1 (5) file an amended pass-through entity tax report for all direct partners who were
35.2 included in a pass-through entity tax return under section 289A.08, subdivision 7a, in the
35.3 reviewed year, and pay the additional amount that would have been due had the federal
35.4 adjustments been reported properly as required.

35.5 (c) No later than 180 days after the final determination date, each direct partner, other
35.6 than a tiered partner, that is subject to a tax administered under this chapter, other than the
35.7 sales tax, must:

35.8 (1) file a federal adjustments report reporting their distributive share of the adjustments
35.9 reported to them under paragraph (b), clause (2); and

35.10 (2) pay any additional amount of tax due as if the final federal adjustment had been
35.11 properly reported, plus any penalty and interest due under this chapter, and less any credit
35.12 for related amounts paid or withheld and remitted on behalf of the direct partner under
35.13 paragraph (b), clauses (3) and (4).

35.14 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
35.15 after December 31, 2020.

35.16 Sec. 6. Minnesota Statutes 2020, section 290.0132, subdivision 4, is amended to read:

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

35.19 (1) education-related expenses; plus

35.20 (2) tuition and fees paid to attend a school described in section 290.0674, subdivision
35.21 1, clause (4), that are not included in education-related expenses; less

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

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

35.24 (1) ~~\$1,625~~ \$3,250 for each qualifying child in kindergarten through grade 6; and

35.25 (2) ~~\$2,500~~ \$5,000 for each qualifying child in grades 7 through 12.

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

35.27 (d) The commissioner shall annually adjust the subtraction amounts in paragraph (b) as
35.28 provided in section 270C.22. The statutory year is 2022.

35.29 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
35.30 31, 2021.

36.1 Sec. 7. Minnesota Statutes 2020, section 290.0132, subdivision 26, is amended to read:

36.2 Subd. 26. **Social Security benefits.** ~~(a) A portion~~ The amount of taxable Social Security
36.3 benefits received by a taxpayer in the taxable year is allowed as a subtraction. ~~The subtraction~~
36.4 ~~equals the lesser of taxable Social Security benefits or a maximum subtraction subject to~~
36.5 ~~the limits under paragraphs (b), (c), and (d).~~

36.6 ~~(b) For married taxpayers filing a joint return and surviving spouses, the maximum~~
36.7 ~~subtraction equals \$5,150. The maximum subtraction is reduced by 20 percent of provisional~~
36.8 ~~income over \$78,180. In no case is the subtraction less than zero.~~

36.9 ~~(c) For single or head-of-household taxpayers, the maximum subtraction equals \$4,020.~~
36.10 ~~The maximum subtraction is reduced by 20 percent of provisional income over \$61,080.~~
36.11 ~~In no case is the subtraction less than zero.~~

36.12 ~~(d) For married taxpayers filing separate returns, the maximum subtraction equals~~
36.13 ~~one-half the maximum subtraction for joint returns under paragraph (b). The maximum~~
36.14 ~~subtraction is reduced by 20 percent of provisional income over one-half the threshold~~
36.15 ~~amount specified in paragraph (b). In no case is the subtraction less than zero.~~

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

36.20 ~~(f) The commissioner shall adjust the maximum subtraction and threshold amounts in~~
36.21 ~~paragraphs (b) to (d) as provided in section 270C.22. The statutory year is taxable year~~
36.22 ~~2019. The maximum subtraction and threshold amounts as adjusted must be rounded to the~~
36.23 ~~nearest \$10 amount. If the amount ends in \$5, the amount is rounded up to the nearest \$10~~
36.24 ~~amount.~~

36.25 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
36.26 31, 2021.

36.27 Sec. 8. Minnesota Statutes 2020, section 290.0132, is amended by adding a subdivision
36.28 to read:

36.29 **Subd. 31. Pension income; public safety officers and firefighters.** (a) Income received
36.30 from the following pension plans, excluding disability income, is a subtraction:

36.31 (1) the police and fire plan governed by sections 353.63 to 353.68;

36.32 (2) the local government correctional service retirement plan under chapter 353E;

37.1 (3) the state patrol retirement plan under chapter 352B;

37.2 (4) the state correctional employees retirement plan under sections 352.90 to 352.955;

37.3 or

37.4 (5) any similar annuity or benefit from a retirement system administered by the federal
37.5 government.

37.6 (b) The subtraction applies to individuals who have attained at least 20 years of service
37.7 as a public official or employee and a member of a plan listed under paragraph (a), and have
37.8 not attained age 55 before December 31, 2022, and their surviving spouses.

37.9 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
37.10 31, 2022.

37.11 Sec. 9. Minnesota Statutes 2020, section 290.05, subdivision 1, is amended to read:

37.12 Subdivision 1. **Exempt entities.** The following corporations, individuals, estates, trusts,
37.13 and organizations shall be exempted from taxation under this chapter, provided that every
37.14 such person or corporation claiming exemption under this chapter, in whole or in part, must
37.15 establish to the satisfaction of the commissioner the taxable status of any income or activity:

37.16 (a) corporations, individuals, estates, and trusts engaged in the business of mining or
37.17 producing iron ore and mining, producing, or refining other ores, metals, and minerals, the
37.18 mining, production, or refining of which is subject to the occupation tax imposed by section
37.19 298.01; but if any such corporation, individual, estate, or trust engages in any other business
37.20 or activity or has income from any property not used in such business it shall be subject to
37.21 this tax computed on the net income from such property or such other business or activity.
37.22 Royalty shall not be considered as income from the business of mining or producing iron
37.23 ore within the meaning of this section;

37.24 (b) the United States of America, the state of Minnesota or any political subdivision of
37.25 either agencies or instrumentalities, whether engaged in the discharge of governmental or
37.26 proprietary functions; ~~and~~

37.27 (c) any insurance company, other than a disqualified captive insurance company; and

37.28 (d) a Nuclear Decommissioning Reserve Fund, as defined in section 468A of the Internal
37.29 Revenue Code.

37.30 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
37.31 31, 2024.

38.1 Sec. 10. Minnesota Statutes 2021 Supplement, section 290.06, subdivision 2c, is amended
38.2 to read:

38.3 Subd. 2c. **Schedules of rates for individuals, estates, and trusts.** (a) The income taxes
38.4 imposed by this chapter upon married individuals filing joint returns and surviving spouses
38.5 as defined in section 2(a) of the Internal Revenue Code must be computed by applying to
38.6 their taxable net income the following schedule of rates:

38.7 (1) On the first ~~\$38,770~~ \$41,050, ~~5.35~~ 2.8 percent;

38.8 (2) On all over ~~\$38,770~~ \$41,050, but not over ~~\$154,020~~ \$163,060, 6.8 percent;

38.9 (3) On all over ~~\$154,020~~ \$163,060, but not over ~~\$269,010~~ \$284,810, 7.85 percent;

38.10 (4) On all over ~~\$269,010~~ \$284,810, 9.85 percent.

38.11 Married individuals filing separate returns, estates, and trusts must compute their income
38.12 tax by applying the above rates to their taxable income, except that the income brackets
38.13 will be one-half of the above amounts after the adjustment required in subdivision 2d.

38.14 (b) The income taxes imposed by this chapter upon unmarried individuals must be
38.15 computed by applying to taxable net income the following schedule of rates:

38.16 (1) On the first ~~\$26,520~~ \$28,080, ~~5.35~~ 2.8 percent;

38.17 (2) On all over ~~\$26,520~~ \$28,080, but not over ~~\$87,110~~ \$92,230, 6.8 percent;

38.18 (3) On all over ~~\$87,110~~ \$92,230, but not over ~~\$161,720~~ \$171,220, 7.85 percent;

38.19 (4) On all over ~~\$161,720~~ \$171,220, 9.85 percent.

38.20 (c) The income taxes imposed by this chapter upon unmarried individuals qualifying as
38.21 a head of household as defined in section 2(b) of the Internal Revenue Code must be
38.22 computed by applying to taxable net income the following schedule of rates:

38.23 (1) On the first ~~\$32,650~~ \$34,570, ~~5.35~~ 2.8 percent;

38.24 (2) On all over ~~\$32,650~~ \$34,570, but not over ~~\$131,190~~ \$138,890, 6.8 percent;

38.25 (3) On all over ~~\$131,190~~ \$138,890, but not over ~~\$214,980~~ \$227,600, 7.85 percent;

38.26 (4) On all over ~~\$214,980~~ \$227,600, 9.85 percent.

38.27 (d) In lieu of a tax computed according to the rates set forth in this subdivision, the tax
38.28 of any individual taxpayer whose taxable net income for the taxable year is less than an
38.29 amount determined by the commissioner must be computed in accordance with tables
38.30 prepared and issued by the commissioner of revenue based on income brackets of not more

39.1 than \$100. The amount of tax for each bracket shall be computed at the rates set forth in
39.2 this subdivision, provided that the commissioner may disregard a fractional part of a dollar
39.3 unless it amounts to 50 cents or more, in which case it may be increased to \$1.

39.4 (e) An individual who is not a Minnesota resident for the entire year must compute the
39.5 individual's Minnesota income tax as provided in this subdivision. After the application of
39.6 the nonrefundable credits provided in this chapter, the tax liability must then be multiplied
39.7 by a fraction in which:

39.8 (1) the numerator is the individual's Minnesota source federal adjusted gross income as
39.9 defined in section 62 of the Internal Revenue Code and increased by:

39.10 (i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, and
39.11 17, and 290.0137, paragraph (a); and reduced by

39.12 (ii) the Minnesota assignable portion of the subtraction for United States government
39.13 interest under section 290.0132, subdivision 2, the subtractions under sections 290.0132,
39.14 subdivisions 9, 10, 14, 15, 17, 18, and 27, and 290.0137, paragraph (c), after applying the
39.15 allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

39.16 (2) the denominator is the individual's federal adjusted gross income as defined in section
39.17 62 of the Internal Revenue Code, increased by:

39.18 (i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, and
39.19 17, and 290.0137, paragraph (a); and reduced by

39.20 (ii) the subtractions under sections 290.0132, subdivisions 2, 9, 10, 14, 15, 17, 18, and
39.21 27, and 290.0137, paragraph (c).

39.22 (f) If an individual who is not a Minnesota resident for the entire year is a qualifying
39.23 owner of a qualifying entity that elects to pay tax as provided in section 289A.08, subdivision
39.24 7a, paragraph (b), the individual must compute the individual's Minnesota income tax as
39.25 provided in paragraph (e), and also must include, to the extent attributed to the electing
39.26 qualifying entity:

39.27 (1) in paragraph (e), clause (1), item (i), and paragraph (e), clause (2), item (i), the
39.28 addition under section 290.0131, subdivision 5; and

39.29 (2) in paragraph (e), clause (1), item (ii), and paragraph (e), clause (2), item (ii), the
39.30 subtraction under section 290.0132, subdivision 3.

39.31 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
39.32 31, 2021.

40.1 Sec. 11. Minnesota Statutes 2020, section 290.06, subdivision 2d, is amended to read:

40.2 Subd. 2d. **Inflation adjustment of brackets.** The commissioner shall annually adjust
40.3 the minimum and maximum dollar amounts for each rate bracket for which a tax is imposed
40.4 in subdivision 2c as provided in section 270C.22. The statutory year is taxable year ~~2019~~
40.5 2022. The rate applicable to any rate bracket must not be changed. The dollar amounts
40.6 setting forth the tax shall be adjusted to reflect the changes in the rate brackets. The rate
40.7 brackets as adjusted must be rounded to the nearest \$10 amount. If the rate bracket ends in
40.8 \$5, it must be rounded up to the nearest \$10 amount. The commissioner shall determine the
40.9 rate bracket for married filing separate returns after this adjustment is done. The rate bracket
40.10 for married filing separate must be one-half of the rate bracket for married filing joint.

40.11 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
40.12 31, 2021.

40.13 Sec. 12. Minnesota Statutes 2020, section 290.067, subdivision 1, is amended to read:

40.14 Subdivision 1. **Amount of credit.** (a) A taxpayer may take as a credit against the tax
40.15 due from the taxpayer and a spouse, if any, under this chapter an amount equal to the
40.16 dependent care credit for which the taxpayer is eligible pursuant to the provisions of section
40.17 21 of the Internal Revenue Code except that in determining whether the child qualified as
40.18 a dependent, income received as a Minnesota family investment program grant or allowance
40.19 to or on behalf of the child must not be taken into account in determining whether the child
40.20 received more than half of the child's support from the taxpayer.

40.21 (b) If a child who has not attained the age of six years at the close of the taxable year is
40.22 cared for at a licensed family day care home operated by the child's parent, the taxpayer is
40.23 deemed to have paid employment-related expenses. If the child is 16 months old or younger
40.24 at the close of the taxable year, the amount of expenses deemed to have been paid equals
40.25 the maximum limit for one qualified individual under section 21(c) and (d) of the Internal
40.26 Revenue Code. If the child is older than 16 months of age but has not attained the age of
40.27 six years at the close of the taxable year, the amount of expenses deemed to have been paid
40.28 equals the amount the licensee would charge for the care of a child of the same age for the
40.29 same number of hours of care.

40.30 (c) If a married couple:

40.31 (1) has a child who has not attained the age of one year at the close of the taxable year;

40.32 (2) files a joint tax return for the taxable year; and

41.1 (3) does not participate in a dependent care assistance program as defined in section 129
41.2 of the Internal Revenue Code, in lieu of the actual employment related expenses paid for
41.3 that child under paragraph (a) or the deemed amount under paragraph (b), the lesser of (i)
41.4 the combined earned income of the couple or (ii) the amount of the maximum limit for one
41.5 qualified individual under section 21(c) and (d) of the Internal Revenue Code will be deemed
41.6 to be the employment related expense paid for that child. The earned income limitation of
41.7 section 21(d) of the Internal Revenue Code shall not apply to this deemed amount. These
41.8 deemed amounts apply regardless of whether any employment-related expenses have been
41.9 paid.

41.10 (d) If the taxpayer is not required and does not file a federal individual income tax return
41.11 for the tax year, no credit is allowed for any amount paid to any person unless:

41.12 (1) the name, address, and taxpayer identification number of the person are included on
41.13 the return claiming the credit; or

41.14 (2) if the person is an organization described in section 501(c)(3) of the Internal Revenue
41.15 Code and exempt from tax under section 501(a) of the Internal Revenue Code, the name
41.16 and address of the person are included on the return claiming the credit.

41.17 In the case of a failure to provide the information required under the preceding sentence,
41.18 the preceding sentence does not apply if it is shown that the taxpayer exercised due diligence
41.19 in attempting to provide the information required.

41.20 (e) In the case of a nonresident, part-year resident, or a person who has earned income
41.21 not subject to tax under this chapter including earned income excluded pursuant to section
41.22 290.0132, subdivision 10, the credit determined under section 21 of the Internal Revenue
41.23 Code must be allocated based on the ratio by which the earned income of the claimant and
41.24 the claimant's spouse from Minnesota sources bears to the total earned income of the claimant
41.25 and the claimant's spouse.

41.26 (f) For residents of Minnesota, the subtractions for military pay under section 290.0132,
41.27 subdivisions 11 and 12, are not considered "earned income not subject to tax under this
41.28 chapter."

41.29 (g) For residents of Minnesota, the exclusion of combat pay under section 112 of the
41.30 Internal Revenue Code is not considered "earned income not subject to tax under this
41.31 chapter."

41.32 (h) For taxpayers with federal adjusted gross income in excess of ~~\$52,230~~ \$70,000, the
41.33 credit is equal to the lesser of the credit otherwise calculated under this subdivision, or the

42.1 amount equal to \$600 minus five percent of federal adjusted gross income in excess of
42.2 ~~\$52,230~~ \$70,000 for taxpayers with one qualified individual, or \$1,200 minus five percent
42.3 of federal adjusted gross income in excess of ~~\$52,230~~ \$70,000 for taxpayers with two or
42.4 more qualified individuals, but in no case is the credit less than zero.

42.5 (i) The commissioner shall annually adjust the income amount in paragraph (h) as
42.6 provided in section 270C.22. The statutory year is 2022.

42.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
42.8 31, 2021.

42.9 Sec. 13. Minnesota Statutes 2020, section 290.0674, subdivision 2, is amended to read:

42.10 Subd. 2. **Limitations.** (a) For claimants with adjusted gross income not greater than
42.11 \$33,500, the maximum credit allowed for a family is \$1,000 multiplied by the number of
42.12 qualifying children in kindergarten through grade 12 in the family. The maximum credit
42.13 for families with one qualifying child in kindergarten through grade 12 is reduced by \$1
42.14 for each \$4 of ~~household~~ adjusted gross income over ~~\$33,500~~ \$50,000, and the maximum
42.15 credit for families with two or more qualifying children in kindergarten through grade 12
42.16 is reduced by \$2 for each \$4 of ~~household~~ adjusted gross income over ~~\$33,500~~ \$50,000,
42.17 but in no case is the credit less than zero. In the case of an individual who files an income
42.18 tax return on a fiscal year basis, the term "federal adjusted gross income" means federal
42.19 adjusted gross income reflected in the fiscal year ending in the next calendar year. Federal
42.20 adjusted gross income may not be reduced by the amount of a net operating loss carryback
42.21 or carryforward or a capital loss carryback or carryforward allowed for the year.

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

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

42.27 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
42.28 31, 2021.

42.29 Sec. 14. Minnesota Statutes 2020, section 290.068, subdivision 1, is amended to read:

42.30 Subdivision 1. **Credit allowed.** A corporation, partners in a partnership, or shareholders
42.31 in a corporation treated as an "S" corporation under section 290.9725 are allowed a credit
42.32 against the tax computed under this chapter for the taxable year equal to:

- 43.1 (a) ten percent of the first \$2,000,000 of the excess (if any) of
- 43.2 (1) the qualified research expenses for the taxable year, over
- 43.3 (2) the base amount; and
- 43.4 (b) ~~four~~ 4.25 percent on all of such excess expenses over \$2,000,000.

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

43.6 31, 2021.

43.7 Sec. 15. Minnesota Statutes 2020, section 290.0681, subdivision 4, is amended to read:

43.8 Subd. 4. **Credit certificates; grants.** (a)(1) The developer of a project for which the

43.9 office has issued an allocation certificate must notify the office when the project is placed

43.10 in service. Upon verifying that the project has been placed in service, and was allowed a

43.11 federal credit, the office must issue a credit certificate to the taxpayer designated in the

43.12 application or must issue a grant to the recipient designated in the application. The credit

43.13 certificate must state the amount of the credit.

43.14 (2) The credit amount equals the federal credit allowed for the project.

43.15 (3) The grant amount equals 90 percent of the federal credit allowed for the project.

43.16 (b) The recipient of a credit certificate may assign the certificate to another taxpayer

43.17 before the first one-fifth payment is claimed, which is then allowed the credit under this

43.18 section or section 297I.20, subdivision 3. The first assignee may subsequently assign the

43.19 certificate in whole, but not in part, to a second assignee. An assignment is not valid unless

43.20 the assignee notifies the commissioner within 30 days of the date that the assignment is

43.21 made. The commissioner shall prescribe the forms necessary for notifying the commissioner

43.22 of the assignment of a credit certificate and for claiming a credit by assignment.

43.23 (c) Credits passed through to partners, members, shareholders, or owners pursuant to

43.24 subdivision 5 are not an assignment of a credit certificate under this subdivision.

43.25 (d) A grant agreement between the office and the recipient of a grant may allow the

43.26 grant to be issued to another individual or entity.

43.27 **EFFECTIVE DATE.** This section is effective for property placed in service after June

43.28 30, 2022.

44.1 Sec. 16. [290.0687] SMALL BUSINESS TAX CREDITS FOR PAID FAMILY LEAVE
44.2 BENEFITS.

44.3 Subdivision 1. Employer tax credit. (a) A qualified employer is allowed a credit against
44.4 the taxes imposed under this chapter equal to the amount paid:

44.5 (1) directly by the qualified employer for paid family leave benefits on behalf of a
44.6 qualified employee; or

44.7 (2) to an insurance company to provide paid family leave insurance benefits to a qualified
44.8 employee.

44.9 (b) The credit allowed to an employer under this subdivision for a qualified employee
44.10 for a taxable year is limited to the lesser of the amounts listed in clauses (1) and (2), to the
44.11 extent not deducted in determining federal taxable income for corporate filers or federal
44.12 adjusted gross income for individual filers:

44.13 (1) \$3,000; or

44.14 (2) the total amount paid:

44.15 (i) directly by the qualified employer for paid family leave benefits on behalf of a
44.16 qualified employee; or

44.17 (ii) to an insurance company to provide paid family leave insurance benefits to a qualified
44.18 employee.

44.19 Subd. 2. Definitions. (a) For purposes of this section, the terms in this subdivision have
44.20 the meanings given.

44.21 (b) "Armed forces" means members of the National Guard and Reserves;

44.22 (c) "Child" means a person who is:

44.23 (1) under 18 years of age, or 18 years of age or older and incapable of self-care because
44.24 of a mental or physical disability; and

44.25 (2) a biological, adopted, or foster son or daughter; a stepson or stepdaughter; a legal
44.26 ward; a son or daughter of a domestic partner; or a son or daughter of a person to whom the
44.27 employee stands in loco parentis.

44.28 (d) "Employee" has the meaning given in section 290.92, subdivision 1, clause (3).

44.29 (e) "Family leave" means leave for any of the following purposes:

44.30 (1) participating in providing care, including physical or psychological care, for a family
44.31 member of the employee made necessary by the family member's serious health condition;

45.1 (2) bonding with the employee's child during the first 12 months after the child's birth,
45.2 or the first 12 months after the placement of the child for adoption or foster care with the
45.3 employee; or

45.4 (3) addressing a qualifying exigency, as interpreted under the Family and Medical Leave
45.5 Act, United States Code, title 29, section 2612(a)(1)(e), and Code of Federal Regulations,
45.6 title 29, sections 825.126(a)(1) to (8), arising from the fact that the spouse, child, or parent
45.7 of the employee is on active duty or has been notified of an impending call or order to active
45.8 duty in the armed forces of the United States.

45.9 (f) "Family member" means a child, spouse, parent, or grandparent as defined in this
45.10 chapter.

45.11 (g) "Parent" means a biological, foster, or adoptive parent; a stepparent; a legal guardian;
45.12 or other person who stood in loco parentis to the employee when the employee was a child.

45.13 (h) "Qualified employee" means an employee who has been employed by the qualified
45.14 employer for one year or more.

45.15 (i) "Qualified employer" means an employer subject to the withholding requirements
45.16 under section 290.92, including a taxpaying employer referenced in section 268.046, who:

45.17 (1) employs 50 or fewer employees in Minnesota; and

45.18 (2) pays family leave benefits for one or more qualified employees.

45.19 (j) "Serious health condition" means an illness, injury, impairment, or physical or mental
45.20 condition, including organ or tissue transplant or donation, that involves inpatient care in a
45.21 hospital, hospice, or residential health care facility, continuing treatment, or continuing
45.22 supervision by a health care provider as defined in an insurance policy. Continuing
45.23 supervision by a health care provider includes a period of incapacity that is permanent or
45.24 long term due to a condition for which treatment may not be effective and where the family
45.25 member is not receiving active treatment by a health care provider.

45.26 (k) "Tax imposed under this chapter" means the taxes imposed under sections 290.06,
45.27 290.091, and 290.0921, but excludes the fee under section 290.0922.

45.28 Subd. 3. **Nonresidents and part-year residents.** For a nonresident or part-year resident,
45.29 the credit must be allocated using the percentage calculated in section 290.06, subdivision
45.30 2c, paragraph (e).

45.31 Subd. 4. **Partnerships; multiple owners.** Credits granted to a partnership, a limited
45.32 liability company taxed as a partnership, an S corporation, or multiple owners of property

46.1 are passed through to the partners, members, shareholders, or owners, respectively, pro rata
46.2 to each partner, member, shareholder, or owner based on their share of the entity's assets
46.3 or as specially allocated in their organizational documents or any other executed document,
46.4 as of the last day of the taxable year.

46.5 Subd. 5. **Carryover.** If the credit allowed under subdivision 1 exceeds the tax imposed
46.6 under this chapter, the excess is a credit carryover to each of the five succeeding taxable
46.7 years. The entire amount of the excess unused credit must be carried first to the earliest
46.8 taxable year to which the amount may be carried. The unused portion of the credit must be
46.9 carried to the following taxable year. No credit may be carried to a taxable year more than
46.10 five years after the taxable year in which the credit was earned.

46.11 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
46.12 31, 2023, and before January 1, 2027.

46.13 Sec. 17. **[290.0693] NEW MARKETS TAX CREDIT.**

46.14 Subdivision 1. **Definitions.** For purposes of this section, terms defined in section 116X.01
46.15 have the meanings given in that section.

46.16 Subd. 2. **Credit allowed.** (a) An entity that makes a qualified equity investment is
46.17 allowed a credit against the tax imposed under this chapter equal to the amount calculated
46.18 under section 116X.01, subdivision 2.

46.19 (b) Tax credits earned by or allocated to a partnership, a limited liability company taxed
46.20 as a partnership, or an S-corporation are passed through to the partners, members,
46.21 shareholders, or owners, respectively, in accordance with the provisions of any agreement
46.22 among such partners, members, shareholders, or owners, or, in the absence of such agreement,
46.23 pro rata to each partner, member, shareholder, or owner based on their share of the entity's
46.24 assets as of the last day of the taxable year. A pass-through of a credit is not considered a
46.25 sale for the purposes of section 116X.01.

46.26 (c) If the amount of the credit under this section exceeds the taxpayer's liability for tax
46.27 under this chapter, the excess is a credit carryover to each of the five succeeding taxable
46.28 years. The entire amount of the excess unused credit for the taxable year must be carried
46.29 first to the earliest of the taxable years to which the credit may be carried and then to each
46.30 successive year to which the credit may be carried. The amount of the unused credit that
46.31 may be added under this paragraph may not exceed the taxpayer's liability for tax, less any
46.32 credit for the current taxable year.

47.1 Subd. 3. **Audit powers.** Notwithstanding the certification eligibility issued by the
47.2 commissioner of employment and economic development under section 116X.01, subdivision
47.3 4, the commissioner may utilize any audit and examination powers under chapter 270C or
47.4 289A to the extent necessary to verify that the taxpayer is eligible for the credit and to assess
47.5 for the amount of any improperly claimed credit.

47.6 Subd. 4. **Sunset.** This section expires at the same time and on the same terms as section
47.7 116X.01, except that the expiration of this section does not affect the commissioner of
47.8 revenue's authority to audit or power of examination and assessment for credits claimed
47.9 under this section.

47.10 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
47.11 31, 2022, and before January 1, 2031.

47.12 Sec. 18. Minnesota Statutes 2020, section 290.091, subdivision 2, is amended to read:

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

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

47.17 (1) the taxpayer's federal alternative minimum taxable income as defined in section
47.18 55(b)(2) of the Internal Revenue Code;

47.19 (2) the taxpayer's itemized deductions allowed in computing federal alternative minimum
47.20 taxable income, but excluding:

47.21 (i) the charitable contribution deduction under section 170 of the Internal Revenue Code;

47.22 (ii) the medical expense deduction;

47.23 (iii) the casualty, theft, and disaster loss deduction; and

47.24 (iv) the impairment-related work expenses of a person with a disability;

47.25 (3) for depletion allowances computed under section 613A(c) of the Internal Revenue
47.26 Code, with respect to each property (as defined in section 614 of the Internal Revenue Code),
47.27 to the extent not included in federal alternative minimum taxable income, the excess of the
47.28 deduction for depletion allowable under section 611 of the Internal Revenue Code for the
47.29 taxable year over the adjusted basis of the property at the end of the taxable year (determined
47.30 without regard to the depletion deduction for the taxable year);

48.1 (4) to the extent not included in federal alternative minimum taxable income, the amount
48.2 of the tax preference for intangible drilling cost under section 57(a)(2) of the Internal Revenue
48.3 Code determined without regard to subparagraph (E);

48.4 (5) to the extent not included in federal alternative minimum taxable income, the amount
48.5 of interest income as provided by section 290.0131, subdivision 2;

48.6 (6) the amount of addition required by section 290.0131, subdivisions 9, 10, and 16;

48.7 (7) the deduction allowed under section 199A of the Internal Revenue Code, to the extent
48.8 not included in the addition required under clause (6); and

48.9 (8) to the extent not included in federal alternative minimum taxable income, the amount
48.10 of foreign-derived intangible income deducted under section 250 of the Internal Revenue
48.11 Code;

48.12 less the sum of the amounts determined under the following:

48.13 (i) interest income as defined in section 290.0132, subdivision 2;

48.14 (ii) an overpayment of state income tax as provided by section 290.0132, subdivision
48.15 3, to the extent included in federal alternative minimum taxable income;

48.16 (iii) the amount of investment interest paid or accrued within the taxable year on
48.17 indebtedness to the extent that the amount does not exceed net investment income, as defined
48.18 in section 163(d)(4) of the Internal Revenue Code. Interest does not include amounts deducted
48.19 in computing federal adjusted gross income;

48.20 (iv) amounts subtracted from federal taxable or adjusted gross income as provided by
48.21 section 290.0132, subdivisions 7, 9 to 15, 17, 21, 24, ~~and 26 to 29,~~ and 31;

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

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

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

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

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

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

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

49.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
 49.7 31, 2022.

49.8 Sec. 19. Minnesota Statutes 2020, section 291.016, subdivision 3, is amended to read:

49.9 Subd. 3. **Subtraction.** (a) ~~For estates of decedents dying after December 31, 2016,~~ A
 49.10 subtraction is allowed in computing the Minnesota taxable estate, equal to the sum of:

49.11 (1) ~~the an~~ an exclusion amount for the year of death under paragraph (b) of \$3,000,000;
 49.12 and

49.13 ~~(2) the lesser of:~~

49.14 ~~(i) (2)~~ (2) the value of qualified small business property under section 291.03, subdivision
 49.15 9, and the value of qualified farm property under section 291.03, subdivision 10; or, up to
 49.16 \$2,000,000.

49.17 ~~(ii) \$5,000,000 minus the exclusion amount for the year of death under paragraph (b).~~

49.18 ~~(b) The following exclusion amounts apply for the year of death:~~

49.19 ~~(1) \$2,100,000 for decedents dying in 2017;~~

49.20 ~~(2) \$2,400,000 for decedents dying in 2018;~~

49.21 ~~(3) \$2,700,000 for decedents dying in 2019; and~~

49.22 ~~(4) \$3,000,000 for decedents dying in 2020 and thereafter.~~

49.23 (b) In the case of a decedent that is a surviving spouse there is an additional subtraction
 49.24 allowed in computing the Minnesota taxable estate, a deceased spousal unused exclusion
 49.25 amount, which is equal to the lesser of:

49.26 (1) \$3,000,000; or

49.27 (2) the excess of \$3,000,000 over the amount of the Minnesota taxable estate of the last
 49.28 deceased spouse of the decedent, as defined in Code of Federal Regulations Title 26, section
 49.29 20.2010-1(e)(5), but not including in the taxable estate property described in section 291.03,
 49.30 subdivisions 9 and 10, but in no case less than zero.

50.1 (c) The subtraction under this subdivision must not reduce the Minnesota taxable estate
50.2 to less than zero.

50.3 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after June
50.4 30, 2022.

50.5 Sec. 20. Minnesota Statutes 2020, section 291.03, subdivision 1, is amended to read:

50.6 Subdivision 1. **Tax amount.** The tax imposed must be computed by applying to the
50.7 Minnesota taxable estate the following schedule of rates and then multiplying the resulting
50.8 amount ~~multiplied~~ by a fraction, not greater than one, the numerator of which is the value
50.9 of the Minnesota gross estate plus the value of gifts under section 291.016, subdivision 2,
50.10 clause (3), with a Minnesota situs, and the denominator of which is the federal gross estate
50.11 plus the value of gifts under section 291.016, subdivision 2, clause (3):

50.12 (a) ~~For estates of decedents dying in 2017:~~

50.13	Amount of Minnesota Taxable Estate	Rate of Tax
50.14	Not over \$5,100,000	12 percent
50.15	Over \$5,100,000 but not over \$7,100,000	\$612,000 plus 12.8 percent of the excess over
50.16		\$5,100,000
50.17	Over \$7,100,000 but not over \$8,100,000	\$868,000 plus 13.6 percent of the excess over
50.18		\$7,100,000
50.19	Over \$8,100,000 but not over \$9,100,000	\$1,004,000 plus 14.4 percent of the excess
50.20		over \$8,100,000
50.21	Over \$9,100,000 but not over \$10,100,000	\$1,148,000 plus 15.2 percent of the excess
50.22		over \$9,100,000
50.23	Over \$10,100,000	\$1,300,000 plus 16 percent of the excess over
50.24		\$10,100,000

50.25 (b) ~~For estates of decedents dying in 2018 and thereafter:~~

50.26	Amount of Minnesota Taxable Estate	Rate of Tax
50.27	Not over \$7,100,000	13 percent
50.28	Over \$7,100,000 but not over \$8,100,000	\$923,000 plus 13.6 percent of the excess over
50.29		\$7,100,000
50.30	Over \$8,100,000 but not over \$9,100,000	\$1,059,000 plus 14.4 percent of the excess
50.31		over \$8,100,000
50.32	Over \$9,100,000 but not over \$10,100,000	\$1,203,000 plus 15.2 percent of the excess
50.33		over \$9,100,000
50.34	Over \$10,100,000	\$1,355,000 plus 16 percent of the excess over
50.35		\$10,100,000

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

51.1 Sec. 21. Minnesota Statutes 2020, section 291.03, is amended by adding a subdivision to
51.2 read:

51.3 Subd. 1e. **Election of portability of deceased spousal unused exclusion amounts;**
51.4 **election irrevocable; deemed elections.** (a) A personal representative of a decedent's estate
51.5 may elect, on a return required under section 289A.10, subdivision 1, to allow a decedent's
51.6 surviving spouse to take into account the decedent's deceased spousal unused exclusion
51.7 amount, as provided in section 291.016, subdivision 3, paragraph (b).

51.8 (b) A personal representative of a decedent's estate that is not required to file a return
51.9 under section 289A.10, subdivision 1, may file a return to allow a decedent's surviving
51.10 spouse to take into account the decedent's deceased spousal unused exclusion amount, as
51.11 provided in section 291.016, subdivision 3, paragraph (b). The return is subject to the same
51.12 provisions as a return required under section 289A.10, subdivision 1.

51.13 (c) An election under paragraph (a) or (b) is irrevocable. By filing a return under section
51.14 289A.10, subdivision 1, the personal representative is deemed to have elected portability
51.15 unless the personal representative states affirmatively on the return that the decedent's estate
51.16 is not electing portability. The commissioner may prescribe the form of the election on the
51.17 return.

51.18 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after June
51.19 30, 2022.

51.20 Sec. 22. Minnesota Statutes 2020, section 297I.20, is amended by adding a subdivision
51.21 to read:

51.22 Subd. 6. **New markets tax credit.** A taxpayer may claim a credit against the premiums
51.23 tax imposed under this chapter equal to the amount calculated under section 116X.01,
51.24 subdivision 2. If the amount of the credit exceeds the liability for tax under this chapter, the
51.25 excess is a credit carryover to each of the five succeeding taxable years. The entire amount
51.26 of the excess unused credit for the taxable year must be carried first to the earliest of the
51.27 taxable years to which the credit may be carried and then to each successive year to which
51.28 the credit may be carried. This credit does not affect the calculation of fire state aid under
51.29 section 477B.03 and police state aid under section 477C.03.

51.30 **EFFECTIVE DATE.** This section is effective for premiums received after December
51.31 31, 2022, and before January 1, 2030.

52.1 Sec. 23. **PRECEPTOR CREDIT.**

52.2 **Subdivision 1. Credit allowed.** (a) An individual who qualifies as a preceptor under
52.3 this section is allowed a credit against the tax imposed by Minnesota Statutes, chapter 290.

