

1.1 A bill for an act

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

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

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

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

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

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

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

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

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

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

1.12 tax credits; modifying and allowing certain exemptions from sales and use taxes;

1.13 establishing property tax exemptions; modifying agricultural homestead provisions;

1.14 modifying state general levy; modifying expiration and termination of agricultural

1.15 preserves; allowing certain refunds for disabled veterans; modifying certain

1.16 deadlines; modifying referendum equalization levy; phasing out school building

1.17 bond agricultural credit; modifying aid and providing grants to cities and counties;

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

1.19 authorizing certain local sales taxes; requiring reports; appropriating money;

1.20 amending Minnesota Statutes 2018, sections 6.495, subdivision 3; 37.31,

1.21 subdivision 1; 38.27, by adding a subdivision; 103D.905, subdivisions 5, 9;

1.22 103E.611, subdivision 2; 116J.8737, subdivisions 1, 2, 3, 4, 5, 6, 12; 123B.595,

1.23 subdivision 5; 126C.17, subdivision 6; 138.053; 144E.42, subdivision 2; 162.145,

1.24 subdivision 3; 197.603, subdivision 2; 256J.02, subdivision 2; 270A.03, subdivision

1.25 5; 270B.08, subdivision 2; 270C.57; 270C.85, subdivision 2; 270C.89, subdivisions

1.26 1, 2; 270C.91; 272.02, subdivisions 27, 49, 81, by adding subdivisions; 272.115,

1.27 subdivision 1; 273.032; 273.061, subdivision 9; 273.0755; 273.113, subdivision

1.28 3; 273.119, subdivision 2; 273.1231, subdivision 3; 273.124, subdivisions 3a, 8,

1.29 13, 14, 21, by adding a subdivision; 273.1245, subdivision 2; 273.13, subdivisions

1.30 22, 23, 34; 273.136, subdivision 2; 273.1384, subdivisions 2, 3; 273.1387,

1.31 subdivisions 2, 3; 273.18; 273.371, subdivision 1; 273.3711; 274.14; 274.16;

1.32 275.025, subdivision 1, by adding a subdivision; 276.131; 282.01, subdivision 6;

1.33 287.21, subdivision 1; 289A.08, subdivisions 1, 6, 7; 289A.20, subdivision 4;

1.34 289A.25, subdivision 1; 289A.31, subdivision 2; 289A.37, subdivision 6; 289A.38,

1.35 subdivision 7; 289A.60, subdivision 15; 290.01, subdivisions 29a, 31, by adding

1.36 subdivisions; 290.0131, subdivisions 1, 3, by adding subdivisions; 290.0132,

1.37 subdivisions 1, 7, 19, 20, 26, by adding subdivisions; 290.0133, subdivision 6;

1.38 290.0134, by adding subdivisions; 290.0137; 290.032, subdivision 2; 290.05,

2.1 subdivision 3; 290.06, subdivisions 2c, 2d, 2h; 290.067, subdivision 2b; 290.0671,  
 2.2 subdivisions 1, 6, 7; 290.0672, subdivision 2; 290.0675, subdivision 1; 290.0681,  
 2.3 subdivisions 1, 2, 3, 4; 290.0684, subdivision 2; 290.0802, subdivisions 2, 3;  
 2.4 290.091, subdivisions 2, 3; 290.0921, subdivisions 2, 3; 290.0922, subdivision 1;  
 2.5 290.095, subdivision 2; 290.191, subdivision 5; 290.21, subdivision 4, by adding  
 2.6 a subdivision; 290.34, by adding a subdivision; 290.92, subdivisions 1, 5, 28;  
 2.7 290A.03, subdivisions 3, 4, 8, 12, 13; 290A.04, subdivision 4; 290A.05; 290A.08;  
 2.8 290A.09; 290B.04, subdivision 1; 290B.09, subdivision 1; 291.03, subdivisions  
 2.9 9, 10; 295.50, subdivisions 3, 4, 9b, 14, 15, by adding subdivisions; 295.51,  
 2.10 subdivision 1a; 295.52, subdivisions 1, 1a, 2, 3, 4, 8; 295.53, subdivision 1; 295.57,  
 2.11 subdivisions 3, 5; 295.582, subdivision 1; 296A.03, subdivision 2; 296A.04, by  
 2.12 adding a subdivision; 296A.05, by adding a subdivision; 296A.06; 297A.61,  
 2.13 subdivision 18; 297A.66, subdivisions 1, 2, 3; 297A.67, subdivisions 6, 12, by  
 2.14 adding a subdivision; 297A.68, subdivisions 17, 25, 42, 44; 297A.70, subdivisions  
 2.15 3, 4, 10, 16, 20, by adding a subdivision; 297A.71, subdivisions 22, 45, 50, by  
 2.16 adding subdivisions; 297A.75, subdivisions 1, 2; 297A.77, by adding a subdivision;  
 2.17 297A.84; 297A.85; 297A.99, subdivisions 1, 2, 3, by adding a subdivision;  
 2.18 297A.993, subdivisions 1, 2, by adding a subdivision; 297B.01, subdivisions 14,  
 2.19 16; 297B.03; 297F.01, subdivisions 19, 23, by adding a subdivision; 297F.08,  
 2.20 subdivisions 8, 9; 297F.09, subdivision 10; 297G.09, subdivision 9; 297I.20,  
 2.21 subdivision 3; 298.018, subdivision 1, by adding a subdivision; 298.225, subdivision  
 2.22 1; 298.28, subdivisions 3, 11; 298.282, subdivision 1; 353.27, subdivision 3c;  
 2.23 353.505; 353G.01, subdivision 9; 353G.05, subdivision 2; 353G.08, subdivisions  
 2.24 1, 1a; 353G.17, subdivision 2; 356.20, subdivision 4a; 356.219, subdivision 8;  
 2.25 423A.02, subdivisions 1b, 3; 423A.022, subdivisions 2, 4; 424A.016, subdivisions  
 2.26 2, 4; 424A.02, subdivisions 1, 3a, 10; 424A.03, subdivision 2; 424A.05,  
 2.27 subdivisions 2, 3, by adding a subdivision; 424A.07; 424A.091, subdivision 3;  
 2.28 424A.092, subdivisions 3, 4; 424A.093, subdivision 5; 424B.09; 462D.03,  
 2.29 subdivision 2; 469.169, by adding a subdivision; 469.171, subdivision 4; 469.177,  
 2.30 subdivision 1; 469.316, subdivision 1; 471.831; 473H.08, subdivisions 1, 4, by  
 2.31 adding a subdivision; 473H.09, by adding a subdivision; 474A.02, subdivision  
 2.32 22b; 475.521, subdivision 1; 477A.013, subdivision 9; 477A.03, subdivisions 2a,  
 2.33 2b; Minnesota Statutes 2019 Supplement, sections 289A.02, subdivision 7;  
 2.34 289A.12, subdivision 14; 289A.35; 290.01, subdivision 19; 290.0132, subdivision  
 2.35 21; 290.0672, subdivision 1; 290.0684, subdivision 1; 290.091, subdivision 2;  
 2.36 290.17, subdivision 2; 290A.03, subdivision 15; 291.005, subdivision 1; 462D.06,  
 2.37 subdivisions 1, 2; Laws 1980, chapter 511, section 1, subdivision 1; Laws 1986,  
 2.38 chapter 396, section 5, as amended; Laws 1986, chapter 462, section 31, as  
 2.39 amended; Laws 1994, chapter 587, article 9, section 11; Laws 1998, chapter 389,  
 2.40 article 8, section 45, subdivisions 1, 3, as amended, 4, 5; Laws 2003, chapter 127,  
 2.41 article 10, section 31, subdivision 1, as amended; Laws 2003, First Special Session  
 2.42 chapter 14, article 13C, section 2, subdivision 6, as amended; Laws 2008, chapter  
 2.43 366, article 5, sections 26, as amended; 33, as amended; Laws 2009, chapter 88,  
 2.44 article 2, section 46, subdivisions 1, as amended, 2, 3, as amended, 4, 5; Laws  
 2.45 2009, chapter 122, section 3, subdivisions 1, 2; Laws 2011, First Special Session  
 2.46 chapter 7, article 4, section 10, subdivision 3; Laws 2014, chapter 308, article 6,  
 2.47 section 8, subdivision 1, as amended; Laws 2017, First Special Session chapter 1,  
 2.48 article 3, section 32; article 8, section 3; article 10, section 4; Laws 2018, chapter  
 2.49 211, article 14, section 26; proposing coding for new law in Minnesota Statutes,  
 2.50 chapters 16A; 270B; 270C; 290; 297I; 424A; 469; proposing coding for new law  
 2.51 as Minnesota Statutes, chapters 477B; 477C; repealing Minnesota Statutes 2018,  
 2.52 sections 37.31, subdivision 8; 69.011, subdivisions 1, 2, 2b, 2c, 3, 4; 69.021,  
 2.53 subdivisions 1, 2, 3, 4, 5, 7, 7a, 8, 9, 10, 11; 69.022; 69.031, subdivisions 1, 3, 5;  
 2.54 69.041; 69.051, subdivisions 1, 1a, 1b, 2, 3, 4; 69.33; 69.80; 270C.131; 275.29;  
 2.55 290.0131, subdivisions 7, 11, 12, 13; 290.0132, subdivision 8; 290.0133,  
 2.56 subdivisions 13, 14; 290.0671, subdivision 6a; 290.10, subdivision 2; 296A.03,  
 2.57 subdivision 5; 296A.04, subdivision 2; 296A.05, subdivision 2; 297A.66,  
 2.58 subdivision 4b; 297F.08, subdivision 5; 297I.25, subdivision 2; Laws 2011, First

3.1 Special Session chapter 9, article 6, section 97, subdivision 6; Minnesota Rules,  
3.2 part 8125.0410, subpart 1.

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

3.4 **ARTICLE 1**

3.5 **FEDERAL CONFORMITY**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4.26 (b) For the purposes of this section, "statutory year" means the year preceding the first  
 4.27 year for which dollar amounts are to be adjusted for inflation under sections that reference  
 4.28 this section. For adjustments under chapter 290A, the statutory year refers to the year in  
 4.29 which a taxpayer's household income used to calculate refunds under chapter 290A was  
 4.30 earned and not the year in which refunds are payable. For all other adjustments, the statutory  
 4.31 year refers to the taxable year unless otherwise specified.

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

5.1 this section by that percentage change. For each subsequent taxable year, the commissioner  
 5.2 shall increase the dollar amounts by the percentage change in the index from August 31 of  
 5.3 the year preceding the statutory year to August 31 of the year preceding the taxable year.

5.4 (d) To determine the dollar amounts for refunds payable in 2020 under chapter 290A,  
 5.5 the commissioner shall determine the percentage change in the index for the 12-month  
 5.6 period ending on August 31, 2019, and increase each of the unrounded dollar amounts in  
 5.7 the sections referencing this section by that percentage change. For each subsequent year,  
 5.8 the commissioner shall increase the dollar amounts by the percentage change in the index  
 5.9 from August 31 of the year preceding the statutory year to August 31 of the year preceding  
 5.10 the year in which refunds are payable.

5.11 (e) Unless otherwise provided, the commissioner shall round the amounts as adjusted  
 5.12 to the nearest \$10 amount. If an amount ends in \$5, the amount is rounded up to the nearest  
 5.13 \$10 amount.

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

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

5.20 **EFFECTIVE DATE.** This section is effective for adjustments beginning with taxable  
 5.21 years beginning after December 31, 2019, calendar years beginning after December 31,  
 5.22 2019, and for refunds based on rent paid in 2019 and property taxes payable in 2020.

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

5.24 Subd. 7. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal  
 5.25 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December~~  
 5.26 ~~16, 2016~~ December 31, 2018.

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

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

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

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

6.9 (2) an individual who is a Minnesota resident is not required to file a Minnesota income  
6.10 tax return if the individual's gross income derived from Minnesota sources as determined  
6.11 under section 290.17, less the subtractions allowed under section 290.0132, subdivisions  
6.12 12 and 15, is less than the filing requirements for a single individual who is a full-year  
6.13 resident of Minnesota.

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

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

6.22 (d) The commissioner of revenue must annually determine the gross income levels at  
6.23 which individuals are required to file a return for each taxable year based on the amounts  
6.24 allowed as a deduction under section 290.0123.

6.25 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
6.26 31, 2018.

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

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

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

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

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

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

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

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

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

7.32 (i) Estates and trusts distributing current income only and the nonresident individual  
7.33 beneficiaries of the estates or trusts may make an election under this paragraph. The

8.1 provisions covering the partnership apply to the estate or trust. The provisions applying to  
8.2 the partner apply to the beneficiary.

8.3 (j) For the purposes of this subdivision, "income" means the partner's share of federal  
8.4 adjusted gross income from the partnership modified by the additions provided in section  
8.5 290.0131, subdivisions 8 to ~~10~~ and 16, and the subtractions provided in: (1) section  
8.6 290.0132, subdivision 9, to the extent the amount is assignable or allocable to Minnesota  
8.7 under section 290.17; and (2) section 290.0132, subdivision 14. The subtraction allowed  
8.8 under section 290.0132, subdivision 9, is only allowed on the composite tax computation  
8.9 to the extent the electing partner would have been allowed the subtraction.

8.10 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
8.11 31, 2018.

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

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

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

8.26 (1) "Exempt-interest dividends" mean exempt-interest dividends as defined in section  
8.27 852(b)(5) of the Internal Revenue Code, but does not include the portion of exempt-interest  
8.28 dividends that are not required to be added to federal ~~taxable~~ adjusted gross income under  
8.29 section 290.0131, subdivision 2, paragraph (b).

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



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

9.5 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
9.6 31, 2018.

9.7 Sec. 7. Minnesota Statutes 2018, section 289A.35, is amended to read:

9.8 **289A.35 ASSESSMENTS ON RETURNS.**

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

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

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

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

9.24 (e) The commissioner may audit and adjust the taxpayer's computation of tax under  
9.25 chapter 291. In the case of a return filed pursuant to section 289A.10, the commissioner  
9.26 shall notify the estate no later than nine months after the filing date, as provided by section  
9.27 289A.38, subdivision 2, whether the return is under examination or the return has been  
9.28 processed as filed.

9.29 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
9.30 31, 2018.

10.1 Sec. 8. Minnesota Statutes 2018, section 290.01, is amended by adding a subdivision to  
10.2 read:

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

10.5 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
10.6 31, 2018.

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

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

10.11 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
10.12 31, 2018.

10.13 Sec. 10. Minnesota Statutes 2018, section 290.01, subdivision 19, is amended to read:

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

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

10.23 (c) In the case of a regulated investment company or a fund thereof, as defined in section  
10.24 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment  
10.25 company taxable income as defined in section 852(b)(2) of the Internal Revenue Code,  
10.26 except that:

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

10.29 (2) the deduction for dividends paid under section 852(b)(2)(D) of the Internal Revenue  
10.30 Code must be applied by allowing a deduction for capital gain dividends and exempt-interest

11.1 dividends as defined in sections 852(b)(3)(C) and 852(b)(5) of the Internal Revenue Code;  
11.2 and

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

11.6 (d) The net income of a real estate investment trust as defined and limited by section  
11.7 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust  
11.8 taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

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

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

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

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

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

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

11.25 Subd. 19i. **Deferred foreign income.** "Deferred foreign income" means the income of  
11.26 a domestic corporation that is included in net income under section 965 of the Internal  
11.27 Revenue Code.

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

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

12.3 Subd. 21a. **Adjusted gross income; federal adjusted gross income.** The terms "adjusted  
12.4 gross income" and "federal adjusted gross income" mean adjusted gross income, as defined  
12.5 in section 62 of the Internal Revenue Code, as amended through the date named in  
12.6 subdivision 19, paragraph (f), incorporating the federal effective date of changes to the  
12.7 Internal Revenue Code and any elections made by the taxpayer under the Internal Revenue  
12.8 Code in determining federal adjusted gross income for federal income tax purposes.

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

12.10 Sec. 13. Minnesota Statutes 2018, section 290.01, subdivision 29a, is amended to read:

12.11 Subd. 29a. **State itemized deduction.** "State itemized ~~deduction~~ deductions" means  
12.12 ~~federal itemized deductions, as defined in section 63(d) of the Internal Revenue Code,~~  
12.13 ~~disregarding any limitation under section 68 of the Internal Revenue Code, and reduced by~~  
12.14 ~~the amount of the addition required under section 290.0131, subdivision 13~~ the itemized  
12.15 deductions for individual income tax allowed under section 290.0122, subdivision 1, reduced  
12.16 by the limit under section 290.0122, subdivision 2.

12.17 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
12.18 31, 2018.

12.19 Sec. 14. Minnesota Statutes 2018, section 290.01, subdivision 31, is amended to read:

12.20 Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal  
12.21 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December~~  
12.22 ~~16, 2016~~ December 31, 2018. Internal Revenue Code also includes any uncodified provision  
12.23 in federal law that relates to provisions of the Internal Revenue Code that are incorporated  
12.24 into Minnesota law.

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

12.29 Sec. 15. **[290.0121] DEPENDENT EXEMPTION.**

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

13.1 (1) the exemption amount multiplied by the number of individuals who are dependents,  
13.2 as defined in sections 151 and 152 of the Internal Revenue Code, of the taxpayer for the  
13.3 taxable year; minus

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

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

13.7 Subd. 2. **Disallowed exemption amount.** (a) The disallowed exemption amount equals  
13.8 the dependent exemption allowed under subdivision 1, paragraph (a), clause (1), multiplied  
13.9 by the applicable percentage.

13.10 (b) For a married individual filing a separate return, "applicable percentage" means two  
13.11 percentage points for each \$1,250, or fraction of that amount, by which the taxpayer's federal  
13.12 adjusted gross income for the taxable year exceeds the threshold amount. For all other filers,  
13.13 applicable percentage means two percentage points for each \$2,500, or fraction of that  
13.14 amount, by which the taxpayer's federal adjusted gross income for the taxable year exceeds  
13.15 the threshold amount. The applicable percentage must not exceed 100 percent.

13.16 (c) "Threshold amount" means:

13.17 (1) \$291,950 for a joint return or a surviving spouse;

13.18 (2) \$243,300 for a head of a household;

13.19 (3) \$194,650 for an individual who is not married and who is not a surviving spouse or  
13.20 head of a household; and

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

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

13.29 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
13.30 31, 2018.

14.1 Sec. 16. [290.0122] ITEMIZED DEDUCTIONS.

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

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

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

14.10 (2) 80 percent of the amount of the taxpayer's itemized deductions.

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

14.13 (c) For the purposes of this subdivision, "itemized deductions" means the itemized  
14.14 deductions otherwise allowable to the taxpayer under subdivision 1, except itemized  
14.15 deductions excludes:

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

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

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

14.20 (d) For taxable years beginning after December 31, 2019, the commissioner must adjust  
14.21 for inflation the applicable amounts under paragraph (b) as provided in section 270C.22.

14.22 The statutory year is taxable year 2019. The amounts as adjusted must be rounded down to  
14.23 the nearest \$50 amount. The threshold amount for married individuals filing separate returns  
14.24 must be one-half of the adjusted amount for married individuals filing joint returns.

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

14.27 (1) state and local personal property taxes and real property taxes, in a total amount for  
14.28 both types not to exceed \$10,000, or \$5,000 for a married taxpayer filing a separate return;

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

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

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

15.7 (1) "carryover of subnational foreign taxes" equals the carryover allowed under section  
15.8 904(c) of the Internal Revenue Code minus national level foreign taxes to the extent they  
15.9 exceed the federal foreign tax credit;

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

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

15.15 Subd. 4. **Charitable contributions.** (a) A taxpayer is allowed a deduction for charitable  
15.16 contributions. The deduction equals the amount of the charitable contribution deduction  
15.17 allowable to the taxpayer under section 170 of the Internal Revenue Code, including the  
15.18 denial of the deduction under section 408(d)(8), except that the provisions of section  
15.19 170(b)(1)(G) apply regardless of the taxable year.

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

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

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

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

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

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

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

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

16.13 Subd. 9. **Miscellaneous deduction.** A taxpayer is allowed a miscellaneous deduction.  
16.14 The deduction equals the sum of the following amounts for the taxable year:

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

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

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

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

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

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

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

16.24 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
16.25 31, 2018.

16.26 Sec. 17. **[290.0123] STANDARD DEDUCTION.**

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

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

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

16.30 (3) for any other filer, one-half the amount in clause (1); plus



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

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

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

17.5 (1) \$1,300 if the taxpayer has attained age 65 before the close of the taxable year or  
17.6 \$1,650 for such a taxpayer who is not married or a surviving spouse;

17.7 (2) \$1,300 for the spouse of the taxpayer if the spouse has attained the age of 65 before  
17.8 the close of the taxable year and qualifies for an exemption under section 151(b) of the  
17.9 Internal Revenue Code;

17.10 (3) \$1,300 if the taxpayer is blind at the close of the taxable year or \$1,650 for such a  
17.11 taxpayer who is not married or a surviving spouse; and

17.12 (4) \$1,300 for the spouse of the taxpayer if the spouse is blind as of the close of the  
17.13 taxable year and qualifies for an exemption under section 151(b) of the Internal Revenue  
17.14 Code.

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

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

17.21 (1) \$1,100; or

17.22 (2) the lesser of (i) the sum of \$350 and that individual's earned income, as defined in  
17.23 section 32(c) of the Internal Revenue Code; or (ii) the standard deduction amount allowed  
17.24 under subdivision 1, clause (3).

17.25 Subd. 4. **Deduction disallowed.** The standard deduction is zero for: (1) a married  
17.26 individual filing a separate return if either spouse itemizes deductions; (2) an individual  
17.27 making a return for a period of less than twelve months on account of changes in the annual  
17.28 accounting period; and (3) a nonresident alien individual, except as allowed under a United  
17.29 States income tax treaty.

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

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

18.3 (2) 80 percent of the standard deduction otherwise allowable under this section.

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

18.6 Subd. 6. **Inflation adjustment.** For taxable years beginning after December 31, 2019,  
 18.7 the commissioner must adjust for inflation the standard deduction amounts in subdivision  
 18.8 1, the additional amounts in subdivision 2, the amounts in subdivision 3, and the applicable  
 18.9 amounts in subdivision 5 as provided in section 270C.22. The statutory year is taxable year  
 18.10 2019. The amounts as adjusted must be rounded down to the nearest \$50 amount. The  
 18.11 standard deduction amount for married individuals filing separate returns is one-half of the  
 18.12 adjusted amount for married individuals filing joint returns.

18.13 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 18.14 31, 2018.

18.15 Sec. 18. Minnesota Statutes 2018, section 290.0131, subdivision 1, is amended to read:

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

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

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

18.24 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 18.25 31, 2018.

18.26 Sec. 19. Minnesota Statutes 2018, section 290.0131, subdivision 3, is amended to read:

18.27 Subd. 3. **Income, sales and use, motor vehicle sales, or excise taxes paid.** ~~(a)~~ For trusts  
 18.28 and estates, the amount of income, sales and use, motor vehicle sales, or excise taxes paid  
 18.29 or accrued within the taxable year under this chapter and the amount of taxes based on net  
 18.30 income, sales and use, motor vehicle sales, or excise taxes paid to any other state or to any

19.1 province or territory of Canada is an addition to the extent deducted under section 63(d) of  
19.2 the Internal Revenue Code.

19.3 ~~(b) The addition under paragraph (a) may not be more than the amount by which the~~  
19.4 ~~state itemized deduction exceeds the amount of the standard deduction as defined in section~~  
19.5 ~~63(c) of the Internal Revenue Code. For the purpose of this subdivision, income, sales and~~  
19.6 ~~use, motor vehicle sales, or excise taxes are the last itemized deductions disallowed under~~  
19.7 ~~subdivision 12.~~

19.8 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
19.9 31, 2018.

19.10 Sec. 20. Minnesota Statutes 2018, section 290.0131, is amended by adding a subdivision  
19.11 to read:

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

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

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

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

19.22 Sec. 21. Minnesota Statutes 2018, section 290.0131, is amended by adding a subdivision  
19.23 to read:

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

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

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

20.3 Subd. 17. **Foreign-derived intangible income** To the extent deducted from net income,  
20.4 the amount of foreign-derived intangible income deducted under section 250 of the Internal  
20.5 Revenue Code for the taxable year is an addition.

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

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

20.10 Subd. 18. **Special deductions.** For trusts and estates, the amount of any special deduction  
20.11 under section 250 or 965 of the Internal Revenue Code is an addition, to the extent not  
20.12 included in taxable income.

20.13 **EFFECTIVE DATE.** This section is effective the day following final enactment, except  
20.14 the changes incorporated by federal changes are effective retroactively at the same time the  
20.15 changes became effective for federal purposes.

20.16 Sec. 24. Minnesota Statutes 2018, section 290.0132, subdivision 1, is amended to read:

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

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

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

20.26 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
20.27 31, 2018.

20.28 Sec. 25. Minnesota Statutes 2018, section 290.0132, subdivision 7, is amended to read:

20.29 Subd. 7. **Charitable contributions for taxpayers who do not itemize.** ~~To the extent~~  
20.30 ~~not deducted or not deductible under section 408(d)(8)(E) of the Internal Revenue Code in~~  
20.31 ~~determining federal taxable income by~~ For an individual who does not itemize deductions

21.1 ~~for federal income tax purposes~~ under section 290.0132, subdivision 19, for the taxable  
 21.2 year, an amount equal to 50 percent of the excess of charitable contributions over \$500  
 21.3 allowable as a deduction for the taxable year under section ~~170(a) of the Internal Revenue~~  
 21.4 ~~Code~~ 290.0122, subdivision 4, is a subtraction. The subtraction under this subdivision must  
 21.5 not include a distribution that is excluded from federal adjusted gross income and that is  
 21.6 not deductible under section 408(d)(8)(E) of the Internal Revenue Code.

21.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 21.8 31, 2018.

21.9 Sec. 26. Minnesota Statutes 2018, section 290.0132, subdivision 19, is amended to read:

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

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

21.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 21.17 31, 2018.

21.18 Sec. 27. Minnesota Statutes 2018, section 290.0132, subdivision 20, is amended to read:

21.19 Subd. 20. **Disallowed Personal Dependent exemption.** The amount of the phaseout of  
 21.20 personal exemptions under section ~~151(d) of the Internal Revenue Code~~ is a subtraction.  
 21.21 The dependent exemption under section 290.0121, subdivision 1, paragraph (a), is a  
 21.22 subtraction.

21.23 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 21.24 31, 2018.

21.25 Sec. 28. Minnesota Statutes 2018, section 290.0132, subdivision 21, is amended to read:

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

22.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
22.2 31, 2018.

22.3 Sec. 29. Minnesota Statutes 2018, section 290.0132, is amended by adding a subdivision  
22.4 to read:

22.5 Subd. 27. **Deferred foreign income.** The amount of deferred foreign income recognized  
22.6 because of section 965 of the Internal Revenue Code is a subtraction.

22.7 **EFFECTIVE DATE.** This section is effective the day following final enactment, except  
22.8 the changes incorporated by federal changes are effective retroactively at the same time the  
22.9 changes become effective for federal purposes.

22.10 Sec. 30. Minnesota Statutes 2018, section 290.0132, is amended by adding a subdivision  
22.11 to read:

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

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

22.17 Sec. 31. Minnesota Statutes 2018, section 290.0133, subdivision 6, is amended to read:

22.18 Subd. 6. **Special deductions.** The amount of any special deductions under sections 241  
22.19 to 247, 250, and 965 of the Internal Revenue Code is an addition.

22.20 **EFFECTIVE DATE.** This section is effective the day following final enactment, except  
22.21 the changes incorporated by federal changes are effective retroactively at the same time the  
22.22 changes become effective for federal purposes.

22.23 Sec. 32. Minnesota Statutes 2018, section 290.0134, is amended by adding a subdivision  
22.24 to read:

22.25 Subd. 17. **Global intangible low-taxed income.** The amount of global intangible  
22.26 low-taxed income included in gross income under section 951A of the Internal Revenue  
22.27 Code is a subtraction.

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

23.1 Sec. 33. Minnesota Statutes 2018, section 290.0134, is amended by adding a subdivision  
23.2 to read:

23.3 Subd. 18. **Deferred foreign income.** The amount of deferred foreign income recognized  
23.4 because of section 965 of the Internal Revenue Code is a subtraction.

23.5 **EFFECTIVE DATE.** This section is effective the day following final enactment, except  
23.6 the changes incorporated by federal changes are effective retroactively at the same time the  
23.7 changes become effective for federal purposes.

23.8 Sec. 34. Minnesota Statutes 2018, section 290.032, subdivision 2, is amended to read:

23.9 Subd. 2. **Computation.** The amount of tax imposed by subdivision 1 shall be computed  
23.10 in the same way as the tax imposed under section 402(d) of the Internal Revenue Code of  
23.11 1986, as amended through December 31, 1995, except that the initial separate tax shall be  
23.12 an amount equal to five times the tax which would be imposed by section 290.06, subdivision  
23.13 2c, if the recipient was an unmarried individual, and the taxable net income was an amount  
23.14 equal to one-fifth of the excess of

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

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

23.21 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
23.22 31, 2018.

23.23 Sec. 35. Minnesota Statutes 2018, section 290.05, subdivision 3, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

24.20 (c) The tax shall be imposed on organizations subject to federal tax under section  
 24.21 6033(e)(2) of the Internal Revenue Code, in an amount equal to the corporate tax rate  
 24.22 multiplied by the amount of lobbying expenses taxed under section 6033(e)(2) which are  
 24.23 attributable to lobbying the Minnesota state government.

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

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



25.1 Sec. 36. Minnesota Statutes 2018, section 290.06, subdivision 2d, is amended to read:

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

25.13 ~~(b) The commissioner shall adjust the rate brackets and by the percentage determined~~  
 25.14 ~~pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section~~  
 25.15 ~~1(f)(3)(B) the word "2012" shall be substituted for the word "1992." For 2014, the~~  
 25.16 ~~commissioner shall then determine the percent change from the 12 months ending on August~~  
 25.17 ~~31, 2012, to the 12 months ending on August 31, 2013, and in each subsequent year, from~~  
 25.18 ~~the 12 months ending on August 31, 2012, to the 12 months ending on August 31 of the~~  
 25.19 ~~year preceding the taxable year. The determination of the commissioner pursuant to this~~  
 25.20 ~~subdivision shall not be considered a "rule" and shall not be subject to the Administrative~~  
 25.21 ~~Procedure Act contained in chapter 14.~~

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

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

25.26 Sec. 37. Minnesota Statutes 2018, section 290.06, subdivision 2h, is amended to read:

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

25.28 (1) the definitions under section 290.0684 apply;

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

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

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

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

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

26.10 (1) 50 percent of the product of the credit ratio and the amount of the distribution; plus

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

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

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

26.16 Sec. 38. Minnesota Statutes 2018, section 290.067, subdivision 2b, is amended to read:

26.17 Subd. 2b. **Inflation adjustment.** The commissioner shall annually adjust the dollar  
 26.18 amount of the income threshold at which the maximum credit begins to be reduced under  
 26.19 subdivision 1 ~~by the percentage determined pursuant to the provisions of section 1(f) of the~~  
 26.20 ~~Internal Revenue Code, except that in section 1(f)(3)(B) the word "2016" shall be substituted~~  
 26.21 ~~for the word "1992." For 2018, the commissioner shall then determine the percent change~~  
 26.22 ~~from the 12 months ending on August 31, 2016, to the 12 months ending on August 31,~~  
 26.23 ~~2017, and in each subsequent year, from the 12 months ending on August 31, 2016, to the~~  
 26.24 ~~12 months ending on August 31 of the year preceding the taxable year. The determination~~  
 26.25 ~~of the commissioner pursuant to this subdivision must not be considered a "rule" and is not~~  
 26.26 ~~subject to the Administrative Procedure Act contained in chapter 14. The threshold amount~~  
 26.27 ~~as adjusted must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount~~  
 26.28 ~~is rounded up to the nearest \$10 amount~~ as provided in section 270C.22. The statutory year  
 26.29 is taxable year 2019.

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

27.1 Sec. 39. Minnesota Statutes 2018, section 290.0671, subdivision 7, is amended to read:

27.2 Subd. 7. **Inflation adjustment.** The commissioner shall annually adjust the earned  
 27.3 income amounts used to calculate the credit and the ~~income~~ phase-out thresholds at which  
 27.4 the maximum credit begins to be reduced in subdivision 1 must be adjusted for inflation.  
 27.5 The commissioner shall adjust by the percentage determined pursuant to the provisions of  
 27.6 section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "2013"  
 27.7 shall be substituted for the word "1992." For 2015, the commissioner shall then determine  
 27.8 the percent change from the 12 months ending on August 31, 2013, to the 12 months ending  
 27.9 on August 31, 2014, and in each subsequent year, from the 12 months ending on August  
 27.10 31, 2013, to the 12 months ending on August 31 of the year preceding the taxable year. The  
 27.11 earned income thresholds as adjusted for inflation must be rounded to the nearest \$10  
 27.12 amount. If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount. The  
 27.13 determination of the commissioner under this subdivision is not a rule under the  
 27.14 Administrative Procedure Act as provided in section 270C.22. The statutory year is taxable  
 27.15 year 2019.

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

27.18 Sec. 40. Minnesota Statutes 2018, section 290.0672, subdivision 1, is amended to read:

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

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

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

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

27.26 (3) has been offered in compliance with the inflation protection requirements of section  
 27.27 62S.23.

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

27.29 (d) "Premiums deducted in determining federal taxable net income" means the lesser of  
 27.30 (1) long-term care insurance premiums that qualify as deductions under section 213 of the  
 27.31 Internal Revenue Code; and (2) the total amount ~~deductible~~ deducted for medical care under  
 27.32 section 213 of the Internal Revenue Code section 290.0122, subdivision 6.

28.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 28.2 31, 2018.

28.3 Sec. 41. Minnesota Statutes 2018, section 290.0672, subdivision 2, is amended to read:

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

28.13 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 28.14 31, 2018.

28.15 Sec. 42. Minnesota Statutes 2018, section 290.0675, subdivision 1, is amended to read:

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

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

28.20 (1) earned income as defined in section 32(c)(2) of the Internal Revenue Code;

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

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

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

28.25 (d) "Earned income of lesser-earning spouse" means the earned income of the spouse  
 28.26 with the lesser amount of earned income as defined in paragraph (b) for the taxable year  
 28.27 minus ~~the sum of (i) the amount for one exemption under section 151(d) of the Internal~~  
 28.28 ~~Revenue Code and (ii) one-half the amount of the standard deduction under section~~  
 28.29 ~~63(c)(2)(A) and (4) of the Internal Revenue Code~~ 290.0123, subdivision 1, clause (1).

28.30 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 28.31 31, 2018.

29.1 Sec. 43. Minnesota Statutes 2018, section 290.0681, subdivision 1, is amended to read:

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

29.4 (b) "Account" means the historic credit administration account in the special revenue  
29.5 fund.

29.6 (c) "Office" means the State Historic Preservation Office of the Department of  
29.7 Administration.

29.8 (d) "Project" means rehabilitation of a certified historic structure, as defined in section  
29.9 47(c)(3)(A) of the Internal Revenue Code, that is located in Minnesota and is allowed a  
29.10 federal credit.

29.11 (e) "Federal credit" means the credit allowed under section ~~47(a)(2)~~ 47(a) of the Internal  
29.12 Revenue Code, except that the amount allowed is deemed to be allocated in the taxable year  
29.13 that the project is placed in service.

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

29.15 (g) "Qualified rehabilitation expenditures" has the meaning given in section 47 of the  
29.16 Internal Revenue Code.

29.17 **EFFECTIVE DATE.** This section is effective retroactively for applications for allocation  
29.18 certificates submitted after December 31, 2017.

29.19 Sec. 44. Minnesota Statutes 2018, section 290.0681, subdivision 2, is amended to read:

29.20 Subd. 2. **Credit or grant allowed; certified historic structure.** (a) A credit is allowed  
29.21 against the tax imposed under this chapter equal to not more than 100 percent of the credit  
29.22 allowed under section ~~47(a)(2)~~ 47(a) of the Internal Revenue Code for a project. The credit  
29.23 is payable in five equal yearly installments beginning with the year the project is placed in  
29.24 service. To qualify for the credit:

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

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

29.29 (b) The commissioner of administration may pay a grant in lieu of the credit. The grant  
29.30 equals 90 percent of the credit that would be allowed for the project. The grant is payable  
29.31 in five equal yearly installments beginning with the year the project is placed in service.

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

30.3 **EFFECTIVE DATE.** This section is effective retroactively for applications for allocation  
30.4 certificates submitted after December 31, 2017.

30.5 Sec. 45. Minnesota Statutes 2018, section 290.0681, subdivision 3, is amended to read:

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

30.16 (b) Upon approving an application for credit, the office shall issue allocation certificates  
30.17 that:

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

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

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

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

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

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

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

31.6 **EFFECTIVE DATE.** This section is effective retroactively for applications for allocation  
31.7 certificates submitted after December 31, 2017.

31.8 Sec. 46. Minnesota Statutes 2018, section 290.0681, subdivision 4, is amended to read:

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

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

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

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

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

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

31.27 **EFFECTIVE DATE.** This section is effective retroactively for applications for allocation  
31.28 certificates submitted after December 31, 2017.

31.29 Sec. 47. Minnesota Statutes 2018, section 290.0684, subdivision 1, is amended to read:

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

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

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

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

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

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

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

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

32.14 Sec. 48. Minnesota Statutes 2018, section 290.0684, subdivision 2, is amended to read:

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

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

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

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

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

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

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



33.1 (e) The commissioner shall annually adjust the income thresholds in paragraphs (c) and  
 33.2 (d) used to calculate the maximum credit must be adjusted for inflation. The commissioner  
 33.3 shall adjust the income thresholds by the percentage determined under the provisions of  
 33.4 section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "2016"  
 33.5 is substituted for the word "1992." For 2018, the commissioner shall then determine the  
 33.6 percent change from the 12 months ending on August 31, 2016, to the 12 months ending  
 33.7 on August 31, 2017, and in each subsequent year, from the 12 months ending on August  
 33.8 31, 2016, to the 12 months ending on August 31 of the year preceding the taxable year. The  
 33.9 income thresholds as adjusted for inflation must be rounded to the nearest \$10 amount. If  
 33.10 the amount ends in \$5, the amount is rounded up to the nearest \$10 amount. The  
 33.11 determination of the commissioner under this subdivision is not subject to chapter 14,  
 33.12 including section 14.386 as provided in section 270C.22. The statutory year is taxable year  
 33.13 2019.

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

33.16 Sec. 49. Minnesota Statutes 2018, section 290.0802, subdivision 2, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

34.5 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
34.6 31, 2018.

34.7 Sec. 50. Minnesota Statutes 2018, section 290.091, subdivision 2, is amended to read:

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

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

34.12 (1) the taxpayer's federal alternative minimum taxable income as defined in section  
34.13 55(b)(2) of the Internal Revenue Code;

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

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

34.17 (ii) the medical expense deduction;

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

34.19 (iv) the impairment-related work expenses of a disabled person;

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

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

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

35.1 (6) the amount of addition required by section 290.0131, subdivisions 9 ~~to 11~~, 10, and  
 35.2 16;

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

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

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

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

35.10 (ii) an overpayment of state income tax as provided by section 290.0132, subdivision  
 35.11 3, to the extent included in federal alternative minimum taxable income;

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

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

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

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

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

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

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

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

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

36.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
36.4 31, 2018.

36.5 Sec. 51. Minnesota Statutes 2018, section 290.091, subdivision 3, is amended to read:

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

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

36.15 (c) ~~For taxable years beginning after December 31, 2006,~~ The commissioner shall  
36.16 annually adjust the exemption amount under amounts in paragraph (a) must be adjusted for  
36.17 inflation. The commissioner shall adjust the exemption amount by the percentage determined  
36.18 pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section  
36.19 1(f)(3)(B) the word "2005" shall be substituted for the word "1992." For 2007, the  
36.20 commissioner shall then determine the percent change from the 12 months ending on August  
36.21 31, 2005, to the 12 months ending on August 31, 2006, and in each subsequent year, from  
36.22 the 12 months ending on August 31, 2005, to the 12 months ending on August 31 of the  
36.23 year preceding the taxable year. The exemption amount as adjusted must be rounded to the  
36.24 nearest \$10. If the amount ends in \$5, it must be rounded up to the nearest \$10 amount. ~~The~~  
36.25 ~~determination of the commissioner under this subdivision is not a rule under the~~  
36.26 ~~Administrative Procedure Act as provided in section 270C.22. The statutory year is taxable~~  
36.27 year 2019.

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

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

37.1 Sec. 52. Minnesota Statutes 2018, section 290.0921, subdivision 2, is amended to read:

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

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

37.5 (1) less the exemption amount, and

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

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

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

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

37.17 (2) a deduction for dividends received from a property and casualty insurer as defined  
37.18 under section 60A.60, subdivision 8, which is a member of an affiliated group of corporations  
37.19 as defined by the Internal Revenue Code and either: (i) the dividend is eliminated in  
37.20 consolidation under Treasury Regulation 1.1502-14(a), as amended through December 31,  
37.21 1989; or (ii) the dividend is deducted under an election under section 243(b) of the Internal  
37.22 Revenue Code.

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

37.25 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
37.26 31, 2017.

37.27 Sec. 53. Minnesota Statutes 2018, section 290.0921, subdivision 3, is amended to read:

37.28 Subd. 3. **Alternative minimum taxable income.** "Alternative minimum taxable income"  
37.29 is Minnesota net income as defined in section 290.01, subdivision 19, and includes the  
37.30 adjustments and tax preference items in sections 56, 57, 58, and 59(d), (e), (f), and (h) of  
37.31 the Internal Revenue Code. If a corporation files a separate company Minnesota tax return,  
37.32 the minimum tax must be computed on a separate company basis. If a corporation is part

- 38.1 of a tax group filing a unitary return, the minimum tax must be computed on a unitary basis.  
38.2 The following adjustments must be made.
- 38.3 (1) The portion of the depreciation deduction allowed for federal income tax purposes  
38.4 under section 168(k) of the Internal Revenue Code that is required as an addition under  
38.5 section 290.0133, subdivision 11, is disallowed in determining alternative minimum taxable  
38.6 income.
- 38.7 (2) The subtraction for depreciation allowed under section 290.0134, subdivision 13, is  
38.8 allowed as a depreciation deduction in determining alternative minimum taxable income.
- 38.9 (3) The alternative tax net operating loss deduction under sections 56(a)(4) and 56(d)  
38.10 of the Internal Revenue Code does not apply.
- 38.11 (4) The special rule for certain dividends under section 56(g)(4)(C)(ii) of the Internal  
38.12 Revenue Code does not apply.
- 38.13 (5) The tax preference for depletion under section 57(a)(1) of the Internal Revenue Code  
38.14 does not apply.
- 38.15 (6) The tax preference for tax exempt interest under section 57(a)(5) of the Internal  
38.16 Revenue Code does not apply.
- 38.17 (7) The tax preference for charitable contributions of appreciated property under section  
38.18 57(a)(6) of the Internal Revenue Code does not apply.
- 38.19 (8) For purposes of calculating the adjustment for adjusted current earnings in section  
38.20 56(g) of the Internal Revenue Code, the term "alternative minimum taxable income" as it  
38.21 is used in section 56(g) of the Internal Revenue Code, means alternative minimum taxable  
38.22 income as defined in this subdivision, determined without regard to the adjustment for  
38.23 adjusted current earnings in section 56(g) of the Internal Revenue Code.
- 38.24 (9) For purposes of determining the amount of adjusted current earnings under section  
38.25 56(g)(3) of the Internal Revenue Code, no adjustment shall be made under section 56(g)(4)  
38.26 of the Internal Revenue Code with respect to (i) the amount of foreign dividend gross-up  
38.27 subtracted as provided in section 290.0134, subdivision 2, or (ii) the amount of refunds of  
38.28 income, excise, or franchise taxes subtracted as provided in section 290.0134, subdivision  
38.29 8.
- 38.30 (10) Alternative minimum taxable income excludes the income from operating in a job  
38.31 opportunity building zone as provided under section 469.317.

39.1 Items of tax preference must not be reduced below zero as a result of the modifications  
39.2 in this subdivision.

39.3 (11) The subtraction for disallowed section 280E expenses under section 290.0134,  
39.4 subdivision 19, is allowed as a deduction in determining alternative minimum taxable  
39.5 income.

39.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
39.7 31, 2018.

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

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

39.13	If the sum of the corporation's Minnesota		
39.14	property, payrolls, and sales or receipts is:		the tax equals:
39.15	less than	\$ 930,000	\$ 0
39.16	\$ 930,000 to	\$ 1,869,999	\$ 190
39.17	\$ 1,870,000 to	\$ 9,339,999	\$ 560
39.18	\$ 9,340,000 to	\$ 18,679,999	\$ 1,870
39.19	\$ 18,680,000 to	\$ 37,359,999	\$ 3,740
39.20	\$ 37,360,000 or more		\$ 9,340

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

39.28	If the sum of the S corporation's		
39.29	or partnership's Minnesota		
39.30	property, payrolls, and sales or		
39.31	receipts is:		the tax equals:
39.32	less than	\$ 930,000	\$ 0
39.33	\$ 930,000 to	\$ 1,869,999	\$ 190
39.34	\$ 1,870,000 to	\$ 9,339,999	\$ 560
39.35	\$ 9,340,000 to	\$ 18,679,999	\$ 1,870

40.1	\$ 18,680,000 to	\$ 37,359,999	\$ 3,740
40.2	\$ 37,360,000 or more		\$ 9,340

40.3 (c) The commissioner shall annually adjust the dollar amounts of both the tax and the  
 40.4 property, payrolls, and sales or receipts thresholds in paragraphs (a) and (b) ~~by the percentage~~  
 40.5 ~~determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except~~  
 40.6 ~~that in section 1(f)(3)(B) the word "2012" must be substituted for the word "1992." For~~  
 40.7 ~~2014, the commissioner shall determine the percentage change from the 12 months ending~~  
 40.8 ~~on August 31, 2012, to the 12 months ending on August 31, 2013, and in each subsequent~~  
 40.9 ~~year, from the 12 months ending on August 31, 2012, to the 12 months ending on August~~  
 40.10 ~~31 of the year preceding the taxable year. The determination of the commissioner pursuant~~  
 40.11 ~~to this subdivision is not a "rule" subject to the Administrative Procedure Act contained in~~  
 40.12 ~~chapter 14 as provided in section 270C.22. The statutory year is taxable year 2019.~~ The tax  
 40.13 amounts as adjusted must be rounded to the nearest \$10 amount and the threshold amounts  
 40.14 must be adjusted to the nearest \$10,000 amount. For tax amounts that end in \$5, the amount  
 40.15 is rounded up to the nearest \$10 amount and for the threshold amounts that end in \$5,000,  
 40.16 the amount is rounded up to the nearest \$10,000.

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

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

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

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

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

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



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

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

41.5 (a)(1) Subject to paragraphs (a)(2) and (a)(3), income from wages as defined in section  
41.6 3401(a) ~~and~~, (f), and (i) of the Internal Revenue Code is assigned to this state if, and to the  
41.7 extent that, the work of the employee is performed within it; all other income from such  
41.8 sources is treated as income from sources without this state.

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

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

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

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

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

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

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

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

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

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

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

42.25 (d) Income from winnings on a bet made by an individual while in Minnesota is assigned  
42.26 to this state. In this paragraph, "bet" has the meaning given in section 609.75, subdivision  
42.27 2, as limited by section 609.75, subdivision 3, clauses (1), (2), and (3).

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

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

42.32 **EFFECTIVE DATE.** This section is effective retroactively for wages paid after  
42.33 December 31, 2017.

43.1 Sec. 57. Minnesota Statutes 2018, section 290.21, is amended by adding a subdivision to  
43.2 read:

43.3 Subd. 9. **Controlled foreign corporations.** The net income of a domestic corporation  
43.4 that is included pursuant to section 951 of the Internal Revenue Code is dividend income.

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

43.6 Sec. 58. Minnesota Statutes 2018, section 290.34, is amended by adding a subdivision to  
43.7 read:

43.8 Subd. 5. **Interest limitation.** The interest expense limitation under section 163(j) of the  
43.9 Internal Revenue Code must be computed using the combined report entities included in  
43.10 the unitary group under section 290.17, subdivision 4. The limitation must be aggregated  
43.11 between combined report entities consistent with the application to a consolidated group  
43.12 for federal income tax purposes.

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

43.15 Sec. 59. Minnesota Statutes 2018, section 290.92, subdivision 1, is amended to read:

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

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

43.24 (3) **Employee.** For purposes of this section the term "employee" means any resident  
43.25 individual performing services for an employer, either within or without, or both within and  
43.26 without the state of Minnesota, and every nonresident individual performing services within  
43.27 the state of Minnesota, the performance of which services constitute, establish, and determine  
43.28 the relationship between the parties as that of employer and employee. As used in the  
43.29 preceding sentence, the term "employee" includes an officer of a corporation, and an officer,  
43.30 employee, or elected official of the United States, a state, or any political subdivision thereof,  
43.31 or the District of Columbia, or any agency or instrumentality of any one or more of the  
43.32 foregoing.

44.1 (4) **Employer.** For purposes of this section the term "employer" means any person,  
44.2 including individuals, fiduciaries, estates, trusts, partnerships, limited liability companies,  
44.3 and corporations transacting business in or deriving any income from sources within the  
44.4 state of Minnesota for whom an individual performs or performed any service, of whatever  
44.5 nature, as the employee of such person, except that if the person for whom the individual  
44.6 performs or performed the services does not have control of the payment of the wages for  
44.7 such services, the term "employer," except for purposes of paragraph (1), means the person  
44.8 having control of the payment of such wages. As used in the preceding sentence, the term  
44.9 "employer" includes any corporation, individual, estate, trust, or organization which is  
44.10 exempt from taxation under section 290.05 and further includes, but is not limited to, officers  
44.11 of corporations who have control, either individually or jointly with another or others, of  
44.12 the payment of the wages.

44.13 (5) **Number of withholding exemptions claimed.** For purposes of this section, the term  
44.14 "number of withholding exemptions claimed" means the number of withholding exemptions  
44.15 claimed in a withholding exemption certificate in effect under subdivision 5, except that if  
44.16 no such certificate is in effect, the number of withholding exemptions claimed shall be  
44.17 considered to be zero.

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

44.20 Sec. 60. Minnesota Statutes 2018, section 290.92, subdivision 5, is amended to read:

44.21 Subd. 5. **Exemptions. (1) Entitlement.** An employee receiving wages shall on any day  
44.22 be entitled to claim withholding exemptions in a number not to exceed the number of  
44.23 withholding exemptions that the employee claims and that are allowable pursuant to section  
44.24 3402(f)(1), (m), and (n) of the Internal Revenue Code for federal withholding purposes,  
44.25 except:

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

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

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

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

45.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 45.2 31, 2018.

45.3 Sec. 61. **[290.993] SPECIAL LIMITED ADJUSTMENT.**

45.4 (a) For an individual income taxpayer subject to tax under section 290.06, subdivision  
 45.5 2c, or a partnership that elects to file a composite return under section 289A.08, subdivision  
 45.6 7, for taxable years beginning after December 31, 2017, and before January 1, 2019, the  
 45.7 following special rules apply:

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

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

45.16 (b) The adjustment in paragraph (a), clause (2), does not apply to any changes due to  
 45.17 sections 11012, 13101, 13201, 13202, 13203, 13204, 13205, 13207, 13301, 13302, 13303,  
 45.18 13313, 13502, 13503, 13801, 14101, 14102, 14211 through 14215, and 14501 of Public  
 45.19 Law 115-97; and section 40411 of Public Law 115-123.

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

45.22 Sec. 62. Minnesota Statutes 2018, section 290A.03, subdivision 3, is amended to read:

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

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

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

45.26 (i) all nontaxable income;

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

- 46.1 (iii) an amount equal to the total of any discharge of qualified farm indebtedness of a  
46.2 solvent individual excluded from gross income under section 108(g) of the Internal Revenue  
46.3 Code;
- 46.4 (iv) cash public assistance and relief;
- 46.5 (v) any pension or annuity (including railroad retirement benefits, all payments received  
46.6 under the federal Social Security Act, Supplemental Security Income, and veterans benefits),  
46.7 which was not exclusively funded by the claimant or spouse, or which was funded exclusively  
46.8 by the claimant or spouse and which funding payments were excluded from federal adjusted  
46.9 gross income in the years when the payments were made;
- 46.10 (vi) interest received from the federal or a state government or any instrumentality or  
46.11 political subdivision thereof;
- 46.12 (vii) workers' compensation;
- 46.13 (viii) nontaxable strike benefits;
- 46.14 (ix) the gross amounts of payments received in the nature of disability income or sick  
46.15 pay as a result of accident, sickness, or other disability, whether funded through insurance  
46.16 or otherwise;
- 46.17 (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of  
46.18 1986, as amended through December 31, 1995;
- 46.19 (xi) contributions made by the claimant to an individual retirement account, including  
46.20 a qualified voluntary employee contribution; simplified employee pension plan;  
46.21 self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of  
46.22 the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal  
46.23 Revenue Code, to the extent the sum of amounts exceeds the retirement base amount for  
46.24 the claimant and spouse;
- 46.25 (xii) to the extent not included in federal adjusted gross income, distributions received  
46.26 by the claimant or spouse from a traditional or Roth style retirement account or plan;
- 46.27 (xiii) nontaxable scholarship or fellowship grants;
- 46.28 (xiv) ~~the amount of deduction allowed under section 199 of the Internal Revenue Code~~  
46.29 alimony received to the extent not included in the recipient's income;
- 46.30 (xv) the amount of deduction allowed under section 220 or 223 of the Internal Revenue  
46.31 Code;

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

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

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

47.10 (b) "Income" does not include:

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

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

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

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

47.20 (5) relief granted under this chapter;

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

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

47.26 (8) alimony paid.

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

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

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

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

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

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

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

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

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

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

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

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

48.17 Sec. 63. Minnesota Statutes 2018, section 290A.03, subdivision 12, is amended to read:

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

48.22 (b) The gross rent of a resident of a nursing home or intermediate care facility is \$350  
48.23 per month. The gross rent of a resident of an adult foster care home is \$550 per month.  
48.24 ~~Beginning for rent paid in 2002,~~ The commissioner shall annually adjust ~~for inflation the~~  
48.25 ~~gross rent~~ amounts stated in this paragraph. ~~The adjustment must be made in accordance~~  
48.26 ~~with section 1(f) of the Internal Revenue Code, except that for purposes of this paragraph~~  
48.27 ~~the percentage increase shall be determined from the year ending on June 30, 2001, to the~~  
48.28 ~~year ending on June 30 of the year in which the rent is paid. The commissioner shall round~~  
48.29 ~~the gross rents to the nearest \$10 amount. If the amount ends in \$5, the commissioner shall~~  
48.30 ~~round it up to the next \$10 amount. The determination of the commissioner under this~~  
48.31 ~~paragraph is not a rule under the Administrative Procedure Act as provided in section~~  
48.32 270C.22. The statutory year is 2018.



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

49.4 (d) Any amount paid by a claimant residing in property assessed pursuant to section  
 49.5 273.124, subdivision 3, 4, 5, or 6 for occupancy in that property shall be excluded from  
 49.6 gross rent for purposes of this chapter. However, property taxes imputed to the homestead  
 49.7 of the claimant or the dwelling unit occupied by the claimant that qualifies for homestead  
 49.8 treatment pursuant to section 273.124, subdivision 3, 4, 5, or 6 shall be included within the  
 49.9 term "property taxes payable" as defined in subdivision 13, notwithstanding the fact that  
 49.10 ownership is not in the name of the claimant.

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

49.13 Sec. 64. Minnesota Statutes 2018, section 290A.03, subdivision 15, is amended to read:

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

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

49.18 Sec. 65. Minnesota Statutes 2018, section 290A.04, subdivision 4, is amended to read:

49.19 Subd. 4. **Inflation adjustment.** ~~(a) Beginning for property tax refunds payable in calendar~~  
 49.20 ~~year 2002,~~ The commissioner shall annually adjust the dollar amounts of the income  
 49.21 thresholds and the maximum refunds under subdivisions 2 and 2a ~~for inflation. The~~  
 49.22 ~~commissioner shall make the inflation adjustments in accordance with section 1(f) of the~~  
 49.23 ~~Internal Revenue Code, except that for purposes of this subdivision the percentage increase~~  
 49.24 ~~shall be determined as provided in this subdivision as provided in section 270C.22. The~~  
 49.25 statutory year is 2018.

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

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

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

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

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

50.12 **EFFECTIVE DATE.** This section is effective for adjustments for refunds based on  
 50.13 rent paid in 2019 and property taxes payable in 2020.

50.14 Sec. 66. Minnesota Statutes 2018, section 291.005, subdivision 1, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

51.17 (iii) a qualified work of art, as defined in section 2503(g)(2) of the Internal Revenue  
51.18 Code, owned by a nonresident decedent and that is normally kept or located in this state  
51.19 because it is on loan to an organization, qualifying as exempt from taxation under section  
51.20 501(c)(3) of the Internal Revenue Code, that is located in Minnesota, the situs of the art is  
51.21 deemed to be outside of Minnesota, notwithstanding the provisions of item (ii); and

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

51.25 For a nonresident decedent with an ownership interest in a pass-through entity with  
51.26 assets that include real or tangible personal property, situs of the real or tangible personal  
51.27 property, including qualified works of art, is determined as if the pass-through entity does  
51.28 not exist and the real or tangible personal property is personally owned by the decedent. If  
51.29 the pass-through entity is owned by a person or persons in addition to the decedent, ownership  
51.30 of the property is attributed to the decedent in proportion to the decedent's capital ownership  
51.31 share of the pass-through entity.

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

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

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

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

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

52.9 (v) an entity whose ownership interest securities are traded on an exchange regulated  
52.10 by the Securities and Exchange Commission as a national securities exchange under section  
52.11 6 of the Securities Exchange Act, United States Code, title 15, section 78f.

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

52.15 Sec. 67. Minnesota Statutes 2018, section 297A.68, subdivision 25, is amended to read:

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

52.20 (1) the sale occurs in a transaction subject to or described in section 118, 331, 332, 336,  
52.21 337, 338, 351, 355, 368, 721, 731, 1031, or 1033 of the Internal Revenue Code, as amended  
52.22 through December 16, 2016;

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

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

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

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

52.28 (6) the total amount of gross receipts from the sale of trade or business property made  
52.29 during the calendar month of the sale and the preceding 11 calendar months does not exceed  
52.30 \$1,000.