52.4 The credit equals:

52.5 (1) \$2,500 for an individual who served as a preceptor for at least four weeks or 160
52.6 hours but not more than seven weeks or 280 hours during the taxable year;

52.7 (2) \$3,750 for an individual who served as a preceptor for at least eight weeks or 320
52.8 hours but not more than 11 weeks or 440 hours during the taxable year; and

52.9 (3) \$5,000 for an individual who served as a preceptor for at least 12 weeks or 480 hours
52.10 during the taxable year.

52.11 (b) For purposes of this section, a "preceptor" means an advanced practice registered
52.12 nurse, physician assistant, or mental health professional who:

52.13 (1) served as a health professions student preceptor or medical resident preceptor for at
52.14 least four weeks or 160 hours during the taxable year; and

52.15 (2) received no additional compensation for serving as a preceptor to an advanced practice
52.16 registered nurse, physician assistant, or mental health professional student.

52.17 (c) If the amount of the credit that an individual is eligible to receive under this section
52.18 exceeds the individual's tax liability under Minnesota Statutes, chapter 290, the commissioner
52.19 of revenue shall refund the excess to the taxpayer.

52.20 (d) For a nonresident or part-year resident taxpayer, the credit must be allocated based
52.21 on the percentage calculated under Minnesota Statutes, section 290.06, subdivision 2c,
52.22 paragraph (e).

52.23 (e) The commissioner of revenue, in consultation with the commissioner of health, shall
52.24 prescribe the form and manner in which the credit must be claimed.

52.25 **Subd. 2. Appropriation.** An amount sufficient to pay the refunds required by this section
52.26 is appropriated to the commissioner of revenue from the general fund.

52.27 **Subd. 3. Report.** (a) By March 1, 2026, the commissioner of revenue, in consultation
52.28 with the commissioner of health, shall issue a report to the chairs and ranking minority
52.29 members of the committees of the house of representatives and senate with jurisdiction over
52.30 taxes, higher education, and health and human services detailing:

52.31 (1) the number of preceptors claiming the credit;

- 53.1 (2) the average amount of credits claimed;
53.2 (3) the geographical distribution by county of the location of the preceptor's services;
53.3 (4) the professions of the preceptor and the students served by the preceptor; and
53.4 (5) the impact of the tax credit on the availability of preceptors in Minnesota.

53.5 (b) The report required under this subdivision must comply with Minnesota Statutes,
53.6 sections 3.195 and 3.197.

53.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
53.8 31, 2022, and before January 1, 2026.

53.9 Sec. 24. **REPEALER.**

53.10 (a) Minnesota Statutes 2020, sections 290.0131, subdivision 15; and 290.0674,
53.11 subdivision 2a, are repealed.

53.12 (b) Minnesota Statutes 2021 Supplement, section 290.0681, subdivision 10, is repealed.

53.13 **EFFECTIVE DATE.** Paragraph (a) is effective for taxable years beginning after
53.14 December 31, 2021. Paragraph (b) is effective the day following final enactment.

53.15 **ARTICLE 3**
53.16 **SALES AND USE TAXES**

53.17 Section 1. Minnesota Statutes 2020, section 297A.67, subdivision 35, is amended to read:

53.18 Subd. 35. **Suite licenses.** The sale of the privilege of admission under section 297A.61,
53.19 subdivision 3, paragraph (g), clause (1), to a place of amusement or athletic event does not
53.20 include consideration paid for a license to use a private suite, private skybox, or private box
53.21 seat, and the sale of the license is exempt provided that: (1) the lessee may use the private
53.22 suite, private skybox, or private box seat by mutual arrangement with the lessor on days
53.23 when there is no amusement or athletic event; and (2) the sales price for the privilege of
53.24 admission is separately stated and is equal to or greater than the highest priced general
53.25 admission ticket for the closest seat not in the private suite, private skybox, or private box
53.26 seat. The sale of food and beverages for consumption in a private suite, private skybox, or
53.27 private box seat must be taxable to the extent provided under this chapter, but these taxable
53.28 sales do not invalidate the exemption in this subdivision.

53.29 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
53.30 30, 2023.

54.1 Sec. 2. Minnesota Statutes 2021 Supplement, section 297A.67, subdivision 38, is amended
54.2 to read:

54.3 Subd. 38. **Season ticket purchasing rights to collegiate events.** (a) The sale of a right
54.4 to purchase the privilege of admission to a college or university athletic event in a preferred
54.5 viewing location for a season of a particular athletic event is exempt provided that:

54.6 (1) the consideration paid for the right to purchase is used entirely to support student
54.7 scholarships, wellness, and academic costs;

54.8 (2) the consideration paid for the right to purchase is separately stated from the admission
54.9 price; and

54.10 (3) the admission price is equal to or greater than the highest priced general admission
54.11 ticket for the closest seat not in the preferred viewing location.

54.12 (b) The sale of food and beverages for consumption in a preferred seating location must
54.13 be taxable to the extent provided under this chapter, but these taxable sales do not invalidate
54.14 the exemption in this subdivision.

54.15 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
54.16 30, 2023.

54.17 Sec. 3. Minnesota Statutes 2020, section 297A.68, is amended by adding a subdivision to
54.18 read:

54.19 Subd. 46. **Certain amenities included with privilege of admission.** Amenities included
54.20 in the sales price of the privilege of admission under section 297A.61, subdivision 3,
54.21 paragraph (m), are exempt when purchased by a taxpayer selling the privilege of admission.

54.22 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
54.23 30, 2023.

54.24 Sec. 4. Minnesota Statutes 2020, section 297A.69, subdivision 4, is amended to read:

54.25 Subd. 4. **Machinery, equipment, and fencing.** The following machinery, equipment,
54.26 and fencing is exempt:

54.27 (1) farm machinery;

54.28 (2) logging equipment, including chain saws used for commercial logging;

54.29 (3) fencing;

55.1 (i) used for the containment of farmed Cervidae, as defined in section 35.153, subdivision
55.2 3; or

55.3 (ii) on property classified as class 2a under section 273.13, subdivision 23;

55.4 (4) primary and backup generator units used to generate electricity for the purpose of
55.5 operating farm machinery, aquacultural production equipment, or logging equipment, or
55.6 providing light or space heating necessary for the production of livestock, dairy animals,
55.7 dairy products, or poultry and poultry products; and

55.8 (5) aquaculture production equipment.

55.9 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
55.10 made after June 30, 2021.

55.11 Sec. 5. Minnesota Statutes 2020, section 297A.70, is amended by adding a subdivision to
55.12 read:

55.13 Subd. 22. **Animal shelters.** (a) For purposes of this subdivision, the term "animal shelter"
55.14 means a nonprofit organization engaged in the business of rescuing, sheltering, and finding
55.15 homes for unwanted animals.

55.16 (b) Purchases made by an animal shelter are exempt if the purchases are used directly
55.17 in the activities of rescuing, sheltering, and finding homes for unwanted animals. The
55.18 exemption under this paragraph does not apply to the following purchases:

55.19 (1) building, construction, or reconstruction materials purchased by a contractor or a
55.20 subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed
55.21 maximum price covering both labor and materials for use in the construction, alteration, or
55.22 repair of a building or facility;

55.23 (2) construction materials purchased by an animal shelter or their contractors to be used
55.24 in constructing buildings or facilities that will not be used principally by the tax-exempt
55.25 entities;

55.26 (3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause (2),
55.27 and prepared food, candy, soft drinks, and alcoholic beverages as defined in section 297A.67,
55.28 subdivision 2; and

55.29 (4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11.

55.30 (c) The sale or adoption of unwanted animals by an animal shelter and the sale of
55.31 associated animal supplies and equipment by an animal shelter are exempt.

56.1 (d) Sales made by and events run by an animal shelter for fund-raising purposes are
56.2 exempt. Exempt sales include the sale of prepared food, candy, and soft drinks at a
56.3 fund-raising event. The exemption under this paragraph is subject to the following limits:

56.4 (1) gross receipts from all fund-raising sales are taxable if the total fund-raising by the
56.5 animal shelter exceeds 24 days per year;

56.6 (2) it does not apply to fund-raising events conducted on premises leased for more than
56.7 five days but less than 30 days; and

56.8 (3) it does not apply to admission charges for events involving bingo or other gambling
56.9 activities or to charges for use of amusement devices involving bingo or other gambling
56.10 activities.

56.11 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
56.12 30, 2022.

56.13 Sec. 6. Minnesota Statutes 2020, section 297A.71, is amended by adding a subdivision to
56.14 read:

56.15 Subd. 55. **Building, repair, or replacement materials; farm fencing material.** Materials
56.16 and supplies used or consumed in, and equipment incorporated into, the construction,
56.17 improvement, repair, or replacement of farm fencing material that is not exempt under
56.18 section 297A.69, subdivision 4, are exempt.

56.19 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
56.20 made after June 30, 2021.

56.21 Sec. 7. **SALES AND USE TAX EXEMPTION; CERTAIN NATURAL GAS FEES.**

56.22 Subdivision 1. **Exemption.** Notwithstanding Minnesota Statutes, section 297A.67,
56.23 subdivision 15, clause (2), fees related to natural gas sold for residential use to customers
56.24 who were metered and billed as residential users and who used natural gas for their primary
56.25 source of residential heat are exempt for purposes of the billing periods May to October,
56.26 provided that:

56.27 (1) the fee for the natural gas is subject to a cost recovery plan for the price increase in
56.28 natural gas during the period February 13, 2021, to February 17, 2021, identified in docket
56.29 G-199/CI-21-135 before the Minnesota Public Utilities Commission; and

56.30 (2) the fee is separately stated and labeled as a fee pursuant to a cost recovery plan under
56.31 clause (1).

57.1 Subd. 2. **Application; refund.** (a) By October 1, 2022, each utility must apply to the
 57.2 commissioner of revenue for a refund of sales taxes collected and remitted pursuant to
 57.3 Minnesota Statutes, section 297A.77, on fees for sales and purchases of natural gas subject
 57.4 to a cost recovery plan under subdivision 1, clause (1), that were added to residential
 57.5 customers' bills for the period beginning September 1, 2021, and ending June 30, 2022.

57.6 (b) The provisions of Minnesota Statutes, section 289A.50, subdivision 2, except for
 57.7 paragraph (c), apply to refunds issued under this subdivision. For purposes of this subdivision,
 57.8 "utility" means a utility subject to the cost recovery plan under subdivision 1, clause (1).
 57.9 Within 90 days after the date the commissioner issues the refund under Minnesota Statutes,
 57.10 section 289A.50, subdivision 2, paragraph (a), to the utility:

57.11 (1) the utility must provide a plan to the Minnesota Public Utilities Commission for
 57.12 crediting taxes exempt under subdivision 1 to residential customers; and

57.13 (2) any amount not refunded or credited to a residential customer by a utility must be
 57.14 returned to the commissioner by the utility.

57.15 **EFFECTIVE DATE.** This section is effective retroactively for fees applied to sales
 57.16 and purchases of natural gas made after February 12, 2021, and before February 18, 2021,
 57.17 that are billed from September 1, 2021, to December 31, 2026.

57.18 **ARTICLE 4**

57.19 **PROPERTY TAXES**

57.20 Section 1. Minnesota Statutes 2020, section 272.01, subdivision 2, is amended to read:

57.21 **Subd. 2. Exempt property used by private entity for profit.** (a) When any real or
 57.22 personal property which is exempt from ad valorem taxes, and taxes in lieu thereof, is leased,
 57.23 loaned, or otherwise made available and used by a private individual, association, or
 57.24 corporation in connection with a business conducted for profit, there shall be imposed a
 57.25 tax, for the privilege of so using or possessing such real or personal property, in the same
 57.26 amount and to the same extent as though the lessee or user was the owner of such property.

57.27 (b) The tax imposed by this subdivision shall not apply to:

57.28 (1) property leased or used as a concession in or relative to the use in whole or part of
 57.29 a public park, market, fairgrounds, port authority, economic development authority
 57.30 established under chapter 469, municipal auditorium, municipal parking facility, municipal
 57.31 museum, or municipal stadium;

58.1 (2) except as provided in paragraph (c), property of an airport owned by a city, town,
58.2 county, or group thereof which is:

58.3 (i) leased to or used by any person or entity including a fixed base operator; and

58.4 (ii) used as a hangar for the storage ~~or~~, repair, or manufacture of aircraft or to provide
58.5 aviation goods, services, or facilities to the airport or general public;

58.6 ~~the exception from taxation provided in this clause does not apply to:~~

58.7 ~~(i) property located at an airport owned or operated by the Metropolitan Airports
58.8 Commission or by a city of over 50,000 population according to the most recent federal
58.9 census or such a city's airport authority; or~~

58.10 ~~(ii) hangars leased by a private individual, association, or corporation in connection with
58.11 a business conducted for profit other than an aviation-related business;~~

58.12 (3) property constituting or used as a public pedestrian ramp or concourse in connection
58.13 with a public airport;

58.14 (4) except as provided in paragraph (d), property constituting or used as a passenger
58.15 check-in area or ticket sale counter, boarding area, or luggage claim area in connection with
58.16 a public airport ~~but not the airports owned or operated by the Metropolitan Airports
58.17 Commission or cities of over 50,000 population or an airport authority therein. Real estate
58.18 owned by a municipality in connection with the operation of a public airport and leased or
58.19 used for agricultural purposes is not exempt;~~

58.20 (5) property leased, loaned, or otherwise made available to a private individual,
58.21 corporation, or association under a cooperative farming agreement made pursuant to section
58.22 97A.135; or

58.23 (6) property leased, loaned, or otherwise made available to a private individual,
58.24 corporation, or association under section 272.68, subdivision 4.

58.25 (c) The exception from taxation provided in paragraph (b), clause (2), does not apply
58.26 to:

58.27 (1) property located at an airport owned or operated by:

58.28 (i) the Metropolitan Airports Commission; or

58.29 (ii) a city of over 50,000 population according to the most recent federal census or such
58.30 a city's airport authority, except that, when calculating the tax imposed by this subdivision
58.31 for property taxes payable in 2023 through 2034, the net tax capacity of such property is
58.32 reduced by 50 percent if it is owned or operated by a city over 50,000 but under 150,000

- 59.1 in population according to the most recent federal census or such a city's airport authority;
59.2 or
- 59.3 (2) hangars leased by a private individual, association, or corporation in connection with
59.4 a business conducted for profit other than an aviation-related business.
- 59.5 (d) The exception from taxation provided in paragraph (b), clause (4), does not apply
59.6 to:
- 59.7 (1) the property described in paragraph (b), clause (4), at airports that are owned or
59.8 operated by:
- 59.9 (i) the Metropolitan Airports Commission; or
- 59.10 (ii) a city of over 50,000 population or an airport authority therein, except that, when
59.11 calculating the tax imposed by this subdivision for property taxes payable in 2023 through
59.12 2034, the net tax capacity of such property is reduced by 50 percent if it is owned or operated
59.13 by a city over 50,000 but under 150,000 in population according to the most recent federal
59.14 census or such a city's airport authority; or
- 59.15 (2) real estate owned by a municipality in connection with the operation of a public
59.16 airport and leased or used for agricultural purposes.
- 59.17 ~~(e)~~ (e) Taxes imposed by this subdivision are payable as in the case of personal property
59.18 taxes and shall be assessed to the lessees or users of real or personal property in the same
59.19 manner as taxes assessed to owners of real or personal property, except that such taxes shall
59.20 not become a lien against the property. When due, the taxes shall constitute a debt due from
59.21 the lessee or user to the state, township, city, county, and school district for which the taxes
59.22 were assessed and shall be collected in the same manner as personal property taxes. If
59.23 property subject to the tax imposed by this subdivision is leased or used jointly by two or
59.24 more persons, each lessee or user shall be jointly and severally liable for payment of the
59.25 tax.
- 59.26 ~~(d)~~ (f) The tax on real property of the federal government, the state or any of its political
59.27 subdivisions that is leased, loaned, or otherwise made available to a private individual,
59.28 association, or corporation and becomes taxable under this subdivision or other provision
59.29 of law must be assessed and collected as a personal property assessment. The taxes do not
59.30 become a lien against the real property.
- 59.31 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2023.

60.1 Sec. 2. Minnesota Statutes 2020, section 272.02, subdivision 98, is amended to read:

60.2 Subd. 98. **Certain property owned by an Indian tribe.** (a) Property is exempt that:

60.3 (1) was classified as 3a under section 273.13, subdivision 24, for taxes payable in 2013;

60.4 (2) is located in a city of the first class with a population greater than 300,000 as of the
60.5 2010 federal census;

60.6 (3) was on January 2, 2012, and is for the current assessment owned by a federally
60.7 recognized Indian tribe, or its instrumentality, that is located within the state of Minnesota;
60.8 and

60.9 (4) is used exclusively for tribal purposes or institutions of purely public charity as
60.10 defined in subdivision 7.

60.11 (b) For purposes of this subdivision, a "tribal purpose" means a public purpose as defined
60.12 in subdivision 8 and includes noncommercial tribal government activities. Property that
60.13 qualifies for the exemption under this subdivision is limited to no more than two contiguous
60.14 parcels and structures that do not exceed in the aggregate 20,000 square feet. Property
60.15 acquired for single-family housing, market-rate apartments, agriculture, or forestry does
60.16 not qualify for this exemption. The exemption created by this subdivision expires with taxes
60.17 payable in ~~2024~~ 2034.

60.18 (c) Property exempt under this section is exempt from the requirements of section
60.19 272.025.

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

60.21 Sec. 3. Minnesota Statutes 2020, section 272.02, is amended by adding a subdivision to
60.22 read:

60.23 Subd. 105. **Energy storage systems.** (a) Personal property consisting of an energy
60.24 storage system is exempt. For the purposes of this subdivision, "energy storage system" has
60.25 the meaning given in section 216B.2422, subdivision 1, paragraph (f).

60.26 (b) A taxpayer requesting an exemption under this subdivision must file an application
60.27 with the commissioner of revenue. The commissioner shall prescribe the content, format,
60.28 and manner of the application pursuant to section 270C.30, except that a "law administered
60.29 by the commissioner" includes the property tax laws. In determining eligibility for the
60.30 exemption under this section, the commissioner of revenue may request information and
60.31 advice from the commissioner of commerce. On determining that property qualifies for
60.32 exemption, the commissioner of revenue shall issue an order exempting the property from

61.1 taxation. The commissioner of revenue shall develop an electronic means to notify interested
61.2 parties when the commissioner has issued an order exempting property from taxation under
61.3 this section. The energy storage system shall continue to be exempt from taxation as long
61.4 as the order issued by the commissioner of revenue remains in effect.

61.5 (c) The exemption under this section expires with taxes payable in 2033.

61.6 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2023.

61.7 Sec. 4. Minnesota Statutes 2020, section 272.025, subdivision 1, is amended to read:

61.8 Subdivision 1. **Statement of exemption.** (a) Except in the case of property owned by
61.9 the state of Minnesota or any political subdivision thereof, a taxpayer claiming an exemption
61.10 from taxation on property described in section 272.02 must file a statement of exemption
61.11 with the assessor of the assessment district in which the property is located. By January 2,
61.12 2018, and each third year thereafter, the commissioner of revenue shall publish on its website
61.13 a list of the exemptions for which a taxpayer claiming an exemption must file a statement
61.14 of exemption. The commissioner's requirement that a taxpayer file a statement of exemption
61.15 pursuant to this subdivision shall not be considered a rule and is not subject to the
61.16 Administrative Procedure Act, chapter 14.

61.17 (b) A taxpayer claiming an exemption from taxation on property described in section
61.18 272.02, subdivision 10 and 105, must file a statement of exemption with the commissioner
61.19 of revenue, on or before February 15 of each year for which the taxpayer claims an
61.20 exemption.

61.21 (c) In case of sickness, absence or other disability or for good cause, the assessor or the
61.22 commissioner may extend the time for filing the statement of exemption for a period not to
61.23 exceed 60 days.

61.24 (d) The commissioner of revenue shall prescribe the content, format, and manner of the
61.25 statement of exemption pursuant to section 270C.30, except that a "law administered by
61.26 the commissioner" includes the property tax laws.

61.27 (e) If a statement is made by electronic means, the taxpayer's signature is defined pursuant
61.28 to section 270C.304, except that a "law administered by the commissioner" includes the
61.29 property tax laws.

61.30 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2023
61.31 and thereafter.

62.1 Sec. 5. Minnesota Statutes 2020, section 273.032, is amended to read:

62.2 **273.032 MARKET VALUE DEFINITION.**

62.3 (a) Unless otherwise provided, for the purpose of determining any property tax levy
62.4 limitation based on market value or any limit on net debt, the issuance of bonds, certificates
62.5 of indebtedness, or capital notes based on market value, any qualification to receive state
62.6 aid based on market value, or any state aid amount based on market value, the terms "market
62.7 value," "estimated market value," and "market valuation," whether equalized or unequalized,
62.8 mean the estimated market value of taxable property within the local unit of government
62.9 before any of the following or similar adjustments for:

62.10 (1) the market value exclusions under:

62.11 (i) section 273.11, subdivisions 14a and 14c (vacant platted land);

62.12 (ii) section 273.11, subdivision 16 (certain improvements to homestead property);

62.13 (iii) section 273.11, subdivisions 19 and 20 (certain improvements to business properties);

62.14 (iv) section 273.11, subdivision 21 (homestead property damaged by mold);

62.15 (v) section 273.13, subdivision 34 (homestead of a veteran with a disability or family
62.16 caregiver); ~~or~~

62.17 (vi) section 273.13, subdivision 35 (homestead market value exclusion); or

62.18 (vii) section 273.13, subdivision 36 (affordable housing market value exclusion); or

62.19 (2) the deferment of value under:

62.20 (i) the Minnesota Agricultural Property Tax Law, section 273.111;

62.21 (ii) the Aggregate Resource Preservation Law, section 273.1115;

62.22 (iii) the Minnesota Open Space Property Tax Law, section 273.112;

62.23 (iv) the rural preserves property tax program, section 273.114; or

62.24 (v) the Metropolitan Agricultural Preserves Act, section 473H.10; or

62.25 (3) the adjustments to tax capacity for:

62.26 (i) tax increment financing under sections 469.174 to 469.1794;

62.27 (ii) fiscal disparities under chapter 276A or 473F; or

62.28 (iii) powerline credit under section 273.425.

63.1 (b) Estimated market value under paragraph (a) also includes the market value of
 63.2 tax-exempt property if the applicable law specifically provides that the limitation,
 63.3 qualification, or aid calculation includes tax-exempt property.

63.4 (c) Unless otherwise provided, "market value," "estimated market value," and "market
 63.5 valuation" for purposes of property tax levy limitations and calculation of state aid, refer
 63.6 to the estimated market value for the previous assessment year and for purposes of limits
 63.7 on net debt, the issuance of bonds, certificates of indebtedness, or capital notes refer to the
 63.8 estimated market value as last finally equalized.

63.9 (d) For purposes of a provision of a home rule charter or of any special law that is not
 63.10 codified in the statutes and that imposes a levy limitation based on market value or any limit
 63.11 on debt, the issuance of bonds, certificates of indebtedness, or capital notes based on market
 63.12 value, the terms "market value," "taxable market value," and "market valuation," whether
 63.13 equalized or unequalized, mean "estimated market value" as defined in paragraph (a).

63.14 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2023.

63.15 Sec. 6. Minnesota Statutes 2020, section 273.11, subdivision 23, is amended to read:

63.16 Subd. 23. **First tier valuation limit; agricultural homestead property.** (a) The
 63.17 commissioner of revenue shall annually certify the first tier limit for agricultural homestead
 63.18 property. For assessment year ~~2010~~ 2023, the limit is ~~\$1,140,000~~ \$2,500,000. Beginning
 63.19 with assessment year ~~2011~~ 2024, the limit is the product of (i) the first tier limit for the
 63.20 preceding assessment year, and (ii) the ratio of the statewide average taxable market value
 63.21 of agricultural property per acre of deeded farm land in the preceding assessment year to
 63.22 the statewide average taxable market value of agricultural property per acre of deeded farm
 63.23 land for the second preceding assessment year. The limit shall be rounded to the nearest
 63.24 \$10,000.

63.25 (b) For the purposes of this subdivision, "agricultural property" means all class 2a
 63.26 property under section 273.13, subdivision 23, except for property consisting of the house,
 63.27 garage, and immediately surrounding one acre of land of an agricultural homestead.

63.28 (c) The commissioner shall certify the limit by January 2 of each assessment year.

63.29 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2023.

64.1 Sec. 7. Minnesota Statutes 2020, section 273.128, is amended by adding a subdivision to
64.2 read:

64.3 Subd. 1a. **Approval.** A property owner must receive approval by resolution of the
64.4 governing body of the city or town where the property is located before submitting an initial
64.5 application to the Housing Finance Agency, as required under subdivision 2, for property
64.6 that has not, in whole or in part, been classified as class 4d under section 273.13, subdivision
64.7 25, prior to assessment year 2023. A property owner that receives approval as required
64.8 under this subdivision, and the certification made under subdivision 3, shall not be required
64.9 to seek approval under this subdivision prior to submitting an application under subdivision
64.10 2 in each subsequent year.

64.11 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2023.

64.12 Sec. 8. Minnesota Statutes 2020, section 273.128, subdivision 2, is amended to read:

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

64.18 (b) Each application must include:

64.19 (1) the property tax identification number; and

64.20 (2) evidence that the property meets the requirements of ~~subdivision~~ subdivisions 1 and
64.21 1a.

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

64.26 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2023.

64.27 Sec. 9. **[273.129] AFFORDABLE HOUSING MARKET VALUE EXCLUSION**
64.28 **PROGRAM; ESTABLISHMENT.**

64.29 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have
64.30 the meanings given, unless otherwise indicated.

65.1 (b) "Governing body" means, with respect to a city, a city council, with respect to a
65.2 town, a town board, and with respect to an unorganized territory, the county board acting
65.3 on behalf of the unorganized territory.

65.4 (c) "Market value" has the meaning given in section 272.03, subdivision 8.

65.5 (d) "Municipality" means a statutory or home rule charter city, a township, or unorganized
65.6 territory.

65.7 (e) "Property" means a residential rental housing property classified as class 4a under
65.8 section 273.13, subdivision 25, a portion of which is occupied by residents meeting the
65.9 income requirement under subdivision 4.

65.10 Subd. 2. **Establishment.** An affordable housing market value exclusion program is
65.11 established to promote the development of affordable rental properties in the state. Eligible
65.12 properties located in participating municipalities are eligible to receive a market value
65.13 exclusion of 50 percent.

65.14 Subd. 3. **Approval.** (a) A governing body may, upon approval by a majority vote of its
65.15 members, adopt a resolution agreeing to participate in the affordable housing market value
65.16 exclusion program. Prior to approval, the governing body must publish notice of its intent
65.17 to discuss the resolution at a regularly scheduled meeting, in a newspaper with general
65.18 circulation in the city or on the municipality's website, not less than 30 days prior to the
65.19 meeting. The notice must include the date, time, and location of the meeting at which the
65.20 program will be discussed and public input allowed.

65.21 (b) After a governing body has adopted a resolution agreeing to participate in the program,
65.22 the governing body must adopt a separate resolution, subject to the same voting, notice, and
65.23 public hearing requirements under paragraph (a), for each property the governing body
65.24 approves to receive the affordable housing market value exclusion. The resolution must
65.25 state the property qualifies for a valuation exclusion of 50 percent, and that shall remain
65.26 the same each year, subject to the duration limit under subdivision 5.

65.27 (c) After a governing body has adopted the property-specific resolution as required under
65.28 paragraph (b), the governing body, other than the county board acting on behalf of an
65.29 unorganized territory, must provide the county board with a copy of the resolution for each
65.30 property the local government approved to receive the affordable housing market value
65.31 exclusion, along with information relating to the fiscal implications resulting from the
65.32 approved exclusion. The county board may request additional information from the local
65.33 government that the board deems necessary. The county board must approve, by a majority
65.34 vote of its members, the affordable housing market value exclusion for each property within

66.1 60 days of receipt. If a county board fails to approve the exclusion within 60 days of receipt,
66.2 or if the county board affirmatively denies approval of the exclusion, the property shall not
66.3 receive the affordable housing market value exclusion.

66.4 Subd. 4. Eligibility. (a) A property located in a participating municipality is eligible for
66.5 the affordable housing market value exclusion applied under section 273.13, subdivision
66.6 36, if:

66.7 (1) the property is not classified in whole or in part as class 4d under section 273.13,
66.8 subdivision 25;

66.9 (2) construction of the property began on or after January 1, 2023; and

66.10 (3) the Minnesota Housing Finance Agency certifies to the county or local assessor that:

66.11 (i) at least 20 percent of the units in the property are available for residents whose
66.12 household income at the time of initial occupancy does not exceed 60 percent of area median
66.13 income, adjusted for family size, as determined by the United States Department of Housing
66.14 and Urban Development;

66.15 (ii) at least 80 percent of the available units in the property are occupied by residents
66.16 meeting the income requirement; and

66.17 (iii) any unoccupied available units are being actively marketed toward persons meeting
66.18 the income requirements, as attested by the property owner.

66.19 (b) By February 1 each assessment year, an application for certification under this
66.20 subdivision must be filed by the property owner to the Minnesota Housing Finance Agency.
66.21 The property owner must provide a copy of the application to the county or city assessor.
66.22 The application must be filed on a form prescribed by the agency and must contain the
66.23 property tax identification number, evidence that the property meets the requirements of
66.24 paragraph (a), a copy of the property-specific approval by the county board if required, and
66.25 any other information necessary for the Minnesota Housing Finance Agency to determine
66.26 eligibility. The Minnesota Housing Finance Agency may charge an application fee
66.27 approximately equal to the costs of processing and reviewing the applications. If imposed,
66.28 the applicant must pay the application fee to the Minnesota Housing Finance Agency and
66.29 the fee must be deposited in the housing development fund.

66.30 (c) By April 1 each assessment year, the Minnesota Housing Finance Agency must
66.31 certify to the appropriate county or city assessor:

66.32 (1) the specific properties, identified by parcel identification numbers, that are eligible
66.33 under this section to receive the exclusion for the current assessment year; and

67.1 (2) the specific properties, identified by parcel identification numbers, that received the
 67.2 exclusion in the previous assessment year but no longer meet the requirements under this
 67.3 section.

67.4 In making the certification, the Minnesota Housing Finance Agency must rely on the property
 67.5 owner's application and any other supporting information that the agency deems necessary.

67.6 Subd. 5. **Duration.** The governing body of a participating municipality shall determine
 67.7 the duration of the affordable housing market value exclusion for each eligible property,
 67.8 provided that the exclusion applies for at least ten but not more than 20 assessment years,
 67.9 except that when a property no longer meets the requirements of subdivision 4, the exclusion
 67.10 shall be removed for the current assessment year.

67.11 Subd. 6. **Expiration.** The affordable housing market value exclusion program expires
 67.12 on December 31, 2030. A property that has not received the required approval under
 67.13 subdivision 3 by December 31, 2030, shall not receive the exclusion.

67.14 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2023.

67.15 Sec. 10. Minnesota Statutes 2020, section 273.13, subdivision 22, is amended to read:

67.16 Subd. 22. **Class 1.** (a) Except as provided in subdivision 23 and in paragraphs (b) and
 67.17 (c), real estate which is residential and used for homestead purposes is class 1a. In the case
 67.18 of a duplex or triplex in which one of the units is used for homestead purposes, the entire
 67.19 property is deemed to be used for homestead purposes. The market value of class 1a property
 67.20 must be determined based upon the value of the house, garage, and land.

67.21 The first \$500,000 of market value of class 1a property has a net classification rate of
 67.22 one percent of its market value; and the market value of class 1a property that exceeds
 67.23 \$500,000 has a classification rate of 1.25 percent of its market value.

67.24 (b) Class 1b property includes homestead real estate or homestead manufactured homes
 67.25 used for the purposes of a homestead by:

67.26 (1) any person who is blind as defined in section 256D.35, or the person who is blind
 67.27 and the spouse of the person who is blind;

67.28 (2) any person who is permanently and totally disabled or by the person with a disability
 67.29 and the spouse of the person with a disability; or

67.30 (3) the surviving spouse of a veteran who was permanently and totally disabled
 67.31 homesteading a property classified under this paragraph for taxes payable in 2008.

68.1 Property is classified and assessed under clause (2) only if the government agency or
68.2 income-providing source certifies, upon the request of the homestead occupant, that the
68.3 homestead occupant satisfies the disability requirements of this paragraph, and that the
68.4 property is not eligible for the valuation exclusion under subdivision 34.

68.5 Property is classified and assessed under paragraph (b) only if the commissioner of
68.6 revenue or the county assessor certifies that the homestead occupant satisfies the requirements
68.7 of this paragraph.

68.8 Permanently and totally disabled for the purpose of this subdivision means a condition
68.9 which is permanent in nature and totally incapacitates the person from working at an
68.10 occupation which brings the person an income. The first \$50,000 market value of class 1b
68.11 property has a net classification rate of .45 percent of its market value. The remaining market
68.12 value of class 1b property is classified as class 1a or class 2a property, whichever is
68.13 appropriate.

68.14 (c) Class 1c property is commercial use real and personal property that abuts public
68.15 water as defined in section 103G.005, subdivision 15, or abuts a state trail administered by
68.16 the Department of Natural Resources, and is devoted to temporary and seasonal residential
68.17 occupancy for recreational purposes but not devoted to commercial purposes for more than
68.18 250 days in the year preceding the year of assessment, and that includes a portion used as
68.19 a homestead by the owner, which includes a dwelling occupied as a homestead by a
68.20 shareholder of a corporation that owns the resort, a partner in a partnership that owns the
68.21 resort, or a member of a limited liability company that owns the resort even if the title to
68.22 the homestead is held by the corporation, partnership, or limited liability company. For
68.23 purposes of this paragraph, property is devoted to a commercial purpose on a specific day
68.24 if any portion of the property, excluding the portion used exclusively as a homestead, is
68.25 used for residential occupancy and a fee is charged for residential occupancy. Class 1c
68.26 property must contain three or more rental units. A "rental unit" is defined as a cabin,
68.27 condominium, townhouse, sleeping room, or individual camping site equipped with water
68.28 and electrical hookups for recreational vehicles. Class 1c property must provide recreational
68.29 activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill
68.30 or cross-country ski equipment; provide marina services, launch services, or guide services;
68.31 or sell bait and fishing tackle. Any unit in which the right to use the property is transferred
68.32 to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies
68.33 for class 1c even though it may remain available for rent. A camping pad offered for rent
68.34 by a property that otherwise qualifies for class 1c is also class 1c, regardless of the term of
68.35 the rental agreement, as long as the use of the camping pad does not exceed 250 days. If

69.1 the same owner owns two separate parcels that are located in the same township, and one
69.2 of those properties is classified as a class 1c property and the other would be eligible to be
69.3 classified as a class 1c property if it was used as the homestead of the owner, both properties
69.4 will be assessed as a single class 1c property; for purposes of this sentence, properties are
69.5 deemed to be owned by the same owner if each of them is owned by a limited liability
69.6 company, and both limited liability companies have the same membership. The portion of
69.7 the property used as a homestead is class 1a property under paragraph (a). The remainder
69.8 of the property is classified as follows: the first ~~\$600,000~~ \$850,000 of market value is tier
69.9 I, the next ~~\$1,700,000~~ \$2,250,000 of market value is tier II, and any remaining market value
69.10 is tier III. The classification rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent;
69.11 and tier III, 1.25 percent. Owners of real and personal property devoted to temporary and
69.12 seasonal residential occupancy for recreation purposes in which all or a portion of the
69.13 property was devoted to commercial purposes for not more than 250 days in the year
69.14 preceding the year of assessment desiring classification as class 1c, must submit a declaration
69.15 to the assessor designating the cabins or units occupied for 250 days or less in the year
69.16 preceding the year of assessment by January 15 of the assessment year. Those cabins or
69.17 units and a proportionate share of the land on which they are located must be designated as
69.18 class 1c as otherwise provided. The remainder of the cabins or units and a proportionate
69.19 share of the land on which they are located must be designated as class 3a commercial. The
69.20 owner of property desiring designation as class 1c property must provide guest registers or
69.21 other records demonstrating that the units for which class 1c designation is sought were not
69.22 occupied for more than 250 days in the year preceding the assessment if so requested. The
69.23 portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center
69.24 or meeting room, and (5) other nonresidential facility operated on a commercial basis not
69.25 directly related to temporary and seasonal residential occupancy for recreation purposes
69.26 does not qualify for class 1c.