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

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

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

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

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

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

53.18 Sec. 68. Minnesota Statutes 2018, section 297B.03, is amended to read:

53.19 **297B.03 EXEMPTIONS.**

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

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

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

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

54.1 (4) purchase or use of any motor vehicle previously registered in the state of Minnesota  
54.2 when such transfer constitutes a transfer within the meaning of section 118, 331, 332, 336,  
54.3 337, 338, 351, 355, 368, 721, 731, 1031, 1033, or 1563(a) of the Internal Revenue Code,  
54.4 as amended through December 16, 2016;

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

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

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

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

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

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

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

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

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

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

55.1 reimbursement under section 174.24 or 473.384, or (ii) operating under section 174.29,  
55.2 473.388, or 473.405;

55.3 (13) purchase or use of a motor vehicle by a qualified business, as defined in section  
55.4 469.310, located in a job opportunity building zone, if the motor vehicle is principally  
55.5 garaged in the job opportunity building zone and is primarily used as part of or in direct  
55.6 support of the person's operations carried on in the job opportunity building zone. The  
55.7 exemption under this clause applies to sales, if the purchase was made and delivery received  
55.8 during the duration of the job opportunity building zone. The exemption under this clause  
55.9 also applies to any local sales and use tax;

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

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

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

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

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

55.20 Sec. 69. Minnesota Statutes 2018, section 462D.06, subdivision 1, is amended to read:

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

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

55.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
55.29 31, 2018.

56.1 Sec. 70. Minnesota Statutes 2018, section 462D.06, subdivision 2, is amended to read:

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

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

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

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

56.12 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
56.13 31, 2018.

56.14 Sec. 71. Minnesota Statutes 2018, section 469.316, subdivision 1, is amended to read:

56.15 Subdivision 1. **Application.** An individual, estate, or trust operating a trade or business  
56.16 in a job opportunity building zone, and an individual, estate, or trust making a qualifying  
56.17 investment in a qualified business operating in a job opportunity building zone qualifies for  
56.18 the exemptions from taxes imposed under chapter 290, as provided in this section. The  
56.19 exemptions provided under this section apply only to the extent that the income otherwise  
56.20 would be taxable under chapter 290. Subtractions under this section from federal adjusted  
56.21 gross income, federal taxable income, alternative minimum taxable income, or any other  
56.22 base subject to tax are limited to the amount that otherwise would be included in the tax  
56.23 base absent the exemption under this section. This section applies only to taxable years  
56.24 beginning during the duration of the job opportunity building zone.

56.25 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
56.26 31, 2018.

56.27 Sec. 72. **SPECIAL PROVISION FOR TAX YEAR 2017.**

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



57.1 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
 57.2 after December 31, 2016, and before January 1, 2018.

57.3 Sec. 73. **REVISOR INSTRUCTION.**

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

57.8 Sec. 74. **REPEALER.**

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

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

## 57.13 **ARTICLE 2**

### 57.14 **INDIVIDUAL INCOME, CORPORATE FRANCHISE, AND ESTATE TAXES**

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

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

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

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

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

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

57.26 (1) \$10,000 in a calendar year by a qualified investor; ~~or~~

57.27 (2) \$7,500 in a calendar year by a qualified investor in qualified greater Minnesota  
 57.28 businesses, or veteran-owned, minority-owned, or women-owned businesses in Minnesota;

57.29 or

58.1 ~~(2)~~ (3) \$30,000 in a calendar year by a qualified fund.

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

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

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

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

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

58.18 (j) "Qualified greater Minnesota business" means a qualified small business that is also  
58.19 certified by the commissioner as a qualified greater Minnesota business under subdivision  
58.20 2, paragraph (h).

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

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

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

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

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

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

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

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

59.2 (o) "Veteran" has the meaning given in section 197.447.

59.3 (p) "Veteran-owned business" means a business for which one or more veterans:

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

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

59.7 ~~(q)~~ (q) "Officer" means a person elected or appointed by the board of directors to manage  
59.8 the daily operations of the qualified small business.

59.9 ~~(r)~~ (r) "Principal" means a person having authority to act on behalf of the qualified small  
59.10 business.

59.11 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
59.12 31, 2020.

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

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

59.23 (b) Within 30 days of receiving an application for certification under this subdivision,  
59.24 the commissioner must either certify the business as satisfying the conditions required of a  
59.25 qualified small business or qualified greater Minnesota small business, request additional  
59.26 information from the business, or reject the application for certification. If the commissioner  
59.27 requests additional information from the business, the commissioner must either certify the  
59.28 business or reject the application within 30 days of receiving the additional information. If  
59.29 the commissioner neither certifies the business nor rejects the application within 30 days  
59.30 of receiving the original application or within 30 days of receiving the additional information  
59.31 requested, whichever is later, then the application is deemed rejected, and the commissioner

60.1 must refund the \$150 application fee. A business that applies for certification and is rejected  
60.2 may reapply.

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

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

60.6 (2) at least: (i) 51 percent of the business's employees are employed in Minnesota; (ii)  
60.7 51 percent of the business's total payroll is paid or incurred in the state; and (iii) 51 percent  
60.8 of the total value of all contractual agreements to which the business is a party in connection  
60.9 with its primary business activity is for services performed under contract in Minnesota,  
60.10 unless the business obtains a waiver under paragraph (i);

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

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

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

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

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

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

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

60.27 (6) the business must pay its employees annual wages of at least 175 percent of the  
60.28 federal poverty guideline for the year for a family of four and must pay its interns annual  
60.29 wages of at least 175 percent of the federal minimum wage used for federally covered  
60.30 employers, except that this requirement must be reduced proportionately for employees and  
60.31 interns who work less than full-time, and does not apply to an executive, officer, or member

61.1 of the board of the business, or to any employee who owns, controls, or holds power to vote  
61.2 more than 20 percent of the outstanding securities of the business;

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

61.8 (8) the business has not previously received private equity investments of more than  
61.9 \$4,000,000;

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

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

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

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

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

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

61.20 (3) the business must not issue securities that are traded on a public exchange within  
61.21 180 days after the date on which the qualified investment was made; and

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

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

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

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

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

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

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

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

62.9 (2) at least: (i) 51 percent of the business's employees are employed in greater Minnesota;

62.10 (ii) 51 percent of the business's total payroll is paid or incurred in greater Minnesota; and

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

62.14 (i) The commissioner must exempt a business from the requirement under paragraph  
 62.15 (c), clause (2), item (iii), if the business certifies to the commissioner that the services  
 62.16 required under a contract in connection with the primary business activity cannot be  
 62.17 performed in Minnesota if the business otherwise qualifies as a qualified small business, or  
 62.18 in greater Minnesota if the business otherwise qualifies as a qualified greater Minnesota  
 62.19 business. The business must submit the certification required under this paragraph every  
 62.20 six months from the month the exemption was granted. The exemption allowed under this  
 62.21 paragraph must be submitted in a form and manner prescribed by the commissioner.

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

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

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

62.32 (b) Within 30 days of receiving an application for certification under this subdivision,  
 62.33 the commissioner must either certify the investor as satisfying the conditions required of a

63.1 qualified investor, request additional information from the investor, or reject the application  
 63.2 for certification. If the commissioner requests additional information from the investor, the  
 63.3 commissioner must either certify the investor or reject the application within 30 days of  
 63.4 receiving the additional information. If the commissioner neither certifies the investor nor  
 63.5 rejects the application within 30 days of receiving the original application or within 30 days  
 63.6 of receiving the additional information requested, whichever is later, then the application  
 63.7 is deemed rejected, and the commissioner must refund the \$350 application fee. An investor  
 63.8 who applies for certification and is rejected may reapply.

63.9 (c) To receive certification, an investor must (1) be a natural person; and (2) certify to  
 63.10 the commissioner that the investor will only invest in a transaction that is exempt under  
 63.11 section 80A.46, clause (13) or (14), in a security exempt under section 80A.461, or in a  
 63.12 security registered under section 80A.50, paragraph (b).

63.13 (d) In order for a qualified investment in a qualified small business to be eligible for tax  
 63.14 credits, a qualified investor who makes the investment must have applied for and received  
 63.15 certification for the calendar year prior to making the qualified investment, except in the  
 63.16 case of an investor who is not an accredited investor, within the meaning of Regulation D  
 63.17 of the Securities and Exchange Commission, Code of Federal Regulations, title 17, section  
 63.18 230.501, paragraph (a), application for certification may be made within 30 days after  
 63.19 making the qualified investment.

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

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

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

63.30 (b) Within 30 days of receiving an application for certification under this subdivision,  
 63.31 the commissioner must either certify the fund as satisfying the conditions required of a  
 63.32 qualified fund, request additional information from the fund, or reject the application for  
 63.33 certification. If the commissioner requests additional information from the fund, the  
 63.34 commissioner must either certify the fund or reject the application within 30 days of receiving

64.1 the additional information. If the commissioner neither certifies the fund nor rejects the  
 64.2 application within 30 days of receiving the original application or within 30 days of receiving  
 64.3 the additional information requested, whichever is later, then the application is deemed  
 64.4 rejected, and the commissioner must refund the \$1,000 application fee. A fund that applies  
 64.5 for certification and is rejected may reapply.

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

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

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

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

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

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

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

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

64.19 Subd. 5. **Credit allowed.** (a)(1) A qualified investor or qualified fund is eligible for a  
 64.20 credit equal to 25 percent of the qualified investment in a qualified small business.

64.21 Investments made by a pass-through entity qualify for a credit only if the entity is a qualified  
 64.22 fund. The commissioner must not allocate more than ~~\$15,000,000~~ \$10,000,000 in credits  
 64.23 to qualified investors or qualified funds for taxable years beginning after December 31,  
 64.24 ~~2013, and before January 1, 2017, and must not allocate more than \$10,000,000 in credits~~  
 64.25 ~~to qualified investors or qualified funds for taxable years beginning after December 31,~~  
 64.26 ~~2016, and before January 1, 2018; and (2) for taxable years beginning after December 31,~~  
 64.27 ~~2014, and before January 1, 2018~~ 2020, and before January 1, 2022. For each taxable year,  
 64.28 50 percent must be allocated to credits for qualifying investments in qualified greater  
 64.29 Minnesota businesses and ~~minority- or~~ minority-owned, women-owned, or veteran-owned  
 64.30 qualified small businesses in Minnesota. Any portion of a taxable year's credits that is  
 64.31 reserved for qualifying investments in greater Minnesota businesses and ~~minority- or~~  
 64.32 minority-owned, women-owned, or veteran-owned qualified small businesses in Minnesota  
 64.33 that is not allocated by September 30 of the taxable year is available for allocation to other



65.1 credit applications beginning on October 1. Any portion of a taxable year's credits that is  
65.2 not allocated by the commissioner does not cancel and may be carried forward to subsequent  
65.3 taxable years until all credits have been allocated.

65.4 (b) The commissioner may not allocate more than a total maximum amount in credits  
65.5 for a taxable year to a qualified investor for the investor's cumulative qualified investments  
65.6 as an individual qualified investor and as an investor in a qualified fund; for married couples  
65.7 filing joint returns the maximum is \$250,000, and for all other filers the maximum is  
65.8 \$125,000. The commissioner may not allocate more than a total of \$1,000,000 in credits  
65.9 over all taxable years for qualified investments in any one qualified small business.

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

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

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

65.17 A member of the family of an individual disqualified by this paragraph is not eligible for a  
65.18 credit under this section. For a married couple filing a joint return, the limitations in this  
65.19 paragraph apply collectively to the investor and spouse. For purposes of determining the  
65.20 ownership interest of an investor under this paragraph, the rules under section 267(c) and  
65.21 267(e) of the Internal Revenue Code apply.

65.22 (d) Applications for tax credits for 2010 must be made available on the department's  
65.23 website by September 1, 2010, and the department must begin accepting applications by  
65.24 September 1, 2010. Applications for subsequent years must be made available by November  
65.25 1 of the preceding year.

65.26 (e) Qualified investors and qualified funds must apply to the commissioner for tax credits.  
65.27 Tax credits must be allocated to qualified investors or qualified funds in the order that the  
65.28 tax credit request applications are filed with the department. The commissioner must approve  
65.29 or reject tax credit request applications within 15 days of receiving the application. The  
65.30 investment specified in the application must be made within 60 days of the allocation of  
65.31 the credits. If the investment is not made within 60 days, the credit allocation is canceled  
65.32 and available for reallocation. A qualified investor or qualified fund that fails to invest as  
65.33 specified in the application, within 60 days of allocation of the credits, must notify the

66.1 commissioner of the failure to invest within five business days of the expiration of the  
66.2 60-day investment period.

66.3 (f) All tax credit request applications filed with the department on the same day must  
66.4 be treated as having been filed contemporaneously. If two or more qualified investors or  
66.5 qualified funds file tax credit request applications on the same day, and the aggregate amount  
66.6 of credit allocation claims exceeds the aggregate limit of credits under this section or the  
66.7 lesser amount of credits that remain unallocated on that day, then the credits must be allocated  
66.8 among the qualified investors or qualified funds who filed on that day on a pro rata basis  
66.9 with respect to the amounts claimed. The pro rata allocation for any one qualified investor  
66.10 or qualified fund is the product obtained by multiplying a fraction, the numerator of which  
66.11 is the amount of the credit allocation claim filed on behalf of a qualified investor and the  
66.12 denominator of which is the total of all credit allocation claims filed on behalf of all  
66.13 applicants on that day, by the amount of credits that remain unallocated on that day for the  
66.14 taxable year.

66.15 (g) A qualified investor or qualified fund, or a qualified small business acting on their  
66.16 behalf, must notify the commissioner when an investment for which credits were allocated  
66.17 has been made, and the taxable year in which the investment was made. A qualified fund  
66.18 must also provide the commissioner with a statement indicating the amount invested by  
66.19 each investor in the qualified fund based on each investor's share of the assets of the qualified  
66.20 fund at the time of the qualified investment. After receiving notification that the investment  
66.21 was made, the commissioner must issue credit certificates for the taxable year in which the  
66.22 investment was made to the qualified investor or, for an investment made by a qualified  
66.23 fund, to each qualified investor who is an investor in the fund. The certificate must state  
66.24 that the credit is subject to revocation if the qualified investor or qualified fund does not  
66.25 hold the investment in the qualified small business for at least three years, consisting of the  
66.26 calendar year in which the investment was made and the two following years. The three-year  
66.27 holding period does not apply if:

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

66.30 (2) 80 percent or more of the assets of the qualified small business is sold before the end  
66.31 of the three-year period;

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

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

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

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

67.4 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
67.5 31, 2020.

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

67.7 Subd. 6. **Annual reports.** (a) By February 1 of each year each qualified small business  
67.8 that received an investment that qualified for a credit, and each qualified investor and  
67.9 qualified fund that made an investment that qualified for a credit, must submit an annual  
67.10 report to the commissioner and pay a filing fee of \$100 as required under this subdivision.  
67.11 Each qualified investor and qualified fund must submit reports for three years following  
67.12 each year in which it made an investment that qualified for a credit, and each qualified small  
67.13 business must submit reports for five years following the year in which it received an  
67.14 investment qualifying for a credit. Reports must be made in the form required by the  
67.15 commissioner. All filing fees collected are deposited in the small business investment tax  
67.16 credit administration account in the special revenue fund.

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

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

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

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

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

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

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

67.30 (e) A qualified small business that ceases all operations and becomes insolvent must file  
67.31 a final annual report in the form required by the commissioner documenting its insolvency.

68.1 In following years the business is exempt from the annual reporting requirement, the report  
68.2 filing fee, and the fine for failure to file a report.

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

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

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

68.12 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
68.13 31, 2020.

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

68.15 Subd. 12. **Sunset.** This section expires for taxable years beginning after December 31,  
68.16 ~~2017~~ 2021, except that reporting requirements under subdivision 6 and revocation of credits  
68.17 under subdivision 7 remain in effect through ~~2019~~ 2023 for qualified investors and qualified  
68.18 funds, and through ~~2024~~ 2025 for qualified small businesses, reporting requirements under  
68.19 subdivision 9 remain in effect through ~~2022~~ 2021, and the appropriation in subdivision 11  
68.20 remains in effect through ~~2024~~ 2025.

68.21 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
68.22 31, 2020.

68.23 Sec. 8. Minnesota Statutes 2018, section 256J.02, subdivision 2, is amended to read:

68.24 Subd. 2. **Use of money.** State money appropriated for purposes of this section and TANF  
68.25 block grant money must be used for:

68.26 (1) financial assistance to or on behalf of any minor child who is a resident of this state  
68.27 under section 256J.12;

68.28 (2) the health care and human services training and retention program under chapter  
68.29 116L, for costs associated with families with children with incomes below 200 percent of  
68.30 the federal poverty guidelines;

68.31 (3) the pathways program under section 116L.04, subdivision 1a;

- 69.1 (4) welfare to work transportation authorized under Public Law 105-178;
- 69.2 (5) reimbursements for the federal share of child support collections passed through to
- 69.3 the custodial parent;
- 69.4 (6) ~~reimbursements for the working family credit under section 290.0671;~~
- 69.5 (7) program administration under this chapter;
- 69.6 (8) ~~(7)~~ the diversionary work program under section 256J.95;
- 69.7 (9) ~~(8)~~ the MFIP consolidated fund under section 256J.626; and
- 69.8 (10) ~~(9)~~ the Minnesota Department of Health consolidated fund under Laws 2001, First
- 69.9 Special Session chapter 9, article 17, section 3, subdivision 2.

69.10 **EFFECTIVE DATE.** This section is effective July 1, 2019.

69.11 Sec. 9. Minnesota Statutes 2018, section 289A.31, subdivision 2, is amended to read:

69.12 Subd. 2. **Joint income tax returns.** (a) If a joint income tax return is made by a husband

69.13 and wife, the liability for the tax is joint and several. A spouse who qualifies for relief from

69.14 a liability attributable to an underpayment under section 6015 subsection (b) of the Internal

69.15 Revenue Code, or determined by the commissioner of internal revenue for relief under

69.16 section 6015 subsection (f) of the Internal Revenue Code, is relieved of the state income

69.17 tax liability on the underpayment.

69.18 (b) In the case of individuals who were a husband and wife prior to the dissolution of

69.19 their marriage or their legal separation, or prior to the death of one of the individuals, for

69.20 tax liabilities reported on a joint or combined return, the liability of each person is limited

69.21 to the proportion of the tax due on the return that equals that person's proportion of the total

69.22 tax due if the husband and wife filed separate returns for the taxable year. This provision

69.23 is effective only when the commissioner receives written notice of the marriage dissolution,

69.24 legal separation, or death of a spouse from the husband or wife. No refund may be claimed

69.25 by an ex-spouse, legally separated or widowed spouse for any taxes paid more than 60 days

69.26 before receipt by the commissioner of the written notice.

69.27 (c) ~~A request for calculation of separate liability pursuant to paragraph (b) for taxes~~

69.28 ~~reported on a return must be made within six years after the due date of the return. For~~

69.29 ~~calculation of separate liability for taxes assessed by the commissioner under section 289A.35~~

69.30 ~~or 289A.37, the request must be made within six years after the date of assessment.~~ The

69.31 commissioner is not required to calculate separate liability pursuant to paragraph (b) if the

69.32 remaining unpaid liability for which recalculation is requested is \$100 or less.

70.1 **EFFECTIVE DATE.** This section is effective for returns first due for taxable years  
 70.2 beginning after December 31, 2018.

70.3 Sec. 10. Minnesota Statutes 2018, section 290.0132, subdivision 26, is amended to read:

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

70.7 (b) For married taxpayers filing a joint return and surviving spouses, the maximum  
 70.8 subtraction equals ~~\$4,500~~ \$5,150. The maximum subtraction is reduced by 20 percent of  
 70.9 provisional income over ~~\$77,000~~ \$78,180. In no case is the subtraction less than zero.

70.10 (c) For single or head-of-household taxpayers, the maximum subtraction equals ~~\$3,500~~  
 70.11 \$4,020. The maximum subtraction is reduced by 20 percent of provisional income over  
 70.12 ~~\$60,200~~ \$61,080. In no case is the subtraction less than zero.

70.13 (d) For married taxpayers filing separate returns, the maximum subtraction equals ~~\$2,250~~  
 70.14 one-half the maximum subtraction for joint returns under paragraph (b). The maximum  
 70.15 subtraction is reduced by 20 percent of provisional income over ~~\$38,500~~ one-half the  
 70.16 threshold amount specified in paragraph (b). In no case is the subtraction less than zero.

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

70.21 (f) The commissioner shall adjust the maximum subtraction and threshold amounts in  
 70.22 paragraphs (b) to (d) ~~by the percentage determined pursuant to the provisions of section~~  
 70.23 ~~1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) of the Internal Revenue~~  
 70.24 ~~Code the word "2016" shall be substituted for the word "1992." For 2018, the commissioner~~  
 70.25 ~~shall then determine the percentage change from the 12 months ending on August 31, 2016,~~  
 70.26 ~~to the 12 months ending on August 31, 2017, and in each subsequent year, from the 12~~  
 70.27 ~~months ending on August 31, 2016, to the 12 months ending on August 31 of the year~~  
 70.28 ~~preceding the taxable year. The determination of the commissioner pursuant to this~~  
 70.29 ~~subdivision must not be considered a rule and is not subject to the Administrative Procedure~~  
 70.30 ~~Act contained in chapter 14, including section 14.386~~ as provided in section 270C.22. The  
 70.31 statutory year is taxable year 2019. The maximum subtraction and threshold amounts as  
 70.32 adjusted must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount  
 70.33 is rounded up to the nearest \$10 amount.

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

71.3 (b) The amendments to paragraphs (a) and (e) are effective retroactively for taxable  
71.4 years beginning after December 31, 2017.

71.5 (c) The amendments to paragraph (f) are effective for adjustments beginning with taxable  
71.6 years beginning after December 31, 2019.

71.7 Sec. 11. Minnesota Statutes 2018, section 290.0132, is amended by adding a subdivision  
71.8 to read:

71.9 **Subd. 29. Disallowed section 280E expenses; medical cannabis manufacturers.** The  
71.10 amount of expenses of a medical cannabis manufacturer, as defined under section 152.22,  
71.11 subdivision 7, related to the business of medical cannabis under sections 152.21 to 152.37,  
71.12 and not allowed for federal income tax purposes under section 280E of the Internal Revenue  
71.13 Code is a subtraction.

71.14 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
71.15 31, 2018.

71.16 Sec. 12. Minnesota Statutes 2018, section 290.0134, is amended by adding a subdivision  
71.17 to read:

71.18 **Subd. 19. Disallowed section 280E expenses; medical cannabis manufacturers.** The  
71.19 amount of expenses of a medical cannabis manufacturer, as defined under section 152.22,  
71.20 subdivision 7, related to the business of medical cannabis under sections 152.21 to 152.37,  
71.21 and not allowed for federal income tax purposes under section 280E of the Internal Revenue  
71.22 Code is a subtraction.

71.23 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
71.24 31, 2018.

71.25 Sec. 13. Minnesota Statutes 2018, section 290.06, subdivision 2c, is amended to read:

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

71.30 (1) On the first ~~\$35,480~~ \$38,770, 5.35 percent;

71.31 (2) On all over ~~\$35,480~~ \$38,770, but not over ~~\$140,960~~ \$154,020, ~~7.05~~ 6.8 percent;

72.1 (3) On all over ~~\$140,960~~ \$154,020, but not over ~~\$250,000~~ \$269,010, 7.85 percent;

72.2 (4) On all over ~~\$250,000~~ \$269,010, 9.85 percent.

72.3 Married individuals filing separate returns, estates, and trusts must compute their income  
72.4 tax by applying the above rates to their taxable income, except that the income brackets  
72.5 will be one-half of the above amounts.

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

72.8 (1) On the first ~~\$24,270~~ \$26,520, 5.35 percent;

72.9 (2) On all over ~~\$24,270~~ \$26,520, but not over ~~\$79,730~~ \$87,110, ~~7.05~~ 6.8 percent;

72.10 (3) On all over ~~\$79,730~~ \$87,110, but not over ~~\$150,000~~ \$161,720, 7.85 percent;

72.11 (4) On all over ~~\$150,000~~ \$161,720, 9.85 percent.

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

72.15 (1) On the first ~~\$29,880~~ \$32,650, 5.35 percent;

72.16 (2) On all over ~~\$29,880~~ \$32,650, but not over ~~\$120,070~~ \$131,190, ~~7.05~~ 6.8 percent;

72.17 (3) On all over ~~\$120,070~~ \$131,190, but not over ~~\$200,000~~ \$214,980, 7.85 percent;

72.18 (4) On all over ~~\$200,000~~ \$214,980, 9.85 percent.

72.19 (d) In lieu of a tax computed according to the rates set forth in this subdivision, the tax  
72.20 of any individual taxpayer whose taxable net income for the taxable year is less than an  
72.21 amount determined by the commissioner must be computed in accordance with tables  
72.22 prepared and issued by the commissioner of revenue based on income brackets of not more  
72.23 than \$100. The amount of tax for each bracket shall be computed at the rates set forth in  
72.24 this subdivision, provided that the commissioner may disregard a fractional part of a dollar  
72.25 unless it amounts to 50 cents or more, in which case it may be increased to \$1.

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

72.30 (1) the numerator is the individual's Minnesota source federal adjusted gross income as  
72.31 defined in section 62 of the Internal Revenue Code and increased by the additions required



73.1 under section 290.0131, subdivisions 2 ~~and 6, 8~~ to ~~4~~ 10, 16, and 17, and reduced by the  
 73.2 Minnesota assignable portion of the subtraction for United States government interest under  
 73.3 section 290.0132, subdivision 2, and the subtractions under section 290.0132, subdivisions  
 73.4 9, 10, 14, 15, 17, ~~and 18, and 27~~, after applying the allocation and assignability provisions  
 73.5 of section 290.081, clause (a), or 290.17; and

73.6 (2) the denominator is the individual's federal adjusted gross income as defined in section  
 73.7 62 of the Internal Revenue Code, increased by the amounts specified in section 290.0131,  
 73.8 subdivisions 2 ~~and 6, 8~~ to ~~4~~ 10, 16, and 17, and reduced by the amounts specified in section  
 73.9 290.0132, subdivisions 2, 9, 10, 14, 15, 17, ~~and 18, and 27~~.

73.10 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 73.11 31, 2018.

73.12 Sec. 14. Minnesota Statutes 2018, section 290.0671, subdivision 1, is amended to read:

73.13 Subdivision 1. **Credit allowed.** (a) An individual who is a resident of Minnesota is  
 73.14 allowed a credit against the tax imposed by this chapter equal to a percentage of earned  
 73.15 income. To receive a credit, a taxpayer must be eligible for a credit under section 32 of the  
 73.16 Internal Revenue Code, except that:

73.17 (1) a taxpayer with no qualifying children who has attained the age of 21, but not attained  
 73.18 age 65 before the close of the taxable year and is otherwise eligible for a credit under section  
 73.19 32 of the Internal Revenue Code may also receive a credit; and

73.20 (2) a taxpayer who is otherwise eligible for a credit under section 32 of the Internal  
 73.21 Revenue Code remains eligible for the credit even if the taxpayer's earned income or adjusted  
 73.22 gross income exceeds the income limitation under section 32 of the Internal Revenue Code.

73.23 (b) For individuals with no qualifying children, the credit equals ~~2.10~~ 3.9 percent of the  
 73.24 first ~~\$6,180~~ \$7,150 of earned income. The credit is reduced by ~~2.04~~ 2.0 percent of earned  
 73.25 income or adjusted gross income, whichever is greater, in excess of ~~\$8,130~~ the phaseout  
 73.26 threshold, but in no case is the credit less than zero.

73.27 (c) For individuals with one qualifying child, the credit equals 9.35 percent of the first  
 73.28 ~~\$11,120~~ \$11,950 of earned income. The credit is reduced by ~~6.02~~ 6.0 percent of earned  
 73.29 income or adjusted gross income, whichever is greater, in excess of ~~\$21,190~~ the phaseout  
 73.30 threshold, but in no case is the credit less than zero.

73.31 (d) For individuals with two ~~or more~~ qualifying children, the credit equals 11 percent  
 73.32 of the first ~~\$18,240~~ \$19,600 of earned income. The credit is reduced by ~~10.82~~ 10.5 percent

74.1 of earned income or adjusted gross income, whichever is greater, in excess of ~~\$25,130~~ the  
74.2 phaseout threshold, but in no case is the credit less than zero.

74.3 (e) For individuals with three or more qualifying children, the credit equals 12.5 percent  
74.4 of the first \$20,000 of earned income. The credit is reduced by 10.5 percent of earned income  
74.5 or adjusted gross income, whichever is greater, in excess of the phaseout threshold, but in  
74.6 no case is the credit less than zero.

74.7 (f) For a part-year resident, the credit must be allocated based on the percentage calculated  
74.8 under section 290.06, subdivision 2c, paragraph (e).

74.9 ~~(f)~~ (g) For a person who was a resident for the entire tax year and has earned income  
74.10 not subject to tax under this chapter, including income excluded under section 290.0132,  
74.11 subdivision 10, the credit must be allocated based on the ratio of federal adjusted gross  
74.12 income reduced by the earned income not subject to tax under this chapter over federal  
74.13 adjusted gross income. For purposes of this paragraph, the following clauses are not  
74.14 considered "earned income not subject to tax under this chapter":

74.15 (1) the subtractions for military pay under section 290.0132, subdivisions 11 and 12;

74.16 (2) the exclusion of combat pay under section 112 of the Internal Revenue Code; and

74.17 (3) income derived from an Indian reservation by an enrolled member of the reservation  
74.18 while living on the reservation.

74.19 ~~(g) For tax years beginning after December 31, 2013, the \$8,130 in paragraph (b), the~~  
74.20 ~~\$21,190 in paragraph (c), and the \$25,130 in paragraph (d), after being adjusted for inflation~~  
74.21 ~~under subdivision 7, are each increased by \$5,000 for married taxpayers filing joint returns.~~  
74.22 ~~For tax years beginning after December 31, 2013, the commissioner shall annually adjust~~  
74.23 ~~the \$5,000 by the percentage determined pursuant to the provisions of section 1(f) of the~~  
74.24 ~~Internal Revenue Code, except that in section 1(f)(3)(B), the word "2008" shall be substituted~~  
74.25 ~~for the word "1992." For 2014, the commissioner shall then determine the percent change~~  
74.26 ~~from the 12 months ending on August 31, 2008, to the 12 months ending on August 31,~~  
74.27 ~~2013, and in each subsequent year, from the 12 months ending on August 31, 2008, to the~~  
74.28 ~~12 months ending on August 31 of the year preceding the taxable year. The earned income~~  
74.29 ~~thresholds as adjusted for inflation must be rounded to the nearest \$10. If the amount ends~~  
74.30 ~~in \$5, the amount is rounded up to the nearest \$10. The determination of the commissioner~~  
74.31 ~~under this subdivision is not a rule under the Administrative Procedure Act.~~

74.32 (h) For the purposes of this section, the phaseout threshold equals:

74.33 (1) \$14,570 for married taxpayers filing joint returns with no qualifying children;

- 75.1 (2) \$8,730 for all other taxpayers with no qualifying children;
- 75.2 (3) \$28,610 for married taxpayers filing joint returns with one qualifying child;
- 75.3 (4) \$22,770 for all other taxpayers with one qualifying child;
- 75.4 (5) \$32,840 for married taxpayers filing joint returns with two qualifying children;
- 75.5 (6) \$27,000 for all other taxpayers with two qualifying children;
- 75.6 (7) \$33,140 for married taxpayers filing joint returns with three or more qualifying
- 75.7 children; and
- 75.8 (8) \$27,300 for all other taxpayers with three or more qualifying children.

75.9 (i) The commissioner shall construct tables showing the amount of the credit at various

75.10 income levels and make them available to taxpayers. The tables shall follow the schedule

75.11 contained in this subdivision, except that the commissioner may graduate the transition

75.12 between income brackets.

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

75.14 31, 2018.

75.15 Sec. 15. Minnesota Statutes 2018, section 290.0671, subdivision 6, is amended to read:

75.16 Subd. 6. **Appropriation.** An amount sufficient to pay the refunds required by this section

75.17 is appropriated to the commissioner from the general fund. ~~This amount includes any amounts~~

75.18 ~~appropriated to the commissioner of human services from the federal Temporary Assistance~~

75.19 ~~for Needy Families (TANF) block grant funds for transfer to the commissioner of revenue.~~

75.20 **EFFECTIVE DATE.** This section is effective July 1, 2019.

75.21 Sec. 16. Minnesota Statutes 2018, section 290.0684, subdivision 2, is amended to read:

75.22 Subd. 2. **Credit allowed.** (a) An individual who is a resident of Minnesota is allowed a

75.23 credit against the tax imposed by this chapter. The credit is not allowed to an individual

75.24 who is eligible to be claimed as a dependent, as defined in sections 151 and 152 of the

75.25 Internal Revenue Code. The credit may not exceed the liability for tax under this chapter.

75.26 (b) The amount of the credit allowed equals 50 percent of contributions for the taxable

75.27 year. The maximum credit is \$500, subject to the phaseout in paragraphs (c) and (d). In no

75.28 case is the credit less than zero.

75.29 (c) For individual filers, the maximum credit is reduced by two percent of adjusted gross

75.30 income in excess of \$75,000.

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

76.2 (1) for married couples with adjusted gross income in excess of \$75,000, but not more  
76.3 than ~~\$100,000~~ \$135,000, the maximum credit is reduced by one percent of adjusted gross  
76.4 income in excess of \$75,000 until the maximum credit amount equals \$250; and

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

76.7 ~~(3)~~ (2) for married couples with adjusted gross income in excess of \$135,000, the  
76.8 maximum credit is \$250, reduced by one percent of adjusted gross income in excess of  
76.9 \$135,000.

76.10 (e) The income thresholds in paragraphs (c) and (d) used to calculate the maximum  
76.11 credit must be adjusted for inflation. The commissioner shall adjust the income thresholds  
76.12 by the percentage determined under the provisions of section 1(f) of the Internal Revenue  
76.13 Code, except that in section 1(f)(3)(B) the word "2016" is substituted for the word "1992."  
76.14 For 2018, the commissioner shall then determine the percent change from the 12 months  
76.15 ending on August 31, 2016, to the 12 months ending on August 31, 2017, and in each  
76.16 subsequent year, from the 12 months ending on August 31, 2016, to the 12 months ending  
76.17 on August 31 of the year preceding the taxable year. The income thresholds as adjusted for  
76.18 inflation must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount  
76.19 is rounded up to the nearest \$10 amount. The determination of the commissioner under this  
76.20 subdivision is not subject to chapter 14, including section 14.386.

76.21 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
76.22 31, 2019.

76.23 Sec. 17. Minnesota Statutes 2018, section 290.191, subdivision 5, is amended to read:

76.24 Subd. 5. **Determination of sales factor.** For purposes of this section, the following rules  
76.25 apply in determining the sales factor.

76.26 (a) The sales factor includes all sales, gross earnings, or receipts received in the ordinary  
76.27 course of the business, except that the following types of income are not included in the  
76.28 sales factor:

76.29 (1) interest;

76.30 (2) dividends;

76.31 (3) sales of capital assets as defined in section 1221 of the Internal Revenue Code;

77.1 (4) sales of property used in the trade or business, except sales of leased property of a  
77.2 type which is regularly sold as well as leased; and

77.3 (5) sales of debt instruments as defined in section 1275(a)(1) of the Internal Revenue  
77.4 Code or sales of stock.

77.5 (b) Sales of tangible personal property are made within this state if the property is  
77.6 received by a purchaser at a point within this state, regardless of the f.o.b. point, other  
77.7 conditions of the sale, or the ultimate destination of the property.

77.8 (c) Tangible personal property delivered to a common or contract carrier or foreign  
77.9 vessel for delivery to a purchaser in another state or nation is a sale in that state or nation,  
77.10 regardless of f.o.b. point or other conditions of the sale.

77.11 (d) Notwithstanding paragraphs (b) and (c), when intoxicating liquor, wine, fermented  
77.12 malt beverages, cigarettes, or tobacco products are sold to a purchaser who is licensed by  
77.13 a state or political subdivision to resell this property only within the state of ultimate  
77.14 destination, the sale is made in that state.

77.15 (e) Sales made by or through a corporation that is qualified as a domestic international  
77.16 sales corporation under section 992 of the Internal Revenue Code are not considered to have  
77.17 been made within this state.

77.18 (f) Sales, rents, royalties, and other income in connection with real property is attributed  
77.19 to the state in which the property is located.

77.20 (g) Receipts from the lease or rental of tangible personal property, including finance  
77.21 leases and true leases, must be attributed to this state if the property is located in this state  
77.22 and to other states if the property is not located in this state. Receipts from the lease or rental  
77.23 of moving property including, but not limited to, motor vehicles, rolling stock, aircraft,  
77.24 vessels, or mobile equipment are included in the numerator of the receipts factor to the  
77.25 extent that the property is used in this state. The extent of the use of moving property is  
77.26 determined as follows:

77.27 (1) A motor vehicle is used wholly in the state in which it is registered.

77.28 (2) The extent that rolling stock is used in this state is determined by multiplying the  
77.29 receipts from the lease or rental of the rolling stock by a fraction, the numerator of which  
77.30 is the miles traveled within this state by the leased or rented rolling stock and the denominator  
77.31 of which is the total miles traveled by the leased or rented rolling stock.

77.32 (3) The extent that an aircraft is used in this state is determined by multiplying the  
77.33 receipts from the lease or rental of the aircraft by a fraction, the numerator of which is the

78.1 number of landings of the aircraft in this state and the denominator of which is the total  
78.2 number of landings of the aircraft.

78.3 (4) The extent that a vessel, mobile equipment, or other mobile property is used in the  
78.4 state is determined by multiplying the receipts from the lease or rental of the property by a  
78.5 fraction, the numerator of which is the number of days during the taxable year the property  
78.6 was in this state and the denominator of which is the total days in the taxable year.

78.7 (h) Royalties and other income received for the use of or for the privilege of using  
78.8 intangible property, including patents, know-how, formulas, designs, processes, patterns,  
78.9 copyrights, trade names, service names, franchises, licenses, contracts, customer lists, or  
78.10 similar items, must be attributed to the state in which the property is used by the purchaser.  
78.11 If the property is used in more than one state, the royalties or other income must be  
78.12 apportioned to this state pro rata according to the portion of use in this state. If the portion  
78.13 of use in this state cannot be determined, the royalties or other income must be excluded  
78.14 from both the numerator and the denominator. Intangible property is used in this state if the  
78.15 purchaser uses the intangible property or the rights therein in the regular course of its business  
78.16 operations in this state, regardless of the location of the purchaser's customers.

78.17 (i) Sales of intangible property are made within the state in which the property is used  
78.18 by the purchaser. If the property is used in more than one state, the sales must be apportioned  
78.19 to this state pro rata according to the portion of use in this state. If the portion of use in this  
78.20 state cannot be determined, the sale must be excluded from both the numerator and the  
78.21 denominator of the sales factor. Intangible property is used in this state if the purchaser used  
78.22 the intangible property in the regular course of its business operations in this state.

78.23 (j) Receipts from the performance of services must be attributed to the state where the  
78.24 services are received. For the purposes of this section, receipts from the performance of  
78.25 services provided to a corporation, partnership, or trust may only be attributed to a state  
78.26 where it has a fixed place of doing business. If the state where the services are received is  
78.27 not readily determinable or is a state where the corporation, partnership, or trust receiving  
78.28 the service does not have a fixed place of doing business, the services shall be deemed to  
78.29 be received at the location of the office of the customer from which the services were ordered  
78.30 in the regular course of the customer's trade or business. If the ordering office cannot be  
78.31 determined, the services shall be deemed to be received at the office of the customer to  
78.32 which the services are billed.

78.33 (k) For the purposes of this subdivision and subdivision 6, paragraph (l), receipts from  
78.34 management, distribution, or administrative services performed by a person or corporation

79.1 ~~or trust~~ for a fund of a person or corporation ~~or trust~~ regulated under United States Code,  
 79.2 title 15, ~~sections 80a-1 through 80a-64~~ chapter 2D, subchapter I, must be attributed to the  
 79.3 state where the shareholder of the fund resides. Under this paragraph, receipts for services  
 79.4 attributed to shareholders are determined on the basis of the ratio of: (1) the average of the  
 79.5 outstanding shares in the fund owned by shareholders residing within Minnesota at the  
 79.6 beginning and end of each year; and (2) the average of the total number of outstanding  
 79.7 shares in the fund at the beginning and end of each year. Residence of the shareholder, in  
 79.8 the case of an individual, is determined by the mailing address furnished by the shareholder  
 79.9 to the fund. Residence of the shareholder, when the shares are held by an insurance company  
 79.10 as a depositor for the insurance company policyholders, is the mailing address of the  
 79.11 policyholders. In the case of an insurance company holding the shares as a depositor for  
 79.12 the insurance company policyholders, if the mailing address of the policyholders cannot be  
 79.13 determined by the taxpayer, the receipts must be excluded from both the numerator and  
 79.14 denominator. Residence of other shareholders is the mailing address of the shareholder.

79.15 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 79.16 31, 2018.

79.17 Sec. 18. Minnesota Statutes 2018, section 290.21, subdivision 4, is amended to read:

79.18 Subd. 4. **Dividends received from another corporation.** (a)(1) Eighty percent of  
 79.19 dividends received by a corporation during the taxable year from another corporation, in  
 79.20 which the recipient owns 20 percent or more of the stock, by vote and value, not including  
 79.21 stock described in section 1504(a)(4) of the Internal Revenue Code when the corporate  
 79.22 stock with respect to which dividends are paid does not constitute the stock in trade of the  
 79.23 taxpayer or would not be included in the inventory of the taxpayer, or does not constitute  
 79.24 property held by the taxpayer primarily for sale to customers in the ordinary course of the  
 79.25 taxpayer's trade or business, or when the trade or business of the taxpayer does not consist  
 79.26 principally of the holding of the stocks and the collection of the income and gains therefrom;  
 79.27 and

79.28 (2)(i) the remaining 20 percent of dividends if the dividends received are the stock in  
 79.29 an affiliated company transferred in an overall plan of reorganization and the dividend is  
 79.30 eliminated in consolidation under Treasury Department Regulation 1.1502-14(a), as amended  
 79.31 through December 31, 1989;

79.32 (ii) the remaining 20 percent of dividends if the dividends are received from a corporation  
 79.33 which is subject to tax under section 290.36 and which is a member of an affiliated group  
 79.34 of corporations as defined by the Internal Revenue Code and the dividend is eliminated in

80.1 consolidation under Treasury Department Regulation 1.1502-14(a), as amended through  
80.2 December 31, 1989, or is deducted under an election under section 243(b) of the Internal  
80.3 Revenue Code; or

80.4 (iii) the remaining 20 percent of the dividends if the dividends are received from a  
80.5 property and casualty insurer as defined under section 60A.60, subdivision 8, which is a  
80.6 member of an affiliated group of corporations as defined by the Internal Revenue Code and  
80.7 either: (A) the dividend is eliminated in consolidation under Treasury Regulation  
80.8 1.1502-14(a), as amended through December 31, 1989; or (B) the dividend is deducted  
80.9 under an election under section 243(b) of the Internal Revenue Code.

80.10 (b) Seventy percent of dividends received by a corporation during the taxable year from  
80.11 another corporation in which the recipient owns less than 20 percent of the stock, by vote  
80.12 or value, not including stock described in section 1504(a)(4) of the Internal Revenue Code  
80.13 when the corporate stock with respect to which dividends are paid does not constitute the  
80.14 stock in trade of the taxpayer, or does not constitute property held by the taxpayer primarily  
80.15 for sale to customers in the ordinary course of the taxpayer's trade or business, or when the  
80.16 trade or business of the taxpayer does not consist principally of the holding of the stocks  
80.17 and the collection of income and gain therefrom.

80.18 (c) The dividend deduction provided in this subdivision shall be allowed only with  
80.19 respect to dividends that are included in a corporation's Minnesota taxable net income for  
80.20 the taxable year.

80.21 The dividend deduction provided in this subdivision does not apply to a dividend from  
80.22 a corporation which, for the taxable year of the corporation in which the distribution is made  
80.23 or for the next preceding taxable year of the corporation, is a corporation exempt from tax  
80.24 under section 501 of the Internal Revenue Code.

80.25 The dividend deduction provided in this subdivision does not apply to a dividend received  
80.26 from a real estate investment trust as defined in section 856 of the Internal Revenue Code.

80.27 The dividend deduction provided in this subdivision applies to the amount of regulated  
80.28 investment company dividends only to the extent determined under section 854(b) of the  
80.29 Internal Revenue Code.

80.30 The dividend deduction provided in this subdivision shall not be allowed with respect  
80.31 to any dividend for which a deduction is not allowed under the provisions of section 246(c)  
80.32 or 246A of the Internal Revenue Code.



81.1 (d) If dividends received by a corporation that does not have nexus with Minnesota under  
 81.2 the provisions of Public Law 86-272 are included as income on the return of an affiliated  
 81.3 corporation permitted or required to file a combined report under section 290.17, subdivision  
 81.4 4, or 290.34, subdivision 2, then for purposes of this subdivision the determination as to  
 81.5 whether the trade or business of the corporation consists principally of the holding of stocks  
 81.6 and the collection of income and gains therefrom shall be made with reference to the trade  
 81.7 or business of the affiliated corporation having a nexus with Minnesota.

81.8 (e) The deduction provided by this subdivision does not apply if the dividends are paid  
 81.9 by a FSC as defined in section 922 of the Internal Revenue Code.

81.10 (f) If one or more of the members of the unitary group whose income is included on the  
 81.11 combined report received a dividend, the deduction under this subdivision for each member  
 81.12 of the unitary business required to file a return under this chapter is the product of: (1) 100  
 81.13 percent of the dividends received by members of the group; (2) the percentage allowed  
 81.14 pursuant to paragraph (a) or (b); and (3) the percentage of the taxpayer's business income  
 81.15 apportionable to this state for the taxable year under section 290.191 or 290.20.

81.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 81.17 31, 2018.

81.18 Sec. 19. Minnesota Statutes 2018, section 291.03, subdivision 9, is amended to read:

81.19 Subd. 9. **Qualified small business property.** Property satisfying all of the following  
 81.20 requirements is qualified small business property:

81.21 (1) The value of the property was included in the federal adjusted taxable estate.

81.22 (2) The property consists of the assets of a trade or business or shares of stock or other  
 81.23 ownership interests in a corporation or other entity engaged in a trade or business. Shares  
 81.24 of stock in a corporation or an ownership interest in another type of entity do not qualify  
 81.25 under this subdivision if the shares or ownership interests are traded on a public stock  
 81.26 exchange at any time during the three-year period ending on the decedent's date of death.  
 81.27 For purposes of this subdivision, an ownership interest includes the interest the decedent is  
 81.28 deemed to own under sections 2036, 2037, ~~and 2038,~~ 2040, or 2044 of the Internal Revenue  
 81.29 Code.

81.30 (3) During the taxable year that ended before the decedent's death, the trade or business  
 81.31 must not have been a passive activity within the meaning of section 469(c) of the Internal  
 81.32 Revenue Code, and the decedent or the decedent's spouse must have materially participated  
 81.33 in the trade or business within the meaning of section 469(h) of the Internal Revenue Code,

82.1 excluding section 469(h)(3) of the Internal Revenue Code and any other provision provided  
82.2 by United States Treasury Department regulation that substitutes material participation in  
82.3 prior taxable years for material participation in the taxable year that ended before the  
82.4 decedent's death.

82.5 (4) The gross annual sales of the trade or business were \$10,000,000 or less for the last  
82.6 taxable year that ended before the date of the death of the decedent.

82.7 (5) The property does not include:

82.8 (i) cash;

82.9 (ii) cash equivalents;

82.10 (iii) publicly traded securities; or

82.11 (iv) any assets not used in the operation of the trade or business.

82.12 (6) For property consisting of shares of stock or other ownership interests in an entity,  
82.13 the value of items described in clause (5) must be excluded in the valuation of the decedent's  
82.14 interest in the entity.

82.15 (7) The decedent or the decedent's spouse continuously owned the property, or an  
82.16 undivided or joint interest in the property, including property the decedent or the decedent's  
82.17 spouse is deemed to own under sections 2036, 2037, ~~and~~ 2038, 2040, or 2044 of the Internal  
82.18 Revenue Code, or under subdivision 1d, for the three-year period ending on the date of  
82.19 death of the decedent. In the case of a sole proprietor, if the property replaced similar property  
82.20 within the three-year period, the replacement property will be treated as having been owned  
82.21 for the three-year period ending on the date of death of the decedent. For the purposes of  
82.22 the three-year holding period under this clause, any ownership by the decedent's spouse,  
82.23 whether the spouse predeceases or survives the decedent, is attributed to the decedent.

82.24 (8) For three years following the date of death of the decedent, the trade or business is  
82.25 not a passive activity within the meaning of section 469(c) of the Internal Revenue Code,  
82.26 and a family member materially participates in the operation of the trade or business within  
82.27 the meaning of section 469(h) of the Internal Revenue Code, excluding section 469(h)(3)  
82.28 of the Internal Revenue Code and any other provision provided by United States Treasury  
82.29 Department regulation that substitutes material participation in prior taxable years for  
82.30 material participation in the three years following the date of death of the decedent.

82.31 (9) The estate and the qualified heir elect to treat the property as qualified small business  
82.32 property and agree, in the form prescribed by the commissioner, to pay the recapture tax  
82.33 under subdivision 11, if applicable.

83.1 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents  
 83.2 dying after December 31, 2017.

83.3 Sec. 20. Minnesota Statutes 2018, section 291.03, subdivision 10, is amended to read:

83.4 Subd. 10. **Qualified farm property.** Property satisfying all of the following requirements  
 83.5 is qualified farm property:

83.6 (1) The value of the property was included in the federal adjusted taxable estate.

83.7 (2) The property consists of agricultural land and is owned by a person or entity that is  
 83.8 either not subject to or is in compliance with section 500.24.

83.9 (3) For property taxes payable in the taxable year of the decedent's death, the property  
 83.10 is classified as class 2a property under section 273.13, subdivision 23, and is classified as  
 83.11 agricultural homestead, agricultural relative homestead, or special agricultural homestead  
 83.12 under section 273.124.

83.13 (4) The decedent or the decedent's spouse continuously owned the property, or an  
 83.14 undivided or joint interest in the property, including property the decedent or the decedent's  
 83.15 spouse is deemed to own under sections 2036, 2037, ~~and~~ 2038, 2040, or 2044 of the Internal  
 83.16 Revenue Code, or under subdivision 1d, for the three-year period ending on the date of  
 83.17 death of the decedent either by ownership of the agricultural land or pursuant to holding an  
 83.18 interest in an entity that is not subject to or is in compliance with section 500.24. For the  
 83.19 purposes of the three-year holding period under this clause, any ownership by the decedent's  
 83.20 spouse, whether the spouse predeceases or survives the decedent, is attributed to the decedent.

83.21 (5) The property is classified for property tax purposes as class 2a property under section  
 83.22 273.13, subdivision 23, for three years following the date of death of the decedent.

83.23 (6) The estate and the qualified heir elect to treat the property as qualified farm property  
 83.24 and agree, in a form prescribed by the commissioner, to pay the recapture tax under  
 83.25 subdivision 11, if applicable.

83.26 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents  
 83.27 dying after December 31, 2017.

83.28 Sec. 21. **SPECIAL WAIVER OF INCOME TAX PENALTIES FOR TAX YEARS**  
 83.29 **2017 AND 2018.**

83.30 For taxable years beginning after December 31, 2016, and before January 1, 2019, no  
 83.31 addition to tax is imposed under Minnesota Statutes, sections 289A.25, subdivision 2, and

84.1 289A.26, subdivision 4, if the tax shown on the return for the taxable year or, if no return  
 84.2 is filed, the tax, reduced by the credits allowable, is less than \$1,000. This paragraph applies  
 84.3 only to taxpayers who submit a request for a waiver of addition to tax due under Minnesota  
 84.4 Statutes, sections 289A.25, subdivision 2, and 289A.26, subdivision 4. The request for  
 84.5 waiver must attest that the underpayment of estimated tax for the taxable year is due to  
 84.6 uncertainties in tax planning resulting from the enactment of Public Laws 115-63, 115-97,  
 84.7 115-123, and 115-141. The request for waiver must be in a form and manner prescribed by  
 84.8 the commissioner of revenue.

84.9 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
 84.10 after December 31, 2016, and before January 1, 2019.

84.11 Sec. 22. **REPEALER.**

84.12 Minnesota Statutes 2018, section 290.0671, subdivision 6a, is repealed.

84.13 **EFFECTIVE DATE.** This section is effective July 1, 2019.

### 84.14 **ARTICLE 3**

### 84.15 **SALES AND USE TAXES**

84.16 Section 1. Minnesota Statutes 2018, section 38.27, is amended by adding a subdivision  
 84.17 to read:

84.18 Subd. 4. **Use of a portion of county fair revenues.** A county agricultural society must  
 84.19 annually determine the amount of sales tax savings attributable to section 297A.70,  
 84.20 subdivision 21. If the county agricultural society owns its own fairgrounds, it must use the  
 84.21 amount equal to the sales tax savings to maintain, improve, or expand society owned  
 84.22 buildings and facilities on the fairgrounds; otherwise it must transfer this amount to the  
 84.23 owner of the fairgrounds. An owner that receives a transfer of money under this subdivision  
 84.24 must use the transferred amount to maintain, improve, and expand entity owned buildings  
 84.25 and facilities on the county fairgrounds.

84.26 **EFFECTIVE DATE.** This section is effective July 1, 2019.

84.27 Sec. 2. Minnesota Statutes 2018, section 289A.20, subdivision 4, is amended to read:

84.28 Subd. 4. **Sales and use tax.** (a) The taxes imposed by chapter 297A are due and payable  
 84.29 to the commissioner monthly on or before the 20th day of the month following the month  
 84.30 in which the taxable event occurred, or following another reporting period as the  
 84.31 commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph (f)

85.1 or (g), except that use taxes due on an annual use tax return as provided under section  
85.2 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

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

85.5 (1) Two business days before June 30 of ~~the year~~ calendar year 2020 and 2021, the  
85.6 vendor must remit ~~81.4~~ 87.5 percent of the estimated June liability to the commissioner.  
85.7 Two business days before June 30 of calendar year 2022 and thereafter, the vendor must  
85.8 remit 84.5 percent of the estimated June liability to the commissioner.

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

85.11 (c) A vendor having a liability of:

85.12 (1) \$10,000 or more, but less than \$250,000 during a fiscal year ending June 30, 2013,  
85.13 and fiscal years thereafter, must remit by electronic means all liabilities on returns due for  
85.14 periods beginning in all subsequent calendar years on or before the 20th day of the month  
85.15 following the month in which the taxable event occurred, or on or before the 20th day of  
85.16 the month following the month in which the sale is reported under section 289A.18,  
85.17 subdivision 4; or

85.18 (2) \$250,000 or more, during a fiscal year ending June 30, 2013, and fiscal years  
85.19 thereafter, must remit by electronic means all liabilities in the manner provided in paragraph  
85.20 (a) on returns due for periods beginning in the subsequent calendar year, except for ~~81.4~~ 90  
85.21 percent of the estimated June liability, which is due two business days before June 30. The  
85.22 remaining amount of the June liability is due on August 20.

85.23 (d) Notwithstanding paragraph (b) or (c), a person prohibited by the person's religious  
85.24 beliefs from paying electronically shall be allowed to remit the payment by mail. The filer  
85.25 must notify the commissioner of revenue of the intent to pay by mail before doing so on a  
85.26 form prescribed by the commissioner. No extra fee may be charged to a person making  
85.27 payment by mail under this paragraph. The payment must be postmarked at least two business  
85.28 days before the due date for making the payment in order to be considered paid on a timely  
85.29 basis.

85.30 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
85.31 30, 2019.

86.1 Sec. 3. Minnesota Statutes 2018, section 289A.60, subdivision 15, is amended to read:

86.2 Subd. 15. **Accelerated payment of June sales tax liability; penalty for**  
 86.3 **underpayment.** (a) For payments made after December 31, 2013 2019, if a vendor is  
 86.4 required by law to submit an estimation of June sales tax liabilities and ~~81.4~~ 87.5 percent  
 86.5 payment by a certain date, the vendor shall pay a penalty equal to ten percent of the amount  
 86.6 of actual June liability required to be paid in June less the amount remitted in June. The  
 86.7 penalty must not be imposed, however, if the amount remitted in June equals the lesser of  
 86.8 ~~81.4~~ 87.5 percent of the preceding May's liability or ~~81.4~~ 87.5 percent of the average monthly  
 86.9 liability for the previous calendar year.

86.10 (b) Notwithstanding paragraph (a), for calendar year 2022 and thereafter, the percent of  
 86.11 the estimated June liability the vendor must remit by two business days before June 30 is  
 86.12 84.5 percent.

86.13 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
 86.14 30, 2019.

86.15 Sec. 4. Minnesota Statutes 2018, section 297A.66, subdivision 1, is amended to read:

86.16 Subdivision 1. **Definitions.** (a) To the extent allowed by the United States Constitution  
 86.17 and the laws of the United States, the terms "retailer maintaining a place of business in this  
 86.18 state," and "marketplace provider maintaining a place of business in this state," or a similar  
 86.19 ~~term, means~~ terms mean a retailer or marketplace provider:

86.20 (1) having or maintaining within this state, directly or by a subsidiary or an affiliate, an  
 86.21 office, place of distribution, sales, storage, or sample room or place, warehouse, or other  
 86.22 place of business, including the employment of a resident of this state who works from a  
 86.23 home office in this state; or

86.24 (2) having a representative, including, but not limited to, an affiliate, agent, salesperson,  
 86.25 canvasser, ~~marketplace provider,~~ solicitor, or other third party operating in this state under  
 86.26 the authority of the retailer or marketplace provider, or its subsidiary, for any purpose,  
 86.27 including the repairing, selling, delivering, installing, facilitating sales, processing sales, or  
 86.28 soliciting of orders for the retailer's or a retailer's goods or services, or the leasing of tangible  
 86.29 personal property located in this state, whether the place of business or agent, representative,  
 86.30 affiliate, salesperson, canvasser, or solicitor is located in the state permanently or temporarily,  
 86.31 or whether or not the retailer or marketplace provider, subsidiary, or affiliate is authorized  
 86.32 to do business in this state. ~~A retailer is represented by a marketplace provider in this state~~

87.1 ~~if the retailer makes sales in this state facilitated by a marketplace provider that maintains~~  
 87.2 ~~a place of business in this state.~~

87.3 ~~(b) "Destination of a sale" means the location to which the retailer makes delivery of~~  
 87.4 ~~the property sold, or causes the property to be delivered, to the purchaser of the property,~~  
 87.5 ~~or to the agent or designee of the purchaser. The delivery may be made by any means,~~  
 87.6 ~~including the United States Postal Service or a for-hire carrier.~~

87.7 (e) (b) To the extent allowed by the United States Constitution and the laws of the United  
 87.8 States, the terms "retailer not maintaining a place of business in this state," and "marketplace  
 87.9 provider not maintaining a place of business in this state," or similar terms mean a retailer  
 87.10 or marketplace provider making or facilitating retail sales from outside this state to a  
 87.11 destination within this state and not maintaining a place of business in this state as provided  
 87.12 in paragraph (a) that engages in the regular or systematic soliciting of sales from potential  
 87.13 customers in this state by:

87.14 (1) distribution, by mail or otherwise, of catalogs, periodicals, advertising flyers, or other  
 87.15 written solicitations of business to customers in this state;

87.16 (2) advertisements on billboards or other outdoor advertising in this state;

87.17 (3) advertisements in newspapers published in this state;

87.18 (4) advertisements in trade journals or other periodicals the circulation of which is  
 87.19 primarily within this state;

87.20 (5) advertisements in a Minnesota edition of a national or regional publication or a  
 87.21 limited regional edition in which this state is included as part of a broader regional or national  
 87.22 publication that are not placed in other geographically defined editions of the same issue  
 87.23 of the same publication;

87.24 (6) advertisements in regional or national publications in an edition that is not by its  
 87.25 contents geographically targeted to Minnesota but is sold over the counter in Minnesota or  
 87.26 by subscription to Minnesota residents;

87.27 (7) advertisements broadcast on a radio or television station located in Minnesota; or

87.28 (8) any other solicitation by telephone, computer database, cable, optic, microwave, or  
 87.29 any other communication system, including but not limited to a website accessible from  
 87.30 within Minnesota.