69.27 (d) Class 1d property includes structures that meet all of the following criteria:

69.28 (1) the structure is located on property that is classified as agricultural property under
69.29 section 273.13, subdivision 23;

69.30 (2) the structure is occupied exclusively by seasonal farm workers during the time when
69.31 they work on that farm, and the occupants are not charged rent for the privilege of occupying
69.32 the property, provided that use of the structure for storage of farm equipment and produce
69.33 does not disqualify the property from classification under this paragraph;

69.34 (3) the structure meets all applicable health and safety requirements for the appropriate
69.35 season; and

70.1 (4) the structure is not salable as residential property because it does not comply with
70.2 local ordinances relating to location in relation to streets or roads.

70.3 The market value of class 1d property has the same classification rates as class 1a property
70.4 under paragraph (a).

70.5 **EFFECTIVE DATE.** This section is effective for taxes payable in 2023 and thereafter.

70.6 Sec. 11. Minnesota Statutes 2021 Supplement, section 273.13, subdivision 25, is amended
70.7 to read:

70.8 Subd. 25. **Class 4.** (a) Class 4a is residential real estate containing four or more units
70.9 and used or held for use by the owner or by the tenants or lessees of the owner as a residence
70.10 for rental periods of 30 days or more, excluding property qualifying for class 4d. Class 4a
70.11 also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt
70.12 under section 272.02, and contiguous property used for hospital purposes, without regard
70.13 to whether the property has been platted or subdivided. The market value of class 4a property
70.14 has a classification rate of 1.25 percent.

70.15 (b) Class 4b includes:

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

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

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

70.22 (4) unimproved property that is classified residential as determined under subdivision
70.23 33.

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

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

70.27 (c) Class 4bb includes:

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

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

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

71.3 Class 4bb property has the same classification rates as class 1a property under subdivision
71.4 22.

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

71.8 (d) Class 4c property includes:

71.9 (1) except as provided in subdivision 22, paragraph (c), real and personal property
71.10 devoted to commercial temporary and seasonal residential occupancy for recreation purposes,
71.11 for not more than 250 days in the year preceding the year of assessment. For purposes of
71.12 this clause, property is devoted to a commercial purpose on a specific day if any portion of
71.13 the property is used for residential occupancy, and a fee is charged for residential occupancy.
71.14 Class 4c property under this clause must contain three or more rental units. A "rental unit"
71.15 is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site
71.16 equipped with water and electrical hookups for recreational vehicles. A camping pad offered
71.17 for rent by a property that otherwise qualifies for class 4c under this clause is also class 4c
71.18 under this clause regardless of the term of the rental agreement, as long as the use of the
71.19 camping pad does not exceed 250 days. In order for a property to be classified under this
71.20 clause, either (i) the business located on the property must provide recreational activities,
71.21 at least 40 percent of the annual gross lodging receipts related to the property must be from
71.22 business conducted during 90 consecutive days, and either (A) at least 60 percent of all paid
71.23 bookings by lodging guests during the year must be for periods of at least two consecutive
71.24 nights; or (B) at least 20 percent of the annual gross receipts must be from charges for
71.25 providing recreational activities, or (ii) the business must contain 20 or fewer rental units,
71.26 and must be located in a township or a city with a population of 2,500 or less located outside
71.27 the metropolitan area, as defined under section 473.121, subdivision 2, that contains a portion
71.28 of a state trail administered by the Department of Natural Resources. For purposes of item
71.29 (i)(A), a paid booking of five or more nights shall be counted as two bookings. Class 4c
71.30 property also includes commercial use real property used exclusively for recreational
71.31 purposes in conjunction with other class 4c property classified under this clause and devoted
71.32 to temporary and seasonal residential occupancy for recreational purposes, up to a total of
71.33 two acres, provided the property is not devoted to commercial recreational use for more
71.34 than 250 days in the year preceding the year of assessment and is located within two miles
71.35 of the class 4c property with which it is used. In order for a property to qualify for

72.1 classification under this clause, the owner must submit a declaration to the assessor
72.2 designating the cabins or units occupied for 250 days or less in the year preceding the year
72.3 of assessment by January 15 of the assessment year. Those cabins or units and a proportionate
72.4 share of the land on which they are located must be designated class 4c under this clause
72.5 as otherwise provided. The remainder of the cabins or units and a proportionate share of
72.6 the land on which they are located will be designated as class 3a. The owner of property
72.7 desiring designation as class 4c property under this clause must provide guest registers or
72.8 other records demonstrating that the units for which class 4c designation is sought were not
72.9 occupied for more than 250 days in the year preceding the assessment if so requested. The
72.10 portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center
72.11 or meeting room, and (5) other nonresidential facility operated on a commercial basis not
72.12 directly related to temporary and seasonal residential occupancy for recreation purposes
72.13 does not qualify for class 4c. For the purposes of this paragraph, "recreational activities"
72.14 means renting ice fishing houses, boats and motors, snowmobiles, downhill or cross-country
72.15 ski equipment; providing marina services, launch services, or guide services; or selling bait
72.16 and fishing tackle;

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

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

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

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

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

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

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

73.1 For purposes of this clause:

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

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

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

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

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

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

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

73.31 (5)(i) manufactured home parks as defined in section 327.14, subdivision 3, excluding
73.32 manufactured home parks described in items (ii) and (iii), (ii) manufactured home parks as
73.33 defined in section 327.14, subdivision 3, that are described in section 273.124, subdivision

74.1 3a, and (iii) class I manufactured home parks as defined in section 327C.01, subdivision
74.2 13;

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

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

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

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

74.12 If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must be
74.13 filed by the new owner with the assessor of the county where the property is located within
74.14 60 days of the sale;

74.15 (8) a privately owned noncommercial aircraft storage hangar not exempt under section
74.16 272.01, subdivision 2, and the land on which it is located, provided that:

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

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

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

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

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

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

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

74.30 The market value subject to the 4c classification under this clause is limited to five rental
74.31 units. Any rental units on the property in excess of five, must be valued and assessed as

75.1 class 3a. The portion of the property used for purposes of a homestead by the owner must
75.2 be classified as class 1a property under subdivision 22;

75.3 (10) real property up to a maximum of three acres and operated as a restaurant as defined
75.4 under section 157.15, subdivision 12, provided it: (i) is located on a lake as defined under
75.5 section 103G.005, subdivision 15, paragraph (a), clause (3); and (ii) is either devoted to
75.6 commercial purposes for not more than 250 consecutive days, or receives at least 60 percent
75.7 of its annual gross receipts from business conducted during four consecutive months. Gross
75.8 receipts from the sale of alcoholic beverages must be included in determining the property's
75.9 qualification under item (ii). The property's primary business must be as a restaurant and
75.10 not as a bar. Gross receipts from gift shop sales located on the premises must be excluded.
75.11 Owners of real property desiring 4c classification under this clause must submit an annual
75.12 declaration to the assessor by February 1 of the current assessment year, based on the
75.13 property's relevant information for the preceding assessment year;

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

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

75.26 Class 4c property has a classification rate of 1.5 percent of market value, except that (i)
75.27 each parcel of noncommercial seasonal residential recreational property under clause (12)
75.28 has the same classification rates as class 4bb property, (ii) manufactured home parks assessed
75.29 under clause (5), item (i), have the same classification rate as class 4b property, the market
75.30 value of manufactured home parks assessed under clause (5), item (ii), have a classification
75.31 rate of 0.75 percent if more than 50 percent of the lots in the park are occupied by
75.32 shareholders in the cooperative corporation or association and a classification rate of one
75.33 percent if 50 percent or less of the lots are so occupied, and class I manufactured home
75.34 parks as defined in section 327C.01, subdivision 13, have a classification rate of 1.0 percent,
75.35 (iii) commercial-use seasonal residential recreational property and marina recreational land

76.1 as described in clause (11), has a classification rate of one percent for the first \$500,000 of
76.2 market value, and 1.25 percent for the remaining market value, (iv) the market value of
76.3 property described in clause (4) has a classification rate of one percent, (v) the market value
76.4 of property described in clauses (2), (6), and (10) has a classification rate of 1.25 percent,
76.5 (vi) that portion of the market value of property in clause (9) qualifying for class 4c property
76.6 has a classification rate of 1.25 percent, and (vii) property qualifying for classification under
76.7 clause (3) that is owned or operated by a congressionally chartered veterans organization
76.8 has a classification rate of one percent. The commissioner of veterans affairs must provide
76.9 a list of congressionally chartered veterans organizations to the commissioner of revenue
76.10 by June 30, 2017, and by January 1, 2018, and each year thereafter.

76.11 (e) Class 4d property is qualifying low-income rental housing certified to the assessor
76.12 by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion of
76.13 the units in the building qualify as low-income rental housing units as certified under section
76.14 273.128, subdivision 3, only the proportion of qualifying units to the total number of units
76.15 in the building qualify for class 4d. The remaining portion of the building shall be classified
76.16 by the assessor based upon its use. Class 4d also includes the same proportion of land as
76.17 the qualifying low-income rental housing units are to the total units in the building. For all
76.18 properties qualifying as class 4d, the market value determined by the assessor must be based
76.19 on the normal approach to value using normal unrestricted rents. Class 4d property has a
76.20 classification rate of 0.25 percent.

76.21 ~~(f) The first tier of market value of class 4d property has a classification rate of 0.75~~
76.22 ~~percent. The remaining value of class 4d property has a classification rate of 0.25 percent.~~
76.23 ~~For the purposes of this paragraph, the "first tier of market value of class 4d property" means~~
76.24 ~~the market value of each housing unit up to the first tier limit. For the purposes of this~~
76.25 ~~paragraph, all class 4d property value must be assigned to individual housing units. The~~
76.26 ~~first tier limit is \$100,000 for assessment years 2022 and 2023. For subsequent assessment~~
76.27 ~~years, the limit is adjusted each year by the average statewide change in estimated market~~
76.28 ~~value of property classified as class 4a and 4d under this section for the previous assessment~~
76.29 ~~year, excluding valuation change due to new construction, rounded to the nearest \$1,000,~~
76.30 ~~provided, however, that the limit may never be less than \$100,000. Beginning with~~
76.31 ~~assessment year 2015, the commissioner of revenue must certify the limit for each assessment~~
76.32 ~~year by November 1 of the previous year.~~

76.33 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2023.

77.1 Sec. 12. Minnesota Statutes 2021 Supplement, section 273.13, subdivision 34, is amended
77.2 to read:

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

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

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

77.15 (c) If a veteran with a disability qualifying for a valuation exclusion under paragraph
77.16 (b), clause (2), predeceases the veteran's spouse, and if upon the death of the veteran the
77.17 spouse holds the legal or beneficial title to the homestead and permanently resides there,
77.18 the exclusion shall carry over to the benefit of the veteran's spouse until such time as the
77.19 spouse remarries, or sells, transfers, or otherwise disposes of the property, except as otherwise
77.20 provided in paragraph (n). Qualification under this paragraph requires an application under
77.21 paragraph (h), and a spouse must notify the assessor if there is a change in the spouse's
77.22 marital status, ownership of the property, or use of the property as a permanent residence.
77.23 If a spouse previously received the exclusion under this paragraph, but the exclusion expired
77.24 prior to assessment year 2019 before the eligibility time period for surviving spouses was
77.25 changed to a lifetime benefit, the spouse may reapply under paragraph (h) for the exclusion
77.26 under this paragraph.

77.27 (d) If the spouse of a member of any branch or unit of the United States armed forces
77.28 who dies due to a service-connected cause while serving honorably in active service, as
77.29 indicated on United States Government Form DD1300 or DD2064, holds the legal or
77.30 beneficial title to a homestead and permanently resides there, the spouse is entitled to the
77.31 benefit described in paragraph (b), clause (2), until such time as the spouse remarries or
77.32 sells, transfers, or otherwise disposes of the property, except as otherwise provided in
77.33 paragraph (n). If a spouse previously received the exclusion under this paragraph, but the
77.34 exclusion expired prior to assessment year 2019 before the eligibility time period for

78.1 surviving spouses was changed to a lifetime benefit, the spouse may reapply under paragraph
78.2 (h) for the exclusion under this paragraph.

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

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

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

78.13 (h) To qualify for a valuation exclusion under this subdivision a property owner must
78.14 apply to the assessor by December 31 of the first assessment year for which the exclusion
78.15 is sought. Except as provided in paragraph (c), the owner of a property that has been accepted
78.16 for a valuation exclusion must notify the assessor if there is a change in ownership of the
78.17 property or in the use of the property as a homestead.

78.18 (i) A first-time application by a qualifying spouse for the market value exclusion under
78.19 paragraph (d) must be made any time within two years of the death of the service member,
78.20 within two years of the United States Department of Veterans Affairs Dependency and
78.21 Indemnity Compensation determination, or by December 31, 2023, whichever is later. A
78.22 qualifying spouse whose application was previously denied may reapply, pursuant to this
78.23 paragraph, by December 31, 2023.

78.24 (j) For purposes of this subdivision:

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

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

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

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

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

79.5 (1) the spouse files a first-time application within two years of the death of the service
79.6 member, within two years of the United States Department of Veterans Affairs Dependency
79.7 and Indemnity Compensation determination, if applicable, or by ~~June 1, 2019~~ December
79.8 31, 2023, whichever is later. A spouse whose application was previously denied may reapply,
79.9 pursuant to this paragraph, by December 31, 2023;

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

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

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

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

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

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

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

79.23 (n) A spouse who received the benefit in paragraph (c), (d), or (k) but no longer holds
79.24 the legal or beneficial title to the property may continue to receive the exclusion for a
79.25 property other than the property for which the exclusion was initially granted until the spouse
79.26 remarries or sells, transfers, or otherwise disposes of the property, provided that:

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

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

79.31 (3) the estimated market value of the property for which the exclusion is sought under
79.32 this paragraph is less than or equal to the estimated market value of the property that first

80.1 received the exclusion, based on the value of each property on the date of the sale of the
80.2 property that first received the exclusion; and

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

80.5 **EFFECTIVE DATE.** This section is effective for assessment year 2022 and thereafter.

80.6 Sec. 13. Minnesota Statutes 2020, section 273.13, subdivision 35, is amended to read:

80.7 Subd. 35. **Homestead market value exclusion.** (a) Prior to determining a property's
80.8 net tax capacity under this section, property classified as class 1a or 1b under subdivision
80.9 22, and the portion of property classified as class 2a under subdivision 23 consisting of the
80.10 house, garage, and surrounding one acre of land, shall be eligible for a market value exclusion
80.11 as determined under paragraph (b).

80.12 (b) For a homestead valued at ~~\$76,000~~ \$95,000 or less, the exclusion is 40 percent of
80.13 market value. For a homestead valued between ~~\$76,000~~ \$95,000 and ~~\$413,800~~ \$517,200,
80.14 the exclusion is ~~\$30,400~~ \$38,000 minus nine percent of the valuation over ~~\$76,000~~ \$95,000.
80.15 For a homestead valued at ~~\$413,800~~ \$517,200 or more, there is no valuation exclusion. The
80.16 valuation exclusion shall be rounded to the nearest whole dollar, and may not be less than
80.17 zero.

80.18 (c) Any valuation exclusions or adjustments under section 273.11 shall be applied prior
80.19 to determining the amount of the valuation exclusion under this subdivision.

80.20 (d) In the case of a property that is classified as part homestead and part nonhomestead,
80.21 (i) the exclusion shall apply only to the homestead portion of the property, but (ii) if a portion
80.22 of a property is classified as nonhomestead solely because not all the owners occupy the
80.23 property, not all the owners have qualifying relatives occupying the property, or solely
80.24 because not all the spouses of owners occupy the property, the exclusion amount shall be
80.25 initially computed as if that nonhomestead portion were also in the homestead class and
80.26 then prorated to the owner-occupant's percentage of ownership. For the purpose of this
80.27 section, when an owner-occupant's spouse does not occupy the property, the percentage of
80.28 ownership for the owner-occupant spouse is one-half of the couple's ownership percentage.

80.29 **EFFECTIVE DATE.** This section is effective for assessment year 2023 and thereafter.

81.1 Sec. 14. Minnesota Statutes 2020, section 273.13, is amended by adding a subdivision to
81.2 read:

81.3 Subd. 36. **Affordable housing market value exclusion.** (a) Prior to determining a
81.4 property's net tax capacity under this section, property classified as class 4a under subdivision
81.5 25, paragraph (a), shall be eligible for an affordable housing market value exclusion as
81.6 determined under paragraph (b).

81.7 (b) For a property that meets the requirements under section 273.129, the exclusion is
81.8 50 percent of the market value. The valuation shall be rounded to the nearest whole dollar,
81.9 and may not be less than zero.

81.10 (c) Any valuation exclusions or adjustments under section 273.11 shall be applied prior
81.11 to determining the amount of the valuation exclusion under this subdivision.

81.12 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2023.

81.13 Sec. 15. Minnesota Statutes 2020, section 273.41, is amended to read:

81.14 **273.41 AMOUNT OF TAX; DISTRIBUTION.**

81.15 There is hereby imposed upon each such cooperative association on December 31 of
81.16 each year a tax of \$10 for each 100 members, or fraction thereof, of such association. The
81.17 tax, when paid, shall be in lieu of all personal property taxes, state, county, or local, upon
81.18 distribution lines and the attachments and appurtenances thereto of such associations located
81.19 in rural areas. For purposes of this section, "attachments and appurtenances" includes, but
81.20 are not limited to, all cooperative association-owned metering and streetlighting equipment
81.21 that is physically or electrically connected to the cooperative association's distribution
81.22 system. The tax shall be payable on or before March 1 of the next succeeding year, to the
81.23 commissioner of revenue. If the tax, or any portion thereof, is not paid within the time herein
81.24 specified for the payment thereof, there shall be added thereto a specific penalty equal to
81.25 ten percent of the amount so remaining unpaid. Such penalty shall be collected as part of
81.26 said tax, and the amount of said tax not timely paid, together with said penalty, shall bear
81.27 interest at the rate specified in section 270C.40 from the time such tax should have been
81.28 paid until paid. The commissioner shall deposit the amount so received in the general fund
81.29 of the state treasury.

81.30 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2023.

82.1 Sec. 16. Minnesota Statutes 2021 Supplement, section 275.025, subdivision 1, is amended
82.2 to read:

82.3 Subdivision 1. **Levy amount.** The state general levy is levied against
82.4 commercial-industrial property and seasonal residential recreational property, as defined
82.5 in this section. The state general levy for commercial-industrial property is ~~\$716,990,000~~
82.6 \$708,188,000 for taxes payable in 2023 through 2025; ~~\$637,369,000~~ for taxes payable in
82.7 2026; ~~\$566,550,000~~ for taxes payable in 2027; ~~\$495,731,000~~ for taxes payable in 2028;
82.8 \$424,912,000 for taxes payable in 2029; \$354,093,000 for taxes payable in 2030;
82.9 \$283,274,000 for taxes payable in 2031; \$212,455,000 for taxes payable in 2032;
82.10 \$141,636,000 for taxes payable in 2033; \$70,817,000 for taxes payable in 2034; and \$0 for
82.11 taxes payable in 2035 and thereafter. The state general levy for seasonal-recreational property
82.12 is ~~\$41,690,000~~ \$41,178,000 for taxes payable in ~~2020~~ 2023 through 2025; \$37,060,000 for
82.13 taxes payable in 2026; \$32,942,000 for taxes payable in 2027; \$28,824,000 for taxes payable
82.14 in 2028; \$24,706,000 for taxes payable in 2029; \$20,588,000 for taxes payable in 2030;
82.15 \$16,470,000 for taxes payable in 2031; \$12,352,000 for taxes payable in 2032; \$8,234,000
82.16 for taxes payable in 2033; \$4,116,000 for taxes payable in 2034; and \$0 for taxes payable
82.17 in 2035 and thereafter. The tax under this section is not treated as a local tax rate under
82.18 section 469.177 and is not the levy of a governmental unit under chapters 276A and 473F.

82.19 The commissioner shall increase or decrease the preliminary or final rate for a year as
82.20 necessary to account for errors and tax base changes that affected a preliminary or final rate
82.21 for either of the two preceding years. Adjustments are allowed to the extent that the necessary
82.22 information is available to the commissioner at the time the rates for a year must be certified,
82.23 and for the following reasons:

82.24 (1) an erroneous report of taxable value by a local official;

82.25 (2) an erroneous calculation by the commissioner; and

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

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

82.31 **EFFECTIVE DATE.** This section is effective for taxes payable in 2023 and thereafter.

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

83.2 Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the printing of
83.3 the tax statements. The commissioner of revenue shall prescribe the form of the property
83.4 tax statement and its contents. The tax statement must not state or imply that property tax
83.5 credits are paid by the state of Minnesota. The statement must contain a tabulated statement
83.6 of the dollar amount due to each taxing authority and the amount of the state tax from the
83.7 parcel of real property for which a particular tax statement is prepared. The dollar amounts
83.8 attributable to the county, the state tax, the voter approved school tax, the other local school
83.9 tax, the township or municipality, and the total of the metropolitan special taxing districts
83.10 as defined in section 275.065, subdivision 3, paragraph (i), must be separately stated. The
83.11 amounts due all other special taxing districts, if any, may be aggregated except that any
83.12 levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin,
83.13 Ramsey, Scott, or Washington under chapter 398A shall be listed on a separate line directly
83.14 under the appropriate county's levy. If the county levy under this paragraph includes an
83.15 amount for a lake improvement district as defined under sections 103B.501 to 103B.581,
83.16 the amount attributable for that purpose must be separately stated from the remaining county
83.17 levy amount. In the case of Ramsey County, if the county levy under this paragraph includes
83.18 an amount for public library service under section 134.07, the amount attributable for that
83.19 purpose may be separated from the remaining county levy amount. The amount of the tax
83.20 on homesteads qualifying under the senior citizens' property tax deferral program under
83.21 chapter 290B is the total amount of property tax before subtraction of the deferred property
83.22 tax amount. The amount of the tax on contamination value imposed under sections 270.91
83.23 to 270.98, if any, must also be separately stated. The dollar amounts, including the dollar
83.24 amount of any special assessments, may be rounded to the nearest even whole dollar. For
83.25 purposes of this section whole odd-numbered dollars may be adjusted to the next higher
83.26 even-numbered dollar. The amount of market value excluded under section 273.11,
83.27 subdivision 16, if any, must also be listed on the tax statement.

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

83.31 (c) Real and personal property tax statements must contain the following information
83.32 in the order given in this paragraph. The information must contain the current year tax
83.33 information in the right column with the corresponding information for the previous year
83.34 in a column on the left:

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

84.1 (2) the property's homestead market value exclusion under section 273.13, subdivision
84.2 35, or the affordable housing market value exclusion under section 273.13, subdivision 36;

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

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

84.5 (5) for agricultural properties, the credits under sections 273.1384 ~~and~~, 273.1387, and
84.6 273.1388;

84.7 (6) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135;
84.8 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of credit
84.9 received under section 273.135 must be separately stated and identified as "taconite tax
84.10 relief"; and

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

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

84.20 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2023.

84.21 Sec. 18. Minnesota Statutes 2020, section 279.03, subdivision 1a, is amended to read:

84.22 Subd. 1a. **Rate.** (a) Except as provided in ~~paragraph~~ paragraphs (b) and (c), interest on
84.23 delinquent property taxes, penalties, and costs unpaid on or after January 1 is payable at the
84.24 per annum rate determined in section 270C.40, subdivision 5. ~~If the rate so determined is~~
84.25 ~~less than ten percent, the rate of interest is ten percent.~~ The maximum per annum rate is 14
84.26 percent if the rate specified under section 270C.40, subdivision 5, exceeds 14 percent. The
84.27 rate is subject to change on January 1 of each year.

84.28 (b) If a person is the owner of one or more parcels of property on which taxes are
84.29 delinquent, and the delinquent taxes are more than 25 percent of the prior year's school
84.30 district levy, interest on the delinquent property taxes, penalties, and costs unpaid is payable
84.31 at twice the rate determined under paragraph (a) for the year.

85.1 (c) A county board, by resolution, may establish an interest rate lower than the interest
85.2 rate determined under paragraph (a).

85.3 **EFFECTIVE DATE.** This section is effective for property taxes, penalties, and costs
85.4 determined to be delinquent on or after January 1, 2023.

85.5 Sec. 19. Minnesota Statutes 2020, section 282.261, subdivision 2, is amended to read:

85.6 Subd. 2. **Interest rate.** (a) Except as provided under paragraph (b), the unpaid balance
85.7 on any repurchase contract approved by the county board is subject to interest at the rate
85.8 determined in section 279.03, subdivision 1a. The interest rate is subject to change each
85.9 year on the unpaid balance in the manner provided for rate changes in section 279.03,
85.10 subdivision 1a.

85.11 (b) A county board, by resolution, or a county auditor, if delegated the responsibility to
85.12 administer tax-forfeited land assigned to the county board as provided under section 282.135,
85.13 may establish an interest rate lower than the interest rate determined under paragraph (a).

85.14 **EFFECTIVE DATE.** This section is effective January 1, 2023.

85.15 Sec. 20. Minnesota Statutes 2020, section 290A.04, subdivision 2h, is amended to read:

85.16 Subd. 2h. **Additional refund.** (a) If the gross property taxes payable on a homestead
85.17 increase more than ~~12~~ ten percent over the property taxes payable in the prior year on the
85.18 same property that is owned and occupied by the same owner on January 2 of both years,
85.19 and the amount of that increase is \$100 or more, a claimant who is a homeowner shall be
85.20 allowed an additional refund equal to 60 percent of the amount of the increase over the
85.21 greater of ~~12~~ ten percent of the prior year's property taxes payable or \$100. This subdivision
85.22 shall not apply to any increase in the gross property taxes payable attributable to
85.23 improvements made to the homestead after the assessment date for the prior year's taxes.
85.24 This subdivision shall not apply to any increase in the gross property taxes payable
85.25 attributable to the termination of valuation exclusions under section 273.11, subdivision
85.26 16.

85.27 The maximum refund allowed under this subdivision is ~~\$1,000~~ \$2,000.

85.28 (b) For purposes of this subdivision "gross property taxes payable" means property taxes
85.29 payable determined without regard to the refund allowed under this subdivision.

85.30 (c) In addition to the other proofs required by this chapter, each claimant under this
85.31 subdivision shall file with the property tax refund return a copy of the property tax statement
85.32 for taxes payable in the preceding year or other documents required by the commissioner.

86.1 (d) Upon request, the appropriate county official shall make available the names and
86.2 addresses of the property taxpayers who may be eligible for the additional property tax
86.3 refund under this section. The information shall be provided on a magnetic computer disk.
86.4 The county may recover its costs by charging the person requesting the information the
86.5 reasonable cost for preparing the data. The information may not be used for any purpose
86.6 other than for notifying the homeowner of potential eligibility and assisting the homeowner,
86.7 without charge, in preparing a refund claim.

86.8 **EFFECTIVE DATE.** This section is effective for refund claims based on taxes payable
86.9 in 2023 and thereafter.

86.10 Sec. 21. Minnesota Statutes 2020, section 290B.03, subdivision 1, is amended to read:

86.11 Subdivision 1. **Program qualifications.** The qualifications for the senior citizens'
86.12 property tax deferral program are as follows:

86.13 (1) the property must be owned and occupied as a homestead by a person 65 years of
86.14 age or older. In the case of a married couple, at least one of the spouses must be at least 65
86.15 years old at the time the first property tax deferral is granted, regardless of whether the
86.16 property is titled in the name of one spouse or both spouses, or titled in another way that
86.17 permits the property to have homestead status, and the other spouse must be at least 62 years
86.18 of age;

86.19 (2) the total household income of the qualifying homeowners, as defined in section
86.20 290A.03, subdivision 5, for the calendar year preceding the year of the initial application
86.21 may not exceed ~~\$60,000~~ \$75,000;

86.22 (3) the homestead must have been owned and occupied as the homestead of at least one
86.23 of the qualifying homeowners for at least ~~15~~ five years prior to the year the initial application
86.24 is filed;

86.25 (4) there are no state or federal tax liens or judgment liens on the homesteaded property;

86.26 (5) there are no mortgages or other liens on the property that secure future advances,
86.27 except for those subject to credit limits that result in compliance with clause (6); and

86.28 (6) the total unpaid balances of debts secured by mortgages and other liens on the
86.29 property, including unpaid and delinquent special assessments and interest and any delinquent
86.30 property taxes, penalties, and interest, but not including property taxes payable during the
86.31 year or debts secured by a residential PACE lien, as defined in section 216C.435, subdivision
86.32 10d, does not exceed 75 percent of the assessor's estimated market value for the year.

87.1 **EFFECTIVE DATE.** This section is effective for applications received for deferral of
87.2 taxes payable in 2023 and thereafter.

87.3 Sec. 22. Minnesota Statutes 2020, section 290B.04, subdivision 3, is amended to read:

87.4 Subd. 3. **Excess-income certification by taxpayer.** A taxpayer whose initial application
87.5 has been approved under subdivision 2 shall notify the commissioner of revenue in writing
87.6 by July 1 if the taxpayer's household income for the preceding calendar year exceeded
87.7 ~~\$60,000~~ \$75,000. The certification must state the homeowner's total household income for
87.8 the previous calendar year. No property taxes may be deferred under this chapter in any
87.9 year following the year in which a program participant filed or should have filed an
87.10 excess-income certification under this subdivision, unless the participant has filed a
87.11 resumption of eligibility certification as described in subdivision 4.

87.12 **EFFECTIVE DATE.** This section is effective for applications received for deferral of
87.13 taxes payable in 2023 and thereafter.

87.14 Sec. 23. Minnesota Statutes 2020, section 290B.04, subdivision 4, is amended to read:

87.15 Subd. 4. **Resumption of eligibility certification by taxpayer.** A taxpayer who has
87.16 previously filed an excess-income certification under subdivision 3 may resume program
87.17 participation if the taxpayer's household income for a subsequent year is ~~\$60,000~~ \$75,000
87.18 or less. If the taxpayer chooses to resume program participation, the taxpayer must notify
87.19 the commissioner of revenue in writing by July 1 of the year following a calendar year in
87.20 which the taxpayer's household income is ~~\$60,000~~ \$75,000 or less. The certification must
87.21 state the taxpayer's total household income for the previous calendar year. Once a taxpayer
87.22 resumes participation in the program under this subdivision, participation will continue until
87.23 the taxpayer files a subsequent excess-income certification under subdivision 3 or until
87.24 participation is terminated under section 290B.08, subdivision 1.

87.25 **EFFECTIVE DATE.** This section is effective for applications received for deferral of
87.26 taxes payable in 2023 and thereafter.

87.27 Sec. 24. Minnesota Statutes 2020, section 290B.05, subdivision 1, is amended to read:

87.28 Subdivision 1. **Determination by commissioner.** The commissioner shall determine
87.29 each qualifying homeowner's "annual maximum property tax amount" following approval
87.30 of the homeowner's initial application and following the receipt of a resumption of eligibility
87.31 certification. The "annual maximum property tax amount" equals three percent of the
87.32 homeowner's total household income for the year preceding either the initial application or

88.1 the resumption of eligibility certification, whichever is applicable. Following approval of
 88.2 the initial application, the commissioner shall determine the qualifying homeowner's
 88.3 "maximum allowable deferral." No tax may be deferred relative to the appropriate assessment
 88.4 year for any homeowner whose total household income for the previous year exceeds
 88.5 ~~\$60,000~~ \$75,000. No tax shall be deferred in any year in which the homeowner does not
 88.6 meet the program qualifications in section 290B.03. The maximum allowable total deferral
 88.7 is equal to 75 percent of the assessor's estimated market value for the year, less the balance
 88.8 of any mortgage loans and other amounts secured by liens against the property at the time
 88.9 of application, including any unpaid and delinquent special assessments and interest and
 88.10 any delinquent property taxes, penalties, and interest, but not including property taxes
 88.11 payable during the year.

88.12 **EFFECTIVE DATE.** This section is effective for applications received for deferral of
 88.13 taxes payable in 2023 and thereafter.

88.14 Sec. 25. **CITY OF VIRGINIA; NET DEBT LIMIT EXEMPTION.**

88.15 The city of Virginia may finance the construction of a public safety building in the city
 88.16 of Virginia by obtaining a loan from the United States Department of Agriculture secured
 88.17 by its general obligation pledge. Any bonds issued relating to this construction project or
 88.18 repayment of the loan must not be included in the computation of the city's limit on net debt
 88.19 under Minnesota Statutes, section 475.53, subdivision 1.

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

88.21 **ARTICLE 5**

88.22 **PROPERTY TAX AIDS AND CREDITS**

88.23 Section 1. **[273.1388] AGRICULTURAL RIPARIAN BUFFER CREDIT.**

88.24 Subdivision 1. **Eligibility.** Class 2a and 2b property under section 273.13, subdivision
 88.25 23, containing a riparian buffer as defined in section 103F.48, not including land enrolled
 88.26 in and generating payments under a state or federal conservation reserve or easement program
 88.27 under sections 103F.501 to 103F.531, is eligible to receive the credit under this section,
 88.28 provided that the landowner follows the requirements of section 103F.48. Eligible land must
 88.29 be certified by the local soil and water conservation district to the county assessor. This
 88.30 certification is effective until the local soil and water conservation district notifies the
 88.31 assessor that qualified land is no longer eligible for a credit under the requirements of this
 88.32 section. The local soil and water conservation districts must annually notify their county

89.1 assessor of any qualified land that is no longer eligible for a credit under the requirements
89.2 of this section.

89.3 Subd. 2. **Credit amount.** For each qualifying property, the agricultural riparian buffer
89.4 credit is equal to the amount of net tax capacity-based property tax attributable to the portion
89.5 of the property eligible under subdivision 1.

89.6 Subd. 3. **Credit reimbursement.** The county auditor must determine the tax reductions
89.7 allowed under this section within the county for each taxes payable year and must certify
89.8 that amount to the commissioner of revenue as part of the data required under section
89.9 270C.85, subdivision 2. Any prior year adjustments must also be certified as part of the
89.10 data required under section 270C.85, subdivision 2. The commissioner must review the
89.11 certifications for accuracy and may make such changes as are deemed necessary or return
89.12 the certification to the county auditor for correction. The credit under this section must be
89.13 used to proportionately reduce the net tax capacity-based property tax payable to each local
89.14 taxing jurisdiction as provided in section 273.1393.

89.15 Subd. 4. **Payment.** (a) The commissioner of revenue shall reimburse each local taxing
89.16 jurisdiction, other than school districts, for the tax reductions granted under this section in
89.17 two equal installments on October 31 and December 26 of the taxes payable year for which
89.18 the reductions are granted, including in each payment the prior year adjustments certified
89.19 under section 270C.85, subdivision 2, for that taxes payable year.

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

89.24 Subd. 5. **Appropriation.** An amount sufficient to make the payments required by this
89.25 section to taxing jurisdictions other than school districts is annually appropriated from the
89.26 general fund to the commissioner of revenue. An amount sufficient to make the payments
89.27 required by this section for school districts is annually appropriated from the general fund
89.28 to the commissioner of education.

89.29 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2024.

89.30 Sec. 2. Minnesota Statutes 2020, section 273.1392, is amended to read:

89.31 **273.1392 PAYMENT; SCHOOL DISTRICTS.**

89.32 The amounts of bovine tuberculosis credit reimbursements under section 273.113;
89.33 conservation tax credits under section 273.119; disaster or emergency reimbursement under

90.1 sections 273.1231 to 273.1235; agricultural credits under sections 273.1384 ~~and~~, 273.1387,
 90.2 and 273.1388; aids and credits under section 273.1398; enterprise zone property credit
 90.3 payments under section 469.171; ~~and~~ metropolitan agricultural preserve reduction under
 90.4 section 473H.10; and electric generation transition aid under section 477A.23 for school
 90.5 districts, shall be certified to the Department of Education by the Department of Revenue.
 90.6 The amounts so certified shall be paid according to section 127A.45, subdivisions 9, 10,
 90.7 and 13.