87.31 The location of independent vendors that provide products or services to a retailer or  
 87.32 marketplace provider in connection with a retailer or marketplace provider's solicitation of

88.1 customers within this state, including such products and services as creation of copy, printing,  
 88.2 distribution, and recording is not considered in determining whether the retailer or  
 88.3 marketplace provider is required to collect tax. Paragraph (b) must be construed without  
 88.4 regard to the state from which distribution of the materials originated or in which they were  
 88.5 prepared.

88.6 (c) "Regular or systematic soliciting of sales from potential customers in this state"  
 88.7 means the retailer not maintaining a place of business in this state or marketplace provider  
 88.8 not maintaining a place of business in this state is engaged in any of the solicitations listed  
 88.9 in paragraph (b), and:

88.10 (1) makes or facilitates 200 or more retail sales from outside this state to destinations in  
 88.11 this state during the prior 12-month period; or

88.12 (2) makes or facilitates retail sales totaling more than \$100,000 from outside this state  
 88.13 to destinations in this state during the prior 12-month period.

88.14 (d) "Marketplace provider" means any person who facilitates a retail sale by a retailer  
 88.15 by:

88.16 (1) listing or advertising for sale by the retailer in any forum, tangible personal property,  
 88.17 services, or digital goods that are subject to tax under this chapter; and

88.18 (2) either directly or indirectly through agreements or arrangements with third parties  
 88.19 collecting payment from the customer and transmitting that payment to the retailer regardless  
 88.20 of whether the marketplace provider receives compensation or other consideration in  
 88.21 exchange for its services.

88.22 ~~(d) "Total taxable retail sales" means the gross receipts from the sale of all tangible~~  
 88.23 ~~goods, services, and digital goods subject to sales and use tax under this chapter.~~

88.24 (e) "Destination of a sale" means the location to which the retailer makes delivery of  
 88.25 the property sold, or causes the property to be delivered, to the purchaser of the property,  
 88.26 or to the agent or designee of the purchaser. The delivery may be made by any means,  
 88.27 including the United States Postal Service or a for-hire carrier.

88.28 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
 88.29 September 30, 2019.

88.30 Sec. 5. Minnesota Statutes 2018, section 297A.66, subdivision 2, is amended to read:

88.31 Subd. 2. ~~**Retailer maintaining place of business in this state**~~ **Collection and remittance**  
 88.32 **requirements for retailers and marketplace providers.** (a) Except as provided in paragraph



89.1 ~~(b)~~ (d), a retailer maintaining a place of business in this state and a retailer not maintaining  
 89.2 a place of business in this state who makes retail sales in Minnesota or to a destination in  
 89.3 Minnesota shall collect sales and use taxes and remit them to the commissioner under section  
 89.4 297A.77 for all retail sales other than those facilitated by a marketplace provider maintaining  
 89.5 a place of business in this state or a marketplace provider not maintaining a place of business  
 89.6 in this state that is required to collect and remit sales and use taxes under paragraph (b).

89.7 ~~(b) A retailer with total taxable retail sales to customers in this state of less than \$10,000~~  
 89.8 ~~in the 12-month period ending on the last day of the most recently completed calendar~~  
 89.9 ~~quarter is not required to collect and remit sales tax if it is determined to be a retailer~~  
 89.10 ~~maintaining a place of business in the state solely because it made sales through one or more~~  
 89.11 ~~marketplace providers. The provisions of this paragraph do not apply to a retailer that is or~~  
 89.12 ~~was registered to collect sales and use tax in this state. Except as provided in paragraph (d),~~  
 89.13 a marketplace provider maintaining a place of business in this state and a marketplace  
 89.14 provider not maintaining a place of business in this state who facilitates retail sales in  
 89.15 Minnesota or to a destination in Minnesota shall collect sales and use taxes and remit them  
 89.16 to the commissioner under section 297A.77 unless:

89.17 (1) the retailer provides a copy of the retailer's registration to collect sales and use taxes  
 89.18 in this state to the marketplace provider; and

89.19 (2) the marketplace provider and retailer agree that the retailer will collect and remit the  
 89.20 sales and use taxes on marketplace sales facilitated by the marketplace provider.

89.21 (c) Nothing in paragraph (b) shall be construed to interfere with the ability of a  
 89.22 marketplace provider and a retailer to enter into an agreement regarding fulfillment of the  
 89.23 requirements of this chapter.

89.24 (d) A retailer not maintaining a place of business in this state and a marketplace provider  
 89.25 not maintaining a place of business in this state shall:

89.26 (1) begin collecting and remitting sales and use taxes to the commissioner on the first  
 89.27 day of a calendar month occurring no later than 60 days after the retailer or marketplace  
 89.28 provider engages in regular or systematic soliciting of sales from potential customers in this  
 89.29 state; and

89.30 (2) continue to collect and remit sales and use taxes to the commissioner until at least  
 89.31 the last day of the 12th calendar month following the calendar month in which the retailer  
 89.32 or marketplace provider began collecting and remitting sales and use taxes under clause  
 89.33 (1).

90.1 (e) A retailer not maintaining a place of business in this state and a marketplace provider  
 90.2 not maintaining a place of business in this state may cease collecting and remitting sales  
 90.3 and use taxes to the commissioner after the period in paragraph (d), clause (2), if the retailer  
 90.4 or marketplace provider no longer engages in regular or systematic soliciting of sales from  
 90.5 potential customers in this state.

90.6 (f) A retailer or marketplace provider may cease collecting and remitting sales and use  
 90.7 taxes under paragraph (e) only after notifying the commissioner that the retailer or  
 90.8 marketplace provider is no longer engaged in the regular or systematic soliciting of sales  
 90.9 from potential customers in this state. The commissioner shall prescribe the content, format,  
 90.10 and manner of the notification pursuant to section 270C.30. If a retailer or marketplace  
 90.11 provider subsequently engages in regular or systematic soliciting of sales from potential  
 90.12 customers in this state, the retailer shall again comply with the requirements of paragraph  
 90.13 (d).

90.14 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
 90.15 September 30, 2019.

90.16 Sec. 6. Minnesota Statutes 2018, section 297A.66, subdivision 3, is amended to read:

90.17 Subd. 3. ~~**Retailer not maintaining place of business in this state**~~ **Marketplace provider**  
 90.18 **liability.** ~~(a) To the extent allowed by the United States Constitution and in accordance with~~  
 90.19 ~~the terms and conditions of federal remote seller law, a retailer making retail sales from~~  
 90.20 ~~outside this state to a destination within this state and not maintaining a place of business~~  
 90.21 ~~in this state shall collect sales and use taxes and remit them to the commissioner under~~  
 90.22 ~~section 297A.77.~~

90.23 ~~(b) To the extent allowed by the United States Constitution and the laws of the United~~  
 90.24 ~~States, a retailer making retail sales from outside this state to a destination within this state~~  
 90.25 ~~and not maintaining a place of business in this state shall collect sales and use taxes and~~  
 90.26 ~~remit them to the commissioner under section 297A.77, if the retailer engages in the regular~~  
 90.27 ~~or systematic soliciting of sales from potential customers in this state by:~~

90.28 ~~(1) distribution, by mail or otherwise, of catalogs, periodicals, advertising flyers, or other~~  
 90.29 ~~written solicitations of business to customers in this state;~~

90.30 ~~(2) display of advertisements on billboards or other outdoor advertising in this state;~~

90.31 ~~(3) advertisements in newspapers published in this state;~~

90.32 ~~(4) advertisements in trade journals or other periodicals the circulation of which is~~  
 90.33 ~~primarily within this state;~~

91.1 ~~(5) advertisements in a Minnesota edition of a national or regional publication or a~~  
 91.2 ~~limited regional edition in which this state is included as part of a broader regional or national~~  
 91.3 ~~publication which are not placed in other geographically defined editions of the same issue~~  
 91.4 ~~of the same publication;~~

91.5 ~~(6) advertisements in regional or national publications in an edition which is not by its~~  
 91.6 ~~contents geographically targeted to Minnesota but which is sold over the counter in Minnesota~~  
 91.7 ~~or by subscription to Minnesota residents;~~

91.8 ~~(7) advertisements broadcast on a radio or television station located in Minnesota; or~~

91.9 ~~(8) any other solicitation by telegraphy, telephone, computer database, cable, optic,~~  
 91.10 ~~microwave, or other communication system.~~

91.11 ~~This paragraph must be construed without regard to the state from which distribution~~  
 91.12 ~~of the materials originated or in which they were prepared.~~

91.13 ~~(e) The location within or without this state of independent vendors that provide products~~  
 91.14 ~~or services to the retailer in connection with its solicitation of customers within this state,~~  
 91.15 ~~including such products and services as creation of copy, printing, distribution, and recording,~~  
 91.16 ~~is not considered in determining whether the retailer is required to collect tax.~~

91.17 ~~(d) A retailer not maintaining a place of business in this state is presumed, subject to~~  
 91.18 ~~rebuttal, to be engaged in regular solicitation within this state if it engages in any of the~~  
 91.19 ~~activities in paragraph (b) and:~~

91.20 ~~(1) makes 100 or more retail sales from outside this state to destinations in this state~~  
 91.21 ~~during a period of 12 consecutive months; or~~

91.22 ~~(2) makes ten or more retail sales totaling more than \$100,000 from outside this state~~  
 91.23 ~~to destinations in this state during a period of 12 consecutive months.~~

91.24 (a) A marketplace provider is subject to audit on the retail sales it facilitates if it is  
 91.25 required to collect sales and use taxes and remit them to the commissioner under subdivision  
 91.26 2, paragraphs (b) and (c).

91.27 (b) A marketplace provider is not liable for failing to file, collect, and remit sales and  
 91.28 use taxes to the commissioner if the marketplace provider demonstrates that the error was  
 91.29 due to incorrect or insufficient information given to the marketplace provider by the retailer.  
 91.30 This paragraph does not apply if the marketplace provider and the marketplace retailer are  
 91.31 related as defined in subdivision 4, paragraph (b).

92.1 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
 92.2 September 30, 2019.

92.3 Sec. 7. Minnesota Statutes 2018, section 297A.67, is amended by adding a subdivision to  
 92.4 read:

92.5 Subd. 37. **Certain herbicides.** (a) Purchases of herbicides authorized for use pursuant  
 92.6 to an invasive aquatic plant management permit as defined under section 103G.615 are  
 92.7 exempt if purchased by:

92.8 (1) a lakeshore property owner;

92.9 (2) an association of lakeshore property owners organized under chapter 317A; or

92.10 (3) a contractor hired by a lakeshore owner or association to provide invasive aquatic  
 92.11 plant management under the permit.

92.12 (b) For purposes of this subdivision, "herbicides" means a substance or mixture of  
 92.13 substances intended for use as a plant regulator, defoliant, or desiccant that are:

92.14 (1) labeled for use in water;

92.15 (2) registered for use in this state by the Department of Agriculture under section 18B.26;  
 92.16 and

92.17 (3) listed as one of the herbicides proposed for use on the invasive aquatic plant  
 92.18 management permit.

92.19 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
 92.20 30, 2019.

92.21 Sec. 8. Minnesota Statutes 2018, section 297A.70, subdivision 10, is amended to read:

92.22 Subd. 10. **Nonprofit tickets or admissions.** (a) Tickets or admissions to an event are  
 92.23 exempt if all the gross receipts are recorded as such, in accordance with generally accepted  
 92.24 accounting principles, on the books of one or more organizations whose primary mission  
 92.25 is to provide an opportunity for citizens of the state to participate in the creation, performance,  
 92.26 or appreciation of the arts, and provided that each organization is:

92.27 (1) an organization described in section 501(c)(3) of the Internal Revenue Code in which  
 92.28 voluntary contributions make up at least five percent of the organization's annual revenue  
 92.29 in its most recently completed 12-month fiscal year, or in the current year if the organization  
 92.30 has not completed a 12-month fiscal year;

93.1 (2) a municipal board that promotes cultural and arts activities; or

93.2 (3) the University of Minnesota, a state college and university, or a private nonprofit  
93.3 college or university provided that the event is held at a facility owned by the educational  
93.4 institution holding the event.

93.5 The exemption only applies if the entire proceeds, after reasonable expenses, are used solely  
93.6 to provide opportunities for citizens of the state to participate in the creation, performance,  
93.7 or appreciation of the arts.

93.8 (b) Tickets or admissions to the premises of the Minnesota Zoological Garden are exempt,  
93.9 provided that the exemption under this paragraph does not apply to tickets or admissions  
93.10 to performances or events held on the premises unless the performance or event is sponsored  
93.11 and conducted exclusively by the Minnesota Zoological Board or employees of the Minnesota  
93.12 Zoological Garden.

93.13 (c) Tickets or admissions to a performance or event on the premises of a tax-exempt  
93.14 organization under section 501(c)(3) of the Internal Revenue Code are exempt if:

93.15 (1) the nonprofit organization was established to preserve Minnesota's rural agricultural  
93.16 heritage and focuses on educating the public about rural history and how farms in Minnesota  
93.17 helped to provide food for the nation and the world;

93.18 (2) the premises of the nonprofit organization is at least 115 acres;

93.19 (3) the performance or event is sponsored and conducted exclusively by volunteers,  
93.20 employees of the nonprofit organization, or members of the board of directors of the nonprofit  
93.21 organization; and

93.22 (4) the performance or event is consistent with the nonprofit organization's purposes  
93.23 under section 501(c)(3) of the Internal Revenue Code.

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

93.25 Sec. 9. Minnesota Statutes 2018, section 297A.70, subdivision 20, is amended to read:

93.26 Subd. 20. **Ice arenas and rinks.** Sales to organizations that exist primarily for the purpose  
93.27 of owning or operating ice arenas or rinks that are (1) part of either the Duluth Heritage  
93.28 Sports Center or the David M. Thaler Sports Center; and (2) are used for youth and high  
93.29 school programs, are exempt if the organization is a private, nonprofit corporation exempt  
93.30 from federal income taxation under section 501(c)(3) of the Internal Revenue Code.

93.31 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
93.32 30, 2019.

94.1 Sec. 10. Minnesota Statutes 2018, section 297A.70, is amended by adding a subdivision  
94.2 to read:

94.3 Subd. 21. **County agricultural society sales at county fairs.** Sales by a county  
94.4 agricultural society during a regularly scheduled county fair are exempt. For purposes of  
94.5 this subdivision, sales include admissions to and parking at the county fairgrounds,  
94.6 admissions to separately ticketed events run by the county agricultural society, and  
94.7 concessions and other sales made by employees or volunteers of the county agricultural  
94.8 society on the county fairgrounds. This exemption does not apply to sales or events by a  
94.9 county agricultural society held at a time other than at the time of the regularly scheduled  
94.10 county fair, or events not held on the county fairgrounds.

94.11 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
94.12 30, 2019.

94.13 Sec. 11. Minnesota Statutes 2018, section 297A.71, subdivision 50, is amended to read:

94.14 Subd. 50. **Properties destroyed by fire.** (a) Building materials and supplies used in,  
94.15 and equipment incorporated into, the construction or replacement of real property that is  
94.16 located in Melrose affected by the fire on September 8, 2016, are exempt.

94.17 (b) For sales and purchases made for the periods of (1) after September 30, 2016, and  
94.18 before July 1, 2017, and (2) after December 31, 2018, and before July 1, 2019, the tax must  
94.19 be imposed and collected as if the rate under section 297A.62, subdivision 1, applied and  
94.20 then refunded in the manner provided in section 297A.75.

94.21 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
94.22 made after December 31, 2018.

94.23 Sec. 12. Minnesota Statutes 2018, section 297A.71, is amended by adding a subdivision  
94.24 to read:

94.25 Subd. 51. **Properties destroyed by fire.** (a) Building materials and supplies used or  
94.26 consumed in, and equipment incorporated into, the construction or replacement of real  
94.27 property affected by, and capital equipment to replace equipment destroyed in, the fire on  
94.28 March 11, 2018, in the city of Mazeppa are exempt. The tax must be imposed and collected  
94.29 as if the rate under section 297A.62, subdivision 1, applied and then refunded in the manner  
94.30 provided in section 297A.75. For purposes of this subdivision, "capital equipment" includes  
94.31 durable equipment used in a restaurant for food storage, preparation, and serving.

95.1 (b) The exemption under this subdivision applies to sales and purchases made after  
95.2 March 11, 2018, and before January 1, 2022.

95.3 **EFFECTIVE DATE.** This section is effective retroactively from March 11, 2018.

95.4 Sec. 13. Minnesota Statutes 2018, section 297A.71, is amended by adding a subdivision  
95.5 to read:

95.6 Subd. 52. **Construction; certain local government facilities.** (a) Materials and supplies  
95.7 used in and equipment incorporated into the construction, reconstruction, upgrade, expansion,  
95.8 or remodeling of the following local government owned facilities are exempt:

95.9 (1) a new fire station, which includes firefighting, emergency management, public safety  
95.10 training, and other public safety facilities in the city of Monticello if materials, supplies,  
95.11 and equipment are purchased after January 31, 2019, and before January 1, 2022;

95.12 (2) a new fire station, which includes firefighting and public safety training facilities  
95.13 and public safety facilities, in the city of Inver Grove Heights if materials, supplies, and  
95.14 equipment are purchased after June 30, 2018, and before January 1, 2021;

95.15 (3) a fire station and police station, including access roads, lighting, sidewalks, and  
95.16 utility components, on or adjacent to the property on which the fire station or police station  
95.17 are located that are necessary for safe access to and use of those buildings, in the city of  
95.18 Minnetonka if materials, supplies, and equipment are purchased after May 23, 2019, and  
95.19 before January 1, 2021;

95.20 (4) the school building in Independent School District No. 414, Minneota, if materials,  
95.21 supplies, and equipment are purchased after January 1, 2018, and before January 1, 2021;

95.22 (5) a fire station in the city of Mendota Heights, if materials, supplies, and equipment  
95.23 are purchased after December 31, 2018, and before January 1, 2021; and

95.24 (6) a Dakota County law enforcement collaboration center, also known as the Safety  
95.25 and Mental Health Alternative Response Training (SMART) Center, if materials, supplies,  
95.26 and equipment are purchased after June 30, 2019, and before July 1, 2021.

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

95.29 (c) The total refund for the project listed in paragraph (a), clause (3), must not exceed  
95.30 \$850,000.

96.1 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
96.2 applies retroactively to sales and purchases made during the time periods listed for each  
96.3 project in paragraph (a).

96.4 Sec. 14. Minnesota Statutes 2018, section 297A.75, subdivision 1, is amended to read:

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

96.8 (1) building materials for an agricultural processing facility exempt under section  
96.9 297A.71, subdivision 13;

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

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

96.13 (4) building materials used in a residence for disabled veterans exempt under section  
96.14 297A.71, subdivision 11;

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

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

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

96.20 (8) equipment and materials used for the generation, transmission, and distribution of  
96.21 electrical energy and an aerial camera package exempt under section 297A.68, subdivision  
96.22 37;

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

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

96.27 (11) materials, supplies, and equipment for construction, improvement, or expansion  
96.28 of:

96.29 (i) an aerospace defense manufacturing facility exempt under Minnesota Statutes 2014,  
96.30 section 297A.71, subdivision 42;



97.1 (ii) a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision  
97.2 45;

97.3 (iii) a research and development facility exempt under Minnesota Statutes 2014, section  
97.4 297A.71, subdivision 46; and

97.5 (iv) an industrial measurement manufacturing and controls facility exempt under  
97.6 Minnesota Statutes 2014, section 297A.71, subdivision 47;

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

97.9 (13) materials, supplies, and equipment for qualifying capital projects under section  
97.10 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);

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

97.13 (15) items and services purchased under a business subsidy agreement for use or  
97.14 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision  
97.15 44;

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

97.19 (17) building materials, equipment, and supplies for ~~constructing or replacing real~~  
97.20 ~~property exempt under section 297A.71, subdivision 50, paragraph (b).~~ qualifying capital  
97.21 projects under section 297A.71, subdivision 52.

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

97.23 Sec. 15. Minnesota Statutes 2018, section 297A.75, subdivision 2, is amended to read:

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

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

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

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

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

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

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

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

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

98.10 (9) for subdivision 1, clause (16), the applicant must be the owner or developer of the  
98.11 building or project; ~~and~~.

98.12 ~~(10) for subdivision 1, clause (17), the applicant must be the owner or developer of the~~  
98.13 ~~building or project.~~

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

98.15 Sec. 16. Minnesota Statutes 2018, section 297F.09, subdivision 10, is amended to read:

98.16 Subd. 10. **Accelerated tax payment; cigarette or tobacco products distributor.** A  
98.17 cigarette or tobacco products distributor having a liability of \$250,000 or more during a  
98.18 fiscal year ending June 30, shall remit the June liability for the next year in the following  
98.19 manner:

98.20 (a) Two business days before June 30 of ~~the year~~ calendar years 2020 and 2021, the  
98.21 distributor shall remit the actual May liability and ~~81.4~~ 87.5 percent of the estimated June  
98.22 liability to the commissioner and file the return in the form and manner prescribed by the  
98.23 commissioner.

98.24 (b) On or before August 18 of the year, the distributor shall submit a return showing the  
98.25 actual June liability and pay any additional amount of tax not remitted in June. A penalty  
98.26 is imposed equal to ten percent of the amount of June liability required to be paid in June,  
98.27 less the amount remitted in June. However, the penalty is not imposed if the amount remitted  
98.28 in June equals the lesser of:

98.29 (1) ~~81.4~~ 87.5 percent of the actual June liability for the calendar year 2020 and 2021  
98.30 June liabilities and 84.5 of the actual June liability for June 2022 and thereafter; or

99.1 (2) ~~81.4~~ 87.5 percent of the preceding May liability for the calendar year 2020 and 2021  
 99.2 June liabilities and 84.5 percent of the preceding May liability for June 2022 and thereafter.

99.3 (c) For calendar year 2022 and thereafter, the percent of the estimated June liability the  
 99.4 vendor must remit by two business days before June 30 is 84.5 percent.

99.5 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
 99.6 30, 2019.

99.7 Sec. 17. Minnesota Statutes 2018, section 297G.09, subdivision 9, is amended to read:

99.8 Subd. 9. **Accelerated tax payment; penalty.** A person liable for tax under this chapter  
 99.9 having a liability of \$250,000 or more during a fiscal year ending June 30, shall remit the  
 99.10 June liability for the next year in the following manner:

99.11 (a) Two business days before June 30 of ~~the year~~ calendar years 2020 and 2021, the  
 99.12 taxpayer shall remit the actual May liability and ~~81.4~~ 87.5 percent of the estimated June  
 99.13 liability to the commissioner and file the return in the form and manner prescribed by the  
 99.14 commissioner.

99.15 (b) On or before August 18 of the year, the taxpayer shall submit a return showing the  
 99.16 actual June liability and pay any additional amount of tax not remitted in June. A penalty  
 99.17 is imposed equal to ten percent of the amount of June liability required to be paid in June  
 99.18 less the amount remitted in June. However, the penalty is not imposed if the amount remitted  
 99.19 in June equals the lesser of:

99.20 (1) ~~81.4~~ 87.5 percent of the actual June liability for the calendar year 2020 and 2021  
 99.21 June liabilities and 84.5 percent of the actual June liability for June 2022 and thereafter; or

99.22 (2) ~~81.4~~ 87.5 percent of the preceding May liability for the calendar year 2020 and 2021  
 99.23 June liabilities and 84.5 percent of the preceding May liability for June 2022 and thereafter.

99.24 (c) For calendar year 2022 and thereafter, the percent of the estimated June liability the  
 99.25 vendor must remit by two business days before June 30 is 84.5 percent.

99.26 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
 99.27 30, 2019.

99.28 Sec. 18. Laws 2017, First Special Session chapter 1, article 3, section 32, the effective  
 99.29 date, is amended to read:

99.30 **EFFECTIVE DATE.** Paragraph (a) is effective retroactively for sales and purchases  
 99.31 made after September 30, 2016, and before January 1, ~~2019~~ 2023. Paragraph (b) is effective

100.1 for sales and purchases made (1) after September 30, 2016, and before July 1, 2017; and  
 100.2 (2) after December 31, 2018, and before July 1, 2019.

100.3 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2019.

100.4 Sec. 19. **REPEALER.**

100.5 Minnesota Statutes 2018, section 297A.66, subdivision 4b, is repealed.

100.6 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
 100.7 September 30, 2019.

#### 100.8 **ARTICLE 4**

#### 100.9 **PROPERTY TAX**

100.10 Section 1. Minnesota Statutes 2018, section 103D.905, subdivision 5, is amended to read:

100.11 Subd. 5. **Construction or implementation fund.** (a) A construction or implementation  
 100.12 fund consists of:

100.13 (1) the proceeds of watershed district bonds or notes or of the sale of county bonds;

100.14 (2) construction or implementation loans or grants from the ~~Pollution Control Agency~~  
 100.15 ~~under sections 103F.701 to 103F.755, state~~ or from any agency of the federal government;  
 100.16 and

100.17 (3) special assessments, storm water charges, loan repayments, and ad valorem tax levies  
 100.18 levied or to be levied to supply funds for the construction or implementation of the projects  
 100.19 of the watershed district, including reservoirs, ditches, dikes, canals, channels, storm water  
 100.20 facilities, sewage treatment facilities, wells, and other works, and the expenses incident to  
 100.21 and connected with the construction or implementation.

100.22 (b) Construction or implementation loans or grants from the ~~Pollution Control Agency~~  
 100.23 ~~under sections 103F.701 to 103F.755, state~~ or from an agency of the federal government  
 100.24 may be repaid from the proceeds of watershed district bonds or notes or from the collections  
 100.25 of storm water charges, loan repayments, ad valorem tax levies, or special assessments on  
 100.26 properties benefited by the project.

100.27 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2020  
 100.28 and thereafter.

101.1 Sec. 2. Minnesota Statutes 2018, section 103D.905, subdivision 9, is amended to read:

101.2 Subd. 9. **Project tax levy.** (a) In addition to other tax levies provided in this section or  
101.3 in any other law, a watershed district may levy a tax:

101.4 (1) to pay the costs of projects undertaken by the watershed district ~~which~~ that are to be  
101.5 funded, in whole or in part, with the proceeds of money appropriated by law for grants or  
101.6 construction or implementation loans under sections 103F.701 to 103F.755 to the district;

101.7 (2) to pay the principal of, or premium or administrative surcharge, if any, and interest  
101.8 ~~on, the bonds and~~ or notes issued by the watershed district pursuant to section 103F.725 to  
101.9 repay such loans; or

101.10 (3) to repay ~~the construction or implementation~~ such loans ~~under sections 103F.701 to~~  
101.11 ~~103F.755.~~

101.12 (b) Taxes levied with respect to payment of bonds and notes ~~shall~~ must comply with  
101.13 section 475.61.

101.14 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2020  
101.15 and thereafter.

101.16 Sec. 3. Minnesota Statutes 2018, section 138.053, is amended to read:

101.17 **138.053 COUNTY HISTORICAL SOCIETY; TAX LEVY; CITIES OR TOWNS.**

101.18 The governing body of any home rule charter or statutory city or town may annually  
101.19 appropriate from its general fund an amount not to exceed 0.02418 percent of estimated  
101.20 market value, derived from ad valorem taxes on property or other revenues, to be paid to  
101.21 the historical society of its respective city, town, or county to be used for the promotion of  
101.22 historical work and to aid in defraying the expenses of carrying on the historical work in  
101.23 the city, town, or county. No city or town may appropriate any funds for the benefit of any  
101.24 historical society unless the society is affiliated with and approved by the Minnesota  
101.25 Historical Society.

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

101.27 Sec. 4. Minnesota Statutes 2018, section 197.603, subdivision 2, is amended to read:

101.28 Subd. 2. **Records; data privacy.** Pursuant to chapter 13 the county veterans service  
101.29 officer is the responsible authority with respect to all records in the officer's custody. The  
101.30 data on clients' applications for assistance is private data on individuals, as defined in section  
101.31 13.02, subdivision 12. The county veterans service officer may disclose to the county or

102.1 local assessor private data necessary to determine a client's eligibility for the veteran with  
 102.2 a disability homestead market value exclusion under section 273.13, subdivision 34.

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

102.4 Sec. 5. Minnesota Statutes 2018, section 272.02, subdivision 49, is amended to read:

102.5 Subd. 49. **Agricultural historical society property.** Property is exempt from taxation  
 102.6 if it is owned by a nonprofit charitable or educational organization that qualifies for  
 102.7 exemption under section 501(c)(3) of the Internal Revenue Code and meets the following  
 102.8 criteria:

102.9 (1) the property is primarily used for storing and exhibiting tools, equipment, and artifacts  
 102.10 useful in providing an understanding of local or regional agricultural history. Primary use  
 102.11 is determined each year based on the number of days the property is used solely for storage  
 102.12 and exhibition purposes;

102.13 (2) the property is limited to a maximum of ~~20~~ 40 acres per owner per county, but  
 102.14 includes the land and any taxable structures, fixtures, and equipment on the land;

102.15 (3) the property is not used for a revenue-producing activity for more than ten days in  
 102.16 each calendar year; and

102.17 (4) the property is not used for residential purposes on either a temporary or permanent  
 102.18 basis.

102.19 For assessment year 2019 only, an exemption application under this subdivision must be  
 102.20 filed with the county assessor by July 1, 2019.

102.21 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2019,  
 102.22 for taxes payable in 2020, and thereafter.

102.23 Sec. 6. Minnesota Statutes 2018, section 272.02, is amended by adding a subdivision to  
 102.24 read:

102.25 Subd. 102. **Certain property owned by an Indian tribe.** (a) Property is exempt that:

102.26 (1) is located in a city of the first class with a population of more than 380,000 as of the  
 102.27 2010 federal census;

102.28 (2) was on January 1, 2016, and is for the current assessment, owned by a federally  
 102.29 recognized Indian tribe, or its instrumentality, that is located within the state of Minnesota;  
 102.30 and

103.1 (3) is used exclusively as a pharmacy, as defined in section 151.01, subdivision 2.

103.2 (b) Property that qualifies for the exemption under this subdivision is limited to parcels  
103.3 and structures that do not exceed, in the aggregate, 4,000 square feet. Property acquired for  
103.4 single-family housing, market-rate apartments, agriculture, or forestry does not qualify for  
103.5 this exemption.

103.6 For assessment year 2019 only, an exemption application under this subdivision must be  
103.7 filed with the county assessor by July 1, 2019. The exemption created by this subdivision  
103.8 expires with taxes payable in 2029.

103.9 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2020  
103.10 and thereafter.

103.11 Sec. 7. Minnesota Statutes 2018, section 272.02, is amended by adding a subdivision to  
103.12 read:

103.13 Subd. 103. **Licensed child care facility.** Property used as a licensed child care facility  
103.14 that accepts families participating in the child care assistance program under chapter 119B,  
103.15 and that is owned and operated by a nonprofit charitable organization that qualifies for tax  
103.16 exemption under section 501(c)(3) of the Internal Revenue Code, is exempt. For the purposes  
103.17 of this subdivision, "licensed child care facility" means a child care center licensed under  
103.18 Minnesota Rules, chapter 9503, or a facility used to provide licensed family day care or  
103.19 group family day care as defined under Minnesota Rules, chapter 9502.

103.20 For assessment year 2019 only, an exemption application under this subdivision must be  
103.21 filed with the county assessor by July 1, 2019.

103.22 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2019,  
103.23 for taxes payable in 2020.

103.24 Sec. 8. Minnesota Statutes 2018, section 272.115, subdivision 1, is amended to read:

103.25 Subdivision 1. **Requirement.** Except as otherwise provided in subdivision 5, 6, or 7,  
103.26 whenever any real estate is sold for a consideration in excess of ~~\$1,000~~ \$3,000, whether by  
103.27 warranty deed, quitclaim deed, contract for deed or any other method of sale, the grantor,  
103.28 grantee or the legal agent of either shall file a certificate of value with the county auditor  
103.29 in the county in which the property is located when the deed or other document is presented  
103.30 for recording. Contract for deeds are subject to recording under section 507.235, subdivision  
103.31 1. Value shall, in the case of any deed not a gift, be the amount of the full actual consideration  
103.32 thereof, paid or to be paid, including the amount of any lien or liens assumed. The items

104.1 and value of personal property transferred with the real property must be listed and deducted  
104.2 from the sale price. The certificate of value shall include the classification to which the  
104.3 property belongs for the purpose of determining the fair market value of the property, and  
104.4 shall include any proposed change in use of the property known to the person filing the  
104.5 certificate that could change the classification of the property. The certificate shall include  
104.6 financing terms and conditions of the sale which are necessary to determine the actual,  
104.7 present value of the sale price for purposes of the sales ratio study. If the property is being  
104.8 acquired as part of a like-kind exchange under section 1031 of the Internal Revenue Code  
104.9 of 1986, as amended through December 31, 2006, that must be indicated on the certificate.  
104.10 The commissioner of revenue shall promulgate administrative rules specifying the financing  
104.11 terms and conditions which must be included on the certificate. The certificate of value  
104.12 must include the Social Security number or the federal employer identification number of  
104.13 the grantors and grantees. However, a married person who is not an owner of record and  
104.14 who is signing a conveyance instrument along with the person's spouse solely to release  
104.15 and convey their marital interest, if any, in the real property being conveyed is not a grantor  
104.16 for the purpose of the preceding sentence. A statement in the deed that is substantially in  
104.17 the following form is sufficient to allow the county auditor to accept a certificate for filing  
104.18 without the Social Security number of the named spouse: "(Name) claims no ownership  
104.19 interest in the real property being conveyed and is executing this instrument solely to release  
104.20 and convey a marital interest, if any, in that real property." The identification numbers of  
104.21 the grantors and grantees are private data on individuals or nonpublic data as defined in  
104.22 section 13.02, subdivisions 9 and 12, but, notwithstanding that section, the private or  
104.23 nonpublic data may be disclosed to the commissioner of revenue for purposes of tax  
104.24 administration. The information required to be shown on the certificate of value is limited  
104.25 to the information required as of the date of the acknowledgment on the deed or other  
104.26 document to be recorded.

104.27 **EFFECTIVE DATE.** This section is effective for certificates of value filed after  
104.28 December 31, 2019.

104.29 Sec. 9. Minnesota Statutes 2018, section 273.124, subdivision 3a, is amended to read:

104.30 Subd. 3a. **Manufactured home park cooperative.** (a) When a manufactured home park  
104.31 is owned by a corporation or association organized under chapter 308A or 308B, and each  
104.32 person who owns a share or shares in the corporation or association is entitled to occupy a  
104.33 lot within the park, the corporation or association may claim homestead treatment for the  
104.34 park. Each lot must be designated by legal description or number, and each lot is limited to  
104.35 not more than one-half acre of land.



105.1 (b) The manufactured home park shall be entitled to homestead treatment if all of the  
105.2 following criteria are met:

105.3 (1) the occupant or the cooperative corporation or association is paying the ad valorem  
105.4 property taxes and any special assessments levied against the land and structure either  
105.5 directly, or indirectly through dues to the corporation or association; and

105.6 (2) the corporation or association organized under chapter 308A or 308B is wholly  
105.7 owned by persons having a right to occupy a lot owned by the corporation or association.

105.8 (c) A charitable corporation, organized under the laws of Minnesota with no outstanding  
105.9 stock, and granted a ruling by the Internal Revenue Service for 501(c)(3) tax-exempt status,  
105.10 qualifies for homestead treatment with respect to a manufactured home park if its members  
105.11 hold residential participation warrants entitling them to occupy a lot in the manufactured  
105.12 home park.

105.13 (d) "Homestead treatment" under this subdivision means the classification rate provided  
105.14 for class 4c property classified under section 273.13, subdivision 25, paragraph (d), clause  
105.15 (5), item (ii); and the homestead market value exclusion under section 273.13, subdivision  
105.16 35, does not apply ~~and the property taxes assessed against the park shall not be included in~~  
105.17 ~~the determination of taxes payable for rent paid under section 290A.03.~~

105.18 **EFFECTIVE DATE.** This section is effective beginning with claims for taxes payable  
105.19 in 2020.

105.20 Sec. 10. Minnesota Statutes 2018, section 273.124, subdivision 8, is amended to read:

105.21 Subd. 8. **Homestead owned by or leased to family farm corporation, joint farm**  
105.22 **venture, limited liability company, or partnership.** (a) Each family farm corporation;  
105.23 each joint family farm venture; and each limited liability company or partnership which  
105.24 operates a family farm; is entitled to class 1b under section 273.13, subdivision 22, paragraph  
105.25 (b), or class 2a assessment for one homestead occupied by a shareholder, member, or partner  
105.26 thereof who is residing on the land, and actively engaged in farming of the land owned by  
105.27 the family farm corporation, joint family farm venture, limited liability company, or  
105.28 partnership. Homestead treatment applies even if:

105.29 (1) legal title to the property is in the name of the family farm corporation, joint family  
105.30 farm venture, limited liability company, or partnership, and not in the name of the person  
105.31 residing on it; or

106.1 (2) the family farm is operated by a family farm corporation, joint family farm venture,  
 106.2 partnership, or limited liability company other than the family farm corporation, joint family  
 106.3 farm venture, partnership, or limited liability company that owns the land, provided that:

106.4 (i) the shareholder, member, or partner residing on and actively engaged in farming the  
 106.5 land is a shareholder, member, or partner of the family farm corporation, joint family farm  
 106.6 venture, partnership, or limited liability company that is operating the farm and;

106.7 (ii) more than half of the shareholders, members, or partners of each family farm  
 106.8 corporation, joint family farm venture, partnership, or limited liability company are persons  
 106.9 or spouses of persons who are a qualifying relative under section 273.124, subdivision 1,  
 106.10 paragraphs (c) and (d).

106.11 "Family farm corporation," "family farm," and "partnership operating a family farm"  
 106.12 have the meanings given in section 500.24, except that the number of allowable shareholders,  
 106.13 members, or partners under this subdivision shall not exceed 12. "Limited liability company"  
 106.14 has the meaning contained in sections 322C.0102, subdivision 12, and 500.24, subdivision  
 106.15 2, paragraphs (l) and (m). "Joint family farm venture" means a cooperative agreement among  
 106.16 two or more farm enterprises authorized to operate a family farm under section 500.24.

106.17 (b) In addition to property specified in paragraph (a), any other residences owned by  
 106.18 family farm corporations, joint family farm ventures, limited liability companies, or  
 106.19 partnerships described in paragraph (a) which are located on agricultural land and occupied  
 106.20 as homesteads by its shareholders, members, or partners who are actively engaged in farming  
 106.21 on behalf of that corporation, joint farm venture, limited liability company, or partnership  
 106.22 must also be assessed as class 2a property or as class 1b property under section 273.13.

106.23 (c) Agricultural property that is owned by a member, partner, or shareholder of a family  
 106.24 farm corporation or joint family farm venture, limited liability company operating a family  
 106.25 farm, or by a partnership operating a family farm and leased to the family farm corporation,  
 106.26 limited liability company, partnership, or joint farm venture, as defined in paragraph (a), is  
 106.27 eligible for classification as class 1b or class 2a under section 273.13, if the owner is actually  
 106.28 residing on the property, and is actually engaged in farming the land on behalf of that  
 106.29 corporation, joint farm venture, limited liability company, or partnership. This paragraph  
 106.30 applies without regard to any legal possession rights of the family farm corporation, joint  
 106.31 family farm venture, limited liability company, or partnership under the lease.

106.32 (d) Nonhomestead agricultural property that is owned by a family farm corporation,  
 106.33 joint farm venture, limited liability company, or partnership; and located not farther than  
 106.34 four townships or cities, or combination thereof, from agricultural land that is owned, and

107.1 used for the purposes of a homestead by an individual who is a shareholder, member, or  
 107.2 partner of the corporation, venture, company, or partnership; is entitled to receive the first  
 107.3 tier homestead classification rate on any remaining market value in the first homestead class  
 107.4 tier that is in excess of the market value of the shareholder's, member's, or partner's class 2  
 107.5 agricultural homestead property, if the owner, or someone acting on the owner's behalf  
 107.6 notifies the county assessor by July 1 that the property may be eligible under this paragraph  
 107.7 for the current assessment year, for taxes payable in the following year. As used in this  
 107.8 paragraph, "agricultural property" means property classified as 2a under section 273.13,  
 107.9 along with any contiguous property classified as 2b under section 273.13, if the contiguous  
 107.10 2a and 2b properties are under the same ownership.

107.11 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2019.

107.12 Sec. 11. Minnesota Statutes 2018, section 273.124, subdivision 14, is amended to read:

107.13 Subd. 14. **Agricultural homesteads; special provisions.** (a) Real estate of less than ten  
 107.14 acres that is the homestead of its owner must be classified as class 2a under section 273.13,  
 107.15 subdivision 23, paragraph (a), if:

107.16 (1) the parcel on which the house is located is contiguous on at least two sides to (i)  
 107.17 agricultural land, (ii) land owned or administered by the United States Fish and Wildlife  
 107.18 Service, or (iii) land administered by the Department of Natural Resources on which in lieu  
 107.19 taxes are paid under sections 477A.11 to 477A.14;

107.20 (2) its owner also owns a noncontiguous parcel of agricultural land that is at least 20  
 107.21 acres;

107.22 (3) the noncontiguous land is located not farther than four townships or cities, or a  
 107.23 combination of townships or cities from the homestead; and

107.24 (4) the agricultural use value of the noncontiguous land and farm buildings is equal to  
 107.25 at least 50 percent of the market value of the house, garage, and one acre of land.

107.26 Homesteads initially classified as class 2a under the provisions of this paragraph shall  
 107.27 remain classified as class 2a, irrespective of subsequent changes in the use of adjoining  
 107.28 properties, as long as the homestead remains under the same ownership, the owner owns a  
 107.29 noncontiguous parcel of agricultural land that is at least 20 acres, and the agricultural use  
 107.30 value qualifies under clause (4). Homestead classification under this paragraph is limited  
 107.31 to property that qualified under this paragraph for the 1998 assessment.

107.32 (b)(i) Agricultural property shall be classified as the owner's homestead, to the same  
 107.33 extent as other agricultural homestead property, if all of the following criteria are met:

108.1 (1) the agricultural property consists of at least 40 acres including undivided government  
108.2 lots and correctional 40's;

108.3 (2) the owner, the owner's spouse, or a grandchild, child, sibling, or parent of the owner  
108.4 or of the owner's spouse, is actively farming the agricultural property, either on the person's  
108.5 own behalf as an individual or on behalf of a partnership operating a family farm, family  
108.6 farm corporation, joint family farm venture, or limited liability company of which the person  
108.7 is a partner, shareholder, or member;

108.8 (3) both the owner of the agricultural property and the person who is actively farming  
108.9 the agricultural property under clause (2), are Minnesota residents;

108.10 (4) neither the owner nor the spouse of the owner claims another agricultural homestead  
108.11 in Minnesota; and

108.12 (5) neither the owner nor the person actively farming the agricultural property lives  
108.13 farther than four townships or cities, or a combination of four townships or cities, from the  
108.14 agricultural property, except that if the owner or the owner's spouse is required to live in  
108.15 employer-provided housing, the owner or owner's spouse, whichever is actively farming  
108.16 the agricultural property, may live more than four townships or cities, or combination of  
108.17 four townships or cities from the agricultural property.

108.18 The relationship under this paragraph may be either by blood or marriage.

108.19 ~~(ii) Agricultural property held by a trustee under a trust is eligible for agricultural~~  
108.20 ~~homestead classification under this paragraph if the qualifications in clause (i) are met,~~  
108.21 ~~except that "owner" means the grantor of the trust.~~

108.22 ~~(iii)~~ Property containing the residence of an owner who owns qualified property under  
108.23 clause (i) shall be classified as part of the owner's agricultural homestead, if that property  
108.24 is also used for noncommercial storage or drying of agricultural crops.

108.25 ~~(iv)~~ (iii) As used in this paragraph, "agricultural property" means class 2a property and  
108.26 any class 2b property that is contiguous to and under the same ownership as the class 2a  
108.27 property.

108.28 (c) Noncontiguous land shall be included as part of a homestead under section 273.13,  
108.29 subdivision 23, paragraph (a), only if the homestead is classified as class 2a and the detached  
108.30 land is located in the same township or city, or not farther than four townships or cities or  
108.31 combination thereof from the homestead. Any taxpayer of these noncontiguous lands must  
108.32 notify the county assessor that the noncontiguous land is part of the taxpayer's homestead,

109.1 and, if the homestead is located in another county, the taxpayer must also notify the assessor  
109.2 of the other county.

109.3 (d) Agricultural land used for purposes of a homestead and actively farmed by a person  
109.4 holding a vested remainder interest in it must be classified as a homestead under section  
109.5 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other  
109.6 dwellings on the land used for purposes of a homestead by persons holding vested remainder  
109.7 interests who are actively engaged in farming the property, and up to one acre of the land  
109.8 surrounding each homestead and reasonably necessary for the use of the dwelling as a home,  
109.9 must also be assessed class 2a.

109.10 (e) Agricultural land and buildings that were class 2a homestead property under section  
109.11 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain classified as  
109.12 agricultural homesteads for subsequent assessments if:

109.13 (1) the property owner abandoned the homestead dwelling located on the agricultural  
109.14 homestead as a result of the April 1997 floods;

109.15 (2) the property is located in the county of Polk, Clay, Kittson, Marshall, Norman, or  
109.16 Wilkin;

109.17 (3) the agricultural land and buildings remain under the same ownership for the current  
109.18 assessment year as existed for the 1997 assessment year and continue to be used for  
109.19 agricultural purposes;

109.20 (4) the dwelling occupied by the owner is located in Minnesota and is within 30 miles  
109.21 of one of the parcels of agricultural land that is owned by the taxpayer; and

109.22 (5) the owner notifies the county assessor that the relocation was due to the 1997 floods,  
109.23 and the owner furnishes the assessor any information deemed necessary by the assessor in  
109.24 verifying the change in dwelling. Further notifications to the assessor are not required if the  
109.25 property continues to meet all the requirements in this paragraph and any dwellings on the  
109.26 agricultural land remain uninhabited.

109.27 (f) Agricultural land and buildings that were class 2a homestead property under section  
109.28 273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain classified  
109.29 agricultural homesteads for subsequent assessments if:

109.30 (1) the property owner abandoned the homestead dwelling located on the agricultural  
109.31 homestead as a result of damage caused by a March 29, 1998, tornado;

109.32 (2) the property is located in the county of Blue Earth, Brown, Cottonwood, LeSueur,  
109.33 Nicollet, Nobles, or Rice;

110.1 (3) the agricultural land and buildings remain under the same ownership for the current  
110.2 assessment year as existed for the 1998 assessment year;

110.3 (4) the dwelling occupied by the owner is located in this state and is within 50 miles of  
110.4 one of the parcels of agricultural land that is owned by the taxpayer; and

110.5 (5) the owner notifies the county assessor that the relocation was due to a March 29,  
110.6 1998, tornado, and the owner furnishes the assessor any information deemed necessary by  
110.7 the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the  
110.8 owner must notify the assessor by December 1, 1998. Further notifications to the assessor  
110.9 are not required if the property continues to meet all the requirements in this paragraph and  
110.10 any dwellings on the agricultural land remain uninhabited.

110.11 (g) Agricultural property of a family farm corporation, joint family farm venture, family  
110.12 farm limited liability company, or partnership operating a family farm as described under  
110.13 subdivision 8 shall be classified homestead, to the same extent as other agricultural homestead  
110.14 property, if all of the following criteria are met:

110.15 (1) the property consists of at least 40 acres including undivided government lots and  
110.16 correctional 40's;

110.17 (2) a shareholder, member, or partner of that entity is actively farming the agricultural  
110.18 property;

110.19 (3) that shareholder, member, or partner who is actively farming the agricultural property  
110.20 is a Minnesota resident;

110.21 (4) neither that shareholder, member, or partner, nor the spouse of that shareholder,  
110.22 member, or partner claims another agricultural homestead in Minnesota; and

110.23 (5) that shareholder, member, or partner does not live farther than four townships or  
110.24 cities, or a combination of four townships or cities, from the agricultural property.

110.25 Homestead treatment applies under this paragraph even if:

110.26 (i) the shareholder, member, or partner of that entity is actively farming the agricultural  
110.27 property on the shareholder's, member's, or partner's own behalf; or

110.28 (ii) the family farm is operated by a family farm corporation, joint family farm venture,  
110.29 partnership, or limited liability company other than the family farm corporation, joint family  
110.30 farm venture, partnership, or limited liability company that owns the land, provided that:

110.31 (A) the shareholder, member, or partner of the family farm corporation, joint family  
110.32 farm venture, partnership, or limited liability company that owns the land who is actively

111.1 farming the land is a shareholder, member, or partner of the family farm corporation, joint  
111.2 family farm venture, partnership, or limited liability company that is operating the farm;  
111.3 and

111.4 (B) more than half of the shareholders, members, or partners of each family farm  
111.5 corporation, joint family farm venture, partnership, or limited liability company are persons  
111.6 or spouses of persons who are a qualifying relative under section 273.124, subdivision 1,  
111.7 paragraphs (c) and (d).

111.8 Homestead treatment applies under this paragraph for property leased to a family farm  
111.9 corporation, joint farm venture, limited liability company, or partnership operating a family  
111.10 farm if legal title to the property is in the name of an individual who is a member, shareholder,  
111.11 or partner in the entity.

111.12 (h) To be eligible for the special agricultural homestead under this subdivision, an initial  
111.13 full application must be submitted to the county assessor where the property is located.  
111.14 Owners and the persons who are actively farming the property shall be required to complete  
111.15 only a one-page abbreviated version of the application in each subsequent year provided  
111.16 that none of the following items have changed since the initial application:

111.17 (1) the day-to-day operation, administration, and financial risks remain the same;

111.18 (2) the owners and the persons actively farming the property continue to live within the  
111.19 four townships or city criteria and are Minnesota residents;

111.20 (3) the same operator of the agricultural property is listed with the Farm Service Agency;

111.21 (4) a Schedule F or equivalent income tax form was filed for the most recent year;

111.22 (5) the property's acreage is unchanged; and

111.23 (6) none of the property's acres have been enrolled in a federal or state farm program  
111.24 since the initial application.

111.25 The owners and any persons who are actively farming the property must include the  
111.26 appropriate Social Security numbers, and sign and date the application. If any of the specified  
111.27 information has changed since the full application was filed, the owner must notify the  
111.28 assessor, and must complete a new application to determine if the property continues to  
111.29 qualify for the special agricultural homestead. The commissioner of revenue shall prepare  
111.30 a standard reapplication form for use by the assessors.

112.1 (i) Agricultural land and buildings that were class 2a homestead property under section  
112.2 273.13, subdivision 23, paragraph (a), for the 2007 assessment shall remain classified  
112.3 agricultural homesteads for subsequent assessments if:

112.4 (1) the property owner abandoned the homestead dwelling located on the agricultural  
112.5 homestead as a result of damage caused by the August 2007 floods;

112.6 (2) the property is located in the county of Dodge, Fillmore, Houston, Olmsted, Steele,  
112.7 Wabasha, or Winona;

112.8 (3) the agricultural land and buildings remain under the same ownership for the current  
112.9 assessment year as existed for the 2007 assessment year;

112.10 (4) the dwelling occupied by the owner is located in this state and is within 50 miles of  
112.11 one of the parcels of agricultural land that is owned by the taxpayer; and

112.12 (5) the owner notifies the county assessor that the relocation was due to the August 2007  
112.13 floods, and the owner furnishes the assessor any information deemed necessary by the  
112.14 assessor in verifying the change in homestead dwelling. For taxes payable in 2009, the  
112.15 owner must notify the assessor by December 1, 2008. Further notifications to the assessor  
112.16 are not required if the property continues to meet all the requirements in this paragraph and  
112.17 any dwellings on the agricultural land remain uninhabited.

112.18 (j) Agricultural land and buildings that were class 2a homestead property under section  
112.19 273.13, subdivision 23, paragraph (a), for the 2008 assessment shall remain classified as  
112.20 agricultural homesteads for subsequent assessments if:

112.21 (1) the property owner abandoned the homestead dwelling located on the agricultural  
112.22 homestead as a result of the March 2009 floods;

112.23 (2) the property is located in the county of Marshall;

112.24 (3) the agricultural land and buildings remain under the same ownership for the current  
112.25 assessment year as existed for the 2008 assessment year and continue to be used for  
112.26 agricultural purposes;

112.27 (4) the dwelling occupied by the owner is located in Minnesota and is within 50 miles  
112.28 of one of the parcels of agricultural land that is owned by the taxpayer; and

112.29 (5) the owner notifies the county assessor that the relocation was due to the 2009 floods,  
112.30 and the owner furnishes the assessor any information deemed necessary by the assessor in  
112.31 verifying the change in dwelling. Further notifications to the assessor are not required if the



113.1 property continues to meet all the requirements in this paragraph and any dwellings on the  
113.2 agricultural land remain uninhabited.

113.3 **EFFECTIVE DATE.** This section is effective beginning for property taxes payable in  
113.4 2020.

113.5 Sec. 12. Minnesota Statutes 2018, section 273.124, subdivision 21, is amended to read:

113.6 Subd. 21. **Trust property; homestead.** Real or personal property, including agricultural  
113.7 property, held by a trustee under a trust is eligible for classification as homestead property  
113.8 if the property satisfies the requirements of paragraph (a), (b), (c), ~~(d)~~, or (e).

113.9 (a) The grantor or surviving spouse of the grantor of the trust occupies and uses the  
113.10 property as a homestead.

113.11 (b) A relative or surviving relative of the grantor who meets the requirements of  
113.12 subdivision 1, paragraph (c), in the case of residential real estate; or subdivision 1, paragraph  
113.13 (d), in the case of agricultural property, occupies and uses the property as a homestead.

113.14 (c) A family farm corporation, joint farm venture, limited liability company, or partnership  
113.15 operating a family farm in which the grantor or the grantor's surviving spouse is a  
113.16 shareholder, member, or partner rents the property; and, either (1) a shareholder, member,  
113.17 or partner of the corporation, joint farm venture, limited liability company, or partnership  
113.18 occupies and uses the property as a homestead; or (2) the property is at least 40 acres,  
113.19 including undivided government lots and correctional 40's, and a shareholder, member, or  
113.20 partner of the tenant-entity is actively farming the property on behalf of the corporation,  
113.21 joint farm venture, limited liability company, or partnership.

113.22 (d) A person who has received homestead classification for property taxes payable in  
113.23 2000 on the basis of an unqualified legal right under the terms of the trust agreement to  
113.24 occupy the property as that person's homestead and who continues to use the property as a  
113.25 homestead; or, a person who received the homestead classification for taxes payable in 2005  
113.26 under paragraph (c) who does not qualify under paragraph (c) for taxes payable in 2006 or  
113.27 thereafter but who continues to qualify under paragraph (c) as it existed for taxes payable  
113.28 in 2005.

113.29 (e) The qualifications under subdivision 14, paragraph (b), clause (i), are met. For  
113.30 purposes of this paragraph, "owner" means the grantor of the trust or the surviving spouse  
113.31 of the grantor.

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

114.1 (1) "agricultural property" means the house, garage, other farm buildings and structures,  
 114.2 and agricultural land;

114.3 (2) "agricultural land" has the meaning given in section 273.13, subdivision 23, except  
 114.4 that the phrases "owned by same person" or "under the same ownership" as used in that  
 114.5 subdivision mean and include contiguous tax parcels owned by:

114.6 (i) an individual and a trust of which the individual, the individual's spouse, or the  
 114.7 individual's deceased spouse is the grantor; or

114.8 (ii) different trusts of which the grantors of each trust are any combination of an  
 114.9 individual, the individual's spouse, or the individual's deceased spouse; and

114.10 ~~For purposes of this subdivision,~~ (3) "grantor" is defined as means the person creating  
 114.11 or establishing a testamentary, inter Vivos, revocable or irrevocable trust by written  
 114.12 instrument or through the exercise of a power of appointment.

114.13 (g) Noncontiguous agricultural land is included as part of a homestead under this  
 114.14 subdivision, only if the homestead is classified as class 2a, as defined in section 273.13,  
 114.15 subdivision 23, and the detached land is located in the same township or city, or not farther  
 114.16 than four townships or cities or combination thereof from the homestead. Any taxpayer of  
 114.17 these noncontiguous lands must notify the county assessor that the noncontiguous land is  
 114.18 part of the taxpayer's homestead, and, if the homestead is located in another county, the  
 114.19 taxpayer must also notify the assessor of the other county.

114.20 **EFFECTIVE DATE.** This section is effective beginning for property taxes payable in  
 114.21 2020.

114.22 Sec. 13. Minnesota Statutes 2018, section 273.124, is amended by adding a subdivision  
 114.23 to read:

114.24 Subd. 23. **Fractional homesteads.** For property classified as an agricultural homestead  
 114.25 under section 273.13, subdivision 23, paragraph (a), ownership percentages for property  
 114.26 owned by tenants in common are based on deeded ownership amounts for each owner who  
 114.27 homesteads the property.

114.28 **EFFECTIVE DATE; APPLICATION.** This section is effective for and must be applied  
 114.29 to agricultural homestead properties owned by tenants in common by all county assessors  
 114.30 beginning no later than assessment year 2019 and thereafter, unless the county assessor  
 114.31 determines that a county is unable to comply with this requirement, in which case the county  
 114.32 must implement this section beginning with assessment year 2020 and thereafter.

115.1 Sec. 14. Minnesota Statutes 2018, section 273.1245, subdivision 2, is amended to read:

115.2 Subd. 2. **Disclosure.** The assessor shall disclose the data described in subdivision 1 to  
 115.3 the commissioner of revenue as provided by law. The assessor shall also disclose all or  
 115.4 portions of the data described in subdivision 1 to:

115.5 (1) the county treasurer solely for the purpose of proceeding under the Revenue Recapture  
 115.6 Act to recover personal property taxes owing; and

115.7 (2) the county veterans service officer for the purpose of determining a person's eligibility  
 115.8 for the veteran with a disability homestead market value exclusion under section 273.13,  
 115.9 subdivision 34.

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

115.11 Sec. 15. Minnesota Statutes 2018, section 273.13, subdivision 23, is amended to read:

115.12 Subd. 23. **Class 2.** (a) An agricultural homestead consists of class 2a agricultural land  
 115.13 that is homesteaded, along with any class 2b rural vacant land that is contiguous to the class  
 115.14 2a land under the same ownership. The market value of the house and garage and immediately  
 115.15 surrounding one acre of land has the same classification rates as class 1a or 1b property  
 115.16 under subdivision 22. The value of the remaining land including improvements up to the  
 115.17 first tier valuation limit of agricultural homestead property has a classification rate of 0.5  
 115.18 percent of market value. The remaining property over the first tier has a classification rate  
 115.19 of one percent of market value. For purposes of this subdivision, the "first tier valuation  
 115.20 limit of agricultural homestead property" and "first tier" means the limit certified under  
 115.21 section 273.11, subdivision 23.