90.8 **EFFECTIVE DATE.** This section is effective July 1, 2024.

90.9 Sec. 3. Minnesota Statutes 2020, section 273.1393, is amended to read:

90.10 **273.1393 COMPUTATION OF NET PROPERTY TAXES.**

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

90.13 (1) disaster credit as provided in sections 273.1231 to 273.1235;

90.14 (2) powerline credit as provided in section 273.42;

90.15 (3) agricultural preserves credit as provided in section 473H.10;

90.16 (4) enterprise zone credit as provided in section 469.171;

90.17 (5) disparity reduction credit;

90.18 (6) conservation tax credit as provided in section 273.119;

90.19 (7) ~~the~~ school bond credit as provided in section 273.1387;

90.20 (8) agricultural riparian buffer credit as provided in section 273.1388;

90.21 ~~(8)~~ (9) agricultural credit as provided in section 273.1384;

90.22 ~~(9)~~ (10) taconite homestead credit as provided in section 273.135;

90.23 ~~(10)~~ (11) supplemental homestead credit as provided in section 273.1391; and

90.24 ~~(11)~~ (12) the bovine tuberculosis zone credit, as provided in section 273.113.

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

90.26 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2024.

91.1 Sec. 4. Minnesota Statutes 2021 Supplement, section 275.065, subdivision 3, is amended
91.2 to read:

91.3 Subd. 3. **Notice of proposed property taxes.** (a) The county auditor shall prepare and
91.4 the county treasurer shall deliver after November 10 and on or before November 24 each
91.5 year, by first class mail to each taxpayer at the address listed on the county's current year's
91.6 assessment roll, a notice of proposed property taxes. Upon written request by the taxpayer,
91.7 the treasurer may send the notice in electronic form or by electronic mail instead of on paper
91.8 or by ordinary mail.

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

91.10 (c) The notice must inform taxpayers that it contains the amount of property taxes each
91.11 taxing authority proposes to collect for taxes payable the following year. In the case of a
91.12 town, or in the case of the state general tax, the final tax amount will be its proposed tax.
91.13 The notice must clearly state for each city that has a population over 500, county, school
91.14 district, regional library authority established under section 134.201, metropolitan taxing
91.15 districts as defined in paragraph (i), and fire protection and emergency medical services
91.16 special taxing districts established under section 144F.01, the time and place of a meeting
91.17 for each taxing authority in which the budget and levy will be discussed and public input
91.18 allowed, prior to the final budget and levy determination. The taxing authorities must provide
91.19 the county auditor with the information to be included in the notice on or before the time it
91.20 certifies its proposed levy under subdivision 1. The public must be allowed to speak at that
91.21 meeting, which must occur after November 24 and must not be held before 6:00 p.m. It
91.22 must provide a telephone number for the taxing authority that taxpayers may call if they
91.23 have questions related to the notice and an address where comments will be received by
91.24 mail, except that no notice required under this section shall be interpreted as requiring the
91.25 printing of a personal telephone number or address as the contact information for a taxing
91.26 authority. If a taxing authority does not maintain public offices where telephone calls can
91.27 be received by the authority, the authority may inform the county of the lack of a public
91.28 telephone number and the county shall not list a telephone number for that taxing authority.

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

91.30 (1) the market value of the property as determined under section 273.11, and used for
91.31 computing property taxes payable in the following year and for taxes payable in the current
91.32 year as each appears in the records of the county assessor on November 1 of the current
91.33 year; and, in the case of residential property, whether the property is classified as homestead

92.1 or nonhomestead. The notice must clearly inform taxpayers of the years to which the market
92.2 values apply and that the values are final values;

92.3 (2) the items listed below, shown separately by county, city or town, and state general
92.4 tax, agricultural homestead credit under section 273.1384, school building bond agricultural
92.5 credit under section 273.1387, agricultural riparian buffer credit under section 273.1388,
92.6 voter approved school levy, other local school levy, and the sum of the special taxing
92.7 districts, and as a total of all taxing authorities:

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

92.9 (ii) the proposed tax amount.

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

92.13 In the case of a town or the state general tax, the final tax shall also be its proposed tax
92.14 unless the town changes its levy at a special town meeting under section 365.52. If a school
92.15 district has certified under section 126C.17, subdivision 9, that a referendum will be held
92.16 in the school district at the November general election, the county auditor must note next
92.17 to the school district's proposed amount that a referendum is pending and that, if approved
92.18 by the voters, the tax amount may be higher than shown on the notice. In the case of the
92.19 city of Minneapolis, the levy for Minneapolis Park and Recreation shall be listed separately
92.20 from the remaining amount of the city's levy. In the case of the city of St. Paul, the levy for
92.21 the St. Paul Library Agency must be listed separately from the remaining amount of the
92.22 city's levy. In the case of Ramsey County, any amount levied under section 134.07 may be
92.23 listed separately from the remaining amount of the county's levy. In the case of a parcel
92.24 where tax increment or the fiscal disparities areawide tax under chapter 276A or 473F
92.25 applies, the proposed tax levy on the captured value or the proposed tax levy on the tax
92.26 capacity subject to the areawide tax must each be stated separately and not included in the
92.27 sum of the special taxing districts; and

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

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

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

93.3 (1) special assessments;

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

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

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

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

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

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

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

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

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

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

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

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

94.4 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325, 473.446,
94.5 473.521, 473.547, or 473.834;

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

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

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

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

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

94.20 (2) population growth and decline;

94.21 (3) state or federal government action; and

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

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

94.28 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2024.

94.29 **Sec. 5. [477A.23] ELECTRIC GENERATION TRANSITION AID.**

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

95.1 (b) "Electric generating unit" means a single generating unit at an electric generating
95.2 plant powered by coal, nuclear, or natural gas.

95.3 (c) "Electric generation property" means taxable property of an electric generating plant
95.4 owned by a public utility, as defined in section 216B.02, subdivision 4, that is powered by
95.5 coal, nuclear, or natural gas and located in an eligible taxing jurisdiction.

95.6 (d) "Eligible taxing jurisdiction" means a county, home rule charter or statutory city,
95.7 town, or school district.

95.8 (e) "Unit base year" means the assessment year in which the assessed value of electric
95.9 generation property is reduced due to the retirement of the electric generating unit.

95.10 (f) "Unit differential" means (1) the tax capacity of electric generation property in the
95.11 assessment year preceding the unit base year, minus (2) the tax capacity of electric generation
95.12 property in the unit base year. The unit differential may not be less than zero. The unit
95.13 differential equals zero if the tax capacity of electric generation property in the eligible
95.14 taxing jurisdiction in the assessment year preceding the unit base year is less than four
95.15 percent of the total net tax capacity of the eligible taxing jurisdiction in the assessment year
95.16 preceding the aid calculation year, as adjusted under section 473F.08, subdivision 2, or
95.17 276A.06, subdivision 2, as applicable.

95.18 Subd. 2. **Required notification.** Notwithstanding the requirements of Minnesota Rules,
95.19 chapter 8100, a public utility must notify the commissioner when the public utility expects
95.20 to retire an electric generating unit and remove that unit from the property tax base. The
95.21 notification must be in the form and manner determined by the commissioner, include
95.22 information required by the commissioner to calculate transition aid under this section, and
95.23 be filed together with the reports required under section 273.371.

95.24 Subd. 3. **Unit transition amount.** (a) The initial unit transition amount equals the product
95.25 of (1) the unit differential, times (2) the jurisdiction's tax rate for taxes payable in the unit
95.26 base year.

95.27 (b) The unit transition amount for the year following the unit base year, or in the year
95.28 as provided under subdivision 6, equals the initial unit transition amount. Unit transition
95.29 amounts in subsequent years must be reduced each year by an amount equal to five percent
95.30 of the initial unit transition amount. If the unit transition amount attributable to any unit is
95.31 less than \$5,000 in any year, the unit transition amount for that unit equals zero.

95.32 Subd. 4. **Electric generation transition aid.** Electric generation transition aid for an
95.33 eligible taxing jurisdiction equals the sum of the unit transition amounts for that jurisdiction.

96.1 Subd. 5. **Aid elimination.** (a) Notwithstanding subdivision 4, beginning for aid in the
96.2 year after the year in which the jurisdiction first qualified for aid, aid for an eligible taxing
96.3 jurisdiction equals zero if the commissioner determines that the eligible taxing jurisdiction's
96.4 total net tax capacity in the assessment year preceding the aid calculation year is greater
96.5 than the product of:

96.6 (1) 90 percent of the jurisdiction's total net tax capacity in the assessment year preceding
96.7 the aid calculation year in which the jurisdiction first qualified for aid under this section;
96.8 times;

96.9 (2) the greater of one or the ratio of (i) the statewide total net tax capacity of real and
96.10 personal property in the assessment year preceding the aid calculation year to (ii) the
96.11 statewide total net tax capacity of real and personal property in the assessment year preceding
96.12 the aid calculation year in which the jurisdiction first qualified for aid under this section.

96.13 (b) For the purposes of this subdivision, "net tax capacity" means net tax capacity as
96.14 adjusted under section 473F.08, subdivision 2, or 276A.06, subdivision 2, as applicable.

96.15 (c) If aid to a jurisdiction attributable to a previous unit retirement has been eliminated
96.16 under this subdivision, the jurisdiction may qualify for aid under this section for subsequent
96.17 unit retirements.

96.18 (d) The requirements of this subdivision do not apply to the aid attributable to prior unit
96.19 retirements qualifying under subdivision 7.

96.20 Subd. 6. **Commissioner's duties; payment schedule.** (a) The commissioner of revenue
96.21 shall compute the amount of electric generation transition aid payable to each jurisdiction
96.22 under this section. On or before August 1 of each year, the commissioner shall certify the
96.23 amount of aid computed for aids payable in the following year for each jurisdiction. The
96.24 commissioner shall pay aid to each jurisdiction other than school districts annually at the
96.25 times provided in section 477A.015. Aids to school districts must be certified to the
96.26 commissioner of education and paid under section 273.1392.

96.27 (b) The commissioner of revenue may require counties to provide any data that the
96.28 commissioner deems necessary to administer this section.

96.29 Subd. 7. **Aid for prior unit retirements.** An electric generating unit with a unit base
96.30 year after 2016 but before 2023 must be counted for the purpose of calculating aid under
96.31 this section. For a unit eligible to be counted under this subdivision and for the purpose of
96.32 the schedule of amounts under subdivision 3, paragraph (b), the unit base year is 2023.

97.1 Subd. 8. **Appropriation.** An amount sufficient to make the aid payments required by
 97.2 this section to eligible taxing jurisdictions other than school districts is annually appropriated
 97.3 from the general fund to the commissioner of revenue. An amount sufficient to make the
 97.4 aid payments required by this section for school districts is annually appropriated from the
 97.5 general fund to the commissioner of education.

97.6 **EFFECTIVE DATE.** This section is effective for aids payable in 2024 and thereafter.

97.7 Sec. 6. **MILLE LACS COUNTY; COUNTY, CITY, TOWNSHIP, AND SCHOOL**
 97.8 **DISTRICT REIMBURSEMENT.**

97.9 (a) A taxing jurisdiction located in Mille Lacs County that has lost property tax revenue
 97.10 due to the placement of property into trust by the United States Department of the Interior
 97.11 Bureau of Indian Affairs is eligible for reimbursement under this section in the following
 97.12 manner:

97.13 (1) by July 1, 2022, the auditor of Mille Lacs County must certify to the commissioner
 97.14 of revenue the amount of tax revenue lost by each taxing jurisdiction in the county due to
 97.15 property being placed into trust between January 1, 2009, and December 31, 2020;

97.16 (2) by July 1 of each year starting in 2022, the auditor of Mille Lacs County must certify
 97.17 to the commissioner of revenue the amount of tax revenue lost by each taxing jurisdiction
 97.18 in the county due to property being placed into trust during the preceding calendar year.
 97.19 This clause only applies to properties that were the subject of an application for placement
 97.20 into trust between January 1, 2009, and June 30, 2021; and

97.21 (3) in the first five years following certification under clause (1) or (2), the commissioner
 97.22 of education must distribute to the county the full amount certified for school districts, and
 97.23 the commissioner of revenue must distribute to the county the full amount certified for
 97.24 taxing jurisdictions other than school districts. The county must distribute to each taxing
 97.25 jurisdiction the certified amount of tax revenue lost by the jurisdiction. In the sixth year
 97.26 following certification and in each year thereafter, the commissioners of education and
 97.27 revenue must distribute to the county, for distribution to each taxing jurisdiction, an amount
 97.28 equal to the previous year's amount minus 20 percent of the amount distributed in the first
 97.29 year.

97.30 (b) Reimbursements required by this section must be paid to taxing jurisdictions other
 97.31 than school districts at the times provided in Minnesota Statutes, section 477A.015, for
 97.32 payment of local government aid. Aid to school districts must be certified to the
 97.33 commissioner of education and paid under Minnesota Statutes, section 273.1392.

98.1 (c) An amount sufficient to make the payments to taxing jurisdictions other than school
98.2 districts is annually appropriated from the general fund to the commissioner of revenue. An
98.3 amount sufficient to make the payment to school districts is annually appropriated from the
98.4 general fund to the commissioner of education.

98.5 (d) For purposes of this section, "taxing jurisdiction" means a political subdivision
98.6 including a county, city, town, township, school district, or special taxing district imposing
98.7 a levy on real property.

98.8 (e) For purposes of this section, "tax revenue lost" means the amount that was payable
98.9 in the year before the property became exempt.

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

98.11 Sec. 7. **CLASS 4D LOW-INCOME RENTAL PROPERTY 2024 AND 2025**
98.12 **TRANSITION AID; APPROPRIATION.**

98.13 Subdivision 1. **Definitions.** (a) For the purposes of this section, the terms in this
98.14 subdivision have the meanings given.

98.15 (b) "4d property" means class 4d low-income rental property under Minnesota Statutes,
98.16 section 273.13, subdivision 25.

98.17 (c) "Base assessment year" means assessment year 2022.

98.18 (d) "Local unit" means a home rule charter or statutory city.

98.19 (e) "Modified transition tax capacity" means the product of (1) one minus the transition
98.20 ratio for the local unit, times (2) the transition tax capacity for the local unit.

98.21 (f) "Transition ratio" means the ratio of (1) the net tax capacity of 4d property for the
98.22 local unit in the base assessment year calculated using the classification rates and first-tier
98.23 limit in effect for 4d property for taxes payable in 2024, to (2) the net tax capacity of 4d
98.24 property for the local unit in the base assessment year calculated using the classification
98.25 rates and first-tier limit in effect for 4d property for taxes payable in 2023.

98.26 (g) "Transition tax capacity" means the greater of zero or the difference between (1) the
98.27 net tax capacity of 4d property for the local unit in the base assessment year, minus (2) two
98.28 percent of the total net tax capacity for the local unit in the base assessment year.

98.29 Subd. 2. **Aid amount.** In 2024 and 2025 only, transition aid for a local unit equals the
98.30 product of (1) the local unit's tax rate for taxes payable in 2023, times (2) the modified
98.31 transition tax capacity for the local unit.

99.1 Subd. 3. **Administration; payment schedule.** (a) For purposes of this section, net tax
99.2 capacity must be determined by the commissioner of revenue based on information available
99.3 to the commissioner as of July 15, 2023.

99.4 (b) The commissioner of revenue must notify a local unit of its transition aid amount
99.5 before August 1 of the year preceding the aid distribution year and must pay the aid in two
99.6 installments on the dates specified in Minnesota Statutes, section 477A.015.

99.7 Subd. 4. **Appropriation.** An amount sufficient to pay transition aid under this section
99.8 is annually appropriated from the general fund to the commissioner of revenue.

99.9 **EFFECTIVE DATE.** This section is effective for aid payable in calendar year 2024
99.10 and 2025 only.

99.11 Sec. 8. **2019 LOCAL GOVERNMENT AID PENALTY FORGIVENESS; CITY OF**
99.12 **ROOSEVELT; APPROPRIATION.**

99.13 (a) Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of
99.14 Roosevelt shall receive its aid payment for calendar year 2019 under Minnesota Statutes,
99.15 section 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision
99.16 3, provided that the state auditor certifies to the commissioner of revenue that the state
99.17 auditor received the annual financial reporting form for 2018 from the city as well as all
99.18 forms, including the audited financial statement for calendar year 2019, by June 1, 2022.
99.19 The commissioner of revenue shall make a payment of \$25,410 on July 1, 2022.

99.20 (b) An amount sufficient to pay aid under this section is appropriated in fiscal year 2023
99.21 from the general fund to the commissioner of revenue. This is a onetime appropriation.

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

99.23 Sec. 9. **2021 AID PENALTY FORGIVENESS; CITY OF BENA.**

99.24 Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Bena
99.25 must receive the city's aid payment for calendar year 2021 under Minnesota Statutes, section
99.26 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision 3,
99.27 and the city's small city assistance payment for calendar year 2021 under Minnesota Statutes,
99.28 section 162.145, that was withheld under Minnesota Statutes, section 162.145, subdivision
99.29 3, paragraph (c), provided that the state auditor certifies to the commissioner of revenue
99.30 that the state auditor received the annual financial reporting form for 2020 from the city by
99.31 June 1, 2022. The commissioner of revenue must make a payment of \$43,774 to the city
99.32 by June 30, 2022.

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

100.2 Sec. 10. **2021 AID PENALTY FORGIVENESS; CITY OF BOY RIVER.**

100.3 Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Boy
100.4 River must receive the city's aid payment for calendar year 2021 under Minnesota Statutes,
100.5 section 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision
100.6 3, and the city's small city assistance payment for calendar year 2021 under Minnesota
100.7 Statutes, section 162.145, that was withheld under Minnesota Statutes, section 162.145,
100.8 subdivision 3, paragraph (c), provided that the state auditor certifies to the commissioner
100.9 of revenue that the state auditor received the annual financial reporting form for 2020 from
100.10 the city by June 1, 2022. The commissioner of revenue must make a payment of \$19,578
100.11 to the city by June 30, 2022.

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

100.13 Sec. 11. **2021 AID PENALTY FORGIVENESS; CITY OF ECHO.**

100.14 Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Echo
100.15 must receive its aid payment for calendar year 2021 under Minnesota Statutes, section
100.16 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision 3,
100.17 and its small city assistance payment for calendar year 2021 under Minnesota Statutes,
100.18 section 162.145, that was withheld under Minnesota Statutes, section 162.145, subdivision
100.19 3, paragraph (c), provided that the state auditor certifies to the commissioner of revenue
100.20 that the state auditor received the annual financial reporting form for 2020 from the city by
100.21 June 1, 2022. The commissioner of revenue must make a payment of \$46,060 to the city
100.22 by June 30, 2022.

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

100.24 Sec. 12. **2021 AID PENALTY FORGIVENESS; CITY OF MORTON.**

100.25 Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Morton
100.26 must receive its aid payment for calendar year 2021 under Minnesota Statutes, section
100.27 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision 3,
100.28 and its small city assistance payment for calendar year 2021 under Minnesota Statutes,
100.29 section 162.145, that was withheld under Minnesota Statutes, section 162.145, subdivision
100.30 3, paragraph (c), provided that the state auditor certifies to the commissioner of revenue
100.31 that it received the annual financial reporting form for 2020 from the city by June 1, 2022.
100.32 The commissioner of revenue must make a payment of \$79,476 to the city by June 30, 2022.

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

101.2 **ARTICLE 6**

101.3 **PUBLIC FINANCE**

101.4 Section 1. Minnesota Statutes 2020, section 123B.61, is amended to read:

101.5 **123B.61 PURCHASE OF CERTAIN EQUIPMENT.**

101.6 The board of a district may issue general obligation certificates of indebtedness or capital
101.7 notes subject to the district debt limits to: (a) purchase vehicles, computers, telephone
101.8 systems, cable equipment, photocopy and office equipment, technological equipment for
101.9 instruction, and other capital equipment having an expected useful life at least as long as
101.10 the terms of the certificates or notes; (b) purchase computer hardware and software, without
101.11 regard to its expected useful life, whether bundled with machinery or equipment or
101.12 unbundled, together with application development services and training related to the use
101.13 of the computer; and (c) prepay special assessments. The certificates or notes must be
101.14 payable in not more than ~~ten~~ 20 years and must be issued on the terms and in the manner
101.15 determined by the board, ~~except that certificates or notes issued to prepay special assessments~~
101.16 ~~must be payable in not more than 20 years.~~ The certificates or notes may be issued by
101.17 resolution and without the requirement for an election. The certificates or notes are general
101.18 obligation bonds for purposes of section 126C.55. A tax levy must be made for the payment
101.19 of the principal and interest on the certificates or notes, in accordance with section 475.61,
101.20 as in the case of bonds. The sum of the tax levies under this section and section 123B.62
101.21 for each year must not exceed the lesser of the amount of the district's total operating capital
101.22 revenue or the sum of the district's levy in the general and community service funds excluding
101.23 the adjustments under this section for the year preceding the year the initial debt service
101.24 levies are certified. The district's general fund levy for each year must be reduced by the
101.25 sum of (1) the amount of the tax levies for debt service certified for each year for payment
101.26 of the principal and interest on the certificates or notes issued under this section as required
101.27 by section 475.61, (2) the amount of the tax levies for debt service certified for each year
101.28 for payment of the principal and interest on bonds issued under section 123B.62, and (3)
101.29 any excess amount in the debt redemption fund used to retire bonds, certificates, or notes
101.30 issued under this section or section 123B.62 after April 1, 1997, other than amounts used
101.31 to pay capitalized interest. If the district's general fund levy is less than the amount of the
101.32 reduction, the balance shall be deducted first from the district's community service fund
101.33 levy, and next from the district's general fund or community service fund levies for the
101.34 following year. A district using an excess amount in the debt redemption fund to retire the

102.1 certificates or notes shall report the amount used for this purpose to the commissioner by
102.2 July 15 of the following fiscal year. A district having an outstanding capital loan under
102.3 section 126C.69 or an outstanding debt service loan under section 126C.68 must not use an
102.4 excess amount in the debt redemption fund to retire the certificates or notes.

102.5 Sec. 2. Minnesota Statutes 2020, section 366.095, subdivision 1, is amended to read:

102.6 Subdivision 1. **Certificates of indebtedness.** The town board may issue certificates of
102.7 indebtedness within the debt limits for a town purpose otherwise authorized by law. The
102.8 certificates shall be payable in not more than ~~ten~~ 20 years and be issued on the terms and
102.9 in the manner as determined by the board ~~may determine, provided that notes issued for~~
102.10 ~~projects that eliminate R-22, as defined in section 240A.09, paragraph (b), clause (2), must~~
102.11 ~~be payable in not more than 20 years.~~ If the amount of the certificates to be issued exceeds
102.12 0.25 percent of the estimated market value of the town, they shall not be issued for at least
102.13 ten days after publication in a newspaper of general circulation in the town of the board's
102.14 resolution determining to issue them. If within that time, a petition asking for an election
102.15 on the proposition signed by voters equal to ten percent of the number of voters at the last
102.16 regular town election is filed with the clerk, the certificates shall not be issued until their
102.17 issuance has been approved by a majority of the votes cast on the question at a regular or
102.18 special election. A tax levy shall be made to pay the principal and interest on the certificates
102.19 as in the case of bonds.

102.20 Sec. 3. Minnesota Statutes 2020, section 373.01, subdivision 3, is amended to read:

102.21 Subd. 3. **Capital notes.** (a) A county board may, by resolution and without referendum,
102.22 issue capital notes subject to the county debt limit to purchase capital equipment useful for
102.23 county purposes that has an expected useful life at least equal to the term of the notes. The
102.24 notes shall be payable in not more than ~~ten~~ 20 years and shall be issued on the terms and in
102.25 ~~a~~ the manner determined by the board ~~determines~~. A tax levy shall be made for payment of
102.26 the principal and interest on the notes, in accordance with section 475.61, as in the case of
102.27 bonds.

102.28 (b) For purposes of this subdivision, "capital equipment" means:

102.29 (1) public safety, ambulance, road construction or maintenance, ~~and~~ medical equipment,
102.30 and other capital equipment; and

102.31 (2) computer hardware and software, whether bundled with machinery or equipment or
102.32 unbundled, together with application development services and training related to the use
102.33 of the computer hardware or software.

103.1 Sec. 4. Minnesota Statutes 2020, section 383B.117, subdivision 2, is amended to read:

103.2 Subd. 2. **Equipment acquisition; capital notes.** The board may, by resolution and
103.3 without public referendum, issue capital notes within existing debt limits for the purpose
103.4 of purchasing ambulance and other medical equipment, road construction or maintenance
103.5 equipment, public safety equipment and other capital equipment having an expected useful
103.6 life at least equal to the term of the notes issued. The notes shall be payable in not more
103.7 than ~~ten~~ 20 years and shall be issued on the terms and in ~~a~~ the manner as determined by the
103.8 board ~~determines, provided that notes issued for projects that eliminate R-22, as defined in~~
103.9 ~~section 240A.09, paragraph (b), clause (2), must be payable in not more than 20 years.~~ The
103.10 total principal amount of the notes issued for any fiscal year shall not exceed one percent
103.11 of the total annual budget for that year and shall be issued solely for the purchases authorized
103.12 in this subdivision. A tax levy shall be made for the payment of the principal and interest
103.13 on such notes as in the case of bonds. For purposes of this subdivision, "equipment" includes
103.14 computer hardware and software, whether bundled with machinery or equipment or
103.15 unbundled. For purposes of this subdivision, the term "medical equipment" includes computer
103.16 hardware and software and other intellectual property for use in medical diagnosis, medical
103.17 procedures, research, record keeping, billing, and other hospital applications, together with
103.18 application development services and training related to the use of the computer hardware
103.19 and software and other intellectual property, all without regard to their useful life. For
103.20 purposes of determining the amount of capital notes which the county may issue in any
103.21 year, the budget of the county and Hennepin Healthcare System, Inc. shall be combined
103.22 and the notes issuable under this subdivision shall be in addition to obligations issuable
103.23 under section 373.01, subdivision 3.

103.24 Sec. 5. Minnesota Statutes 2020, section 410.32, is amended to read:

103.25 **410.32 CITIES MAY ISSUE CAPITAL NOTES FOR CAPITAL EQUIPMENT.**

103.26 (a) Notwithstanding any contrary provision of other law or charter, a home rule charter
103.27 city may, by resolution and without public referendum, issue capital notes subject to the
103.28 city debt limit to purchase capital equipment.

103.29 (b) For purposes of this section, "capital equipment" means:

103.30 (1) public safety equipment, ambulance and other medical equipment, road construction
103.31 and maintenance equipment, and other capital equipment; and

104.1 (2) computer hardware and software, whether bundled with machinery or equipment or
104.2 unbundled, together with application development services and training related to the use
104.3 of the computer hardware and software.

104.4 (c) The equipment or software must have an expected useful life at least as long as the
104.5 term of the notes.

104.6 (d) The notes shall be payable in not more than ~~ten~~ 20 years and be issued on the terms
104.7 and in the manner determined by the city ~~determines, provided that notes issued for projects~~
104.8 ~~that eliminate R-22, as defined in section 240A.09, paragraph (b), clause (2), must be payable~~
104.9 ~~in not more than 20 years~~. The total principal amount of the capital notes issued in a fiscal
104.10 year shall not exceed 0.03 percent of the estimated market value of taxable property in the
104.11 city for that year.

104.12 (e) A tax levy shall be made for the payment of the principal and interest on the notes,
104.13 in accordance with section 475.61, as in the case of bonds.

104.14 (f) Notes issued under this section shall require an affirmative vote of two-thirds of the
104.15 governing body of the city.

104.16 (g) Notwithstanding a contrary provision of other law or charter, a home rule charter
104.17 city may also issue capital notes subject to its debt limit in the manner and subject to the
104.18 limitations applicable to statutory cities pursuant to section 412.301.

104.19 Sec. 6. Minnesota Statutes 2020, section 412.301, is amended to read:

104.20 **412.301 FINANCING PURCHASE OF CERTAIN EQUIPMENT.**

104.21 (a) The council may issue certificates of indebtedness or capital notes subject to the city
104.22 debt limits to purchase capital equipment.

104.23 (b) For purposes of this section, "capital equipment" means:

104.24 (1) public safety equipment, ambulance and other medical equipment, road construction
104.25 and maintenance equipment, and other capital equipment; and

104.26 (2) computer hardware and software, whether bundled with machinery or equipment or
104.27 unbundled, together with application development services and training related to the use
104.28 of the computer hardware or software.

104.29 (c) The equipment or software must have an expected useful life at least as long as the
104.30 terms of the certificates or notes.

105.1 (d) Such certificates or notes shall be payable in not more than ~~ten~~ 20 years and shall
105.2 be issued on ~~such~~ the terms and in ~~such~~ the manner as determined by the council ~~may~~
105.3 ~~determine, provided, however, that notes issued for projects that eliminate R-22, as defined~~
105.4 ~~in section 240A.09, paragraph (b), clause (2), must be payable in not more than 20 years.~~

105.5 (e) If the amount of the certificates or notes to be issued to finance any such purchase
105.6 exceeds 0.25 percent of the estimated market value of taxable property in the city, they shall
105.7 not be issued for at least ten days after publication in the official newspaper of a council
105.8 resolution determining to issue them; and if before the end of that time, a petition asking
105.9 for an election on the proposition signed by voters equal to ten percent of the number of
105.10 voters at the last regular municipal election is filed with the clerk, such certificates or notes
105.11 shall not be issued until the proposition of their issuance has been approved by a majority
105.12 of the votes cast on the question at a regular or special election.

105.13 (f) A tax levy shall be made for the payment of the principal and interest on such
105.14 certificates or notes, in accordance with section 475.61, as in the case of bonds.

105.15 ARTICLE 7

105.16 LOCAL SALES TAXES

105.17 Section 1. Minnesota Statutes 2020, section 297A.99, subdivision 3, is amended to read:

105.18 Subd. 3. **Legislative authority required before voter approval; requirements for**
105.19 **adoption, use, termination.** (a) A political subdivision must receive legislative authority
105.20 to impose a local sales tax before submitting the tax for approval by voters of the political
105.21 subdivision. Imposition of a local sales tax is subject to approval by voters of the political
105.22 subdivision at a general election. The election must be conducted at a general election within
105.23 the two-year period after the governing body of the political subdivision has received
105.24 authority to impose the tax. ~~If the authorizing legislation allows the tax to be imposed for~~
105.25 ~~more than one project, there must be a separate question approving the use of the tax revenue~~
105.26 ~~for each project. Notwithstanding the authorizing legislation, a project that is not approved~~
105.27 ~~by the voters may not be funded with the local sales tax revenue and the termination date~~
105.28 ~~of the tax set in the authorizing legislation must be reduced proportionately based on the~~
105.29 ~~share of that project's cost to the total costs of all projects included in the authorizing~~
105.30 ~~legislation~~ The ballot question must state the project or projects proposed to be funded by
105.31 the tax and the estimated length of time the tax will be in effect.

106.1 (b) The proceeds of the tax must be dedicated exclusively to payment of the construction
106.2 and rehabilitation costs and associated bonding costs related to the specific capital
106.3 improvement projects that were approved by the voters under paragraph (a).

106.4 (c) The tax must terminate after the revenues raised are sufficient to fund the projects
106.5 approved by the voters under paragraph (a).

106.6 (d) After a sales tax imposed by a political subdivision has expired or been terminated,
106.7 the political subdivision is prohibited from imposing a local sales tax for a period of one
106.8 year.

106.9 (e) Notwithstanding paragraph (a), if a political subdivision received voter approval to
106.10 seek authority for a local sales tax at the November 6, 2018, general election and is granted
106.11 authority to impose a local sales tax before January 1, 2021, the tax may be imposed without
106.12 an additional referendum provided that it meets the requirements of subdivision 2 and the
106.13 list of specific projects contained in the resolution does not conflict with the projects listed
106.14 in the approving referendum.

106.15 (f) If a tax is terminated because sufficient revenues have been raised, any amount of
106.16 tax collected under subdivision 9, after sufficient revenues have been raised and before the
106.17 quarterly termination required under subdivision 12, paragraph (a), that is greater than the
106.18 average quarterly revenues collected over the immediately preceding 12 calendar months
106.19 must be retained by the commissioner for deposit in the general fund.

106.20 **EFFECTIVE DATE.** This section is effective for local sales taxes authorized in Laws
106.21 2021, First Special Session chapter 14, article 8, and thereafter.

106.22 Sec. 2. Minnesota Statutes 2020, section 469.190, subdivision 7, is amended to read:

106.23 Subd. 7. **Collection.** The statutory or home rule charter city, town, or county when the
106.24 county board is acting as a town board with respect to an unorganized territory, may agree
106.25 with the commissioner of revenue that a tax imposed pursuant to this section shall be
106.26 collected by the commissioner together with the tax imposed by chapter 297A, and subject
106.27 to the same interest, penalties, and other rules and that its proceeds, less the cost of collection,
106.28 shall be remitted to the city.

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

106.30 Sec. 3. Laws 1998, chapter 389, article 8, section 43, as amended by Laws 2005, First
106.31 Special Session chapter 3, article 5, sections 28, 29, and 30, Laws 2011, First Special Session

107.1 chapter 7, article 4, sections 5, 6, and 7, and Laws 2013, chapter 143, article 10, sections
107.2 11, 12, and 13, is amended by adding a subdivision to read:

107.3 Subd. 1a. **Authorization; extension.** Notwithstanding Minnesota Statutes, section
107.4 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at a
107.5 general election as required under Minnesota Statutes, section 297A.99, subdivision 3, the
107.6 city of Rochester may extend the sales and use tax of one-half of one percent authorized
107.7 under subdivision 1, paragraph (a), for the purposes specified in subdivision 3a. Except as
107.8 otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,
107.9 govern the imposition, administration, collection, and enforcement of the tax authorized
107.10 under this subdivision. The tax imposed under this subdivision is in addition to any local
107.11 sales and use tax imposed under any other special law.

107.12 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
107.13 city of Rochester and its chief clerical officer comply with Minnesota Statutes, section
107.14 645.021, subdivisions 2 and 3.

107.15 Sec. 4. Laws 1998, chapter 389, article 8, section 43, as amended by Laws 2005, First
107.16 Special Session chapter 3, article 5, sections 28, 29, and 30, Laws 2011, First Special Session
107.17 chapter 7, article 4, sections 5, 6, and 7, and Laws 2013, chapter 143, article 10, sections
107.18 11, 12, and 13, is amended by adding a subdivision to read:

107.19 Subd. 3a. **Use of sales and use tax revenues; additional projects.** The revenues derived
107.20 from the extension of the tax authorized under subdivision 1a must be used by the city of
107.21 Rochester to pay the costs of collecting and administering the tax and paying for the following
107.22 projects in the city, including securing and paying debt service on bonds issued to finance
107.23 all or part of the following projects:

107.24 (1) notwithstanding Minnesota Statutes, section 297A.99, subdivision 2, paragraph (d),
107.25 \$50,000,000, plus associated bonding costs for the housing vitality fund;

107.26 (2) notwithstanding Minnesota Statutes, section 297A.99, subdivision 2, paragraph (d),
107.27 \$50,000,000, plus associated bonding costs for street reconstruction;

107.28 (3) notwithstanding Minnesota Statutes, section 297A.99, subdivision 2, paragraph (d),
107.29 \$40,000,000, plus associated bonding costs for flood control and water quality; and

107.30 (4) \$65,000,000, plus associated bonding costs for a Regional Community and Recreation
107.31 Complex.

107.32 **EFFECTIVE DATE.** This section is effective the day after compliance by the governing
107.33 body of the city of Rochester with Minnesota Statutes, section 645.021.