115.22 (b) Class 2a agricultural land consists of parcels of property, or portions thereof, that  
 115.23 are agricultural land and buildings. Class 2a property has a classification rate of one percent  
 115.24 of market value, unless it is part of an agricultural homestead under paragraph (a). Class 2a  
 115.25 property must also include any property that would otherwise be classified as 2b, but is  
 115.26 interspersed with class 2a property, including but not limited to sloughs, wooded wind  
 115.27 shelters, acreage abutting ditches, ravines, rock piles, land subject to a setback requirement,  
 115.28 and other similar land that is impractical for the assessor to value separately from the rest  
 115.29 of the property or that is unlikely to be able to be sold separately from the rest of the property.

115.30 An assessor may classify the part of a parcel described in this subdivision that is used  
 115.31 for agricultural purposes as class 2a and the remainder in the class appropriate to its use.

115.32 (c) Class 2b rural vacant land consists of parcels of property, or portions thereof, that  
 115.33 are unplatted real estate, rural in character and not used for agricultural purposes, including

116.1 land used for growing trees for timber, lumber, and wood and wood products, that is not  
116.2 improved with a structure. The presence of a minor, ancillary nonresidential structure as  
116.3 defined by the commissioner of revenue does not disqualify the property from classification  
116.4 under this paragraph. Any parcel of 20 acres or more improved with a structure that is not  
116.5 a minor, ancillary nonresidential structure must be split-classified, and ten acres must be  
116.6 assigned to the split parcel containing the structure. Class 2b property has a classification  
116.7 rate of one percent of market value unless it is part of an agricultural homestead under  
116.8 paragraph (a), or qualifies as class 2c under paragraph (d).

116.9 (d) Class 2c managed forest land consists of no less than 20 and no more than 1,920  
116.10 acres statewide per taxpayer that is being managed under a forest management plan that  
116.11 meets the requirements of chapter 290C, but is not enrolled in the sustainable forest resource  
116.12 management incentive program. It has a classification rate of .65 percent, provided that the  
116.13 owner of the property must apply to the assessor in order for the property to initially qualify  
116.14 for the reduced rate and provide the information required by the assessor to verify that the  
116.15 property qualifies for the reduced rate. If the assessor receives the application and information  
116.16 before May 1 in an assessment year, the property qualifies beginning with that assessment  
116.17 year. If the assessor receives the application and information after April 30 in an assessment  
116.18 year, the property may not qualify until the next assessment year. The commissioner of  
116.19 natural resources must concur that the land is qualified. The commissioner of natural  
116.20 resources shall annually provide county assessors verification information on a timely basis.  
116.21 The presence of a minor, ancillary nonresidential structure as defined by the commissioner  
116.22 of revenue does not disqualify the property from classification under this paragraph.

116.23 (e) Agricultural land as used in this section means:

116.24 (1) contiguous acreage of ten acres or more, used during the preceding year for  
116.25 agricultural purposes; or

116.26 (2) contiguous acreage used during the preceding year for an intensive livestock or  
116.27 poultry confinement operation, provided that land used only for pasturing or grazing does  
116.28 not qualify under this clause.

116.29 "Agricultural purposes" as used in this section means the raising, cultivation, drying, or  
116.30 storage of agricultural products for sale, or the storage of machinery or equipment used in  
116.31 support of agricultural production by the same farm entity. For a property to be classified  
116.32 as agricultural based only on the drying or storage of agricultural products, the products  
116.33 being dried or stored must have been produced by the same farm entity as the entity operating  
116.34 the drying or storage facility. "Agricultural purposes" also includes (i) enrollment in a local

117.1 conservation program or the Reinvest in Minnesota program under sections 103F.501 to  
 117.2 103F.535 or the federal Conservation Reserve Program as contained in Public Law 99-198  
 117.3 or a similar state or federal conservation program if the property was classified as agricultural  
 117.4 ~~(i)~~ (A) under this subdivision for taxes payable in 2003 because of its enrollment in a  
 117.5 qualifying program and the land remains enrolled or ~~(ii)~~ (B) in the year prior to its enrollment,  
 117.6 or (ii) use of land, not to exceed three acres, to provide environmental benefits such as buffer  
 117.7 strips, old growth forest restoration or retention, or retention ponds to prevent soil erosion.  
 117.8 For purposes of this section, a "local conservation program" means a program administered  
 117.9 by a town, statutory or home rule charter city, or county, including a watershed district,  
 117.10 water management organization, or soil and water conservation district, in which landowners  
 117.11 voluntarily enroll land and receive incentive payments equal to at least \$50 per acre in  
 117.12 exchange for use or other restrictions placed on the land. In order for property to qualify  
 117.13 under the local conservation program provision, a taxpayer must apply to the assessor by  
 117.14 February 1 of the assessment year and must submit the information required by the assessor,  
 117.15 including but not limited to a copy of the program requirements, the specific agreement  
 117.16 between the land owner and the local agency, if applicable, and a map of the conservation  
 117.17 area. Agricultural classification shall not be based upon the market value of any residential  
 117.18 structures on the parcel or contiguous parcels under the same ownership.

117.19 "Contiguous acreage," for purposes of this paragraph, means all of, or a contiguous  
 117.20 portion of, a tax parcel as described in section 272.193, or all of, or a contiguous portion  
 117.21 of, a set of contiguous tax parcels under that section that are owned by the same person.

117.22 (f) Agricultural land under this section also includes:

117.23 (1) contiguous acreage that is less than ten acres in size and exclusively used in the  
 117.24 preceding year for raising or cultivating agricultural products; or

117.25 (2) contiguous acreage that contains a residence and is less than 11 acres in size, if the  
 117.26 contiguous acreage exclusive of the house, garage, and surrounding one acre of land was  
 117.27 used in the preceding year for one or more of the following three uses:

117.28 (i) for an intensive grain drying or storage operation, or for intensive machinery or  
 117.29 equipment storage activities used to support agricultural activities on other parcels of property  
 117.30 operated by the same farming entity;

117.31 (ii) as a nursery, provided that only those acres used intensively to produce nursery stock  
 117.32 are considered agricultural land; or

117.33 (iii) for intensive market farming; for purposes of this paragraph, "market farming"  
 117.34 means the cultivation of one or more fruits or vegetables or production of animal or other

118.1 agricultural products for sale to local markets by the farmer or an organization with which  
118.2 the farmer is affiliated.

118.3 "Contiguous acreage," for purposes of this paragraph, means all of a tax parcel as  
118.4 described in section 272.193, or all of a set of contiguous tax parcels under that section that  
118.5 are owned by the same person.

118.6 (g) Land shall be classified as agricultural even if all or a portion of the agricultural use  
118.7 of that property is the leasing to, or use by another person for agricultural purposes.

118.8 Classification under this subdivision is not determinative for qualifying under section  
118.9 273.111.

118.10 (h) The property classification under this section supersedes, for property tax purposes  
118.11 only, any locally administered agricultural policies or land use restrictions that define  
118.12 minimum or maximum farm acreage.

118.13 (i) The term "agricultural products" as used in this subdivision includes production for  
118.14 sale of:

118.15 (1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing  
118.16 animals, horticultural and nursery stock, fruit of all kinds, vegetables, forage, grains, bees,  
118.17 and apiary products by the owner;

118.18 (2) aquacultural products for sale and consumption, as defined under section 17.47, if  
118.19 the aquaculture occurs on land zoned for agricultural use;

118.20 (3) the commercial boarding of horses, which may include related horse training and  
118.21 riding instruction, if the boarding is done on property that is also used for raising pasture  
118.22 to graze horses or raising or cultivating other agricultural products as defined in clause (1);

118.23 (4) property which is owned and operated by nonprofit organizations used for equestrian  
118.24 activities, excluding racing;

118.25 (5) game birds and waterfowl bred and raised (i) on a game farm licensed under section  
118.26 97A.105, provided that the annual licensing report to the Department of Natural Resources,  
118.27 which must be submitted annually by March 30 to the assessor, indicates that at least 500  
118.28 birds were raised or used for breeding stock on the property during the preceding year and  
118.29 that the owner provides a copy of the owner's most recent schedule F; or (ii) for use on a  
118.30 shooting preserve licensed under section 97A.115;

118.31 (6) insects primarily bred to be used as food for animals;

119.1 (7) trees, grown for sale as a crop, including short rotation woody crops, and not sold  
119.2 for timber, lumber, wood, or wood products; and

119.3 (8) maple syrup taken from trees grown by a person licensed by the Minnesota  
119.4 Department of Agriculture under chapter 28A as a food processor.

119.5 (j) If a parcel used for agricultural purposes is also used for commercial or industrial  
119.6 purposes, including but not limited to:

119.7 (1) wholesale and retail sales;

119.8 (2) processing of raw agricultural products or other goods;

119.9 (3) warehousing or storage of processed goods; and

119.10 (4) office facilities for the support of the activities enumerated in clauses (1), (2), and  
119.11 (3),

119.12 the assessor shall classify the part of the parcel used for agricultural purposes as class 1b,  
119.13 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use.

119.14 The grading, sorting, and packaging of raw agricultural products for first sale is considered  
119.15 an agricultural purpose. A greenhouse or other building where horticultural or nursery  
119.16 products are grown that is also used for the conduct of retail sales must be classified as  
119.17 agricultural if it is primarily used for the growing of horticultural or nursery products from  
119.18 seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products.  
119.19 Use of a greenhouse or building only for the display of already grown horticultural or nursery  
119.20 products does not qualify as an agricultural purpose.

119.21 (k) The assessor shall determine and list separately on the records the market value of  
119.22 the homestead dwelling and the one acre of land on which that dwelling is located. If any  
119.23 farm buildings or structures are located on this homesteaded acre of land, their market value  
119.24 shall not be included in this separate determination.

119.25 (l) Class 2d airport landing area consists of a landing area or public access area of a  
119.26 privately owned public use airport. It has a classification rate of one percent of market value.  
119.27 To qualify for classification under this paragraph, a privately owned public use airport must  
119.28 be licensed as a public airport under section 360.018. For purposes of this paragraph, "landing  
119.29 area" means that part of a privately owned public use airport properly cleared, regularly  
119.30 maintained, and made available to the public for use by aircraft and includes runways,  
119.31 taxiways, aprons, and sites upon which are situated landing or navigational aids. A landing  
119.32 area also includes land underlying both the primary surface and the approach surfaces that  
119.33 comply with all of the following:

120.1 (i) the land is properly cleared and regularly maintained for the primary purposes of the  
120.2 landing, taking off, and taxiing of aircraft; but that portion of the land that contains facilities  
120.3 for servicing, repair, or maintenance of aircraft is not included as a landing area;

120.4 (ii) the land is part of the airport property; and

120.5 (iii) the land is not used for commercial or residential purposes.

120.6 The land contained in a landing area under this paragraph must be described and certified  
120.7 by the commissioner of transportation. The certification is effective until it is modified, or  
120.8 until the airport or landing area no longer meets the requirements of this paragraph. For  
120.9 purposes of this paragraph, "public access area" means property used as an aircraft parking  
120.10 ramp, apron, or storage hangar, or an arrival and departure building in connection with the  
120.11 airport.

120.12 (m) Class 2e consists of land with a commercial aggregate deposit that is not actively  
120.13 being mined and is not otherwise classified as class 2a or 2b, provided that the land is not  
120.14 located in a county that has elected to opt-out of the aggregate preservation program as  
120.15 provided in section 273.1115, subdivision 6. It has a classification rate of one percent of  
120.16 market value. To qualify for classification under this paragraph, the property must be at  
120.17 least ten contiguous acres in size and the owner of the property must record with the county  
120.18 recorder of the county in which the property is located an affidavit containing:

120.19 (1) a legal description of the property;

120.20 (2) a disclosure that the property contains a commercial aggregate deposit that is not  
120.21 actively being mined but is present on the entire parcel enrolled;

120.22 (3) documentation that the conditional use under the county or local zoning ordinance  
120.23 of this property is for mining; and

120.24 (4) documentation that a permit has been issued by the local unit of government or the  
120.25 mining activity is allowed under local ordinance. The disclosure must include a statement  
120.26 from a registered professional geologist, engineer, or soil scientist delineating the deposit  
120.27 and certifying that it is a commercial aggregate deposit.

120.28 For purposes of this section and section 273.1115, "commercial aggregate deposit"  
120.29 means a deposit that will yield crushed stone or sand and gravel that is suitable for use as  
120.30 a construction aggregate; and "actively mined" means the removal of top soil and overburden  
120.31 in preparation for excavation or excavation of a commercial deposit.

120.32 (n) When any portion of the property under this subdivision or subdivision 22 begins to  
120.33 be actively mined, the owner must file a supplemental affidavit within 60 days from the



121.1 day any aggregate is removed stating the number of acres of the property that is actively  
 121.2 being mined. The acres actively being mined must be (1) valued and classified under  
 121.3 subdivision 24 in the next subsequent assessment year, and (2) removed from the aggregate  
 121.4 resource preservation property tax program under section 273.1115, if the land was enrolled  
 121.5 in that program. Copies of the original affidavit and all supplemental affidavits must be  
 121.6 filed with the county assessor, the local zoning administrator, and the Department of Natural  
 121.7 Resources, Division of Land and Minerals. A supplemental affidavit must be filed each  
 121.8 time a subsequent portion of the property is actively mined, provided that the minimum  
 121.9 acreage change is five acres, even if the actual mining activity constitutes less than five  
 121.10 acres.

121.11 (o) The definitions prescribed by the commissioner under paragraphs (c) and (d) are not  
 121.12 rules and are exempt from the rulemaking provisions of chapter 14, and the provisions in  
 121.13 section 14.386 concerning exempt rules do not apply.

121.14 **EFFECTIVE DATE.** This section is effective for assessment year 2019 and thereafter.

121.15 Sec. 16. Minnesota Statutes 2018, section 273.13, subdivision 34, is amended to read:

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

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

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

121.28 (c) If a disabled veteran qualifying for a valuation exclusion under paragraph (b), clause  
 121.29 (2), predeceases the veteran's spouse, and if upon the death of the veteran the spouse holds  
 121.30 the legal or beneficial title to the homestead and permanently resides there, the exclusion  
 121.31 shall carry over to the benefit of the veteran's spouse ~~for the current taxes payable year and~~  
 121.32 ~~for eight additional taxes payable years or~~ until such time as the spouse remarries, or sells,  
 121.33 transfers, or otherwise disposes of the property, ~~whichever comes first.~~ Qualification under

122.1 this paragraph requires an application under paragraph (h), and a spouse must notify the  
122.2 assessor if there is a change in the spouse's marital status, ownership of the property, or use  
122.3 of the property as a permanent residence.

122.4 (d) If the spouse of a member of any branch or unit of the United States armed forces  
122.5 who dies due to a service-connected cause while serving honorably in active service, as  
122.6 indicated on United States Government Form DD1300 or DD2064, holds the legal or  
122.7 beneficial title to a homestead and permanently resides there, the spouse is entitled to the  
122.8 benefit described in paragraph (b), clause (2), ~~for eight tax payable years, or until such~~  
122.9 ~~time as the spouse remarries or sells, transfers, or otherwise disposes of the property;~~  
122.10 ~~whichever comes first.~~

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

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

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

122.21 (h) To qualify for a valuation exclusion under this subdivision a property owner must  
122.22 apply to the assessor by ~~July 1~~ December 15 of the first assessment year for which the  
122.23 exclusion is sought. For an application received after ~~July 1~~ December 15, the exclusion  
122.24 shall become effective for the following assessment year. Except as provided in paragraph  
122.25 (c), the owner of a property that has been accepted for a valuation exclusion must notify  
122.26 the assessor if there is a change in ownership of the property or in the use of the property  
122.27 as a homestead.

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

122.30 (j) For purposes of this subdivision:

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

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

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

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

123.6 (k) If a veteran dying after December 31, 2011, did not apply for or receive the exclusion  
 123.7 under paragraph (b), clause (2), before dying, the veteran's spouse is entitled to the benefit  
 123.8 under paragraph (b), clause (2), ~~for eight tax years payable years or~~ until the spouse remarries  
 123.9 or sells, transfers, or otherwise disposes of the property if:

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

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

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

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

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

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

123.19 (l) The purpose of this provision of law providing a level of homestead property tax  
 123.20 relief for gravely disabled veterans, their primary family caregivers, and their surviving  
 123.21 spouses is to help ease the burdens of war for those among our state's citizens who bear  
 123.22 those burdens most heavily.

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

123.25 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2019,  
 123.26 for taxes payable in 2020 and thereafter.

123.27 Sec. 17. Minnesota Statutes 2018, section 273.1384, subdivision 2, is amended to read:

123.28 Subd. 2. **Agricultural homestead market value credit.** Property classified as agricultural  
 123.29 homestead under section 273.13, subdivision 23, paragraph (a), is eligible for an agricultural  
 123.30 credit. The credit is computed using the property's agricultural credit market value, defined  
 123.31 for this purpose as the property's market value excluding the market value of the house,

124.1 garage, and immediately surrounding one acre of land. The credit is equal to 0.3 percent of  
 124.2 the first \$115,000 of the property's agricultural credit market value plus 0.1 percent of the  
 124.3 property's agricultural credit market value in excess of \$115,000, subject to a maximum  
 124.4 credit of \$490 for a full agricultural homestead. In the case of property that is classified as  
 124.5 part homestead and part nonhomestead solely because not all the owners occupy or farm  
 124.6 the property, not all the owners have qualifying relatives occupying or farming the property,  
 124.7 or solely because not all the spouses of owners occupy the property, the credit is computed  
 124.8 on the amount of agricultural credit market value corresponding to the percentage of  
 124.9 homestead. ~~The percentage of homestead is equal to 100 divided by the number of owners~~  
 124.10 ~~of the property, or, in the case of a trust, the number of grantors of the trust that owns the~~  
 124.11 ~~property, and the maximum credit equals \$490 multiplied by the percentage of homestead.~~

124.12 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2020  
 124.13 and thereafter.

124.14 Sec. 18. Minnesota Statutes 2018, section 273.371, subdivision 1, is amended to read:

124.15 Subdivision 1. **Report required.** Every electric light, power, gas, water, express, stage,  
 124.16 transportation, and pipeline company doing business in Minnesota shall annually file with  
 124.17 the commissioner on or before March 31 a report under oath setting forth the information  
 124.18 prescribed by the commissioner to enable the commissioner to make valuations,  
 124.19 recommended valuations, and equalization required under sections 273.33, 273.35, 273.36,  
 124.20 273.37, and 273.3711. The commissioner shall prescribe the content, format, and manner  
 124.21 of the report pursuant to section 270C.30, except that for cooperative associations defined  
 124.22 in section 273.40, the information provided in the report must be aggregated to the unique  
 124.23 taxing jurisdiction level and exclude information related to property subject to the in-lieu  
 124.24 tax under section 273.41, and that a "law administered by the commissioner" includes the  
 124.25 property tax laws. If all the required information is not available on March 31, the company  
 124.26 shall file the information that is available on or before March 31, and the balance of the  
 124.27 information as soon as it becomes available. If a report is made by electronic means, the  
 124.28 taxpayer's signature is defined pursuant to section 270C.304, except that a "law administered  
 124.29 by the commissioner" includes the property tax laws. For purposes of this subdivision,  
 124.30 "unique taxing jurisdiction" means the geographic area subject to the same set of local tax  
 124.31 rates.

124.32 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2020  
 124.33 and thereafter.

125.1 Sec. 19. Minnesota Statutes 2018, section 273.3711, is amended to read:

125.2 **273.3711 RECOMMENDED AND ORDERED VALUES.**

125.3 For purposes of sections 273.33, 273.35, 273.36, 273.37, 273.371, and 273.372, all  
125.4 preliminary values not required to be listed and assessed by the commissioner of revenue  
125.5 are recommended values. If the commissioner provides preliminary recommended values,  
125.6 the values must be certified to the auditor of each county in which the property is located  
125.7 on or before ~~August 1~~ July 15. If the commissioner determines that the certified recommended  
125.8 value is in error the commissioner may issue a corrected certification on or before October  
125.9 1. The commissioner may correct errors that are merely clerical in nature until December  
125.10 31.

125.11 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2019  
125.12 and thereafter.

125.13 Sec. 20. Minnesota Statutes 2018, section 275.025, subdivision 1, is amended to read:

125.14 Subdivision 1. **Levy amount.** The state general levy is levied against  
125.15 commercial-industrial property and seasonal residential recreational property, as defined  
125.16 in this section. The state general levy for commercial-industrial property is ~~\$784,590,000~~  
125.17 \$737,090,000 for taxes payable in ~~2018~~ 2020 and thereafter. The state general levy for  
125.18 seasonal-recreational property is ~~\$44,190,000~~ \$41,690,000 for taxes payable in ~~2018~~ 2020  
125.19 and thereafter. The tax under this section is not treated as a local tax rate under section  
125.20 469.177 and is not the levy of a governmental unit under chapters 276A and 473F.

125.21 The commissioner shall increase or decrease the preliminary or final rate for a year as  
125.22 necessary to account for errors and tax base changes that affected a preliminary or final rate  
125.23 for either of the two preceding years. Adjustments are allowed to the extent that the necessary  
125.24 information is available to the commissioner at the time the rates for a year must be certified,  
125.25 and for the following reasons:

125.26 (1) an erroneous report of taxable value by a local official;

125.27 (2) an erroneous calculation by the commissioner; and

125.28 (3) an increase or decrease in taxable value for commercial-industrial or seasonal  
125.29 residential recreational property reported on the abstracts of tax lists submitted under section  
125.30 275.29 that was not reported on the abstracts of assessment submitted under section 270C.89  
125.31 for the same year.

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

126.3 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2020.

126.4 Sec. 21. Minnesota Statutes 2018, section 275.025, is amended by adding a subdivision  
126.5 to read:

126.6 Subd. 6. **Natural gas pipeline.** (a) The county must abate the state general levy on  
126.7 personal property that is part of an intrastate natural gas transportation or distribution pipeline  
126.8 system if:

126.9 (1) construction of the pipeline system commenced after January 1, 2018; and

126.10 (2) the pipeline system provides service to an area:

126.11 (i) outside the seven-county metropolitan area, as defined in section 473.121, subdivision  
126.12 4; and

126.13 (ii) in which more than half of the households or businesses lacked access to natural gas  
126.14 distribution systems as of January 1, 2018.

126.15 (b) In the first year that a taxpayer seeks an abatement under this subdivision, the taxpayer  
126.16 must file an application with the commissioner of revenue by March 1 of the assessment  
126.17 year on a form prescribed by the commissioner.

126.18 (c) The commissioner of revenue must notify any affected county in the first year that  
126.19 a pipeline system becomes eligible for an abatement under this subdivision.

126.20 (d) The abatement under this subdivision applies for a period not to exceed 12 taxable  
126.21 years, provided that once a property no longer qualifies, it may not subsequently qualify  
126.22 for an abatement under this subdivision.

126.23 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2021.

126.24 Sec. 22. Minnesota Statutes 2018, section 276.131, is amended to read:

126.25 **276.131 DISTRIBUTION OF PENALTIES, INTEREST, AND COSTS.**

126.26 Subdivision 1. **Distribution.** Except as provided in subdivision 2, the penalties, interest,  
126.27 and costs collected on special assessments and real and personal property taxes must be  
126.28 distributed as follows:

126.29 (1) all penalties and interest collected on special assessments against real or personal  
126.30 property must be distributed to the taxing jurisdiction that levied the assessment;

127.1 (2) 50 percent of all penalties collected on real and personal property taxes must be  
127.2 distributed to the school districts within the county, and the remaining 50 percent must be  
127.3 distributed to the county;

127.4 (3) in the case of interest on taxes that have been delinquent for a period of one year or  
127.5 less, (a) 50 percent of the interest must be distributed to the school districts within the county  
127.6 and (b) the remaining 50 percent shall be distributed to the county;

127.7 (4) in the case of interest on taxes that have been delinquent for a period of more than  
127.8 one year, (a) 50 percent of the interest must be distributed to the school districts within the  
127.9 county and (b) the remaining 50 percent must be distributed as follows: (i) the city or town  
127.10 where the property is located shall receive a share of the amount of interest equal to the  
127.11 proportion that the city's or town's local tax rate for the year that the interest was collected,  
127.12 is to the sum of the city's or town's local tax rate and the county's local tax rate for the year  
127.13 that the interest was collected and (ii) the balance must be distributed to the county; and

127.14 (5) all costs collected by the county on special assessments and on delinquent real and  
127.15 personal property taxes must be distributed to the county in which the property is located.

127.16 Subd. 2. Distribution of certain production taxes. The penalties, interest, and costs  
127.17 collected on taxes imposed under sections 272.029 and 272.0295 must be distributed to the  
127.18 same local taxing jurisdictions and in the same percentages as provided for the revenues of  
127.19 the original taxes imposed under sections 272.029 and 272.0295.

127.20 Subd. 3. Distribution to school district. The distribution of all penalties and interest  
127.21 to the school district must be in accordance with the provisions of section 127A.34.

127.22 EFFECTIVE DATE. This section is effective for penalties, interest, and costs collected  
127.23 on taxes payable in 2020 and thereafter.

127.24 Sec. 23. Minnesota Statutes 2018, section 282.01, subdivision 6, is amended to read:

127.25 Subd. 6. **Duties of commissioner after sale.** (a) When any sale has been made by the  
127.26 county auditor under sections 282.01 to 282.13, the auditor shall immediately certify to the  
127.27 commissioner of revenue such information relating to such sale, on such forms as the  
127.28 commissioner of revenue may prescribe as will enable the commissioner of revenue to  
127.29 prepare an appropriate deed if the sale is for cash, or keep necessary records if the sale is  
127.30 on terms; and not later than October 31 of each year the county auditor shall submit to the  
127.31 commissioner of revenue a statement of all instances wherein any payment of principal,  
127.32 interest, or current taxes on lands held under certificate, due or to be paid during the preceding  
127.33 calendar years, are still outstanding at the time such certificate is made. When such statement

128.1 shows that a purchaser or the purchaser's assignee is in default, the commissioner of revenue  
128.2 may instruct the county board of the county in which the land is located to cancel said  
128.3 certificate of sale in the manner provided by subdivision 5, provided that upon  
128.4 recommendation of the county board, and where the circumstances are such that the  
128.5 commissioner of revenue after investigation is satisfied that the purchaser has made every  
128.6 effort reasonable to make payment of both the annual installment and said taxes, and that  
128.7 there has been no willful neglect on the part of the purchaser in meeting these obligations,  
128.8 then the commissioner of revenue may extend the time for the payment for such period as  
128.9 the commissioner may deem warranted, not to exceed one year. On payment in full of the  
128.10 purchase price, appropriate conveyance in fee, in such form as may be prescribed by the  
128.11 attorney general, shall be issued by the commissioner of revenue, which conveyance must  
128.12 be recorded by the county and shall have the force and effect of a patent from the state  
128.13 subject to easements and restrictions of record at the date of the tax judgment sale, including,  
128.14 but without limitation, permits for telephone and electric power lines either by underground  
128.15 cable or conduit or otherwise, sewer and water lines, highways, railroads, and pipe lines for  
128.16 gas, liquids, or solids in suspension.

128.17 (b) The commissioner of revenue shall issue an appropriate conveyance in fee when  
128.18 approval from the county auditor is given based upon written confirmation from a licensed  
128.19 closing agent, title insurer, or title insurance agent as specified in section 82.641. For purposes  
128.20 of this paragraph, "written confirmation" means a written commitment or approval that the  
128.21 funding for the conveyance is held in an escrow account available for disbursement upon  
128.22 delivery of a conveyance. The county recorder or registrar of titles must not record or file  
128.23 a conveyance issued under this paragraph unless the conveyance contains a certification  
128.24 signed by the county auditor where the land is located stating that the recorder or registrar  
128.25 of titles can accept the conveyance for recording or filing. The conveyance issued by the  
128.26 commissioner of revenue shall not be effective as a conveyance until it is recorded. The  
128.27 conveyance shall be issued to the county auditor where the land is located. Upon receipt of  
128.28 the conveyance, the county auditor shall hold the conveyance until the conveyance is  
128.29 requested from a licensed closing agent, title insurer, or title insurance agent to settle and  
128.30 close on the conveyance. If a request for the conveyance is not made within 30 days of the  
128.31 date the conveyance is issued by the commissioner of revenue, the county auditor shall  
128.32 return the conveyance to the commissioner. If the conveyance is delivered to the licensed  
128.33 closing agent, title insurer, or title insurance agent and the closing does not occur within  
128.34 ten days of the request, the licensed closing agent, title insurer, or title insurance agent shall  
128.35 immediately return the conveyance to the county auditor and, upon receipt, the county  
128.36 auditor shall return the conveyance to the commissioner of revenue. The commissioner of



129.1 revenue shall cancel and destroy all conveyances returned by the county auditor pursuant  
129.2 to this subdivision. The licensed closing agent, title insurer, or title insurance agent must  
129.3 promptly record the conveyance after the closing and must deliver an attested or certified  
129.4 copy to the county auditor and to the grantee or grantees named on the conveyance.

129.5 **EFFECTIVE DATE.** This section is effective for conveyances issued by the  
129.6 commissioner of revenue after December 31, 2019.

129.7 Sec. 24. Minnesota Statutes 2018, section 287.21, subdivision 1, is amended to read:

129.8 Subdivision 1. **Determination of tax.** (a) A tax is imposed on each deed or instrument  
129.9 by which any real property in this state is granted, assigned, transferred, or otherwise  
129.10 conveyed. The tax applies against the net consideration. For purposes of the tax, the  
129.11 conversion of a corporation to a limited liability company, a limited liability company to a  
129.12 corporation, a partnership to a limited partnership, a limited partnership to another limited  
129.13 partnership or other entity, or a similar conversion of one entity to another does not grant,  
129.14 assign, transfer, or convey real property.