108.1 Sec. 5. Laws 1998, chapter 389, article 8, section 43, as amended by Laws 2005, First
108.2 Special Session chapter 3, article 5, sections 28, 29, and 30, Laws 2011, First Special Session
108.3 chapter 7, article 4, sections 5, 6, and 7, and Laws 2013, chapter 143, article 10, sections
108.4 11, 12, and 13, is amended by adding a subdivision to read:

108.5 Subd. 4a. **Bonding authority; additional projects and extension of tax.** (a) The city
108.6 of Rochester may issue bonds under Minnesota Statutes, chapter 475, to finance all or a
108.7 portion of the costs of the projects authorized in subdivision 3a and approved by the voters
108.8 as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The
108.9 aggregate principal amount of bonds issued under this subdivision may not exceed
108.10 \$205,000,000 for the projects described in subdivision 3a, plus an amount to be applied to
108.11 the payment of the costs of issuing the bonds.

108.12 (b) The bonds may be paid from or secured by any funds available to the city of
108.13 Rochester, including the tax authorized under subdivision 1a and the full faith and credit
108.14 of the city. The issuance of bonds under this subdivision is not subject to Minnesota Statutes,
108.15 sections 275.60 and 275.61.

108.16 (c) The bonds are not included in computing any debt limitation applicable to the city
108.17 of Rochester, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal
108.18 and interest on the bonds is not subject to any levy limitation. A separate election to approve
108.19 the bonds under Minnesota Statutes, section 475.58, is not required.

108.20 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
108.21 city of Rochester and its chief clerical officer comply with Minnesota Statutes, section
108.22 645.021, subdivisions 2 and 3.

108.23 Sec. 6. Laws 1998, chapter 389, article 8, section 43, subdivision 5, as amended by Laws
108.24 2005, First Special Session chapter 3, article 5, section 30, Laws 2011, First Special Session
108.25 chapter 7, article 4, section 7, and Laws 2013, chapter 143, article 10, section 13, is amended
108.26 to read:

108.27 **Subd. 5. Termination of taxes.** (a) The taxes imposed under subdivisions 1 and 2 expire
108.28 at the later of (1) December 31, 2009, or (2) when the city council determines that sufficient
108.29 funds have been received from the taxes to finance the first \$71,500,000 of capital
108.30 expenditures and bonds for the projects authorized in subdivision 3, including the amount
108.31 to prepay or retire at maturity the principal, interest, and premium due on any bonds issued
108.32 for the projects under subdivision 4, unless the taxes are extended as allowed in paragraph
108.33 (b). Any funds remaining after completion of the project and retirement or redemption of
108.34 the bonds shall also be used to fund the projects under subdivision 3. The taxes imposed

109.1 under subdivisions 1 and 2 may expire at an earlier time if the city so determines by
109.2 ordinance.

109.3 (b) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any other
109.4 contrary provision of law, ordinance, or city charter, the city of Rochester may, by ordinance,
109.5 extend the taxes authorized in subdivisions 1 and 2 beyond December 31, 2009, if approved
109.6 by the voters of the city at a special election in 2005 or the general election in 2006. The
109.7 question put to the voters must indicate that an affirmative vote would allow up to an
109.8 additional \$40,000,000 of sales tax revenues be raised and up to \$40,000,000 of bonds to
109.9 be issued above the amount authorized in the June 23, 1998, referendum for the projects
109.10 specified in subdivision 3. If the taxes authorized in subdivisions 1 and 2 are extended under
109.11 this paragraph, the taxes expire when the city council determines that sufficient funds have
109.12 been received from the taxes to finance the projects and to prepay or retire at maturity the
109.13 principal, interest, and premium due on any bonds issued for the projects under subdivision
109.14 4. Any funds remaining after completion of the project and retirement or redemption of the
109.15 bonds may be placed in the general fund of the city.

109.16 (c) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any other
109.17 contrary provision of law, ordinance, or city charter, the city of Rochester may, by ordinance,
109.18 extend the taxes authorized in subdivisions 1, paragraph (a), and 2, up to December 31,
109.19 2049, provided that all additional revenues above those necessary to fund the projects and
109.20 associated financing costs listed in subdivision 3, paragraphs (a) to (e), are committed to
109.21 fund public infrastructure projects contained in the development plan adopted under
109.22 Minnesota Statutes, section 469.43, including all financing costs; otherwise the taxes
109.23 terminate when the city council determines that sufficient funds have been received from
109.24 the taxes to finance expenditures and bonds for the projects authorized in subdivision 3,
109.25 paragraphs (a) to (e), plus an amount equal to the costs of issuance of the bonds and including
109.26 the amount to prepay or retire at maturity the principal, interest, and premiums due on any
109.27 bonds issued for the projects under subdivision 4.

109.28 (d) The tax imposed under subdivision 1, paragraph (b), expires at the earlier of December
109.29 31, 2049, or when the city council determines that sufficient funds have been raised from
109.30 the tax plus all other city funding sources authorized in this article to meet the city obligation
109.31 for financing the public infrastructure projects contained in the development plan adopted
109.32 under Minnesota Statutes, section 469.43, including all financing costs.

109.33 (e) The tax imposed under subdivision 1a expires at the earlier of (1) 16-1/2 years after
109.34 first imposed, or (2) when the city council determines that the amount of revenues received
109.35 from the tax is sufficient to pay for the project costs authorized under subdivision 3a for

110.1 projects approved by the voters as required under Minnesota Statutes, section 297A.99,
 110.2 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
 110.3 of the bonds under subdivision 4a, including interest on the bonds. Except as otherwise
 110.4 provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds
 110.5 remaining after payment of the allowed costs due to the timing of the termination of the tax
 110.6 under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general
 110.7 fund of the city. The tax imposed under subdivision 1a may expire at an earlier time if the
 110.8 city so determines by ordinance.

110.9 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 110.10 city of Rochester and its chief clerical officer comply with Minnesota Statutes, section
 110.11 645.021, subdivisions 2 and 3.

110.12 Sec. 7. Laws 2008, chapter 366, article 7, section 17, is amended to read:

110.13 Sec. 17. **COOK COUNTY; LODGING AND ADMISSIONS TAXES TAX.**

110.14 Subdivision 1. **Lodging tax.** Notwithstanding Minnesota Statutes, section 477A.016,
 110.15 or any other provision of law, ordinance, or city charter, the Board of Commissioners of
 110.16 Cook County may impose, by ordinance, a tax of up to one percent on the gross receipts
 110.17 subject to the lodging tax under Minnesota Statutes, section 469.190. This tax is in addition
 110.18 to any tax imposed under Minnesota Statutes, section 469.190, and the total tax imposed
 110.19 under that section and this provision must not exceed four percent.

110.20 ~~Subd. 2. **Admissions and recreation tax.** Notwithstanding Minnesota Statutes, section~~
 110.21 ~~477A.016, or any other provision of law, ordinance, or city charter, the Board of~~
 110.22 ~~Commissioners of Cook County may impose, by ordinance, a tax of up to three percent on~~
 110.23 ~~admissions to entertainment and recreational facilities and rental of recreation equipment.~~

110.24 Subd. 3. **Use of taxes.** The ~~taxes tax~~ imposed in ~~subdivisions~~ subdivision 1 and 2 must
 110.25 be used to fund a new Cook County Event and Visitors Bureau as established by the Board
 110.26 of Commissioners of Cook County. The Board of Commissioners of Cook County must
 110.27 annually review the budget of the Cook County Event and Visitors Bureau. The event and
 110.28 visitors bureau may not receive revenues raised from the ~~taxes tax~~ imposed in ~~subdivisions~~
 110.29 subdivision 1 and 2 until the board of commissioners approves the annual budget.

110.30 Subd. 4. **Termination.** The ~~taxes tax~~ imposed in ~~subdivisions~~ subdivision 1 and 2
 110.31 ~~terminate 15~~ terminates 30 years after ~~they are~~ it is first imposed.

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

111.1 Sec. 8. Laws 2011, First Special Session chapter 7, article 4, section 14, is amended to
111.2 read:

111.3 Sec. 14. **CITY OF MARSHALL; SALES AND USE TAX.**

111.4 Subdivision 1. **Authorization.** Notwithstanding Minnesota Statutes, section 297A.99,
111.5 subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city charter, the city of
111.6 Marshall, if approved by the voters at a general election held within two years of the date
111.7 of final enactment of this section, may impose the tax authorized under subdivision 2. Two
111.8 separate ballot questions must be presented to the voters, one for each of the two facility
111.9 projects named in subdivision 3.

111.10 Subd. 2. **Sales and use tax authorized.** The city of Marshall may impose by ordinance
111.11 a sales and use tax of up to one-half of one percent for the purposes specified in subdivision
111.12 3. The provisions of Minnesota Statutes, section 297A.99, except subdivisions 1 and 2,
111.13 govern the imposition, administration, collection, and enforcement of the tax authorized
111.14 under this subdivision.

111.15 Subd. 2a. **Authorization; extension.** Notwithstanding Minnesota Statutes, section
111.16 297A.99, subdivision 3, paragraph (d), or 477A.016, or any other law, ordinance, or city
111.17 charter, after payment of the bonds authorized under subdivision 4, and if approved by the
111.18 voters at a general election as required under Minnesota Statutes, section 297A.99,
111.19 subdivision 3, the city of Marshall may extend the sales and use tax of one-half of one
111.20 percent authorized under subdivision 2 for the purposes specified in subdivision 3a. Except
111.21 as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,
111.22 govern the imposition, administration, collection, and enforcement of the tax authorized
111.23 under this subdivision. The tax imposed under this subdivision is in addition to any local
111.24 sales and use tax imposed under any other special law.

111.25 Subd. 3. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
111.26 under subdivision 2 must be used by the city of Marshall to pay the costs of collecting and
111.27 administering the sales and use tax and to pay all or part of the costs of the new and existing
111.28 facilities of the Minnesota Emergency Response and Industry Training Center and all or
111.29 part of the costs of the new facilities of the Southwest Minnesota Regional Amateur Sports
111.30 Center. Authorized expenses include, but are not limited to, acquiring property, predesign,
111.31 design, and paying construction, furnishing, and equipment costs related to these facilities
111.32 and paying debt service on bonds or other obligations issued by the city of Marshall under
111.33 subdivision 4 to finance the capital costs of these facilities.

112.1 Subd. 3a. Use of sales and use tax revenues; aquatic center. The revenues derived
112.2 from the extension of the tax authorized under subdivision 2a must be used by the city of
112.3 Marshall to pay the costs of collecting and administering the tax and paying for \$16,000,000
112.4 plus associated bonding costs for the construction of a new municipal aquatic center in the
112.5 city, including securing and paying debt service on bonds issued to finance the project.

112.6 Subd. 4. **Bonds.** (a) If the imposition of a sales and use tax is approved by the voters,
112.7 the city of Marshall may issue bonds under Minnesota Statutes, chapter 475, to finance all
112.8 or a portion of the costs of the facilities authorized in subdivision 3, and may issue bonds
112.9 to refund bonds previously issued. The aggregate principal amount of bonds issued under
112.10 this subdivision may not exceed \$17,290,000, plus an amount to be applied to the payment
112.11 of the costs of issuing the bonds. The bonds may be paid from or secured by any funds
112.12 available to the city of Marshall, including the tax authorized under subdivision 2.

112.13 (b) The bonds are not included in computing any debt limitation applicable to the city
112.14 of Marshall, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal
112.15 and interest on the bonds, is not subject to any levy limitation. A separate election to approve
112.16 the bonds under Minnesota Statutes, section 475.58, is not required.

112.17 Subd. 4a. Bonds; additional use and extension of tax. (a) After payment of the bonds
112.18 authorized under subdivision 4, the city of Marshall may issue bonds under Minnesota
112.19 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in
112.20 subdivision 2a and approved by the voters as required under Minnesota Statutes, section
112.21 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued
112.22 under this subdivision may not exceed \$16,000,000, plus an amount to be applied to the
112.23 payment of the costs of issuing the bonds.

112.24 (b) The bonds may be paid from or secured by any funds available to the city of Marshall,
112.25 including the tax authorized under subdivision 2a. The issuance of bonds under this
112.26 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

112.27 (c) The bonds are not included in computing any debt limitation applicable to the city
112.28 of Marshall, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal
112.29 and interest on the bonds is not subject to any levy limitation. A separate election to approve
112.30 the bonds under Minnesota Statutes, section 475.58, is not required.

112.31 Subd. 5. **Termination of taxes.** (a) The tax imposed under subdivision 2 expires at the
112.32 earlier of (1) 15 years after the tax is first imposed, or (2) when the city council determines
112.33 that the amount of revenues received from the tax to pay for the capital and administrative
112.34 costs of the facilities under subdivision 3 first equals or exceeds the amount authorized to

113.1 be spent for the facilities plus the additional amount needed to pay the costs related to
113.2 issuance of the bonds under subdivision 4, including interest on the bonds. Any funds
113.3 remaining after payment of all such costs and retirement or redemption of the bonds shall
113.4 be placed in the general fund of the city. The tax imposed under subdivision 2 may expire
113.5 at an earlier time if the city so determines by ordinance.

113.6 (b) The tax imposed under subdivision 2a expires at the earlier of (1) 30 years after the
113.7 tax under subdivision 2 is first imposed, or (2) when the city council determines that the
113.8 amount of revenues received from the tax is sufficient to pay for the project costs authorized
113.9 under subdivision 3a for the project approved by the voters as required under Minnesota
113.10 Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay
113.11 the costs related to issuance of the bonds under subdivision 4a, including interest on the
113.12 bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision
113.13 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing
113.14 of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12,
113.15 shall be placed in the general fund of the city. The tax imposed under subdivision 2a may
113.16 expire at an earlier time if the city so determines by ordinance.

113.17 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
113.18 city of Marshall and its chief clerical officer comply with Minnesota Statutes, section
113.19 645.021, subdivisions 2 and 3.

113.20 Sec. 9. Laws 2021, First Special Session chapter 14, article 8, section 20, subdivision 2,
113.21 is amended to read:

113.22 **Subd. 2. Use of sales and use tax revenues.** The revenues derived from the tax authorized
113.23 under subdivision 1 must be used by the city of Waite Park to pay the costs of collecting
113.24 and administering the tax and for the following projects in the city, including securing and
113.25 paying debt service on bonds issued to finance all or part of the following projects:

113.26 (1) up to \$7,500,000 plus associated bonding costs for regional trail connections; ~~and~~

113.27 (2) up to \$20,000,000 plus associated bonding costs for construction and equipping of
113.28 a public safety facility; and

113.29 (3) notwithstanding Minnesota Statutes, section 297A.99, subdivision 2, paragraph (d),
113.30 up to \$15,500,000 plus associated bonding costs for the 10th Avenue regional corridor
113.31 project.

114.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
114.2 city of Waite Park and its chief clerical officer comply with Minnesota Statutes, section
114.3 645.021, subdivisions 2 and 3.

114.4 Sec. 10. Laws 2021, First Special Session chapter 14, article 8, section 20, subdivision 3,
114.5 is amended to read:

114.6 Subd. 3. **Bonding authority.** (a) The city of Waite Park may issue bonds under Minnesota
114.7 Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in
114.8 subdivision 2 and approved by the voters as required under Minnesota Statutes, section
114.9 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued
114.10 under this subdivision may not exceed:

114.11 ~~(1) \$7,500,000~~ \$43,000,000 for the ~~project~~ projects listed in subdivision 2, ~~clause (1),~~
114.12 plus an amount needed to pay capitalized interest and an amount to be applied to the payment
114.13 of the costs of issuing the bonds; ~~and~~

114.14 ~~(2) \$20,000,000 for the project listed in subdivision 2, clause (2), plus an amount needed~~
114.15 ~~to pay capitalized interest and an amount to be applied to the payment of the costs of issuing~~
114.16 ~~the bonds.~~

114.17 (b) The bonds may be paid from or secured by any funds available to the city of Waite
114.18 Park, including the tax authorized under subdivision 1. The issuance of bonds under this
114.19 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

114.20 ~~(b)~~ (c) The bonds are not included in computing any debt limitation applicable to the
114.21 city of Waite Park, and any levy of taxes under Minnesota Statutes, section 475.61, to pay
114.22 principal and interest on the bonds is not subject to any levy limitation. A separate election
114.23 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

114.24 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
114.25 city of Waite Park and its chief clerical officer comply with Minnesota Statutes, section
114.26 645.021, subdivisions 2 and 3.

114.27 Sec. 11. Laws 2021, First Special Session chapter 14, article 8, section 20, subdivision 4,
114.28 is amended to read:

114.29 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
114.30 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) ~~19~~ 20 years
114.31 after the tax is first imposed, or (2) when the city council determines that the amount received
114.32 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for

115.1 projects approved by voters as required under Minnesota Statutes, section 297A.99,
115.2 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
115.3 of any bonds authorized under subdivision 3, including interest on the bonds. Except as
115.4 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),
115.5 any funds remaining after payment of the allowed costs due to the timing of the termination
115.6 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the
115.7 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time
115.8 if the city so determines by ordinance.

115.9 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
115.10 city of Waite Park and its chief clerical officer comply with Minnesota Statutes, section
115.11 645.021, subdivisions 2 and 3.

115.12 **Sec. 12. CITY OF AITKIN; TAXES AUTHORIZED.**

115.13 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
115.14 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters
115.15 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,
115.16 the city of Aitkin may impose by ordinance a sales and use tax of one percent for the purposes
115.17 specified in subdivision 2. Except as otherwise provided in this section, the provisions of
115.18 Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and
115.19 enforcement of the tax authorized under this subdivision. The tax imposed under this
115.20 subdivision is in addition to any local sales and use tax imposed under any other special
115.21 law.

115.22 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
115.23 under subdivision 1 must be used by the city of Aitkin to pay the costs of collecting and
115.24 administering the tax and paying for the following projects in the city, including securing
115.25 and paying debt service on bonds issued to finance all or part of the following projects:

115.26 (1) \$8,300,000 plus associated bonding costs for construction of a new municipal
115.27 building; and

115.28 (2) \$1,000,000 plus associated bonding costs for improvements to parks and trails.

115.29 Subd. 3. **Bonding authority.** (a) The city of Aitkin may issue bonds under Minnesota
115.30 Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in
115.31 subdivision 2 and approved by the voters as required under Minnesota Statutes, section
115.32 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued

116.1 under this subdivision may not exceed \$9,300,000 for the projects listed in subdivision 2,
116.2 plus an amount to be applied to the payment of the costs of issuing the bonds.

116.3 (b) The bonds may be paid from or secured by any funds available to the city of Aitkin,
116.4 including the tax authorized under subdivision 1. The issuance of bonds under this
116.5 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

116.6 (c) The bonds are not included in computing any debt limitation applicable to the city
116.7 of Aitkin, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal
116.8 and interest on the bonds is not subject to any levy limitation. A separate election to approve
116.9 the bonds under Minnesota Statutes, section 475.58, is not required.

116.10 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
116.11 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 19 years
116.12 after being first imposed, or (2) when the city council determines that the amount received
116.13 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for
116.14 projects approved by voters as required under Minnesota Statutes, section 297A.99,
116.15 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
116.16 of any bonds authorized under subdivision 3, including interest on the bonds. Except as
116.17 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),
116.18 any funds remaining after payment of the allowed costs due to the timing of the termination
116.19 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the
116.20 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time
116.21 if the city so determines by ordinance.

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

116.25 Sec. 13. **CITY OF BLACKDUCK; TAXES AUTHORIZED.**

116.26 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
116.27 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters
116.28 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,
116.29 the city of Blackduck may impose by ordinance a sales and use tax of one-half of one percent
116.30 for the purposes specified in subdivision 2. Except as otherwise provided in this section,
116.31 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
116.32 collection, and enforcement of the tax authorized under this subdivision. The tax imposed
116.33 under this subdivision is in addition to any local sales and use tax imposed under any other
116.34 special law.

117.1 Subd. 2. Use of sales and use tax revenues. The revenues derived from the tax authorized
117.2 under subdivision 1 must be used by the city of Blackduck to pay the costs of collecting
117.3 and administering the tax and paying for the following projects in the city, including securing
117.4 and paying debt service on bonds issued to finance all or part of the following projects:

117.5 (1) \$200,000 plus associated bonding costs for improvements to a city campground;

117.6 (2) \$300,000 plus associated bonding costs for improvements to a walking trail;

117.7 (3) \$250,000 plus associated bonding costs for improvements to a wayside rest;

117.8 (4) \$150,000 plus associated bonding costs for golf course irrigation improvements; and

117.9 (5) \$100,000 plus associated bonding costs for reconstruction of a library.

117.10 Subd. 3. Bonding authority. (a) The city of Blackduck may issue bonds under Minnesota
117.11 Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in
117.12 subdivision 2 and approved by the voters as required under Minnesota Statutes, section
117.13 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued
117.14 under this subdivision may not exceed \$1,000,000 for the projects listed in subdivision 2,
117.15 plus an amount to be applied to the payment of the costs of issuing the bonds.

117.16 (b) The bonds may be paid from or secured by any funds available to the city of
117.17 Blackduck, including the tax authorized under subdivision 1. The issuance of bonds under
117.18 this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

117.19 (c) The bonds are not included in computing any debt limitation applicable to the city
117.20 of Blackduck, and any levy of taxes under Minnesota Statutes, section 475.61, to pay
117.21 principal and interest on the bonds is not subject to any levy limitation. A separate election
117.22 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

117.23 Subd. 4. Termination of taxes. Subject to Minnesota Statutes, section 297A.99,
117.24 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years
117.25 after being first imposed, or (2) when the city council determines that the amount received
117.26 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for
117.27 projects approved by voters as required under Minnesota Statutes, section 297A.99,
117.28 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
117.29 of any bonds authorized under subdivision 3, including interest on the bonds. Except as
117.30 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),
117.31 any funds remaining after payment of the allowed costs due to the timing of the termination
117.32 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the

118.1 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time
118.2 if the city so determines by ordinance.

118.3 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
118.4 city of Blackduck and its chief clerical officer comply with Minnesota Statutes, section
118.5 645.021, subdivisions 2 and 3.

118.6 Sec. 14. **CITY OF BLOOMINGTON; TAXES AUTHORIZED.**

118.7 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
118.8 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters
118.9 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,
118.10 the city of Bloomington may impose by ordinance a sales and use tax of one-half of one
118.11 percent for the purposes specified in subdivision 2. Except as otherwise provided in this
118.12 section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition,
118.13 administration, collection, and enforcement of the tax authorized under this subdivision.
118.14 The tax imposed under this subdivision is in addition to any local sales and use tax imposed
118.15 under any other special law.

118.16 Subd. 2. **Use of sales and use tax revenues.** (a) The revenues derived from the tax
118.17 authorized under subdivision 1 must be used by the city of Bloomington to pay the costs of
118.18 collecting and administering the tax and paying for the following projects in the city,
118.19 including securing and paying debt service on bonds issued to finance all or part of the
118.20 following projects:

118.21 (1) \$32,000,000 plus associated bonding costs for construction of improvements and
118.22 rehabilitation of the Bloomington Ice Garden and associated infrastructure;

118.23 (2) \$70,000,000 plus associated bonding costs for construction of a new Community
118.24 Health and Wellness Center and associated infrastructure;

118.25 (3) \$33,000,000 plus associated bonding costs for construction of an expansion to the
118.26 Bloomington Center for the Arts Concert Hall and associated infrastructure; and

118.27 (4) \$15,000,000 plus associated bonding costs for construction of and improvements to
118.28 the Dwan Golf Course and associated infrastructure.

118.29 (b)(1) For purposes of this subdivision, "associated infrastructure" includes any or all
118.30 of the following activities: demolition, reconstruction, expansion, improvement, construction,
118.31 or rehabilitation, related to the existing facility or the new project, or both.

119.1 (2) Associated infrastructure activities described in clause (1) include but are not limited
119.2 to the following activities associated with the capital project or projects that are needed for
119.3 safe access or use: facilities, roads, lighting, sidewalks, parking, landscaping, or utilities.

119.4 (3) Costs include all the costs associated with delivering the projects.

119.5 Subd. 3. **Bonding authority.** (a) The city of Bloomington may issue bonds under
119.6 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities
119.7 authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes,
119.8 section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds
119.9 issued under this subdivision may not exceed \$150,000,000 for the projects listed in
119.10 subdivision 2, plus an amount to be applied to the payment of the costs of issuing the bonds.

119.11 (b) The bonds may be paid from or secured by any funds available to the city of
119.12 Bloomington, including the tax authorized under subdivision 1. The issuance of bonds under
119.13 this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

119.14 (c) The bonds are not included in computing any debt limitation applicable to the city
119.15 of Bloomington, and any levy of taxes under Minnesota Statutes, section 475.61, to pay
119.16 principal and interest on the bonds is not subject to any levy limitation. A separate election
119.17 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

119.18 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
119.19 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years
119.20 after being first imposed, or (2) when the city council determines that the amount received
119.21 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for
119.22 projects approved by voters as required under Minnesota Statutes, section 297A.99,
119.23 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
119.24 of any bonds authorized under subdivision 3, including interest on the bonds. Except as
119.25 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),
119.26 any funds remaining after payment of the allowed costs due to the timing of the termination
119.27 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the
119.28 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time
119.29 if the city so determines by ordinance.

119.30 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
119.31 city of Bloomington and its chief clerical officer comply with Minnesota Statutes, section
119.32 645.021, subdivisions 2 and 3.

120.1 **Sec. 15. CITY OF BROOKLYN CENTER; TAXES AUTHORIZED.**

120.2 **Subdivision 1. Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
120.3 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters
120.4 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,
120.5 the city of Brooklyn Center may impose by ordinance a sales and use tax of one-half of one
120.6 percent for the purposes specified in subdivision 2. Except as otherwise provided in this
120.7 section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition,
120.8 administration, collection, and enforcement of the tax authorized under this subdivision.
120.9 The tax imposed under this subdivision is in addition to any local sales and use tax imposed
120.10 under any other special law.

120.11 **Subd. 2. Use of sales and use tax revenues.** The revenues derived from the tax authorized
120.12 under subdivision 1 must be used by the city of Brooklyn Center to pay the costs of collecting
120.13 and administering the tax and to finance up to \$55,000,000, plus associated bonding costs,
120.14 for the renovation and expansion of the Brooklyn Center Community Center.

120.15 **Subd. 3. Bonding authority.** (a) The city of Brooklyn Center may issue bonds under
120.16 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities
120.17 authorized in subdivision 2. The aggregate principal amount of bonds issued under this
120.18 subdivision may not exceed \$55,000,000 plus an amount to be applied to the payment of
120.19 the costs of issuing the bonds.

120.20 (b) The bonds may be paid from or secured by any funds available to the city of Brooklyn
120.21 Center, including the tax authorized under subdivision 1 and the full faith and credit of the
120.22 city. The issuance of bonds under this subdivision is not subject to Minnesota Statutes,
120.23 sections 275.60 and 275.61.

120.24 (c) The bonds are not included in computing any debt limitation applicable to the city
120.25 of Brooklyn Center and any levy of taxes under Minnesota Statutes, section 475.61, to pay
120.26 principal and interest on the bonds is not subject to any levy limitation. A separate election
120.27 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

120.28 **Subd. 4. Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
120.29 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years
120.30 after being first imposed, or (2) when the city council determines that the amount received
120.31 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for
120.32 projects approved by voters as required under Minnesota Statutes, section 297A.99,
120.33 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
120.34 of any bonds authorized under subdivision 3, including interest on the bonds. Except as

121.1 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),
121.2 any funds remaining after payment of the allowed costs due to the timing of the termination
121.3 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the
121.4 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time
121.5 if the city so determines by ordinance.

121.6 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
121.7 city of Brooklyn Center and its chief clerical officer comply with Minnesota Statutes, section
121.8 645.021, subdivisions 2 and 3.

121.9 Sec. 16. **CITY OF EAST GRAND FORKS; TAXES AUTHORIZED.**

121.10 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
121.11 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters
121.12 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,
121.13 the city of East Grand Forks may impose by ordinance a sales and use tax of 1.25 percent
121.14 for the purposes specified in subdivision 2. Except as otherwise provided in this section,
121.15 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
121.16 collection, and enforcement of the tax authorized under this subdivision. The tax imposed
121.17 under this subdivision is in addition to any local sales and use tax imposed under any other
121.18 special law.

121.19 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
121.20 under subdivision 1 must be used by the city of East Grand Forks to pay the costs of
121.21 collecting and administering the tax and paying for the following projects in the city,
121.22 including securing and paying debt service on bonds issued to finance all or part of the
121.23 following projects:

121.24 (1) \$15,500,000 plus associated bonding costs for reconstruction and remodeling of,
121.25 and upgrades and additions to, the Civic Center Sports Complex; and

121.26 (2) \$6,000,000 plus associated bonding costs for reconstruction and remodeling of, and
121.27 upgrades and additions to, the VFW Memorial and Blue Line Arena.

121.28 Subd. 3. **Bonding authority.** (a) The city of East Grand Forks may issue bonds under
121.29 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities
121.30 authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes,
121.31 section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds
121.32 issued under this subdivision may not exceed \$21,000,000 for the projects listed in
121.33 subdivision 2, plus an amount to be applied to the payment of the costs of issuing the bonds.

122.1 (b) The bonds may be paid from or secured by any funds available to the city of East
122.2 Grand Forks, including the tax authorized under subdivision 1 and the full faith and credit
122.3 of the city. The issuance of bonds under this subdivision is not subject to Minnesota Statutes,
122.4 sections 275.60 and 275.61.

122.5 (c) The bonds are not included in computing any debt limitation applicable to the city
122.6 of East Grand Forks and any levy of taxes under Minnesota Statutes, section 475.61, to pay
122.7 principal and interest on the bonds is not subject to any levy limitation. A separate election
122.8 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

122.9 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
122.10 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years
122.11 after being first imposed, or (2) when the city council determines that the amount received
122.12 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for
122.13 projects approved by voters as required under Minnesota Statutes, section 297A.99,
122.14 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
122.15 of any bonds authorized under subdivision 3, including interest on the bonds. Except as
122.16 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),
122.17 any funds remaining after payment of the allowed costs due to the timing of the termination
122.18 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the
122.19 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time
122.20 if the city so determines by ordinance.

122.21 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
122.22 city of East Grand Forks and its chief clerical officer comply with Minnesota Statutes,
122.23 section 645.021, subdivisions 2 and 3.

122.24 Sec. 17. **CITY OF GOLDEN VALLEY; TAXES AUTHORIZED.**

122.25 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
122.26 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters
122.27 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,
122.28 the city of Golden Valley may impose by ordinance a sales and use tax of three-quarters of
122.29 one percent for the purposes specified in subdivision 2. Except as otherwise provided in
122.30 this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition,
122.31 administration, collection, and enforcement of the tax authorized under this subdivision.
122.32 The tax imposed under this subdivision is in addition to any local sales and use tax imposed
122.33 under any other special law.

123.1 Subd. 2. Use of sales and use tax revenues. The revenues derived from the tax authorized
123.2 under subdivision 1 must be used by the city of Golden Valley to pay the costs of collecting
123.3 and administering the tax and paying for the following projects in the city, including securing
123.4 and paying debt service on bonds issued to finance all or part of the following projects:

123.5 (1) \$38,000,000 plus associated bonding costs for construction of a new public works
123.6 facility; and

123.7 (2) \$35,000,000 plus associated bonding costs for construction of a new public safety
123.8 facility.

123.9 Subd. 3. Bonding authority. (a) The city of Golden Valley may issue bonds under
123.10 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the projects
123.11 authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes,
123.12 section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds
123.13 issued under this subdivision may not exceed \$73,000,000 for the projects listed in
123.14 subdivision 2, plus an amount to be applied to the payment of the costs of issuing the bonds.

123.15 (b) The bonds may be paid from or secured by any funds available to the city of Golden
123.16 Valley, including the tax authorized under subdivision 1. The issuance of bonds under this
123.17 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

123.18 (c) The bonds are not included in computing any debt limitation applicable to the city
123.19 of Golden Valley, and any levy of taxes under Minnesota Statutes, section 475.61, to pay
123.20 principal and interest on the bonds is not subject to any levy limitation. A separate election
123.21 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

123.22 Subd. 4. Termination of taxes. Subject to Minnesota Statutes, section 297A.99,
123.23 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 30 years
123.24 after the tax is first imposed, or (2) when the city council determines that the amount received
123.25 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for
123.26 projects approved by voters as required under Minnesota Statutes, section 297A.99,
123.27 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
123.28 of any bonds authorized under subdivision 3, including interest on the bonds. Except as
123.29 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),
123.30 any funds remaining after payment of the allowed costs due to the timing of the termination
123.31 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, must be placed in the
123.32 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time
123.33 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 Golden Valley and its chief clerical officer comply with Minnesota Statutes, section
124.3 645.021, subdivisions 2 and 3.

124.4 Sec. 18. **CITY OF HENDERSON; TAXES AUTHORIZED.**

124.5 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
124.6 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters
124.7 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,
124.8 the city of Henderson may impose by ordinance a sales and use tax of one-half of one percent
124.9 for the purposes specified in subdivision 2. Except as otherwise provided in this section,
124.10 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
124.11 collection, and enforcement of the tax authorized under this subdivision. The tax imposed
124.12 under this subdivision is in addition to any local sales and use tax imposed under any other
124.13 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 Henderson to pay the costs of collecting
124.16 and administering the tax, and to finance up to \$240,000 plus associated bonding costs for
124.17 the Allanson's Park Campground and Trail project. Authorized project costs include
124.18 improvements to trails, improvements to the park campground and related facilities, utility
124.19 improvements, handicap access improvements, and other improvements related to linkage
124.20 to other local trails, as well as the associated bond costs for any bonds issued under
124.21 subdivision 3.

124.22 Subd. 3. **Bonding authority.** (a) The city of Henderson may issue bonds under Minnesota
124.23 Statutes, chapter 475, to finance up to \$240,000 of the portion of the costs of the project
124.24 authorized in subdivision 2, and approved by the voters as required under Minnesota Statutes,
124.25 section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds
124.26 issued under this subdivision may not exceed \$240,000 plus an amount to be applied to the
124.27 payment of the costs of issuing the bonds.

124.28 (b) The bonds may be paid from or secured by any funds available to the city of
124.29 Henderson, including the tax authorized under subdivision 1. The issuance of bonds under
124.30 this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

124.31 (c) The bonds are not included in computing any debt limitation applicable to the city
124.32 of Henderson, and any levy of taxes under Minnesota Statutes, section 475.61, to pay
124.33 principal and interest on the bonds is not subject to any levy limitation. A separate election
124.34 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

125.1 Subd. 4. Termination of taxes. Subject to Minnesota Statutes, section 297A.99,
125.2 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of: (1) 15 years
125.3 after the tax is first imposed; or (2) when the city council determines that the amount received
125.4 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for
125.5 projects approved by voters as required under Minnesota Statutes, section 297A.99,
125.6 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
125.7 of any bonds authorized under subdivision 3, including interest on the bonds. Except as
125.8 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),
125.9 any funds remaining after payment of the allowed costs due to the timing of the termination
125.10 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the
125.11 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time
125.12 if the city so determines by ordinance.

125.13 EFFECTIVE DATE. This section is effective the day after the governing body of the
125.14 city of Henderson and its chief clerical officer comply with Minnesota Statutes, section
125.15 645.021, subdivisions 2 and 3.

125.16 Sec. 19. LAKE OF THE WOODS COUNTY LODGING TAX AUTHORIZED.

125.17 (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of
125.18 law, ordinance, or city charter, and subject to the limitation in paragraph (b), the Board of
125.19 Commissioners of Lake of the Woods County may impose, by ordinance, a tax of up to
125.20 three percent on gross receipts in Lake of the Woods County subject to the lodging tax
125.21 provisions under Minnesota Statutes, section 469.190.

125.22 (b) The provisions of paragraph (a) do not apply to the city of Baudette or any statutory
125.23 or home rule city or town located in Lake of the Woods County that imposes a lodging tax
125.24 under Minnesota Statutes, section 469.190. The total tax imposed under Minnesota Statutes,
125.25 section 469.190, and this section, must not exceed three percent.

125.26 (c) To the extent not inconsistent with Minnesota Statutes, section 469.190, this section
125.27 is governed by Minnesota Statutes, section 469.190.

125.28 (d) Revenues derived from taxes imposed under this section must be used to fund a new
125.29 Lake of the Woods County Event and Visitors Bureau as established by the Board of
125.30 Commissioners of Lake of the Woods County, for purposes of marketing Lake of the Woods
125.31 County. The Board of Commissioners must annually review the budget of the Event and
125.32 Visitors Bureau. The Event and Visitors Bureau may receive revenues raised from the taxes
125.33 imposed under this section only upon annual approval by the Board of Commissioners of
125.34 the Event and Visitors Bureau budget.

126.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
126.2 Lake of the Woods County and its chief clerical officer comply with Minnesota Statutes,
126.3 section 645.021, subdivisions 2 and 3.

126.4 Sec. 20. **CITY OF PARK RAPIDS; TAXES AUTHORIZED.**

126.5 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
126.6 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
126.7 and if approved by the voters at a general election as required under Minnesota Statutes,
126.8 section 297A.99, subdivision 3, the city of Park Rapids may impose by ordinance a sales
126.9 and use tax of one-half of one percent for the purposes specified in subdivision 2. Except
126.10 as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,
126.11 govern the imposition, administration, collection, and enforcement of the tax authorized
126.12 under this subdivision. The tax imposed under this subdivision is in addition to any local
126.13 sales and use tax imposed under any other special law.

126.14 Subd. 2. **Use of sales and use tax revenues.** Notwithstanding the requirements of
126.15 Minnesota Statutes, section 297A.99, subdivision 2, paragraph (d), the revenues derived
126.16 from the tax authorized under subdivision 1 must be used by the city of Park Rapids to pay
126.17 the costs of collecting and administering the tax and paying for the following arterial roadway
126.18 improvement projects in the city, including securing and paying debt service on bonds issued
126.19 to finance all or part of the following projects:

126.20 (1) \$3,201,000, plus associated bonding costs, for improvements to 12th Street and
126.21 Eastern Avenue from the southeast into the city;

126.22 (2) \$2,377,000, plus associated bonding costs, for improvements to 8th Street and
126.23 Fishhook Avenue from the south into the city;

126.24 (3) \$1,309,500, plus associated bonding costs, for improvements to Kaywood Drive on
126.25 the north side into the city and the Walmart retail area;

126.26 (4) \$1,261,000, plus associated bonding costs, for improvements to Huntsinger Avenue
126.27 on the east side into the city and near Park Rapids High School; and

126.28 (5) \$651,500, plus associated bonding costs, for improvements to Main Avenue South
126.29 into the city's downtown business district.

126.30 Subd. 3. **Bonding authority.** (a) The city of Park Rapids may issue bonds under
126.31 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the projects
126.32 authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes,
126.33 section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds

127.1 issued under this subdivision may not exceed \$8,799,500 for the projects listed in subdivision
127.2 2, plus an amount to be applied to the payment of the costs of issuing the bonds.

127.3 (b) The bonds may be paid from or secured by any funds available to the city of Park
127.4 Rapids, including the tax authorized under subdivision 1. The issuance of bonds under this
127.5 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

127.6 (c) The bonds are not included in computing any debt limitation applicable to the city
127.7 of Park Rapids, and any levy of taxes under Minnesota Statutes, section 475.61, to pay
127.8 principal and interest on the bonds is not subject to any levy limitation. A separate election
127.9 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

127.10 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
127.11 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years
127.12 after the tax is first imposed, or (2) when the city council determines that the amount received
127.13 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for
127.14 projects approved by voters as required under Minnesota Statutes, section 297A.99,
127.15 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
127.16 of any bonds authorized under subdivision 3, including interest on the bonds. Except as
127.17 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),
127.18 any funds remaining after payment of the allowed costs due to the timing of the termination
127.19 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, must be placed in the
127.20 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time
127.21 if the city so determines by ordinance.

127.22 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
127.23 city of Park Rapids and its chief clerical officer comply with Minnesota Statutes, section
127.24 645.021, subdivisions 2 and 3.

127.25 Sec. 21. **CITY OF PROCTOR; TAXES AUTHORIZED.**

127.26 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
127.27 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters
127.28 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,
127.29 the city of Proctor may impose by ordinance a sales and use tax of one-half of one percent
127.30 for the purposes specified in subdivision 2. Except as otherwise provided in this section,
127.31 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
127.32 collection, and enforcement of the tax authorized under this subdivision. The tax imposed
127.33 under this subdivision is in addition to any local sales and use tax imposed under any other
127.34 special law.

128.1 Subd. 2. Use of sales and use tax revenues. The revenues derived from the tax authorized
128.2 under subdivision 1 must be used by the city of Proctor to pay the costs of collecting and
128.3 administering the tax and to finance up to \$3,850,000 plus associated bonding costs for
128.4 construction of a new regional and statewide trail spur in the city, including securing and
128.5 paying debt service on bonds issued to finance all or part of the project.

128.6 Subd. 3. Bonding authority. (a) The city of Proctor may issue bonds under Minnesota
128.7 Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in
128.8 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may
128.9 not exceed \$3,850,000, plus an amount to be applied to the payment of the costs of issuing
128.10 the bonds.

128.11 (b) The bonds may be paid from or secured by any funds available to the city of Proctor,
128.12 including the tax authorized under subdivision 1. The issuance of bonds under this
128.13 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

128.14 (c) The bonds are not included in computing any debt limitation applicable to the city
128.15 of Proctor, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal
128.16 and interest on the bonds is not subject to any levy limitation. A separate election to approve
128.17 the bonds under Minnesota Statutes, section 475.58, is not required.

128.18 Subd. 4. Termination of taxes. Subject to Minnesota Statutes, section 297A.99,
128.19 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years
128.20 after being first imposed, or (2) when the city council determines that the amount received
128.21 from the tax is sufficient to pay for the project costs authorized under subdivision 2, plus
128.22 an amount sufficient to pay the costs related to issuance of any bonds authorized under
128.23 subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota
128.24 Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment
128.25 of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes,
128.26 section 297A.99, subdivision 12, shall be placed in the general fund of the city. The tax
128.27 imposed under subdivision 1 may expire at an earlier time if the city so determines by
128.28 ordinance.

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

129.1 **Sec. 22. RICE COUNTY; TAXES AUTHORIZED.**

129.2 **Subdivision 1. Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
129.3 section 477A.016, or any other law or ordinance, and if approved by the voters at a general
129.4 election as required under Minnesota Statutes, section 297A.99, subdivision 3, Rice County
129.5 may impose by ordinance a sales and use tax of three-eighths of one percent for the purposes
129.6 specified in subdivision 2. Except as otherwise provided in this section, the provisions of
129.7 Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and
129.8 enforcement of the tax authorized under this subdivision. The tax imposed under this
129.9 subdivision is in addition to any local sales and use tax imposed under any other special
129.10 law.

129.11 **Subd. 2. Use of sales and use tax revenues.** The revenues derived from the tax authorized
129.12 under subdivision 1 must be used by Rice County to pay the costs of collecting and
129.13 administering the tax and paying for up to \$77,000,000 plus associated bonding costs for
129.14 construction of a public safety facility in the county, including associated bond costs for
129.15 any bonds issued under subdivision 3.

129.16 **Subd. 3. Bonding authority.** (a) Rice County may issue bonds under Minnesota Statutes,
129.17 chapter 475, to finance all or a portion of the costs of the facilities authorized in subdivision
129.18 2 and approved by the voters as required under Minnesota Statutes, section 297A.99,
129.19 subdivision 3, paragraph (a). The aggregate principal amount of bonds issued under this
129.20 subdivision may not exceed \$77,000,000, plus an amount to be applied to the payment of
129.21 the costs of issuing the bonds.

129.22 (b) The bonds may be paid from or secured by any funds available to Rice County,
129.23 including the tax authorized under subdivision 1. The issuance of bonds under this
129.24 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

129.25 (c) The bonds are not included in computing any debt limitation applicable to Rice
129.26 County, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal
129.27 and interest on the bonds is not subject to any levy limitation. A separate election to approve
129.28 the bonds under Minnesota Statutes, section 475.58, is not required.

129.29 **Subd. 4. Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
129.30 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 30 years
129.31 after being first imposed, or (2) when the county board of commissioners determines that
129.32 the amount received from the tax is sufficient to pay for the project costs authorized under
129.33 subdivision 2, plus an amount sufficient to pay the costs related to issuance of any bonds
129.34 authorized under subdivision 3, including interest on the bonds. Except as otherwise provided

130.1 in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining
130.2 after payment of the allowed costs due to the timing of the termination of the tax under
130.3 Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of
130.4 the county. The tax imposed under subdivision 1 may expire at an earlier time if the county
130.5 so determines by ordinance.

130.6 **EFFECTIVE DATE.** This section is effective the day after the governing body of Rice
130.7 County and its chief clerical officer comply with Minnesota Statutes, section 645.021,
130.8 subdivisions 2 and 3.

130.9 Sec. 23. **CITY OF ROSEVILLE; TAXES AUTHORIZED.**

130.10 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
130.11 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters
130.12 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,
130.13 the city of Roseville may impose by ordinance a sales and use tax of one-half of one percent
130.14 for the purposes specified in subdivision 2. Except as otherwise provided in this section,
130.15 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
130.16 collection, and enforcement of the tax authorized under this subdivision. The tax imposed
130.17 under this subdivision is in addition to any local sales and use tax imposed under any other
130.18 special law.

130.19 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
130.20 under subdivision 1 must be used by the city of Roseville to pay the costs of collecting and
130.21 administering the tax and paying for the following projects in the city, including securing
130.22 and paying debt service on bonds issued to finance all or part of the following projects:

130.23 (1) \$42,000,000 plus associated bonding costs for construction of a new maintenance
130.24 facility;

130.25 (2) \$7,000,000 plus associated bonding costs for construction of a new license and
130.26 passport center; and

130.27 (3) \$16,000,000 plus associated bonding costs for construction of a pedestrian bridge.

130.28 Subd. 3. **Bonding authority.** (a) The city of Roseville may issue bonds under Minnesota
130.29 Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in
130.30 subdivision 2 and approved by the voters as required under Minnesota Statutes, section
130.31 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued
130.32 under this subdivision may not exceed \$65,000,000 for the projects listed in subdivision 2,
130.33 plus an amount to be applied to the payment of the costs of issuing the bonds.

131.1 (b) The bonds may be paid from or secured by any funds available to the city of Roseville,
131.2 including the tax authorized under subdivision 1. The issuance of bonds under this
131.3 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

131.4 (c) The bonds are not included in computing any debt limitation applicable to the city
131.5 of Roseville, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal
131.6 and interest on the bonds is not subject to any levy limitation. A separate election to approve
131.7 the bonds under Minnesota Statutes, section 475.58, is not required.

131.8 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
131.9 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 16 years
131.10 after the tax is first imposed, or (2) when the city council determines that the amount received
131.11 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for
131.12 projects approved by voters as required under Minnesota Statutes, section 297A.99,
131.13 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
131.14 of any bonds authorized under subdivision 3, including interest on the bonds. Except as
131.15 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),
131.16 any funds remaining after payment of the allowed costs due to the timing of the termination
131.17 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the
131.18 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time
131.19 if the city so determines by ordinance.

131.20 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
131.21 city of Roseville and its chief clerical officer comply with Minnesota Statutes, section
131.22 645.021, subdivisions 2 and 3.

131.23 Sec. 24. **WINONA COUNTY; TAXES AUTHORIZED.**

131.24 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
131.25 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters
131.26 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,
131.27 Winona County may impose, by ordinance, a sales and use tax of one-quarter of one percent
131.28 for the purposes specified in subdivision 2. Except as otherwise provided in this section,
131.29 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
131.30 collection, and enforcement of the tax authorized under this subdivision. The tax imposed
131.31 under this subdivision is in addition to any local sales and use tax imposed under any other
131.32 special law.

131.33 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
131.34 under subdivision 1 must be used by Winona County to pay the costs of collecting and

132.1 administering the tax, and to finance up to \$28,000,000 plus associated bonding costs for
132.2 construction of a new correctional facility or upgrades to an existing correctional facility,
132.3 as well as the associated bond costs for any bonds issued under subdivision 3.

132.4 Subd. 3. **Bonding authority.** (a) Winona County may issue bonds under Minnesota
132.5 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in
132.6 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may
132.7 not exceed \$28,000,000, plus an amount applied to the payment of costs of issuing the
132.8 bonds.

132.9 (b) The bonds may be paid from or secured by any funds available to the county, including
132.10 the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not
132.11 subject to Minnesota Statutes, sections 275.60 and 275.61.

132.12 (c) The bonds are not included in computing any debt limitation applicable to the county.
132.13 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest
132.14 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
132.15 under Minnesota Statutes, section 475.58, is not required.

132.16 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
132.17 earlier of: (1) 25 years after the tax is first imposed; or (2) when the county determines that
132.18 it has received from this tax \$28,000,000 to fund the project listed in subdivision 2, plus an
132.19 amount sufficient to pay costs related to issuance of any bonds authorized under subdivision
132.20 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes,
132.21 section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the
132.22 allowed costs due to timing of the termination of the tax under Minnesota Statutes, section
132.23 297A.99, subdivision 12, shall be placed in the county's general fund. The tax imposed
132.24 under subdivision 1 may expire at an earlier time if the county determines by ordinance.

132.25 **EFFECTIVE DATE.** This section is effective the day after the governing body of
132.26 Winona County and its chief clerical officer comply with Minnesota Statutes, section
132.27 645.021, subdivisions 2 and 3.

132.28 Sec. 25. **PANDEMIC-RELATED CONSTRUCTION COSTS; TEMPORARY**
132.29 **AUTHORITY FOR INCREASE.**

132.30 (a) This section is intended as a response to pandemic-related increases in construction
132.31 costs for projects funded by local sales taxes governed under Minnesota Statutes, section
132.32 297A.99.

133.1 (b) Notwithstanding Minnesota Statutes, section 297A.99, subdivision 2, the amount
 133.2 authorized to finance a project authorized in Laws 2021, First Special Session chapter 14,
 133.3 article 8, may be increased by up to ten percent. The governing body of the political
 133.4 subdivision shall adopt a resolution indicating approval of the increased amount for each
 133.5 project. The increase allowed under this section applies only to political subdivisions that
 133.6 have not held an election as required under Minnesota Statutes, section 297A.99, subdivision
 133.7 3, paragraph (a). The question to approve the tax must indicate the amount approved in the
 133.8 resolution.

133.9 (c) Notwithstanding Minnesota Statutes, section 297A.99, subdivision 2, the amount
 133.10 authorized to finance a project authorized in this act may be increased by up to ten percent
 133.11 if the governing body of the political subdivision adopts a resolution indicating approval
 133.12 of the increased amount for each project. The question to approve the tax as required under
 133.13 Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), must indicate the amount
 133.14 approved in the resolution.

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

133.16 **ARTICLE 8**

133.17 **TAX INCREMENT FINANCING**

133.18 Section 1. Minnesota Statutes 2020, section 469.174, subdivision 14, is amended to read:

133.19 Subd. 14. **Administrative expenses.** (a) "Administrative expenses" or "administrative
 133.20 costs" means all documented expenditures of an authority ~~other than~~ or municipality,
 133.21 including but not limited to:

133.22 (1) amounts paid for services provided by bond counsel, fiscal consultants, and economic
 133.23 development consultants;

133.24 (2) allocated expenses and staff time of the authority or municipality for administering
 133.25 a project, including but not limited to preparing the tax increment financing plan, negotiating
 133.26 and preparing agreements, accounting for segregated funds of the district, preparing and
 133.27 submitting required reporting for the district, and reviewing and monitoring compliance
 133.28 with sections 469.174 to 469.1794;

133.29 (3) amounts paid to publish annual disclosures and provide notices under section 469.175;

133.30 (4) amounts to provide for the usual and customary maintenance and operation of
 133.31 properties purchased with tax increments, including necessary reserves for repairs and the
 133.32 cost of any insurance;

134.1 (5) amounts allocated or paid to prepare a development action response plan for a soils
 134.2 condition district or hazardous substance subdistrict; and

134.3 (6) amounts used to pay bonds, interfund loans, or other financial obligations to the
 134.4 extent those obligations were used to finance costs described in clauses (1) to (5).

134.5 (b) Administrative expenses and administrative costs do not include:

134.6 (1) amounts paid for the purchase of land and buildings;

134.7 (2) amounts paid to contractors or others providing materials and services, ~~including~~
 134.8 ~~architectural and engineering services,~~ directly connected with the physical development
 134.9 of the real property in the project, including architectural and engineering services and
 134.10 materials and services for demolition, soil correction, and the construction or installation
 134.11 of public improvements;

134.12 (3) relocation benefits paid to or services provided for persons residing or businesses
 134.13 located in the project;

134.14 ~~(4) amounts used to pay principal or interest on, fund a reserve for, or sell at a discount~~
 134.15 ~~bonds issued pursuant to section 469.178; or~~

134.16 ~~(5)~~ (4) amounts paid for property taxes or payments in lieu of taxes; and

134.17 (5) amounts used to pay principal or interest on, fund a reserve for, or sell at a discount
 134.18 bonds issued pursuant to section 469.178 or other financial obligations to the extent those
 134.19 obligations were used to finance costs described in clauses (1) to (3) (4).

134.20 ~~For districts for which the requests for certifications were made before August 1, 1979,~~
 134.21 ~~or after June 30, 1982, "administrative expenses" includes amounts paid for services provided~~
 134.22 ~~by bond counsel, fiscal consultants, and planning or economic development consultants.~~

134.23 This definition does not apply to administrative expenses or administrative costs referenced
 134.24 under section 469.176, subdivision 4h.

134.25 **EFFECTIVE DATE.** This section is effective the day following final enactment and
 134.26 applies to all districts, regardless of when the request for certification was made.

134.27 Sec. 2. Minnesota Statutes 2020, section 469.174, is amended by adding a subdivision to
 134.28 read:

134.29 Subd. 30. **Pay-as-you-go contract and note.** "Pay-as-you-go contract and note" means
 134.30 a written note or contractual obligation under which all of the following apply:

135.1 (1) the note or contractual obligation evidences an authority's commitment to reimburse
135.2 a developer, property owner, or note holder for the payment of costs of activities, including
135.3 any interest on unreimbursed costs;

135.4 (2) the reimbursement is made from tax increment revenues identified in the note or
135.5 contractual obligation as received by a municipality or authority as taxes are paid; and

135.6 (3) the risk that available tax increments may be insufficient to fully reimburse the costs
135.7 is borne by the developer, property owner, or note holder.

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

135.9 Sec. 3. Minnesota Statutes 2020, section 469.176, subdivision 3, is amended to read:

135.10 Subd. 3. **Limitation on administrative expenses.** (a) For districts for which certification
135.11 was requested before August 1, 2001, no tax increment shall be used to pay any
135.12 administrative expenses for a project which exceed ten percent of the total estimated tax
135.13 increment expenditures authorized by the tax increment financing plan or ten percent of the
135.14 total tax increment expenditures for the project net of any amounts returned to the county
135.15 auditor as excess increment, as returned increment under section 469.1763, subdivision 4,
135.16 paragraph (g), or as remedies under section 469.1771, subdivision 2, whichever is less.

135.17 (b) For districts for which certification was requested after July 31, 2001, no tax increment
135.18 may be used to pay any administrative expenses for a project which exceed ten percent of
135.19 total estimated tax increment expenditures authorized by the tax increment financing plan
135.20 or ten percent of the total tax increments, as defined in section 469.174, subdivision 25,
135.21 clause (1), from received for the district net of any amounts returned to the county auditor
135.22 as excess increment, as returned increment under section 469.1763, subdivision 4, paragraph
135.23 (g), or as remedies under section 469.1771, subdivision 2, whichever is less.

135.24 (c) Increments used to pay the county's administrative expenses under subdivision 4h
135.25 are not subject to the percentage limits in this subdivision.

135.26 (d) Increments defined under section 469.174, subdivision 25, clause (2), used for
135.27 administrative expenses described under section 469.174, subdivision 14, paragraph (a),
135.28 clause (4), are not subject to the percentage limits in this subdivision.

135.29 **EFFECTIVE DATE.** This section is effective the day following final enactment and
135.30 applies to all districts, regardless of when the request for certification was made.

136.1 Sec. 4. Minnesota Statutes 2020, section 469.176, subdivision 4, is amended to read:

136.2 Subd. 4. **Limitation on use of tax increment; general rule.** All revenues derived from
136.3 tax increment shall be used in accordance with the tax increment financing plan. The revenues
136.4 shall be used solely for the following purposes: (1) to pay the principal of and interest on
136.5 bonds issued to finance a project; (2) by a rural development financing authority for the
136.6 purposes stated in section 469.142₂; by a port authority or municipality exercising the powers
136.7 of a port authority to finance or otherwise pay the cost of redevelopment pursuant to sections
136.8 469.048 to 469.068₂; by an economic development authority to finance or otherwise pay
136.9 the cost of redevelopment pursuant to sections 469.090 to 469.108₂; by a housing and
136.10 redevelopment authority or economic development authority to finance or otherwise pay
136.11 public redevelopment costs pursuant to sections 469.001 to 469.047₂; by a municipality or
136.12 economic development authority to finance or otherwise pay the capital and administration
136.13 costs of a development district pursuant to sections 469.124 to 469.133₂; by a municipality
136.14 or authority to finance or otherwise pay the costs of developing and implementing a
136.15 development action response plan₂; by a municipality or redevelopment agency to finance
136.16 or otherwise pay premiums for insurance or other security guaranteeing the payment when
136.17 due of principal of and interest on the bonds pursuant to chapter 462C, sections 469.152 to
136.18 469.165, or both, or to accumulate and maintain a reserve securing the payment when due
136.19 of the principal of and interest on the bonds pursuant to chapter 462C, sections 469.152 to
136.20 469.165, or both, which revenues in the reserve shall not exceed, subsequent to the fifth
136.21 anniversary of the date of issue of the first bond issue secured by the reserve, an amount
136.22 equal to 20 percent of the aggregate principal amount of the outstanding and nondefeased
136.23 bonds secured by the reserve; and (3) to pay administrative expenses.

136.24 **EFFECTIVE DATE.** This section is effective the day following final enactment and
136.25 applies to all districts, regardless of when the request for certification was made.

136.26 Sec. 5. Minnesota Statutes 2020, section 469.176, subdivision 4c, is amended to read:

136.27 Subd. 4c. **Economic development districts.** (a) Revenue derived from tax increment
136.28 from an economic development district may not be used to provide improvements, loans,
136.29 subsidies, grants, interest rate subsidies, or assistance in any form to developments consisting
136.30 of buildings and ancillary facilities, if more than 15 percent of the buildings and facilities
136.31 (determined on the basis of square footage) are used for a purpose other than:

136.32 (1) the manufacturing or production of tangible personal property, including processing
136.33 resulting in the change in condition of the property;

137.1 (2) warehousing, storage, and distribution of tangible personal property, excluding retail
137.2 sales;

137.3 (3) research and development related to the activities listed in clause (1) or (2);

137.4 (4) telemarketing if that activity is the exclusive use of the property;

137.5 (5) tourism facilities;

137.6 (6) space necessary for and related to the activities listed in clauses (1) to (5); or

137.7 (7) a workforce housing project that satisfies the requirements of paragraph (d).

137.8 (b) Notwithstanding the provisions of this subdivision, revenues derived from tax
137.9 increment from an economic development district may be used to provide improvements,
137.10 loans, subsidies, grants, interest rate subsidies, or assistance in any form for up to 15,000
137.11 square feet of any separately owned commercial facility located within the municipal
137.12 jurisdiction of a small city, if the revenues derived from increments are spent only to assist
137.13 the facility directly or for administrative expenses, the assistance is necessary to develop
137.14 the facility, and all of the increments, except those for administrative expenses, are spent
137.15 only for activities within the district. If the separately owned commercial facility is a
137.16 multilevel facility, the 15,000 square feet limitation under this paragraph shall apply to the
137.17 first floor only. For purposes of this paragraph, "first floor" means the floor at street level.

137.18 (c) A city is a small city for purposes of this subdivision if the city was a small city in
137.19 the year in which the request for certification was made and applies for the rest of the
137.20 duration of the district, regardless of whether the city qualifies or ceases to qualify as a
137.21 small city.

137.22 (d) A project qualifies as a workforce housing project under this subdivision if:

137.23 (1) increments from the district are used exclusively to assist in the acquisition of
137.24 property; construction of improvements; and provision of loans or subsidies, grants, interest
137.25 rate subsidies, public infrastructure, and related financing costs for rental housing
137.26 developments in the municipality;

137.27 (2) the governing body of the municipality made the findings for the project required
137.28 by section 469.175, subdivision 3, paragraph (f); and

137.29 (3) the governing bodies of the county and the school district, following receipt, review,
137.30 and discussion of the materials required by section 469.175, subdivision 2, for the tax
137.31 increment financing district, have each approved the tax increment financing plan, by
137.32 resolution.

138.1 **EFFECTIVE DATE.** This section is effective for districts for which the request for
138.2 certification was made after December 31, 2021.

138.3 Sec. 6. Minnesota Statutes 2021 Supplement, section 469.1763, subdivision 2, is amended
138.4 to read:

138.5 Subd. 2. **Expenditures outside district.** (a) For each tax increment financing district,
138.6 an amount equal to at least 75 percent of the total revenue derived from tax increments paid
138.7 by properties in the district must be expended on activities in the district or to pay bonds,
138.8 to the extent that the proceeds of the bonds were used to finance activities in the district or
138.9 to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other
138.10 than redevelopment districts for which the request for certification was made after June 30,
138.11 1995, the in-district percentage for purposes of the preceding sentence is 80 percent. Not
138.12 more than 25 percent of the total revenue derived from tax increments paid by properties
138.13 in the district may be expended, through a development fund or otherwise, on activities
138.14 outside of the district but within the defined geographic area of the project except to pay,
138.15 or secure payment of, debt service on credit enhanced bonds. For districts, other than
138.16 redevelopment districts for which the request for certification was made after June 30, 1995,
138.17 the pooling percentage for purposes of the preceding sentence is 20 percent. The revenues
138.18 derived from tax increments paid by properties in the district that are expended on costs
138.19 under section 469.176, subdivision 4h, paragraph (b), may be deducted first before calculating
138.20 the percentages that must be expended within and without the district.

138.21 (b) In the case of a housing district, a housing project, as defined in section 469.174,
138.22 subdivision 11, is an activity in the district.

138.23 (c) All administrative expenses are considered to be expenditures for activities outside
138.24 of the district, except that if the only expenses for activities outside of the district under this
138.25 subdivision are for the purposes described in paragraph (d), administrative expenses will
138.26 be considered as expenditures for activities in the district.

138.27 (d) The authority may elect, in the tax increment financing plan for the district, to increase
138.28 by up to ten percentage points the permitted amount of expenditures for activities located
138.29 outside the geographic area of the district under paragraph (a). As permitted by section
138.30 469.176, subdivision 4k, the expenditures, including the permitted expenditures under
138.31 paragraph (a), need not be made within the geographic area of the project. Expenditures
138.32 that meet the requirements of this paragraph are legally permitted expenditures of the district,
138.33 notwithstanding section 469.176, subdivisions 4b, 4c, and 4j. To qualify for the increase
138.34 under this paragraph, the expenditures must:

139.1 (1) be used exclusively to assist housing that meets the requirement for a qualified
139.2 low-income building, as that term is used in section 42 of the Internal Revenue Code; and

139.3 (2) not exceed the qualified basis of the housing, as defined under section 42(c) of the
139.4 Internal Revenue Code, less the amount of any credit allowed under section 42 of the Internal
139.5 Revenue Code; and

139.6 (3) be used to:

139.7 (i) acquire and prepare the site of the housing;

139.8 (ii) acquire, construct, or rehabilitate the housing; or

139.9 (iii) make public improvements directly related to the housing; or

139.10 (4) be used to develop housing:

139.11 (i) if the market value of the housing does not exceed the lesser of:

139.12 (A) 150 percent of the average market value of single-family homes in that municipality;

139.13 or

139.14 (B) \$200,000 for municipalities located in the metropolitan area, as defined in section
139.15 473.121, or \$125,000 for all other municipalities; and

139.16 (ii) if the expenditures are used to pay the cost of site acquisition, relocation, demolition
139.17 of existing structures, site preparation, and pollution abatement on one or more parcels, if
139.18 the parcel contains a residence containing one to four family dwelling units that has been
139.19 vacant for six or more months and is in foreclosure as defined in section 325N.10, subdivision
139.20 7, but without regard to whether the residence is the owner's principal residence, and only
139.21 after the redemption period has expired; or

139.22 (5) to assist owner-occupied housing that meets the requirements of section 469.1761,
139.23 subdivision 2.

139.24 (e) The authority under paragraph (d), clause (4), expires on December 31, 2016.

139.25 Increments may continue to be expended under this authority after that date, if they are used
139.26 to pay bonds or binding contracts that would qualify under subdivision 3, paragraph (a), if
139.27 December 31, 2016, is considered to be the last date of the five-year period after certification
139.28 under that provision.

139.29 (f) For purposes of determining whether the minimum percentage of expenditures for
139.30 activities in the district and maximum percentages of expenditures allowed on activities
139.31 outside the district have been met under this subdivision, any amounts returned to the county
139.32 auditor as excess increment, as returned increment under subdivision 4, paragraph (g), or

140.1 as remedies under section 469.1771, subdivision 2, shall first be subtracted from the total
 140.2 revenues derived from tax increments paid by properties in the district. Any other amounts
 140.3 returned to the county auditor for purposes other than a remedy under section 469.1771,
 140.4 subdivision 3, are considered to be expenditures for activities in the district.

140.5 **EFFECTIVE DATE.** This section is effective the day following final enactment and
 140.6 applies to all districts with a request for certification date after April 30, 1990, except that
 140.7 paragraph (f) shall apply to districts decertifying after December 31, 2022.

140.8 Sec. 7. Minnesota Statutes 2021 Supplement, section 469.1763, subdivision 3, is amended
 140.9 to read:

140.10 Subd. 3. **Five-year rule.** (a) Revenues derived from tax increments paid by properties
 140.11 in the district that are considered to have been expended on an activity within the district
 140.12 under will instead be considered to have been expended on an activity outside the district
 140.13 for purposes of subdivision 2 only if one of the following occurs unless:

140.14 (1) before or within five years after certification of the district, the revenues are actually
 140.15 paid to a third party with respect to the activity;

140.16 (2) bonds, the proceeds of which must be used to finance the activity, are issued and
 140.17 sold to a third party before or within five years after certification of the district, the revenues
 140.18 are spent to repay the bonds, and the proceeds of the bonds either are, on the date of issuance,
 140.19 reasonably expected to be spent before the end of the later of (i) the five-year period, or (ii)
 140.20 a reasonable temporary period within the meaning of the use of that term under section
 140.21 148(c)(1) of the Internal Revenue Code, or are deposited in a reasonably required reserve
 140.22 or replacement fund;

140.23 (3) binding contracts with a third party are entered into for performance of the activity
 140.24 before or within five years after certification of the district and the revenues are spent under
 140.25 the contractual obligation;

140.26 (4) costs with respect to the activity are paid before or within five years after certification
 140.27 of the district and the revenues are spent to reimburse a party for payment of the costs,
 140.28 including interest on unreimbursed costs; or

140.29 (5) ~~expenditures are made~~ revenues are spent for housing purposes as permitted ~~described~~
 140.30 by subdivision 2, paragraphs paragraph (b) and (d), or for public infrastructure purposes
 140.31 within a zone as permitted by subdivision 2, paragraph (e).

140.32 (b) For purposes of this subdivision, bonds include subsequent refunding bonds if the
 140.33 original refunded bonds meet the requirements of paragraph (a), clause (2).

141.1 (c) For a redevelopment district or a renewal and renovation district certified after June
 141.2 30, 2003, and before April 20, 2009, the five-year periods described in paragraph (a) are
 141.3 extended to ten years after certification of the district. For a redevelopment district certified
 141.4 after April 20, 2009, and before June 30, 2012, the five-year periods described in paragraph
 141.5 (a) are extended to eight years after certification of the district. This extension is provided
 141.6 primarily to accommodate delays in development activities due to unanticipated economic
 141.7 circumstances.

141.8 (d) For a redevelopment district that was certified after December 31, 2017, and before
 141.9 June 30, 2020, the five-year periods described in paragraph (a) are extended to eight years
 141.10 after certification of the district.

141.11 **EFFECTIVE DATE.** This section is effective the day following final enactment and
 141.12 applies to all districts with a request for certification date after April 30, 1990.

141.13 Sec. 8. Minnesota Statutes 2021 Supplement, section 469.1763, subdivision 4, is amended
 141.14 to read:

141.15 **Subd. 4. Use of revenues for decertification.** ~~(a) In each year beginning with the sixth~~
 141.16 ~~year following certification of the district, or beginning with the ninth year following~~
 141.17 ~~certification of the district for districts whose five-year rule is extended to eight years under~~
 141.18 ~~subdivision 3, paragraph (d), if the applicable in-district percent of the revenues derived~~
 141.19 ~~from tax increments paid by properties in the district exceeds the amount of expenditures~~
 141.20 ~~that have been made for costs permitted under subdivision 3, an amount equal to the~~
 141.21 ~~difference between the in-district percent of the revenues derived from tax increments paid~~
 141.22 ~~by properties in the district and the amount of expenditures that have been made for costs~~
 141.23 ~~permitted under subdivision 3 must be used and only used to pay or defease the following~~
 141.24 ~~or be set aside to pay the following:~~

141.25 ~~(1) outstanding bonds, as defined in subdivision 3, paragraphs (a), clause (2), and (b);~~

141.26 ~~(2) contracts, as defined in subdivision 3, paragraph (a), clauses (3) and (4);~~

141.27 ~~(3) credit enhanced bonds to which the revenues derived from tax increments are pledged,~~
 141.28 ~~but only to the extent that revenues of the district for which the credit enhanced bonds were~~
 141.29 ~~issued are insufficient to pay the bonds and to the extent that the increments from the~~
 141.30 ~~applicable pooling percent share for the district are insufficient; or~~

141.31 ~~(4) the amount provided by the tax increment financing plan to be paid under subdivision~~
 141.32 ~~2, paragraphs (b), (d), and (e).~~

142.1 ~~(b) The~~ (a) Beginning with the sixth year following certification of the district, or
142.2 beginning with the year following the extended period for districts whose five-year period
142.3 is extended under subdivision 3, paragraphs (c) and (d), a district must be decertified and
142.4 the pledge of tax increment discharged when the outstanding bonds have been defeased and
142.5 when sufficient money has been set aside to pay, based on the product of the applicable
142.6 in-district percentage multiplied by the increment to be cumulative revenues derived from
142.7 tax increments paid by properties in the district that have been collected through the end of
142.8 the calendar year, equals or exceeds an amount sufficient to pay the following amounts:

142.9 ~~(1) contractual~~ any costs and obligations as defined described in subdivision 3, paragraph
142.10 paragraphs (a), clauses (3) and (4); and (b), excluding those under a qualifying pay-as-you-go
142.11 contract and note;

142.12 ~~(2) the amount specified in the tax increment financing plan for activities qualifying~~
142.13 ~~under subdivision 2, paragraph (b), that have not been funded with the proceeds of bonds~~
142.14 ~~qualifying under paragraph (a), clause (1); and~~

142.15 ~~(3) the additional expenditures permitted by the tax increment financing plan for housing~~
142.16 ~~activities under an election under subdivision 2, paragraph (d), that have not been funded~~
142.17 ~~with the proceeds of bonds qualifying under paragraph (a), clause (1).~~

142.18 (2) any accrued interest on the costs and obligations in clause (1), payable in accordance
142.19 with the terms thereof; and

142.20 (3) any administrative expenses falling within the exception in subdivision 2, paragraph
142.21 (c).

142.22 (b) For districts with an outstanding qualifying pay-as-you-go contract and note, the
142.23 required decertification under paragraph (a) is deferred until the end of the remaining term
142.24 of the last outstanding qualifying pay-as-you-go contract and note, and the applicable
142.25 in-district percentage of cumulative revenues derived from tax increments paid by properties
142.26 in the district are sufficient to pay the obligations identified in subdivision 3, paragraphs
142.27 (a) and (b), provided that the deferral shall not exceed the district's duration limit under
142.28 section 469.176. During the deferral, beginning at the time paragraph (a) would otherwise
142.29 require decertification, the authority must annually either:

142.30 (1) remove from the district, by the end of the year, all parcels that will no longer have
142.31 their tax increment revenue pledged or subject to a qualifying pay-as-you-go contract and
142.32 note or other costs and obligations described in subdivision 3, paragraphs (a) and (b), after
142.33 the end of the year; or

143.1 (2) use the applicable in-district percentage of revenues derived from tax increments
143.2 paid by those parcels to prepay an outstanding qualifying pay-as-you-go contract and note
143.3 of the district or other costs and obligations described in subdivision 3, paragraphs (a) and
143.4 (b), or to accumulate and use revenues derived from tax increments paid by those parcels
143.5 as permitted under paragraph (i).

143.6 The authority must remove any parcels as required by this paragraph by modification
143.7 of the tax increment financing plan and notify the county auditor of the removed parcels by
143.8 the end of the same calendar year. Notwithstanding section 469.175, subdivision 4,
143.9 paragraphs (b), clause (1), and (e), the notice, discussion, public hearing, and findings
143.10 required for approval of the original plan are not required for such a modification.

143.11 (c) Notwithstanding paragraph (a) or (b), if tax increment was pledged prior to August
143.12 1, 2022, to a bond other than a pay-as-you-go contract and note or interfund loan, and the
143.13 proceeds of the bond were used solely or in part to pay authorized costs for activities outside
143.14 the district, the requirement to decertify under paragraph (a) or remove parcels under
143.15 paragraph (b) shall not apply prior to the bond being fully paid or defeased.

143.16 (d) For purposes of this subdivision, "applicable in-district percentage" means the
143.17 percentage of tax increment revenue that is restricted for expenditures within the district,
143.18 as determined under subdivision 2, paragraphs (a) and (d), for the district.

143.19 (e) For purposes of this subdivision, "qualifying pay-as-you-go contract and note" means
143.20 a pay-as-you-go contract and note that is considered to be for activities within the district
143.21 under subdivision 3, paragraph (a).

143.22 (f) For purposes of this subdivision, the reference in paragraph (a) to cumulative revenues
143.23 derived from tax increments paid by properties in the district through the end of the calendar
143.24 year shall include any final settlement distributions made in the following January. For
143.25 purposes of the calculation in paragraph (a), any amounts returned to the county auditor as
143.26 excess increment or as remedies under section 469.1771, subdivision 2, shall first be
143.27 subtracted from the cumulative revenues derived from tax increments paid by properties in
143.28 the district.

143.29 (g) The timing and implementation of a decertification pursuant to paragraphs (a) and
143.30 (b) shall be subject to the following:

143.31 (1) when a decertification is required under paragraph (a) and not deferred under
143.32 paragraph (b), the authority must, as soon as practical and no later than the final settlement
143.33 distribution date of January 25 as identified in section 276.111 for the property taxes payable
143.34 in the calendar year identified in paragraph (a), make the decertification by resolution

144.1 effective for the end of the calendar year identified in paragraph (a), and communicate the
144.2 decertification to the county auditor;

144.3 (2) when a decertification is deferred under paragraph (b), the authority must, by
144.4 December 31 of the year in which the last qualifying pay-as-you-go contract and note reaches
144.5 termination, make the decertification by resolution effective for the end of that calendar
144.6 year and communicate the decertification to the county auditor;

144.7 (3) if the county auditor is unable to prevent tax increments from being calculated for
144.8 taxes payable in the year following the year for which the decertification is made effective,
144.9 the county auditor may redistribute the tax increments in the same manner as excess
144.10 increments under section 469.176, subdivision 2, paragraph (c), clause (4), without first
144.11 distributing them to the authority; and

144.12 (4) if tax increments are distributed to an authority for a taxes payable year after the year
144.13 for which the decertification was required to be effective, the authority must return the
144.14 amount of the distributions to the county auditor for redistribution in the same manner as
144.15 excess increments under section 469.176, subdivision 2, paragraph (c), clause (4).

144.16 (h) The provisions of this subdivision do not apply to a housing district.

144.17 (i) Notwithstanding anything to the contrary in paragraphs (a) or (b), if an authority has
144.18 made the election in the tax increment financing plan for the district under subdivision 2,
144.19 paragraph (d), then the requirement to decertify under paragraph (a) or remove parcels under
144.20 paragraph (b) shall not apply prior to such time that the accumulated revenues derived from
144.21 tax increments paid by properties in the district that are eligible to be expended for housing
144.22 purposes described under subdivision 2, paragraph (d), equals the lesser of the amount the
144.23 authority is permitted to expend for housing purposes described under subdivision 2,
144.24 paragraph (d), or the amount authorized for such purposes in the tax increment financing
144.25 plan. Increment revenues collected after the district would have decertified under paragraph
144.26 (a) or from parcels which otherwise would be subject to removal under paragraph (b), absent
144.27 the exception of this paragraph, shall be used solely for housing purposes as described in
144.28 subdivision 2, paragraph (d).

144.29 **EFFECTIVE DATE.** This section is effective the day following final enactment and
144.30 applies to all districts with a request for certification after April 30, 1990, except that the
144.31 requirements under paragraph (b) to remove parcels or use revenues from such parcels as
144.32 prescribed in paragraph (b) apply only to districts for which the request for certification
144.33 was made after the day following final enactment.

145.1 Sec. 9. Minnesota Statutes 2020, section 469.1763, subdivision 6, is amended to read:

145.2 Subd. 6. **Pooling permitted for deficits.** (a) This subdivision applies only to districts
145.3 for which the request for certification was made before August 1, 2001, and without regard
145.4 to whether the request for certification was made prior to August 1, 1979.

145.5 (b) The municipality for the district may transfer available increments from another tax
145.6 increment financing district located in the municipality, if the transfer is necessary to
145.7 eliminate a deficit in the district to which the increments are transferred. The municipality
145.8 may transfer increments as provided by this subdivision without regard to whether the
145.9 transfer or expenditure is authorized by the tax increment financing plan for the district
145.10 from which the transfer is made. A deficit in the district for purposes of this subdivision
145.11 means the lesser of the following two amounts:

145.12 (1)~~(i)~~ the amount due during the calendar year to pay preexisting obligations of the
145.13 district; minus the sum of

145.14 ~~(ii)~~ (i) the total increments collected or to be collected from properties located within
145.15 the district that are available for the calendar year including amounts collected in prior years
145.16 that are currently available; plus

145.17 ~~(iii)~~ (ii) total increments from properties located in other districts in the municipality
145.18 including amounts collected in prior years that are available to be used to meet the district's
145.19 obligations under this section, excluding this subdivision, or other provisions of law; or

145.20 (2) the reduction in increments collected from properties located in the district for the
145.21 calendar year as a result of the changes in classification rates in Laws 1997, chapter 231,
145.22 article 1; Laws 1998, chapter 389, article 2; and Laws 1999, chapter 243, and Laws 2001,
145.23 First Special Session chapter 5, or the elimination of the general education tax levy under
145.24 Laws 2001, First Special Session chapter 5.

145.25 The authority may compute the deficit amount under clause (1) only (without regard to
145.26 the limit under clause (2)) if the authority makes an irrevocable commitment, by resolution,
145.27 to use increments from the district to which increments are to be transferred and any
145.28 transferred increments are only used to pay preexisting obligations and administrative
145.29 expenses for the district that are required to be paid under section 469.176, subdivision 4h,
145.30 paragraph (a).

145.31 (c) A preexisting obligation means:

145.32 (1) bonds issued and sold before August 1, 2001, or bonds issued pursuant to a binding
145.33 contract requiring the issuance of bonds entered into before July 1, 2001, and bonds issued

146.1 to refund such bonds or to reimburse expenditures made in conjunction with a signed
146.2 contractual agreement entered into before August 1, 2001, to the extent that the bonds are
146.3 secured by a pledge of increments from the tax increment financing district; and

146.4 (2) binding contracts entered into before August 1, 2001, to the extent that the contracts
146.5 require payments secured by a pledge of increments from the tax increment financing district.

146.6 (d) The municipality may require a development authority, other than a seaway port
146.7 authority, to transfer available increments including amounts collected in prior years that
146.8 are currently available for any of its tax increment financing districts in the municipality to
146.9 make up an insufficiency in another district in the municipality, regardless of whether the
146.10 district was established by the development authority or another development authority.

146.11 This authority applies notwithstanding any law to the contrary, but applies only to a
146.12 development authority that:

146.13 (1) was established by the municipality; or

146.14 (2) the governing body of which is appointed, in whole or part, by the municipality or
146.15 an officer of the municipality or which consists, in whole or part, of members of the
146.16 governing body of the municipality. The municipality may use this authority only after it
146.17 has first used all available increments of the receiving development authority to eliminate
146.18 the insufficiency and exercised any permitted action under section 469.1792, subdivision
146.19 3, for preexisting districts of the receiving development authority to eliminate the
146.20 insufficiency.

146.21 (e) The authority under this subdivision to spend tax increments outside of the area of
146.22 the district from which the tax increments were collected:

146.23 (1) is an exception to the restrictions under section 469.176, subdivisions 4b, 4c, 4d, 4e,
146.24 4i, and 4j; the expenditure limits under section 469.176, subdivision 1c; and the other
146.25 provisions of this section; and the percentage restrictions under subdivision 2 must be
146.26 calculated after deducting increments spent under this subdivision from the total increments
146.27 for the district; and

146.28 (2) applies notwithstanding the provisions of the Tax Increment Financing Act in effect
146.29 for districts for which the request for certification was made before June 30, 1982, or any
146.30 other law to the contrary.

146.31 (f) If a preexisting obligation requires the development authority to pay an amount that
146.32 is limited to the increment from the district or a specific development within the district and
146.33 if the obligation requires paying a higher amount to the extent that increments are available,

147.1 the municipality may determine that the amount due under the preexisting obligation equals
147.2 the higher amount and may authorize the transfer of increments under this subdivision to
147.3 pay up to the higher amount. The existence of a guarantee of obligations by the individual
147.4 or entity that would receive the payment under this paragraph is disregarded in the
147.5 determination of eligibility to pool under this subdivision. The authority to transfer increments
147.6 under this paragraph may only be used to the extent that the payment of all other preexisting
147.7 obligations in the municipality due during the calendar year have been satisfied.

147.8 (g) For transfers of increments made in calendar year 2005 and later, the reduction in
147.9 increments as a result of the elimination of the general education tax levy for purposes of
147.10 paragraph (b), clause (2), for a taxes payable year equals the general education tax rate for
147.11 the school district under Minnesota Statutes 2000, section 273.1382, subdivision 1, for taxes
147.12 payable in 2001, multiplied by the captured tax capacity of the district for the current taxes
147.13 payable year.

147.14 **EFFECTIVE DATE.** This section is effective the day following final enactment and
147.15 applies only to districts for which the request for certification was made before August 1,
147.16 2001, and without regard to whether the request for certification was made prior to August
147.17 1, 1979.

147.18 Sec. 10. Minnesota Statutes 2020, section 469.1771, subdivision 2, is amended to read:

147.19 Subd. 2. **Collection of increment.** If an authority includes or retains a parcel of property
147.20 in a tax increment financing district that does not qualify for inclusion or retention within
147.21 the district, the authority must pay to the county auditor an amount of money equal to the
147.22 increment collected from the property for the year or years. The property must be eliminated
147.23 from the original and captured tax capacity of the district effective for the current property
147.24 tax assessment year. ~~This subdivision does not apply to a failure to decertify a district at~~
147.25 ~~the end of the duration limit specified in the tax increment financing plan.~~

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

147.27 Sec. 11. Minnesota Statutes 2020, section 469.1771, subdivision 2a, is amended to read:

147.28 Subd. 2a. **Suspension of distribution of tax increment.** (a) If an authority fails to make
147.29 a disclosure or to submit a report containing the information required by section 469.175,
147.30 subdivisions 5 and 6, regarding a tax increment financing district within the time provided
147.31 in section 469.175, subdivisions 5 and 6, the state auditor shall mail to the authority a written
147.32 notice that it or the municipality has failed to make the required disclosure or to submit a
147.33 required report with respect to a particular district. The state auditor shall mail the notice

148.1 on or before the third Tuesday of August of the year in which the disclosure or report was
148.2 required to be made or submitted. The notice must describe the consequences of failing to
148.3 disclose or submit a report as provided in paragraph (b). If the state auditor has not received
148.4 a copy of a disclosure or a report described in this paragraph on or before the first day of
148.5 October of the year in which the disclosure or report was required to be made or submitted,
148.6 the state auditor shall mail a written notice to the county auditor to hold the distribution of
148.7 tax increment from a particular district.

148.8 (b) Upon receiving written notice from the state auditor to hold the distribution of tax
148.9 increment, the county auditor shall hold: all tax increment that otherwise would be distributed
148.10 after receipt of the notice, until further notified under paragraph (c).

148.11 ~~(1) 100 percent of the amount of tax increment that otherwise would be distributed, if~~
148.12 ~~the distribution is made after the first day of October but during the year in which the~~
148.13 ~~disclosure or report was required to be made or submitted; or~~

148.14 ~~(2) 100 percent of the amount of tax increment that otherwise would be distributed, if~~
148.15 ~~the distribution is made after December 31 of the year in which the disclosure or report was~~
148.16 ~~required to be made or submitted.~~

148.17 (c) Upon receiving the copy of the disclosure and all of the reports described in paragraph
148.18 (a) with respect to a district regarding which the state auditor has mailed to the county
148.19 auditor a written notice to hold distribution of tax increment, the state auditor shall mail to
148.20 the county auditor a written notice lifting the hold and authorizing the county auditor to
148.21 distribute to the authority or municipality any tax increment that the county auditor had held
148.22 pursuant to paragraph (b). The state auditor shall mail the written notice required by this
148.23 paragraph within five working days after receiving the last outstanding item. The county
148.24 auditor shall distribute the tax increment to the authority or municipality within 15 working
148.25 days after receiving the written notice required by this paragraph.

148.26 (d) Notwithstanding any law to the contrary, any interest that accrues on tax increment
148.27 while it is being held by the county auditor pursuant to paragraph (b) is not tax increment
148.28 and may be retained by the county.

148.29 (e) For purposes of sections 469.176, subdivisions 1a to 1g, and 469.177, subdivision
148.30 11, tax increment being held by the county auditor pursuant to paragraph (b) is considered
148.31 distributed to or received by the authority or municipality as of the time that it would have
148.32 been distributed or received but for paragraph (b).

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

149.1 Sec. 12. Minnesota Statutes 2020, section 469.1771, subdivision 3, is amended to read:

149.2 Subd. 3. **Expenditure of increment.** If an authority expends revenues derived from tax
149.3 increments, including the proceeds of tax increment bonds, (1) for a purpose that is not a
149.4 permitted project under ~~section 469.176~~ sections 469.174 to 469.1794, (2) for a purpose
149.5 that is not permitted under ~~section 469.176~~ sections 469.174 to 469.1794 for the district
149.6 from which the increment was received, or (3) on activities outside of the geographic area
149.7 in which the revenues may be expended under this chapter, the authority must pay to the
149.8 county auditor an amount equal to the expenditures made in violation of the law.

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

149.10 Sec. 13. Laws 2014, chapter 308, article 6, section 12, subdivision 2, is amended to read:

149.11 Subd. 2. **Special rules.** (a) If the city elects, upon the adoption of the tax increment
149.12 financing plan for a district, the rules under this section apply to a redevelopment district,
149.13 renewal and renovation district, soil condition district, or soil deficiency district established
149.14 by the city or a development authority of the city in the project area.

149.15 (b) Prior to or upon the adoption of the first tax increment plan subject to the special
149.16 rules under this subdivision, the city must find by resolution that parcels consisting of at
149.17 least 80 percent of the acreage of the project area, excluding street and railroad rights-of-way,
149.18 are characterized by one or more of the following conditions:

149.19 (1) peat or other soils with geotechnical deficiencies that impair development of
149.20 commercial buildings or infrastructure;

149.21 (2) soils or terrain that require substantial filling in order to permit the development of
149.22 commercial buildings or infrastructure;

149.23 (3) landfills, dumps, or similar deposits of municipal or private waste;

149.24 (4) quarries or similar resource extraction sites;

149.25 (5) floodway; and

149.26 (6) substandard buildings, within the meaning of Minnesota Statutes, section 469.174,
149.27 subdivision 10.

149.28 (c) For the purposes of paragraph (b), clauses (1) to (5), a parcel is characterized by the
149.29 relevant condition if at least 70 percent of the area of the parcel contains the relevant
149.30 condition. For the purposes of paragraph (b), clause (6), a parcel is characterized by
149.31 substandard buildings if substandard buildings occupy at least 30 percent of the area of the
149.32 parcel.

150.1 (d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is
150.2 extended to ~~eight~~ 11 years for any district; the five-year period under Minnesota Statutes,
150.3 section 469.175, subdivision 4, paragraph (f), is extended to eight years for any district; and
150.4 Minnesota Statutes, section 469.1763, subdivision 4, does not apply to any district.

150.5 (e) Notwithstanding any provision to the contrary in Minnesota Statutes, section 469.1763,
150.6 subdivision 2, paragraph (a), not more than 40 percent of the total revenue derived from tax
150.7 increments paid by properties in any district, measured over the life of the district, may be
150.8 expended on activities outside the district but within the project area.

150.9 (f) For a soil deficiency district:

150.10 (1) increments may be collected through 20 years after the receipt by the authority of
150.11 the first increment from the district;

150.12 (2) increments may be used only to:

150.13 (i) acquire parcels on which the improvements described in item (ii) will occur;

150.14 (ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the additional
150.15 cost of installing public improvements directly caused by the deficiencies; and

150.16 (iii) pay for the administrative expenses of the authority allocable to the district; and

150.17 (3) any parcel acquired with increments from the district must be sold at no less than
150.18 their fair market value.

150.19 (g) Increments spent for any infrastructure costs, whether inside a district or outside a
150.20 district but within the project area, are deemed to satisfy the requirements of Minnesota
150.21 Statutes, section 469.176, subdivision 4j.

150.22 (h) The authority to approve tax increment financing plans to establish tax increment
150.23 financing districts under this section expires June 30, 2020.

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

150.27 Sec. 14. **CITY OF SHAKOPEE; TAX INCREMENT FINANCING DISTRICT.**

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

150.30 (b) "City" means the city of Shakopee.

151.1 (c) "Project area" means the following parcels, identified by parcel identification number:
151.2 279160102, 279160110, 279170020, and 279160120.

151.3 (d) "Soil deficiency district" means a type of tax increment financing district consisting
151.4 of a portion of the project area in which the city finds by resolution that the following
151.5 conditions exist:

151.6 (1) unusual terrain or soil deficiencies that occurred over 70 percent of the acreage in
151.7 the district require substantial filling, grading, or other physical preparation for use; and

151.8 (2) the estimated cost of the physical preparation under clause (1), excluding costs
151.9 directly related to roads as defined in Minnesota Statutes, section 160.01, and local
151.10 improvements as described in Minnesota Statutes, sections 429.021, subdivision 1, other
151.11 than clauses (8) to (10), and Minnesota Statutes, 430.01, exceeds the fair market value of
151.12 the land before completion of the preparation.

151.13 Subd. 2. **Special rules.** (a) If the city elects, upon the adoption of the tax increment
151.14 financing plan for a district, the rules under this section apply to a redevelopment district,
151.15 renewal and renovation district, soil condition district, or soil deficiency district established
151.16 by the city or a development authority of the city in the project area. The city, or a
151.17 development authority acting on its behalf, may establish one or more soil deficiency districts
151.18 within the project area.

151.19 (b) Prior to or upon the adoption of the first tax increment plan subject to the special
151.20 rules under this subdivision, the city must find by resolution that parcels consisting of at
151.21 least 70 percent of the acreage of the project area, excluding street and railroad rights-of-way,
151.22 are characterized by one or more of the following conditions:

151.23 (1) peat or other soils with geotechnical deficiencies that impair development of
151.24 residential or commercial buildings or infrastructure;

151.25 (2) soils or terrain that requires substantial filling in order to permit the development of
151.26 residential or commercial buildings or infrastructure;

151.27 (3) landfills, dumps, or similar deposits of municipal or private waste;

151.28 (4) quarries or similar resource extraction sites;

151.29 (5) floodways; and

151.30 (6) substandard buildings, within the meaning of Minnesota Statutes, section 469.174,
151.31 subdivision 10.

152.1 (c) For the purposes of paragraph (b), clauses (1) to (5), a parcel is characterized by the
152.2 relevant condition if at least 60 percent of the area of the parcel contains the relevant
152.3 condition. For the purposes of paragraph (b), clause (6), a parcel is characterized by
152.4 substandard buildings if substandard buildings occupy at least 30 percent of the area of the
152.5 parcel.

152.6 (d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is
152.7 extended to ten years for any district, and the period under Minnesota Statutes, section
152.8 469.1763, subdivision 4, is extended to 11 years.

152.9 (e) Notwithstanding any provision to the contrary in Minnesota Statutes, section 469.1763,
152.10 subdivision 2, paragraph (a), not more than 80 percent of the total revenue derived from tax
152.11 increments paid by properties in any district, measured over the life of the district, may be
152.12 expended on activities outside the district but within the project area.

152.13 (f) For a soil deficiency district:

152.14 (1) increments may be collected through 20 years after the receipt by the authority of
152.15 the first increment from the district; and

152.16 (2) except as otherwise provided in this subdivision, increments may be used only to:

152.17 (i) acquire parcels on which the improvements described in item (ii) will occur;

152.18 (ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the additional
152.19 cost of installing public improvements directly caused by the deficiencies; and

152.20 (iii) pay for the administrative expenses of the authority allocable to the district.

152.21 (g) The authority to approve tax increment financing plans to establish tax increment
152.22 financing districts under this section expires December 31, 2026.

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

152.26 **Sec. 15. CITY OF WOODBURY; TIF DISTRICT NO. 13; EXPENDITURES**
152.27 **ALLOWED; DURATION EXTENSION.**

152.28 (a) Notwithstanding Minnesota Statutes, section 469.1763, subdivision 2, or any other
152.29 law to the contrary, the city of Woodbury may expend increments generated from Tax
152.30 Increment Financing District No. 13 for the maintenance and facility and infrastructure
152.31 upgrades to Central Park. All such expenditures are deemed expended on activities within
152.32 the district.

153.1 (b) Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, the city of
 153.2 Woodbury may elect to extend the duration of Tax Increment Financing District No. 13 by
 153.3 five years.

153.4 **EFFECTIVE DATE.** Paragraph (a) is effective the day after the governing body of the
 153.5 city of Woodbury and its chief clerical officer comply with the requirements of Minnesota
 153.6 Statutes, section 645.021, subdivisions 2 and 3. Paragraph (b) is effective upon compliance
 153.7 by the city of Woodbury, Washington County, and Independent School District No. 833
 153.8 with the requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021,
 153.9 subdivisions 2 and 3.

153.10 **ARTICLE 9**

153.11 **MISCELLANEOUS**

153.12 Section 1. Minnesota Statutes 2021 Supplement, section 3.192, is amended to read:

153.13 **3.192 REQUIREMENTS FOR NEW OR RENEWED TAX EXPENDITURES.**

153.14 (a) ~~Any~~ Within 60 days after final enactment of a bill that creates, renews, or continues
 153.15 a tax expenditure ~~must include~~, the chairs of the house of representatives and senate
 153.16 committees with primary jurisdiction over taxes must submit to the Tax Expenditure Review
 153.17 Commission a statement of intent that clearly provides the purpose of the tax expenditure
 153.18 and a standard or goal against which its effectiveness may be measured.

153.19 (b) For purposes of this section, "tax expenditure" has the meaning given in section
 153.20 270C.11, subdivision 6, and "Tax Expenditure Review Commission" has the meaning given
 153.21 in section 3.855.

153.22 (c) ~~Any bill that creates a new tax expenditure or continues an expiring tax expenditure~~
 153.23 ~~must include an expiration date for the tax expenditure that is no more than eight years from~~
 153.24 ~~the day the provision takes effect~~ Compliance with paragraphs (a) and (b) is not subject to
 153.25 judicial review.

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

153.27 Sec. 2. Minnesota Statutes 2020, section 270C.11, is amended by adding a subdivision to
 153.28 read:

153.29 Subd. 2a. **Report of expiring tax expenditures.** By October 1 of each year, the
 153.30 commissioner shall provide a report to the chairs and ranking minority members of the
 153.31 house of representatives and senate committees with jurisdiction over taxation listing each

154.1 tax expenditure that, absent legislative action, will expire before July 1 of the following
154.2 year.

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

154.4 Sec. 3. Minnesota Statutes 2021 Supplement, section 290.92, subdivision 20, is amended
154.5 to read:

154.6 Subd. 20. **Miscellaneous withholding arrangements.** (a) For purposes of this section,
154.7 any payment or distribution to an individual as defined under section 3405(e)(2) or (3) of
154.8 the Internal Revenue Code shall be ~~treated as if it were a payment of wages by an employer~~
154.9 ~~to an employee for a payroll period~~ subject to withholding at a rate of 6.25 percent. Any
154.10 payment to an individual of sick pay which does not constitute wages, determined without
154.11 regard to this subdivision, shall be treated as if it were a payment of wages by an employer
154.12 to an employee for a payroll period, if, at the time the payment is made a request that such
154.13 sick pay be subject to withholding under this section is in effect. Sick pay means any amount
154.14 which:

154.15 (1) is paid to an employee pursuant to a plan to which the employer is a party, and

154.16 (2) constitutes remuneration or a payment in lieu of remuneration for any period during
154.17 which the employee is temporarily absent from work on account of sickness or personal
154.18 injuries.

154.19 (b) A request for withholding, the amount withheld, and sick pay paid pursuant to certain
154.20 collective bargaining agreements shall conform with the provisions of section 3402(o)(3),
154.21 (4), and (5) of the Internal Revenue Code.

154.22 (c) The commissioner is authorized by rules to provide for withholding:

154.23 (1) from remuneration for services performed by an employee for the employer which,
154.24 without regard to this subdivision, does not constitute wages, and

154.25 (2) from any other type of payment with respect to which the commissioner finds that
154.26 withholding would be appropriate under the provisions of this section, if the employer and
154.27 the employee, or in the case of any other type of payment the person making and the person
154.28 receiving the payment, agree to such withholding. Such agreement shall be made in such
154.29 form and manner as the commissioner may by rules provide. For purposes of this section
154.30 remuneration or other payments with respect to which such agreement is made shall be
154.31 treated as if they were wages paid by an employer to an employee to the extent that such
154.32 remuneration is paid or other payments are made during the period for which the agreement
154.33 is in effect.

155.1 (d) An individual receiving a payment or distribution under paragraph (a) may elect to
155.2 have paragraph (a) not apply to the payment or distribution ~~as follows:~~

155.3 ~~(1) For payments defined under section 3405(e)(2) of the Internal Revenue Code, and~~
155.4 an election remains in effect until revoked by such individual.

155.5 ~~(2) For distributions defined under section 3405(e)(3) of the Internal Revenue Code, the~~
155.6 ~~election is on a distribution-by-distribution basis.~~

155.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
155.8 31, 2021.

155.9 Sec. 4. Minnesota Statutes 2021 Supplement, section 297E.02, subdivision 3, is amended
155.10 to read:

155.11 Subd. 3. **Collection; disposition.** (a) Taxes imposed by this section are due and payable
155.12 to the commissioner when the gambling tax return is required to be filed. Distributors must
155.13 file their monthly sales figures with the commissioner on a form prescribed by the
155.14 commissioner. Returns covering the taxes imposed under this section must be filed with
155.15 the commissioner on or before the 20th day of the month following the close of the previous
155.16 calendar month. The commissioner shall prescribe the content, format, and manner of returns
155.17 or other documents pursuant to section 270C.30. The proceeds, along with the revenue
155.18 received from all license fees and other fees under sections 349.11 to 349.191, 349.211,
155.19 and 349.213, must be paid to the commissioner of management and budget for deposit in
155.20 the general fund.

155.21 (b) The sales tax imposed by chapter 297A on the sale of pull-tabs and tipboards by the
155.22 distributor is imposed on the retail sales price. The retail sale of pull-tabs or tipboards by
155.23 the organization is exempt from taxes imposed by chapter 297A and is exempt from all
155.24 local taxes and license fees except a fee authorized under section 349.16, subdivision 8.

155.25 (c)(1) One-half of one percent of the revenue deposited in the general fund under
155.26 paragraph (a), is appropriated to the commissioner of human services for the compulsive
155.27 gambling treatment program established under section 245.98. One-half of one percent of
155.28 the revenue deposited in the general fund under paragraph (a), is appropriated to the
155.29 commissioner of human services for a grant to the state affiliate recognized by the National
155.30 Council on Problem Gambling to increase public awareness of problem gambling, education
155.31 and training for individuals and organizations providing effective treatment services to
155.32 problem gamblers and their families, and research relating to problem gambling. Money

156.1 appropriated by this paragraph must supplement and must not replace existing state funding
156.2 for these programs.

156.3 (2) For fiscal years 2024 and 2025 only, the appropriations under clause (1) must be
156.4 calculated without regard to the changes to the combined net receipts tax brackets in section
156.5 297E.02, subdivision 6.

156.6 (d) The commissioner of human services must provide to the state affiliate recognized
156.7 by the National Council on Problem Gambling a monthly statement of the amounts deposited
156.8 under paragraph (c). Beginning January 1, 2022, the commissioner of human services must
156.9 provide to the chairs and ranking minority members of the legislative committees with
156.10 jurisdiction over treatment for problem gambling and to the state affiliate recognized by the
156.11 National Council on Problem Gambling an annual reconciliation of the amounts deposited
156.12 under paragraph (c). The annual reconciliation under this paragraph must include the amount
156.13 allocated to the commissioner of human services for the compulsive gambling treatment
156.14 program established under section 245.98, and the amount allocated to the state affiliate
156.15 recognized by the National Council on Problem Gambling.

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

156.17 Sec. 5. Minnesota Statutes 2020, section 297E.02, subdivision 6, is amended to read:

156.18 Subd. 6. **Combined net receipts tax.** (a) In addition to the taxes imposed under
156.19 subdivision 1, a tax is imposed on the combined net receipts of the organization. As used
156.20 in this section, "combined net receipts" is the sum of the organization's gross receipts from
156.21 lawful gambling less gross receipts directly derived from the conduct of paper bingo, raffles,
156.22 and paddlewheels, as defined in section 297E.01, subdivision 8, and less the net prizes
156.23 actually paid, other than prizes actually paid for paper bingo, raffles, and paddlewheels, for
156.24 the fiscal year. The combined net receipts of an organization are subject to a tax computed
156.25 according to the following schedule:

156.26	If the combined net receipts	The tax is:
156.27	for the fiscal year are:	
156.28	Not over \$87,500 <u>\$100,000</u>	nine percent
156.29	Over \$87,500 <u>\$100,000</u> , but	\$7,875 <u>\$9,000</u> plus 18 percent of the
156.30	not over \$122,500 <u>\$150,000</u>	amount over \$87,500 <u>\$100,000</u> , but
156.31		not over \$122,500 <u>\$150,000</u>
156.32	Over \$122,500 <u>\$150,000</u> ,	\$14,175 <u>\$18,000</u> plus 27 percent of
156.33	but not over \$157,500	the amount over \$122,500 <u>\$150,000</u> ,
156.34	<u>\$200,000</u>	but not over \$157,500 <u>\$200,000</u>
156.35	Over \$157,500 <u>\$200,000</u>	\$23,625 <u>\$31,500</u> plus 36 percent of
156.36		the amount over \$157,500 <u>\$200,000</u>

157.1 (b) Gross receipts derived from sports-themed tipboards are exempt from taxation under
157.2 this section. For purposes of this paragraph, a sports-themed tipboard means a sports-themed
157.3 tipboard as defined in section 349.12, subdivision 34, under which the winning numbers
157.4 are determined by the numerical outcome of a professional sporting event.

157.5 **EFFECTIVE DATE.** This section is effective for games reported as played after June
157.6 30, 2023.

157.7 Sec. 6. Minnesota Statutes 2020, section 297E.021, subdivision 2, is amended to read:

157.8 Subd. 2. **Determination of revenue increase.** By March 15 of each fiscal year, the
157.9 commissioner of management and budget, in consultation with the commissioner, shall
157.10 determine the estimated increase in revenues received from taxes imposed under this chapter
157.11 over ~~the estimated revenues under the February 2012 state budget forecast for that fiscal~~
157.12 ~~year. For fiscal years after fiscal year 2015, the commissioner of management and budget~~
157.13 ~~shall use the February 2012 state budget forecast for fiscal year 2015 as the~~ a baseline of:
157.14 (1) \$29,800,000 in fiscal year 2024; and (2) \$28,700,000 in fiscal year 2025 and thereafter.
157.15 All calculations under this subdivision must be made net of estimated refunds of the taxes
157.16 required to be paid.

157.17 **EFFECTIVE DATE.** This section is effective for fiscal years 2024 and later.

157.18 **ARTICLE 10**

157.19 **DEPARTMENT OF REVENUE POLICY AND TECHNICAL: PARTNERSHIP** 157.20 **TAXES**

157.21 Section 1. Minnesota Statutes 2021 Supplement, section 289A.08, subdivision 7a, is
157.22 amended to read:

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

157.25 (1) "income" has the meaning given in subdivision 7, paragraph (j), modified by the
157.26 addition provided in section 290.0131, subdivision 5, and the subtraction provided in section
157.27 290.0132, subdivision 3, except that the provisions that apply to a partnership apply to a
157.28 qualifying entity and the provisions that apply to a partner apply to a qualifying owner. The
157.29 income of both a resident and nonresident qualifying owner is allocated and assigned to
157.30 this state as provided for nonresident partners and shareholders under sections 290.17,
157.31 290.191, and 290.20;

158.1 (2) "qualifying entity" means a partnership, limited liability company taxed as a
158.2 partnership or S corporation, or S corporation including a qualified subchapter S subsidiary
158.3 organized under section 1361(b)(3)(B) of the Internal Revenue Code. Qualifying entity does
158.4 not include a partnership, limited liability company, or corporation that has a partnership,
158.5 limited liability company other than a disregarded entity, or corporation as a partner, member,
158.6 or shareholder; and

158.7 (3) "qualifying owner" means:

158.8 (i) a resident or nonresident individual or estate that is a partner, member, or shareholder
158.9 of a qualifying entity; or

158.10 (ii) a resident or nonresident trust that is a shareholder of a qualifying entity that is an
158.11 S corporation.

158.12 (b) For taxable years beginning after December 31, 2020, in which the taxes of a
158.13 qualifying owner are limited under section 164(b)(6)(B) of the Internal Revenue Code, a
158.14 qualifying entity may elect to file a return and pay the pass-through entity tax imposed under
158.15 paragraph (c). The election:

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

158.18 (2) may only be made by qualifying owners who collectively hold more than a 50 percent
158.19 ownership interest in the qualifying entity;

158.20 (3) is binding on all qualifying owners who have an ownership interest in the qualifying
158.21 entity; and

158.22 (4) once made is irrevocable for the taxable year.

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

158.25 (d) The amount of a qualifying owner's tax liability under paragraph (c) is the amount
158.26 of the qualifying owner's income multiplied by the highest tax rate for individuals under
158.27 section 290.06, subdivision 2c. When making this determination:

158.28 (1) nonbusiness deductions, standard deductions, or personal exemptions are not allowed;
158.29 and

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

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

159.4 (f) This subdivision does not negate the requirement that a qualifying owner pay estimated
159.5 tax if the qualifying owner's tax liability would exceed the requirements set forth in section
159.6 289A.25. The qualifying owner's liability to pay estimated tax on the qualifying owner's
159.7 tax liability as determined under paragraph (d) is, however, satisfied when the qualifying
159.8 entity pays estimated tax in the manner prescribed in section 289A.25 for composite estimated
159.9 tax.

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

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

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

159.19 (j) If a nonresident qualifying owner of a qualifying entity making the election to file
159.20 and pay the tax under this subdivision has no other Minnesota source income, filing of the
159.21 pass-through entity tax return is a return for purposes of subdivision 1, provided that the
159.22 nonresident qualifying owner must not have any Minnesota source income other than the
159.23 income from the qualifying entity, other electing qualifying entities, and other partnerships
159.24 electing to file a composite return under subdivision 7. If it is determined that the nonresident
159.25 qualifying owner has other Minnesota source income, the inclusion of the income and tax
159.26 liability for that owner under this provision will not constitute a return to satisfy the
159.27 requirements of subdivision 1. The tax paid for the qualifying owner as part of the
159.28 pass-through entity tax return is allowed as a payment of the tax by the qualifying owner
159.29 on the date on which the pass-through entity tax return payment was made.

159.30 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
159.31 after December 31, 2020.

160.1 Sec. 2. Minnesota Statutes 2021 Supplement, section 289A.382, subdivision 2, is amended
160.2 to read:

160.3 Subd. 2. **Reporting and payment requirements for partnerships and tiered**
160.4 **partners.** (a) Except for when an audited partnership makes the election in subdivision 3,
160.5 and except for negative federal adjustments required under federal law taken into account
160.6 by the partnership in the partnership return for the adjustment or other year, all final federal
160.7 adjustments of an audited partnership must comply with paragraph (b) and each direct
160.8 partner of the audited partnership, other than a tiered partner, must comply with paragraph
160.9 (c).

160.10 (b) No later than 90 days after the final determination date, the audited partnership must:

160.11 (1) file a completed federal adjustments report, including all partner-level information
160.12 required under section 289A.12, subdivision 3, with the commissioner;

160.13 (2) notify each of its direct partners of their distributive share of the final federal
160.14 adjustments;

160.15 (3) file an amended composite report for all direct partners who were included in a
160.16 composite return under section 289A.08, subdivision 7, in the reviewed year, and pay the
160.17 additional amount that would have been due had the federal adjustments been reported
160.18 properly as required; ~~and~~

160.19 (4) file amended withholding reports for all direct partners who were or should have
160.20 been subject to nonresident withholding under section 290.92, subdivision 4b, in the reviewed
160.21 year, and pay the additional amount that would have been due had the federal adjustments
160.22 been reported properly as required; and

160.23 (5) file an amended pass-through entity tax report for all direct partners who were
160.24 included in a pass-through entity tax return under section 289A.08, subdivision 7a, in the
160.25 reviewed year, and pay the additional amount that would have been due had the federal
160.26 adjustments been reported properly as required.

160.27 (c) No later than 180 days after the final determination date, each direct partner, other
160.28 than a tiered partner, that is subject to a tax administered under this chapter, other than the
160.29 sales tax, must:

160.30 (1) file a federal adjustments report reporting their distributive share of the adjustments
160.31 reported to them under paragraph (b), clause (2); and

160.32 (2) pay any additional amount of tax due as if the final federal adjustment had been
160.33 properly reported, plus any penalty and interest due under this chapter, and less any credit

161.1 for related amounts paid or withheld and remitted on behalf of the direct partner under
161.2 paragraph (b), clauses (3) and (4).

161.3 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
161.4 after December 31, 2020.

161.5 **ARTICLE 11**

161.6 **DEPARTMENT OF REVENUE POLICY AND TECHNICAL: SALES AND USE** 161.7 **TAXES AND SPECIAL TAXES**

161.8 Section 1. Minnesota Statutes 2020, section 296A.083, subdivision 3, is amended to read:

161.9 Subd. 3. **Surcharge rate.** (a) By ~~July 16, 2008, and each April 1 thereafter~~ May 1 each
161.10 year, the commissioner of revenue shall calculate and publish a surcharge as provided in
161.11 ~~paragraphs~~ paragraph (b) and (e). The surcharge is imposed ~~from August 1, 2008, through~~
161.12 ~~June 30, 2009, and each new surcharge thereafter is imposed the following~~ beginning July
161.13 1 of the year it is published through June 30 of the following year.

161.14 ~~(b) For fiscal years 2009 through 2012, the commissioner shall set the surcharge as~~
161.15 ~~specified in the following surcharge rate schedule.~~

161.16 ~~Surcharge Rate Schedule~~

161.17	Fiscal Year	Rate (in cents per gallon)
161.18	2009	0.5
161.19	2010	2.1
161.20	2011	2.5
161.21	2012	3.0

161.22 ~~(e) For fiscal year 2013 and thereafter,~~ (b) The commissioner shall set the surcharge at
161.23 the lesser of (1) 3.5 cents, or (2) an amount calculated so that the total proceeds from the
161.24 surcharge deposited in the trunk highway fund from fiscal year 2009 to the upcoming fiscal
161.25 year equals the total amount of debt service from fiscal years 2009 to 2039, and the surcharge
161.26 is rounded to the nearest 0.1 cent.

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

161.28 Sec. 2. Minnesota Statutes 2020, section 297A.61, subdivision 29, is amended to read:

161.29 Subd. 29. **State.** Unless specifically provided otherwise, "state" means any state of the
161.30 United States, ~~the Commonwealth of Puerto Rico, and the District of Columbia, and any~~
161.31 territory of the United States, including American Samoa, Guam, Northern Mariana Islands,
161.32 Puerto Rico, and the U.S. Virgin Islands.

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

162.2 **ARTICLE 12**

162.3 **DEPARTMENT OF REVENUE POLICY AND TECHNICAL: FIRE AND POLICE**
162.4 **STATE AIDS**

162.5 Section 1. Minnesota Statutes 2020, section 6.495, subdivision 3, is amended to read:

162.6 Subd. 3. ~~Report~~ **Reports to commissioner of revenue.** (a) On or before September 15,
162.7 November 1, March 1, and June 1, the state auditor ~~shall~~ must file with the commissioner
162.8 of revenue a financial compliance report certifying for each relief association:

162.9 (1) the completion of the annual financial report required under section 424A.014 and
162.10 the auditing or certification of those financial reports under subdivision 1; and

162.11 (2) the receipt of any actuarial valuations required under section 424A.093 or Laws
162.12 2013, chapter 111, article 5, sections 31 to 42.

162.13 (b) The commissioner of revenue shall prescribe the content, format, and manner of the
162.14 financial compliance reports required by paragraph (a), pursuant to section 270C.30.

162.15 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023
162.16 and thereafter.

162.17 Sec. 2. Minnesota Statutes 2020, section 477B.01, is amended by adding a subdivision to
162.18 read:

162.19 Subd. 1a. **Apportionment agreement.** "Apportionment agreement" means an agreement
162.20 between two or more fire departments that provide contracted fire protection service to the
162.21 same municipality and establishes the percentage of the population and the percentage of
162.22 the estimated market value within the municipality serviced by each fire department.

162.23 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023
162.24 and thereafter.

162.25 Sec. 3. Minnesota Statutes 2020, section 477B.01, subdivision 5, is amended to read:

162.26 Subd. 5. **Fire department.** (a) "Fire department" ~~includes~~ means:

162.27 (1) a municipal fire department and;

162.28 (2) an independent nonprofit firefighting corporation;

162.29 (3) a fire department established as or operated by a joint powers entity; or

162.30 (4) a fire protection special taxing district established under chapter 144F or special law.

163.1 (b) This subdivision only applies to this chapter.

163.2 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023
 163.3 and thereafter.

163.4 Sec. 4. Minnesota Statutes 2020, section 477B.01, is amended by adding a subdivision to
 163.5 read:

163.6 Subd. 7a. **Joint powers entity.** "Joint powers entity" means a joint powers entity created
 163.7 under section 471.59.

163.8 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023
 163.9 and thereafter.

163.10 Sec. 5. Minnesota Statutes 2020, section 477B.01, subdivision 10, is amended to read:

163.11 Subd. 10. **Municipality.** (a) "Municipality" means:

163.12 (1) a home rule charter or statutory city;

163.13 (2) an organized town;

163.14 (3) ~~a park district subject to chapter 398~~ a joint powers entity;

163.15 (4) ~~the University of Minnesota~~ a fire protection special taxing district; and or

163.16 (5) an American Indian tribal government entity located within a federally recognized
 163.17 American Indian reservation.

163.18 (b) This subdivision only applies to this chapter ~~477B~~.

163.19 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023
 163.20 and thereafter.

163.21 Sec. 6. Minnesota Statutes 2020, section 477B.01, subdivision 11, is amended to read:

163.22 Subd. 11. **Secretary.** (a) "Secretary" means:

163.23 (1) the secretary of an independent nonprofit firefighting corporation that has a subsidiary
 163.24 incorporated firefighters' relief association or whose firefighters participate in the statewide
 163.25 volunteer firefighter plan; or

163.26 (2) the secretary of a joint powers entity or fire protection special taxing district or, if
 163.27 there is no such person, the person primarily responsible for managing the finances of a
 163.28 joint powers entity or fire protection special taxing district.

163.29 (b) This subdivision only applies to this chapter.

164.1 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023
164.2 and thereafter.

164.3 Sec. 7. Minnesota Statutes 2020, section 477B.02, subdivision 2, is amended to read:

164.4 Subd. 2. **Establishment of fire department.** (a) An independent nonprofit firefighting
164.5 corporation must be created under the nonprofit corporation act of this state operating for
164.6 the exclusive purpose of firefighting, or the governing body of a municipality must officially
164.7 establish a fire department.

164.8 (b) The fire department must have provided firefighting services for at least one calendar
164.9 year, and must have a current fire department identification number issued by the state fire
164.10 marshal.

164.11 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023
164.12 and thereafter.

164.13 Sec. 8. Minnesota Statutes 2020, section 477B.02, subdivision 3, is amended to read:

164.14 Subd. 3. ~~**Personnel and Benefits requirements.** (a) A fire department must have a~~
164.15 ~~minimum of ten paid or volunteer firefighters, including a fire chief and assistant fire chief.~~

164.16 ~~(b) The fire department must have regular scheduled meetings and frequent drills that~~
164.17 ~~include instructions in firefighting tactics and in the use, care, and operation of all fire~~
164.18 ~~apparatus and equipment.~~

164.19 ~~(c)~~ (a) The fire department must have a separate subsidiary incorporated firefighters'
164.20 relief association that provides retirement benefits or must participate in the statewide
164.21 volunteer firefighter plan; or if the municipality solely employs full-time firefighters as
164.22 defined in section 299N.03, subdivision 5, retirement coverage must be provided by the
164.23 public employees police and fire retirement plan. For purposes of retirement benefits, a fire
164.24 department may be associated with only one volunteer firefighters' relief association or one
164.25 account in the voluntary statewide volunteer firefighter retirement plan at one time.

164.26 ~~(d)~~ (b) Notwithstanding paragraph ~~(c)~~ (a), a municipality without a relief association as
164.27 described under section 424A.08, paragraph (a), may still qualify to receive fire state aid if
164.28 all other requirements of this section are met.

164.29 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023
164.30 and thereafter.

165.1 Sec. 9. Minnesota Statutes 2020, section 477B.02, is amended by adding a subdivision to
165.2 read:

165.3 Subd. 4a. **Public safety answering point requirement.** The fire department must be
165.4 dispatched by a public safety answering point as defined in section 403.02, subdivision 19.

165.5 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023
165.6 and thereafter.

165.7 Sec. 10. Minnesota Statutes 2020, section 477B.02, subdivision 5, is amended to read:

165.8 Subd. 5. **Fire service contract or agreement; apportionment agreement filing**
165.9 ~~requirement~~ **requirements.** (a) Every municipality or independent nonprofit firefighting
165.10 corporation must file a copy of any duly executed and valid fire service contract or agreement
165.11 with the commissioner (1) a copy of any duly executed and valid fire service contracts, (2)
165.12 written notification of any fire service contract terminations, and (3) written notification of
165.13 any dissolution of a fire department, within 60 days of contract execution or termination,
165.14 or department dissolution.

165.15 (b) If more than one fire department provides service to a municipality, the fire
165.16 departments furnishing service must ~~enter into an agreement apportioning among themselves~~
165.17 ~~the percentage of the population and the percentage of the estimated market value of each~~
165.18 ~~shared service fire department service area. The agreement must be in writing and must be~~
165.19 ~~filed~~ file an apportionment agreement with the commissioner.

165.20 (c) When a municipality is a joint powers entity, it must file its joint powers agreement
165.21 with the commissioner. If the joint powers agreement does not include sufficient information
165.22 defining the fire department service area of the joint powers entity for the purposes of
165.23 calculating fire state aid, the secretary must file a written statement with the commissioner
165.24 defining the fire department service area.

165.25 (d) When a municipality is a fire protection special taxing district, it must file its
165.26 resolution establishing the fire protection special taxing district, and any agreements required
165.27 for the establishment of the fire protection special taxing district, with the commissioner.
165.28 If the resolution or agreement does not include sufficient information defining the fire
165.29 department service area of the fire protection special taxing district, the secretary must file
165.30 a written statement with the commissioner defining the fire department service area.

165.31 (e) The commissioner shall prescribe (e) The commissioner shall prescribe the content, format, and manner of the notifications,
165.32 apportionment agreements, and written statements under paragraphs (a) to (d), pursuant to
165.33 section 270C.30, except that copies of fire service contracts, joint powers agreements, and

166.1 resolutions establishing fire protection special taxing districts shall be filed in their existing
166.2 form.

166.3 (f) A document filed with the commissioner under this subdivision must be refiled any
166.4 time it is updated within 60 days of the update. An apportionment agreement must be refiled
166.5 only when a change in the averaged sum of the percentage of population and percentage of
166.6 estimated market value serviced by a fire department subject to the apportionment agreement
166.7 is at least one percent. The percentage amount must be rounded to the nearest whole
166.8 percentage.

166.9 (g) Upon the request of the commissioner, the county auditor must provide information
166.10 that the commissioner requires to accurately apportion the estimated market value of a fire
166.11 department service area for a fire department providing service to an unorganized territory
166.12 located in the county.

166.13 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023
166.14 and thereafter.

166.15 Sec. 11. Minnesota Statutes 2020, section 477B.02, subdivision 8, is amended to read:

166.16 Subd. 8. **PERA certification to commissioner.** On or before February 1 each year, ~~if~~
166.17 ~~retirement coverage for a fire department is provided by the statewide volunteer firefighter~~
166.18 ~~plan,~~ the executive director of the Public Employees Retirement Association must certify
166.19 ~~the existence of retirement coverage.~~ to the commissioner the fire departments that transferred
166.20 retirement coverage to, or terminated participation in, the voluntary statewide volunteer
166.21 firefighter retirement plan since the previous certification under this paragraph. This
166.22 certification must include the number of active volunteer firefighters under section 477B.03,
166.23 subdivision 5, paragraph (e).

166.24 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023
166.25 and thereafter.

166.26 Sec. 12. Minnesota Statutes 2020, section 477B.02, subdivision 9, is amended to read:

166.27 Subd. 9. **Fire department certification to commissioner.** On or before March 15 of
166.28 each year, the municipal clerk or the secretary, ~~and the fire chief,~~ must jointly certify to the
166.29 commissioner ~~that the fire department exists and meets the qualification requirements of~~
166.30 ~~this section~~ the fire department service area as of December 31 of the previous year, and
166.31 that the fire department meets the qualification requirements of this section. The municipal
166.32 clerk or the secretary must provide the commissioner with documentation that the

167.1 commissioner deems necessary for determining eligibility for fire state aid or for calculating
167.2 and apportioning fire state aid under section 477B.03. The commissioner shall prescribe
167.3 the content, format, and manner of the certification ~~must be on a form prescribed by the~~
167.4 ~~commissioner and must include all other information that the commissioner requires~~ pursuant
167.5 to section 270C.30. The municipal clerk or the secretary must send a copy of the certification
167.6 filed under this subdivision to the fire chief within five business days of the date the
167.7 certification was filed with the commissioner.

167.8 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023
167.9 and thereafter.

167.10 Sec. 13. Minnesota Statutes 2020, section 477B.03, subdivision 2, is amended to read:

167.11 Subd. 2. **Apportionment of fire state aid.** (a) The amount of fire state aid available for
167.12 apportionment, before the addition of the minimum fire state aid allocation amount under
167.13 subdivision 5, is equal to 107 percent of the amount of premium taxes paid to the state upon
167.14 the fire, lightning, sprinkler leakage, and extended coverage premiums reported to the
167.15 commissioner by companies or insurance companies on the Minnesota Fire Premium Report,
167.16 except that credits claimed under section 297I.20, subdivisions 3, 4, and 5, do not affect the
167.17 calculation of the amount of fire state aid available for apportionment. This amount must
167.18 be reduced by the amount required to pay the state auditor's costs and expenses of the audits
167.19 or exams of the firefighters' relief associations.

167.20 (b) The total amount available for apportionment must not be less than two percent of
167.21 the premiums less return premiums reported to the commissioner by companies or insurance
167.22 companies on the Minnesota Fire Premium Report after subtracting the following amounts:

167.23 (1) the amount required to pay the state auditor's costs and expenses of the audits or
167.24 exams of the firefighters' relief associations; and

167.25 (2) one percent of the premiums reported by township mutual insurance companies and
167.26 mutual property and casualty companies with total assets of \$5,000,000 or less.

167.27 (c) The commissioner must apportion the fire state aid to each municipality or independent
167.28 nonprofit firefighting corporation qualified under section 477B.02 relative to the premiums
167.29 reported on the Minnesota Fire Premium Reports filed under this chapter.

167.30 (d) The commissioner must calculate the percentage of increase or decrease reflected in
167.31 the apportionment over or under the previous year's available state aid using the same
167.32 premiums as a basis for comparison.

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

168.1 Sec. 14. Minnesota Statutes 2020, section 477B.03, subdivision 3, is amended to read:

168.2 Subd. 3. **Population and estimated market value.** (a) ~~Official statewide federal census~~
168.3 ~~figures~~ The most recent population estimates made by the state demographer pursuant to
168.4 section 4A.02, paragraph (d), must be used in calculations requiring the use of population
168.5 figures under this chapter. ~~Increases or decreases in population disclosed by reason of any~~
168.6 ~~special census must not be taken into consideration.~~

168.7 (b) The ~~latest available~~ estimated market value property figures for the assessment year
168.8 immediately preceding the year the aid is distributed must be used in calculations requiring
168.9 the use of estimated market value property figures under this chapter.

168.10 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023
168.11 and thereafter.

168.12 Sec. 15. Minnesota Statutes 2020, section 477B.03, subdivision 4, is amended to read:

168.13 Subd. 4. **Initial fire state aid allocation amount.** (a) The initial fire state aid allocation
168.14 amount is the amount available for apportionment as fire state aid under subdivision 2,
168.15 without the inclusion of any additional funding amount to support a minimum fire state aid
168.16 amount under section 423A.02, subdivision 3. The initial fire state aid allocation amount
168.17 is allocated one-half in proportion to the population for each fire department service area
168.18 and one-half in proportion to the estimated market value of each fire department service
168.19 area, including (1) the estimated market value of tax-exempt property, and (2) the estimated
168.20 market value of natural resources lands receiving in lieu payments under sections 477A.11
168.21 to 477A.14 and 477A.17. The estimated market value of minerals is excluded.

168.22 (b) In the case of a municipality or independent nonprofit firefighting corporation
168.23 furnishing fire protection to other municipalities as evidenced by valid fire service contracts,
168.24 joint powers agreements, resolutions, and other supporting documents filed with the
168.25 commissioner under section 477B.02, subdivision 5, the distribution must be adjusted
168.26 proportionately to take into consideration the crossover fire protection service. Necessary
168.27 adjustments must be made to subsequent apportionments.

168.28 (c) In the case of municipalities or independent nonprofit firefighting corporations
168.29 qualifying for aid, the commissioner must calculate the state aid for the municipality or
168.30 independent nonprofit firefighting corporation on the basis of the population and the estimated
168.31 market value of the area furnished fire protection service by the fire department as evidenced
168.32 by valid fire service agreements contracts, joint powers agreements, resolutions, and other
168.33 supporting documents filed with the commissioner under section 477B.02, subdivision 5.

169.1 (d) In the case of more than one fire department furnishing contracted fire service to a
169.2 municipality, the population and estimated market value in the apportionment agreement
169.3 filed with the commissioner under section 477B.02, subdivision 5, must be used in calculating
169.4 the state aid.

169.5 EFFECTIVE DATE. This section is effective for aids payable in calendar year 2023
169.6 and thereafter.

169.7 Sec. 16. Minnesota Statutes 2020, section 477B.03, subdivision 5, is amended to read:

169.8 Subd. 5. **Minimum fire state aid allocation amount.** (a) The minimum fire state aid
169.9 allocation amount is the amount derived from any additional funding amount to support a
169.10 minimum fire state aid amount under section 423A.02, subdivision 3. The minimum fire
169.11 state aid allocation amount is allocated to municipalities or independent nonprofit firefighting
169.12 corporations with volunteer firefighters' relief associations or covered by the statewide
169.13 volunteer firefighter plan. The amount is based on the number of active volunteer firefighters
169.14 who are (1) members of the relief association as reported to the Office of the State Auditor
169.15 in a specific annual financial reporting year as specified in paragraphs (b) to (d), or (2)
169.16 covered by the statewide volunteer firefighter plan as specified in paragraph (e).

169.17 (b) For relief associations established in calendar year 1993 or a prior year, the number
169.18 of active volunteer firefighters equals the number of active volunteer firefighters who were
169.19 members of the relief association as reported in the annual financial reporting for calendar
169.20 year 1993, but not to exceed 30 active volunteer firefighters.

169.21 (c) For relief associations established in calendar year 1994 through calendar year 1999,
169.22 the number of active volunteer firefighters equals the number of active volunteer firefighters
169.23 who were members of the relief association as reported in the annual financial reporting for
169.24 calendar year 1998 to the Office of the State Auditor, but not to exceed 30 active volunteer
169.25 firefighters.

169.26 (d) For relief associations established after calendar year 1999, the number of active
169.27 volunteer firefighters equals the number of active volunteer firefighters who are members
169.28 of the relief association as reported in the first annual financial reporting submitted to the
169.29 Office of the State Auditor, but not to exceed 20 active volunteer firefighters.

169.30 (e) ~~If a relief association is terminated as a result of~~ For a municipality or independent
169.31 nonprofit firefighting corporation that is providing retirement coverage for volunteer
169.32 firefighters by the statewide volunteer firefighter plan under chapter 353G, the number of
169.33 active volunteer firefighters equals the number of active volunteer firefighters of the

170.1 municipality or independent nonprofit firefighting corporation covered by the statewide
170.2 plan as certified by the executive director of the Public Employees Retirement Association
170.3 to the commissioner and the state auditor by February 1 immediately following the date the
170.4 municipality or independent nonprofit firefighting corporation begins coverage in the plan,
170.5 but not to exceed 30 active firefighters.

170.6 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023
170.7 and thereafter.

170.8 Sec. 17. Minnesota Statutes 2020, section 477B.03, subdivision 7, is amended to read:

170.9 Subd. 7. **Appeal.** A municipality, an independent nonprofit firefighting corporation, a
170.10 fire relief association, or the statewide volunteer firefighter plan may object to the amount
170.11 of fire state aid apportioned to it by filing a written request with the commissioner to review
170.12 and adjust the apportionment of funds within the state. The objection of a municipality, an
170.13 independent nonprofit firefighting corporation, a fire relief association, or the voluntary
170.14 statewide volunteer firefighter retirement plan must be filed with the commissioner within
170.15 60 days of the date the amount of apportioned fire state aid is paid. The decision of the
170.16 commissioner is subject to appeal, review, and adjustment by the district court in the county
170.17 in which the applicable municipality or independent nonprofit firefighting corporation is
170.18 located or by the Ramsey County District Court with respect to the statewide volunteer
170.19 firefighter plan.

170.20 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023
170.21 and thereafter.

170.22 Sec. 18. Minnesota Statutes 2020, section 477B.04, subdivision 1, is amended to read:

170.23 Subdivision 1. **Payments.** (a) The commissioner must make payments to the Public
170.24 Employees Retirement Association for deposit in the statewide volunteer firefighter fund
170.25 on behalf of a municipality or independent nonprofit firefighting corporation that is a member
170.26 of the statewide volunteer firefighter plan under chapter 353G, ~~or directly to a municipality~~
170.27 ~~or county designated by an independent nonprofit firefighting corporation.~~ The commissioner
170.28 must directly pay all other municipalities qualifying for fire state aid, except as provided in
170.29 paragraph (d). The payment is equal to the amount of fire state aid apportioned to the
170.30 applicable fire state aid recipient under section 477B.03.

170.31 (b) Fire state aid is payable on October 1 annually. The amount of state aid due and not
170.32 paid by October 1 accrues interest payable to the recipient at the rate of one percent for each
170.33 month or part of a month that the amount remains unpaid after October 1.

171.1 (c) If the commissioner of revenue does not receive a financial compliance report
171.2 described in section 6.495, subdivision 3, for a relief association, the amount of fire state
171.3 aid apportioned to a municipality or independent nonprofit firefighting corporation under
171.4 section 477B.03 for that relief association must be withheld from payment to the Public
171.5 Employees Retirement Association or the municipality. The commissioner of revenue must
171.6 issue a withheld payment within ten business days of receipt of a financial compliance report
171.7 under section 6.495, subdivision 3. The interest under paragraph (b) does not apply when
171.8 to a payment has not been made by October 1 due to noncompliance with sections 424A.014
171.9 and 477B.02, subdivision 7 withheld under this paragraph.

171.10 (d) The commissioner must make payments directly to the largest municipality in
171.11 population located within any area included in a joint powers entity that does not have a
171.12 designated agency under section 471.59, subdivision 3, or within the fire department service
171.13 area of an eligible independent nonprofit firefighting corporation. If there is no city or town
171.14 within the fire department service area of an eligible independent nonprofit firefighting
171.15 corporation, fire state aid must be paid to the county where the independent nonprofit
171.16 firefighting corporation is located.

171.17 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023
171.18 and thereafter.

171.19 Sec. 19. Minnesota Statutes 2020, section 477B.04, is amended by adding a subdivision
171.20 to read:

171.21 Subd. 4. **Aid amount corrections.** (a) An adjustment needed to correct a fire state aid
171.22 overpayment or underpayment due to a clerical error must be made to subsequent fire state
171.23 aid payments as provided in paragraphs (b) and (c). The authority to correct an aid payment
171.24 under this subdivision is limited to three years after the payment was issued.

171.25 (b) If an overpayment equals more than ten percent of the most recently paid aid amount,
171.26 the commissioner must reduce the aid a municipality or independent nonprofit firefighting
171.27 corporation is to receive by the amount overpaid over a period of no more than three years.
171.28 If an overpayment equals or is less than ten percent of the most recently paid aid amount,
171.29 the commissioner must reduce the next aid payment occurring in 30 days or more by the
171.30 amount overpaid.

171.31 (c) In the event of an underpayment, the commissioner must distribute the amount of
171.32 underpaid funds to the municipality or independent nonprofit firefighting corporation over
171.33 a period of no more than three years. An additional distribution to a municipality or
171.34 independent nonprofit firefighting corporation must be paid from the general fund and must

172.1 not diminish the payments made to other municipalities or independent nonprofit firefighting
172.2 corporations under this chapter.

172.3 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023
172.4 and thereafter.

172.5 Sec. 20. Minnesota Statutes 2020, section 477C.03, subdivision 2, is amended to read:

172.6 Subd. 2. **Apportionment of police state aid.** (a) The total amount available for
172.7 apportionment as police state aid is equal to 104 percent of the amount of premium taxes
172.8 paid to the state on the premiums reported to the commissioner by companies or insurance
172.9 companies on the Minnesota Aid to Police Premium Report, except that credits claimed
172.10 under section 297I.20, subdivisions 3, 4, and 5, do not affect the calculation of the total
172.11 amount of police state aid available for apportionment. The total amount for apportionment
172.12 for the police state aid program must not be less than two percent of the amount of premiums
172.13 reported to the commissioner by companies or insurance companies on the Minnesota Aid
172.14 to Police Premium Report.

172.15 (b) The commissioner must calculate the percentage of increase or decrease reflected in
172.16 the apportionment over or under the previous year's available state aid using the same
172.17 premiums as a basis for comparison.

172.18 (c) In addition to the amount for apportionment of police state aid under paragraph (a),
172.19 each year \$100,000 must be apportioned for police state aid. An amount sufficient to pay
172.20 this increase is annually appropriated from the general fund.

172.21 (d) The commissioner must apportion police state aid to all municipalities in proportion
172.22 to the relationship that the total number of peace officers employed by that municipality for
172.23 the prior calendar year and the proportional or fractional number who were employed less
172.24 than a calendar year as credited under section 477C.02, subdivision 1, paragraph (c), bears
172.25 to the total number of peace officers employed by all municipalities subject to any reduction
172.26 under subdivision 3.

172.27 ~~(e) Any necessary additional adjustments must be made to subsequent police state aid~~
172.28 ~~apportionments.~~

172.29 **EFFECTIVE DATE.** (a) The amendment to paragraph (a) is effective the day following
172.30 final enactment.

172.31 (b) The amendment striking paragraph (e) is effective for aids payable in calendar year
172.32 2023 and thereafter.

173.1 Sec. 21. Minnesota Statutes 2020, section 477C.03, subdivision 5, is amended to read:

173.2 Subd. 5. **Appeal.** A municipality may object to the amount of police state aid apportioned
173.3 to it by filing a written request with the commissioner to review and adjust the apportionment
173.4 of funds to the municipality. The objection of a municipality must be filed with the
173.5 commissioner within 60 days of the date the amount of apportioned police state aid is paid.
173.6 The decision of the commissioner is subject to appeal, review, and adjustment by the district
173.7 court in the county in which the applicable municipality is located or by the Ramsey County
173.8 District Court with respect to the Departments of Natural Resources or Public Safety.

173.9 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023
173.10 and thereafter.

173.11 Sec. 22. Minnesota Statutes 2020, section 477C.04, is amended by adding a subdivision
173.12 to read:

173.13 Subd. 4. **Aid amount corrections.** (a) An adjustment needed to correct a police state
173.14 aid overpayment or underpayment due to a clerical error must be made to subsequent police
173.15 state aid payments as provided in paragraphs (b) and (c). The authority to correct an aid
173.16 payment under this subdivision is limited to three years after the payment was issued.

173.17 (b) If an overpayment equals more than ten percent of the most recently paid aid amount,
173.18 the commissioner must reduce the aid a municipality is to receive by the amount overpaid
173.19 over a period of no more than three years. If an overpayment equals or is less than ten
173.20 percent of the most recently paid aid amount, the commissioner must reduce the next aid
173.21 payment occurring in 30 days or more by the amount overpaid.

173.22 (c) In the event of an underpayment, the commissioner must distribute the amount of
173.23 underpaid funds to the municipality over a period of no more than three years. An additional
173.24 distribution to a municipality must be paid from the general fund and must not diminish the
173.25 payments made to other municipalities under this chapter.

173.26 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023
173.27 and thereafter.

173.28 Sec. 23. **REPEALER.**

173.29 Minnesota Statutes 2020, sections 477B.02, subdivision 4; and 477B.03, subdivision 6,
173.30 are repealed.

173.31 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023
173.32 and thereafter.

174.1

ARTICLE 13

174.2

**DEPARTMENT OF REVENUE POLICY AND TECHNICAL: MISCELLANEOUS
TAX PROVISIONS**

174.3

174.4

Section 1. Minnesota Statutes 2020, section 290A.03, subdivision 13, is amended to read:

174.5

Subd. 13. **Property taxes payable.** "Property taxes payable" means the property tax

174.6

exclusive of special assessments, penalties, and interest payable on a claimant's homestead

174.7

after deductions made under sections 273.135, 273.1384, 273.1391, 273.42, subdivision 2,

174.8

and any other state paid property tax credits in any calendar year, and after any refund

174.9

claimed and allowable under section 290A.04, subdivision 2h, that is first payable in the

174.10

year that the property tax is payable. In the case of a claimant who makes ground lease

174.11

payments, "property taxes payable" includes the amount of the payments directly attributable

174.12

to the property taxes assessed against the parcel on which the house is located. Regardless

174.13

of the limitations in section 280A(c)(5) of the Internal Revenue Code, "property taxes

174.14

payable" must be apportioned or reduced for the use of a portion of the claimant's homestead

174.15

for a business purpose if the claimant deducts any business depreciation expenses for the

174.16

use of a portion of the homestead or deducts expenses under section 280A of the Internal

174.17

Revenue Code for a business operated in the claimant's homestead. For homesteads which

174.18

are manufactured homes as defined in section 273.125, subdivision 8, including manufactured

174.19

homes located in a manufactured home community owned by a cooperative organized under

174.20

chapter 308A or 308B, and park trailers taxed as manufactured homes under section 168.012,

174.21

subdivision 9, "property taxes payable" shall also include 17 percent of the gross rent paid

174.22

in the preceding year for the site on which the homestead is located. When a homestead is

174.23

owned by two or more persons as joint tenants or tenants in common, such tenants shall

174.24

determine between them which tenant may claim the property taxes payable on the

174.25

homestead. If they are unable to agree, the matter shall be referred to the commissioner of

174.26

revenue whose decision shall be final. Property taxes are considered payable in the year

174.27

prescribed by law for payment of the taxes.

174.28

In the case of a claim relating to "property taxes payable," the claimant must have owned

174.29

and occupied the homestead on January 2 of the year in which the tax is payable and (i) the

174.30

property must have been classified as homestead property pursuant to section 273.124, on

174.31

or before December ~~15~~ 31 of the assessment year to which the "property taxes payable"

174.32

relate; or (ii) the claimant must provide documentation from the local assessor that application

174.33

for homestead classification has been made on or before December ~~15~~ 31 of the year in

174.34

which the "property taxes payable" were payable and that the assessor has approved the

174.35

application.

175.1 **EFFECTIVE DATE.** This section is effective for refund claims based on property taxes
175.2 payable in 2022 and thereafter.

175.3 Sec. 2. Minnesota Statutes 2020, section 290A.19, is amended to read:

175.4 **290A.19 OWNER OR MANAGING AGENT TO FURNISH RENT CERTIFICATE.**

175.5 (a) The owner or managing agent of any property for which rent is paid for occupancy
175.6 as a homestead must furnish a certificate of rent paid to a person who is a renter on December
175.7 31, in the form prescribed by the commissioner. If the renter moves before December 31,
175.8 the owner or managing agent may give the certificate to the renter at the time of moving,
175.9 or mail the certificate to the forwarding address if an address has been provided by the
175.10 renter. The certificate must be made available to the renter before February 1 of the year
175.11 following the year in which the rent was paid. The owner or managing agent must retain a
175.12 duplicate of each certificate or an equivalent record showing the same information for a
175.13 period of three years. The duplicate or other record must be made available to the
175.14 commissioner upon request.

175.15 (b) The commissioner may require the owner or managing agent, through a simple
175.16 process, to furnish to the commissioner on or before March 1 a copy of each certificate of
175.17 rent paid furnished to a renter for rent paid in the prior year. The commissioner shall prescribe
175.18 the content, format, and manner of the form pursuant to section 270C.30. The commissioner
175.19 may require the Social Security number, individual taxpayer identification number, federal
175.20 employer identification number, or Minnesota taxpayer identification number of the owner
175.21 or managing agent who is required to furnish a certificate of rent paid under this paragraph.
175.22 Prior to implementation, the commissioner, after consulting with representatives of owners
175.23 or managing agents, shall develop an implementation and administration plan for the
175.24 requirements of this paragraph that attempts to minimize financial burdens, administration
175.25 and compliance costs, and takes into consideration existing systems of owners and managing
175.26 agents.

175.27 (c) For the purposes of this section, "owner" includes a park owner as defined under
175.28 section 327C.01, subdivision 6, and "property" includes a lot as defined under section
175.29 327C.01, subdivision 3.

175.30 **EFFECTIVE DATE.** This section is effective for refund claims based on rent paid in
175.31 2022 and thereafter."

175.32 Amend the title accordingly