129.15 (b) The tax is determined in the following manner: (1) when transfers are made by  
129.16 instruments pursuant to (i) consolidations or mergers, or (ii) designated transfers, the tax is  
129.17 \$1.65; (2) when there is no consideration or when the consideration, exclusive of the value  
129.18 of any lien or encumbrance remaining thereon at the time of sale, is ~~\$500~~ \$3,000 or less,  
129.19 the tax is \$1.65; or (3) when the consideration, exclusive of the value of any lien or  
129.20 encumbrance remaining at the time of sale, exceeds ~~\$500~~ \$3,000, the tax is .0033 of the net  
129.21 consideration.

129.22 (c) If, within six months from the date of a designated transfer, an ownership interest in  
129.23 the grantee entity is transferred by an initial owner to any person or entity with the result  
129.24 that the designated transfer would not have been a designated transfer if made to the grantee  
129.25 entity with its subsequent ownership, then a tax is imposed at .0033 of the net consideration  
129.26 for the designated transfer. If the subsequent transfer of ownership interests was reasonably  
129.27 expected at the time of the designated transfer, the applicable penalty under section 287.31,  
129.28 subdivision 1, must be paid. The deed tax imposed under this paragraph is due within 30  
129.29 days of the subsequent transfer that caused the tax to be imposed under this paragraph.  
129.30 Involuntary transfers of ownership shall not be considered transfers of ownership under this  
129.31 paragraph. The commissioner may adopt rules defining the types of transfers to be considered  
129.32 involuntary.

129.33 (d) The tax is due at the time a taxable deed or instrument is presented for recording,  
129.34 except as provided in paragraph (c). The commissioner may require the tax to be documented

130.1 in a manner prescribed by the commissioner, and may require that the documentation be  
 130.2 attached to and recorded as part of the deed or instrument. The county recorder or registrar  
 130.3 of titles shall accept the attachment for recording as part of the deed or instrument and may  
 130.4 not require, as a condition of recording a deed or instrument, evidence that a transfer is a  
 130.5 designated transfer in addition to that required by the commissioner. Such an attachment  
 130.6 shall not, however, provide actual or constructive notice of the information contained therein  
 130.7 for purposes of determining any interest in the real property. The commissioner shall  
 130.8 prescribe the manner in which the tax due under paragraph (c) is to be paid and may require  
 130.9 grantees of designated transfers to file with the commissioner subsequent statements verifying  
 130.10 that the tax provided under paragraph (c) does not apply.

130.11 **EFFECTIVE DATE.** This section is effective for deeds recorded after December 31,  
 130.12 2019.

130.13 Sec. 25. Minnesota Statutes 2018, section 290A.03, subdivision 13, is amended to read:

130.14 Subd. 13. **Property taxes payable.** "Property taxes payable" means the property tax  
 130.15 exclusive of special assessments, penalties, and interest payable on a claimant's homestead  
 130.16 after deductions made under sections 273.135, 273.1384, 273.1391, 273.42, subdivision 2,  
 130.17 and any other state paid property tax credits in any calendar year, and after any refund  
 130.18 claimed and allowable under section 290A.04, subdivision 2h, that is first payable in the  
 130.19 year that the property tax is payable. In the case of a claimant who makes ground lease  
 130.20 payments, "property taxes payable" includes the amount of the payments directly attributable  
 130.21 to the property taxes assessed against the parcel on which the house is located. Regardless  
 130.22 of the limitations in section 280A(c)(5) of the Internal Revenue Code, "property taxes  
 130.23 payable" must be apportioned or reduced for the use of a portion of the claimant's homestead  
 130.24 for a business purpose if the claimant deducts any business depreciation expenses for the  
 130.25 use of a portion of the homestead or deducts expenses under section 280A of the Internal  
 130.26 Revenue Code for a business operated in the claimant's homestead. For homesteads which  
 130.27 are manufactured homes as defined in section 273.125, subdivision 8, ~~and for homesteads~~  
 130.28 ~~which are~~ including manufactured homes located in a manufactured home community owned  
 130.29 by a cooperative organized under chapter 308A or 308B, and park trailers taxed as  
 130.30 manufactured homes under section 168.012, subdivision 9, "property taxes payable" shall  
 130.31 also include 17 percent of the gross rent paid in the preceding year for the site on which the  
 130.32 homestead is located. When a homestead is owned by two or more persons as joint tenants  
 130.33 or tenants in common, such tenants shall determine between them which tenant may claim  
 130.34 the property taxes payable on the homestead. If they are unable to agree, the matter shall

131.1 be referred to the commissioner of revenue whose decision shall be final. Property taxes  
131.2 are considered payable in the year prescribed by law for payment of the taxes.

131.3 In the case of a claim relating to "property taxes payable," the claimant must have owned  
131.4 and occupied the homestead on January 2 of the year in which the tax is payable and (i) the  
131.5 property must have been classified as homestead property pursuant to section 273.124, on  
131.6 or before December 15 of the assessment year to which the "property taxes payable" relate;  
131.7 or (ii) the claimant must provide documentation from the local assessor that application for  
131.8 homestead classification has been made on or before December 15 of the year in which the  
131.9 "property taxes payable" were payable and that the assessor has approved the application.

131.10 **EFFECTIVE DATE.** This section is effective beginning with claims for tax payable  
131.11 in 2020.

131.12 Sec. 26. Minnesota Statutes 2018, section 290B.04, subdivision 1, is amended to read:

131.13 Subdivision 1. **Initial application.** (a) A taxpayer meeting the program qualifications  
131.14 under section 290B.03 may apply to the commissioner of revenue for the deferral of taxes.  
131.15 Applications are due on or before ~~July~~ November 1 for deferral of any of the following  
131.16 year's property taxes. A taxpayer may apply in the year in which the taxpayer becomes 65  
131.17 years old, provided that no deferral of property taxes will be made until the calendar year  
131.18 after the taxpayer becomes 65 years old. The application, which shall be prescribed by the  
131.19 commissioner of revenue, shall include the following items and any other information which  
131.20 the commissioner deems necessary:

131.21 (1) the name, address, and Social Security number of the owner or owners;

131.22 (2) a copy of the property tax statement for the current payable year for the homesteaded  
131.23 property;

131.24 (3) the initial year of ownership and occupancy as a homestead;

131.25 (4) the owner's household income for the previous calendar year; and

131.26 (5) information on any mortgage loans or other amounts secured by mortgages or other  
131.27 liens against the property, for which purpose the commissioner may require the applicant  
131.28 to provide a copy of the mortgage note, the mortgage, or a statement of the balance owing  
131.29 on the mortgage loan provided by the mortgage holder. The commissioner may require the  
131.30 appropriate documents in connection with obtaining and confirming information on unpaid  
131.31 amounts secured by other liens.

132.1 The application must state that program participation is voluntary. The application must  
132.2 also state that the deferred amount depends directly on the applicant's household income,  
132.3 and that program participation includes authorization for the annual deferred amount, the  
132.4 cumulative deferral and interest that appear on each year's notice prepared by the county  
132.5 under subdivision 6, is public data.

132.6 The application must state that program participants may claim the property tax refund  
132.7 based on the full amount of property taxes eligible for the refund, including any deferred  
132.8 amounts. The application must also state that property tax refunds will be used to offset any  
132.9 deferral and interest under this program, and that any other amounts subject to revenue  
132.10 recapture under section 270A.03, subdivision 7, will also be used to offset any deferral and  
132.11 interest under this program.

132.12 (b) As part of the initial application process, the commissioner may require the applicant  
132.13 to obtain at the applicant's own cost and submit:

132.14 (1) if the property is registered property under chapter 508 or 508A, a copy of the original  
132.15 certificate of title in the possession of the county registrar of titles (sometimes referred to  
132.16 as "condition of register"); or

132.17 (2) if the property is abstract property, a report prepared by a licensed abstracter showing  
132.18 the last deed and any unsatisfied mortgages, liens, judgments, and state and federal tax lien  
132.19 notices which were recorded on or after the date of that last deed with respect to the property  
132.20 or to the applicant.

132.21 The certificate or report under clauses (1) and (2) need not include references to any  
132.22 documents filed or recorded more than 40 years prior to the date of the certification or report.  
132.23 The certification or report must be as of a date not more than 30 days prior to submission  
132.24 of the application.

132.25 The commissioner may also require the county recorder or county registrar of the county  
132.26 where the property is located to provide copies of recorded documents related to the applicant  
132.27 or the property, for which the recorder or registrar shall not charge a fee. The commissioner  
132.28 may use any information available to determine or verify eligibility under this section. The  
132.29 household income from the application is private data on individuals as defined in section  
132.30 13.02, subdivision 12.

132.31 **EFFECTIVE DATE.** This section is effective beginning with applications submitted  
132.32 in 2019.

133.1 Sec. 27. Minnesota Statutes 2018, section 473H.08, subdivision 1, is amended to read:

133.2 Subdivision 1. **Till expiration started.** Agricultural preserves shall continue until ~~either~~  
 133.3 the landowner ~~or~~ the authority, or a state agency or governmental unit initiates expiration  
 133.4 as provided in this section.

133.5 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
 133.6 applies to any agricultural preserve where the previously required eight-year termination  
 133.7 period under Minnesota Statutes, section 473H.08, has not yet expired.

133.8 Sec. 28. Minnesota Statutes 2018, section 473H.08, is amended by adding a subdivision  
 133.9 to read:

133.10 **Subd. 3a. Expiration for park and trail purposes.** (a) An agricultural preserve expires  
 133.11 immediately when a state agency or other governmental unit purchases the property or  
 133.12 obtains an easement over the property for the purpose of creating or expanding a public  
 133.13 trail or public park. This subdivision applies only to the portion of the agricultural preserve  
 133.14 acquired for trail or park purposes, and any portion of the property not acquired for trail or  
 133.15 park purposes shall remain an agricultural preserve, even if the total acreage is reduced  
 133.16 below 40 acres.

133.17 (b) The acquiring state agency or governmental unit shall give notice to the authority as  
 133.18 provided in subdivision 4. The notice must specify the portion of the property being removed  
 133.19 from the agricultural preserve and the date on which that portion expires.

133.20 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
 133.21 applies to any agricultural preserve where the previously required eight-year termination  
 133.22 period under Minnesota Statutes, section 473H.08, has not yet expired.

133.23 Sec. 29. Minnesota Statutes 2018, section 473H.08, subdivision 4, is amended to read:

133.24 Subd. 4. **Notice to others.** Upon receipt of the notice provided in subdivision 2 or 3a,  
 133.25 or upon notice served by the authority as provided in subdivision 3, the authority shall  
 133.26 forward the original notice to the county recorder for recording, or to the registrar of titles  
 133.27 if the land is registered, and shall notify the county auditor, county assessor, the Metropolitan  
 133.28 Council, and the county soil and water conservation district of the date of expiration.  
 133.29 Designation as an agricultural preserve and all benefits and limitations accruing through  
 133.30 sections 473H.02 to 473H.17 for the preserve shall cease on the date of expiration. The  
 133.31 restrictive covenant contained in the application shall terminate on the date of expiration.

134.1 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
134.2 applies to any agricultural preserve where the previously required eight-year termination  
134.3 period under Minnesota Statutes, section 473H.08, has not yet expired.

134.4 Sec. 30. Minnesota Statutes 2018, section 473H.09, is amended by adding a subdivision  
134.5 to read:

134.6 Subd. 3. **Approval of authority.** Termination of an agricultural preserve earlier than  
134.7 the date derived through the application in section 473H.08 may be requested by the owner  
134.8 eight years after commencement of the preserve. An owner seeking termination under this  
134.9 subdivision must provide notice to the authority exercising planning and zoning authority  
134.10 for the land on a form provided by the commissioner of agriculture. The notice must describe  
134.11 the property for which termination is desired and the date of termination. Termination of  
134.12 the agricultural preserve and covenant pursuant to this subdivision shall become effective  
134.13 only upon approval by a majority vote of the authority.

134.14 **EFFECTIVE DATE.** This section is effective the day following final enactment, and  
134.15 applies to any agricultural preserve where the previously required eight-year termination  
134.16 period under Minnesota Statutes, section 473H.08, has not expired.

134.17 Sec. 31. Laws 2008, chapter 366, article 5, section 33, the effective date, as amended by  
134.18 Laws 2013, chapter 143, article 4, section 35, is amended to read:

134.19 **EFFECTIVE DATE.** This section is effective for taxes levied in 2008, payable in 2009,  
134.20 and is repealed effective for taxes levied in ~~2018~~ 2023, payable in ~~2019~~ 2024, and thereafter.

134.21 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2019.

134.22 Sec. 32. Laws 2009, chapter 88, article 2, section 46, subdivision 1, as amended by Laws  
134.23 2013, chapter 143, article 4, section 36, is amended to read:

134.24 Subdivision 1. **Agreement.** The city of Cloquet and Perch Lake Township, by resolution  
134.25 of each of their governing bodies, may establish the Cloquet Area Fire and Ambulance  
134.26 Special Taxing District for the purpose of providing fire or ambulance services, or both,  
134.27 throughout the district. In this section, "municipality" means home rule charter and statutory  
134.28 cities, towns, and Indian tribes. The district may exercise all the powers relating to fire and  
134.29 ambulance services of the municipalities that receive fire or ambulance services, or both,  
134.30 from the district. Upon application, any other municipality may join the district with the  
134.31 agreement of the municipalities that comprise the district at the time of its application to  
134.32 join.

135.1 **EFFECTIVE DATE.** This section is effective upon compliance by the Cloquet Area  
135.2 Fire and Ambulance Special Taxing District Board with Minnesota Statutes, section 645.021,  
135.3 subdivision 3.

135.4 Sec. 33. Laws 2009, chapter 88, article 2, section 46, subdivision 2, is amended to read:

135.5 Subd. 2. **Board.** The Cloquet Area Fire and Ambulance Special Taxing District Board  
135.6 is governed by a board made up initially of one or more elected officials of the governing  
135.7 body of each participating municipality in the proportions set out in the establishing  
135.8 resolution, subject to change as provided in the district's charter, if any, or in the district's  
135.9 bylaws. Each municipality's representatives serve at the pleasure of that municipality's  
135.10 governing body.

135.11 **EFFECTIVE DATE.** This section is effective upon compliance by the Cloquet Area  
135.12 Fire and Ambulance Special Taxing District Board with Minnesota Statutes, section 645.021,  
135.13 subdivision 3.

135.14 Sec. 34. Laws 2009, chapter 88, article 2, section 46, subdivision 3, as amended by Laws  
135.15 2013, chapter 143, article 4, section 37, is amended to read:

135.16 Subd. 3. **Tax.** The district board may impose a property tax on taxable property as  
135.17 provided in this subdivision to pay the costs of providing fire or ambulance services, or  
135.18 both, throughout the district. The board shall annually determine the total amount of the  
135.19 levy that is attributable to the cost of providing fire services and the cost of providing  
135.20 ambulance services within the primary service area. For those municipalities that only  
135.21 receive ambulance services, the costs for the provision of ambulance services shall be levied  
135.22 against taxable property within those municipalities at a rate necessary not to exceed 0.019  
135.23 percent of the estimated market value. For those municipalities that receive both fire and  
135.24 ambulance services, the tax shall be imposed at a rate that does not exceed 0.2835 percent  
135.25 of estimated market value.

135.26 When a member municipality opts to receive fire service from the district or an additional  
135.27 municipality becomes a member of the district, the cost of providing fire services to that  
135.28 community shall be determined by the board and added to the maximum levy amount.

135.29 Each county auditor of a county that contains a municipality subject to the tax under  
135.30 this section must collect the tax and pay it to the Fire and Ambulance Special Taxing District.  
135.31 The district may also impose other fees or charges as allowed by law for the provision of  
135.32 fire and ambulance services.

136.1 **EFFECTIVE DATE.** This section is effective upon compliance by the Cloquet Area  
 136.2 Fire and Ambulance Special Taxing District Board with Minnesota Statutes, section 645.021,  
 136.3 subdivision 3.

136.4 Sec. 35. Laws 2009, chapter 88, article 2, section 46, subdivision 4, is amended to read:

136.5 Subd. 4. **Public indebtedness.** The district may incur debt in the manner provided for  
 136.6 in Minnesota Statutes, chapter 475, and the district is a municipality by Minnesota Statutes,  
 136.7 chapter 475, when necessary to accomplish its duties, as defined in Minnesota Statutes,  
 136.8 sections 475.51, subdivision 2, and 475.521, subdivision 1, paragraph (c), and may issue  
 136.9 certificates of indebtedness or capital notes as provided for a city under Minnesota Statutes,  
 136.10 section 412.301, when necessary to accomplish its duties. Any tax levied to pay debt of the  
 136.11 district must be levied in the amounts required and in accordance with Minnesota Statutes,  
 136.12 section 475.61. The debt service for debt, the proceeds of which financed capital costs for  
 136.13 ambulance service, must be levied against taxable property within those municipalities in  
 136.14 the primary service area. The debt service for debt, the proceeds of which financed capital  
 136.15 costs for fire service, must be levied against taxable property within those municipalities  
 136.16 receiving fire services.

136.17 **EFFECTIVE DATE.** This section is effective upon compliance by the Cloquet Area  
 136.18 Fire and Ambulance Special Taxing District Board with Minnesota Statutes, section 645.021,  
 136.19 subdivision 3.

136.20 Sec. 36. Laws 2009, chapter 88, article 2, section 46, subdivision 5, is amended to read:

136.21 Subd. 5. **Withdrawal.** Notice of intent to withdraw from participation in the district  
 136.22 may be given only in the month of January, with a minimum of twelve months notice of  
 136.23 intent to withdraw. Withdrawal becomes effective for taxes levied under subdivision 3 in  
 136.24 the year when the notice is given. A property tax levied by the district on taxable property  
 136.25 located in a withdrawing municipality to make debt service payments for obligations issued  
 136.26 by the district under subdivision 4 remains in effect until the obligations outstanding on the  
 136.27 date of withdrawal are satisfied, including any property tax levied in connection with a  
 136.28 refunding of the obligations. The district and its members may develop and agree upon  
 136.29 other continuing obligations after withdrawal of a municipality.

136.30 **EFFECTIVE DATE.** This section is effective upon compliance by the Cloquet Area  
 136.31 Fire and Ambulance Special Taxing District Board with Minnesota Statutes, section 645.021,  
 136.32 subdivision 3.



137.1 Sec. 37. Laws 2017, First Special Session chapter 1, article 10, section 4, the effective  
137.2 date, is amended to read:

137.3 **EFFECTIVE DATE; APPLICATION.** This section is effective for applications and  
137.4 certifications made in 2018 and thereafter, except the repeal of the exclusion of land under  
137.5 item (iii) is effective retroactively for payments due under Minnesota Statutes, section  
137.6 290C.08, beginning for payments due to be made in 2014. In order to qualify for retroactive  
137.7 payments, the following requirements must be met: (1) the owner of land exceeding 60,000  
137.8 acres that is subject to a single conservation easement funded under Minnesota Statutes,  
137.9 section 97A.056 or a comparable permanent easement conveyed to a governmental or  
137.10 nonprofit entity, must submit an application to the commissioner of revenue, in a form and  
137.11 manner and at a time acceptable to the commissioner, establishing that the affected property  
137.12 and its use met the requirement of Minnesota Statutes, chapter 290C, as amended by this  
137.13 section; (2) the owner and each county in which the land is located must certify to the  
137.14 commissioner that no petitions challenging the market value of the property are pending  
137.15 under Minnesota Statutes, chapter 278; and (3) the requirements of clauses (1) and (2) must  
137.16 be satisfied by October 1, 2017. No interest accrues on payment under this section for  
137.17 periods before November 1, 2017.

137.18 **EFFECTIVE DATE.** This section is effective retroactively for certifications made in  
137.19 2018 and thereafter.

137.20 Sec. 38. **SPECIAL REFUND PROVISION.**

137.21 A veteran who received a disability rating of 70 percent or more in 2016 or 2017 but  
137.22 did not receive the disabled veterans homestead exclusion under Minnesota Statutes, section  
137.23 273.13, subdivision 34, for assessment year 2016 or 2017 may apply for a refund of taxes  
137.24 paid in 2017 or 2018 if the veteran would have qualified for the benefit in Minnesota Statutes,  
137.25 section 273.13, subdivision 34, paragraph (b), in one or both of those years. To qualify for  
137.26 a refund, a property owner must apply to the assessor by December 15, 2019, and must have  
137.27 paid all tax due in 2017 and 2018. After verifying that the applicant qualified for an exclusion  
137.28 for taxes payable in either or both of those years, the county assessor must notify the county  
137.29 auditor, and the auditor must recalculate the taxes on the property for taxes payable in 2017  
137.30 and 2018 based on the exclusion the applicant was qualified for. The county treasurer must  
137.31 then issue a refund of tax paid in 2017 and 2018 equal to the difference between the taxes  
137.32 as initially calculated for each taxes payable year and the taxes based on the value remaining  
137.33 after the exclusion.

138.1 **EFFECTIVE DATE.** This section is effective for refund applications received in 2019,  
 138.2 for refunds of tax paid in 2017 and 2018.

138.3 **ARTICLE 5**

138.4 **AIDS AND CREDITS**

138.5 Section 1. Minnesota Statutes 2018, section 126C.17, subdivision 6, is amended to read:

138.6 Subd. 6. **Referendum equalization levy.** (a) A district's referendum equalization levy  
 138.7 equals the sum of the first tier referendum equalization levy; and the second tier referendum  
 138.8 equalization levy; ~~and the third tier referendum equalization levy.~~

138.9 (b) A district's first tier referendum equalization levy equals the district's first tier  
 138.10 referendum equalization revenue times the lesser of one or the ratio of the district's  
 138.11 referendum market value per resident pupil unit to ~~\$880,000~~ \$567,000.

138.12 (c) A district's second tier referendum equalization levy equals the district's second tier  
 138.13 referendum equalization revenue times the lesser of one or the ratio of the district's  
 138.14 referendum market value per resident pupil unit to ~~\$510,000~~ \$290,000.

138.15 ~~(d) A district's third tier referendum equalization levy equals the district's third tier~~  
 138.16 ~~referendum equalization revenue times the lesser of one or the ratio of the district's~~  
 138.17 ~~referendum market value per resident pupil unit to \$290,000.~~

138.18 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2021 and later.

138.19 Sec. 2. Minnesota Statutes 2018, section 273.1387, subdivision 2, is amended to read:

138.20 Subd. 2. **Credit amount.** For each qualifying property, the school building bond  
 138.21 agricultural credit is equal to ~~40~~ the credit percent of multiplied by the property's eligible  
 138.22 net tax capacity multiplied by the school debt tax rate determined under section 275.08,  
 138.23 subdivision 1b. For property taxes payable prior to 2020, the credit percent is equal to 40  
 138.24 percent. For property taxes payable in 2020, the credit percent is equal to 50 percent. For  
 138.25 property taxes payable in 2021, the credit percent is equal to 55 percent. For property taxes  
 138.26 payable in 2022, the credit percent is equal to 60 percent. For property taxes payable in  
 138.27 2023 and thereafter, the credit percent is equal to 70 percent.

138.28 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable  
 138.29 in 2020.

139.1 Sec. 3. Minnesota Statutes 2018, section 469.169, is amended by adding a subdivision to  
139.2 read:

139.3 Subd. 21. **Additional border city allocations.** (a) In addition to the tax reductions  
139.4 authorized in subdivisions 12 to 20, the commissioner shall annually allocate \$750,000 for  
139.5 tax reductions to border city enterprise zones in cities located on the western border of the  
139.6 state. The commissioner shall allocate this amount among cities on a per capita basis.  
139.7 Allocations made under this subdivision may be used for tax reductions under sections  
139.8 469.171, 469.1732, and 469.1734, or for other offsets of taxes imposed on or remitted by  
139.9 businesses located in the enterprise zone as provided by law, but only if the municipality  
139.10 determines that the granting of the tax reduction or offset is necessary to retain a business  
139.11 within or attract a business to the zone.

139.12 (b) The allocations under this subdivision do not cancel or expire, but remain available  
139.13 until used by the city.

139.14 **EFFECTIVE DATE.** This section is effective July 1, 2020.

139.15 Sec. 4. Minnesota Statutes 2018, section 469.171, subdivision 4, is amended to read:

139.16 Subd. 4. **Restriction.** The tax reductions provided by this section shall not apply to (1)  
139.17 a facility the primary purpose of which is one of the following: ~~retail food and beverage~~  
139.18 ~~services, automobile sales or service, or~~ the provision of recreation or entertainment, or a  
139.19 private or commercial golf course, country club, massage parlor, tennis club, skating facility  
139.20 including roller skating, skateboard, and ice skating, racquet sports facility, including any  
139.21 handball or racquetball court, hot tub facility, suntan facility, or racetrack; (2) property of  
139.22 a public utility; (3) property used in the operation of a financial institution; (4) property  
139.23 owned by a fraternal or veterans' organization; or (5) ~~property of a business operating under~~  
139.24 ~~a franchise agreement that requires the business to be located in the state; except that tax~~  
139.25 ~~reductions may be provided to a retail food or beverage facility or an automobile sales or~~  
139.26 ~~service facility, or a business~~ a retail food or beverage facility operating under a franchise  
139.27 agreement that requires the business to be located in this state ~~except for such a franchised~~  
139.28 ~~retail food or beverage facility.~~

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

139.30 Sec. 5. Minnesota Statutes 2018, section 477A.013, subdivision 9, is amended to read:

139.31 Subd. 9. **City aid distribution.** (a) In calendar year 2018 and thereafter, if a city's  
139.32 certified aid before any aid adjustment under subdivision 13 for the previous year is less

140.1 than its current unmet need, the city shall receive an aid distribution equal to the sum of (1)  
 140.2 its certified aid in the previous year before any aid adjustment under subdivision 13, (2) the  
 140.3 city formula aid under subdivision 8, and (3) its aid adjustment under subdivision 13.

140.4 (b) For aids payable in 2020 only, no city's aid amount before any adjustment under  
 140.5 subdivision 13 may be less than its pay 2019 certified aid amount, less any aid adjustment  
 140.6 under subdivision 13 for that year. For aids payable in ~~2018~~ 2020 and thereafter, if a city's  
 140.7 certified aid before any aid adjustment under subdivision 13 for the previous year is equal  
 140.8 to or greater than its current unmet need, the total aid for a city is equal to the greater of (1)  
 140.9 its unmet need plus any aid adjustment under subdivision 13, or (2) the amount it was  
 140.10 certified to receive in the previous year minus the sum of (i) any adjustment under subdivision  
 140.11 13 that was paid in the previous year but has expired, and (ii) the lesser of \$10 multiplied  
 140.12 by its population, or five percent of its net levy in the year prior to the aid distribution. No  
 140.13 city may have a total aid amount less than \$0.

140.14 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2020  
 140.15 and thereafter.

140.16 Sec. 6. Minnesota Statutes 2018, section 477A.03, subdivision 2a, is amended to read:

140.17 Subd. 2a. **Cities.** For aids payable in 2016 and 2017, the total aid paid under section  
 140.18 477A.013, subdivision 9, is \$519,398,012. For aids payable in 2018 and ~~thereafter~~ 2019,  
 140.19 the total aid paid under section 477A.013, subdivision 9, is \$534,398,012. For aids payable  
 140.20 in 2020, the total aid paid under section 477A.013, subdivision 9, is \$560,398,012. For aids  
 140.21 payable in 2021 and thereafter, the total aid payable under section 477A.013, subdivision  
 140.22 9, is \$564,398,012.

140.23 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2020  
 140.24 and thereafter.

140.25 Sec. 7. Minnesota Statutes 2018, section 477A.03, subdivision 2b, is amended to read:

140.26 Subd. 2b. **Counties.** (a) For aids payable in 2018 ~~through 2024~~ and 2019, the total aid  
 140.27 payable under section 477A.0124, subdivision 3, is \$103,795,000, of which \$3,000,000  
 140.28 shall be allocated as required under Laws 2014, chapter 150, article 4, section 6. For aids  
 140.29 payable in 2020, the total aid payable under section 477A.0124, subdivision 3, is  
 140.30 \$116,795,000, of which \$3,000,000 shall be allocated as required under Laws 2014, chapter  
 140.31 150, article 4, section 6. For aids payable in 2021 through 2024, the total aid payable under  
 140.32 section 477A.0124, subdivision 3, is \$118,795,000, of which \$3,000,000 shall be allocated  
 140.33 as required under Laws 2014, chapter 150, article 4, section 6. For aids payable in 2025 and

141.1 thereafter, the total aid payable under section 477A.0124, subdivision 3, is ~~\$100,795,000~~  
 141.2 \$115,795,000. Each calendar year, \$500,000 of this appropriation shall be retained by the  
 141.3 commissioner of revenue to make reimbursements to the commissioner of management and  
 141.4 budget for payments made under section 611.27. The reimbursements shall be to defray the  
 141.5 additional costs associated with court-ordered counsel under section 611.27. Any retained  
 141.6 amounts not used for reimbursement in a year shall be included in the next distribution of  
 141.7 county need aid that is certified to the county auditors for the purpose of property tax  
 141.8 reduction for the next taxes payable year.

141.9 (b) For aids payable in 2018 and ~~thereafter 2019~~, the total aid under section 477A.0124,  
 141.10 subdivision 4, is \$130,873,444. For aids payable in 2020, the total aid under section  
 141.11 477A.0124, subdivision 4, is \$143,873,444. For aids payable in 2021 and thereafter, the  
 141.12 total aid under section 477A.0124, subdivision 4, is \$145,873,444. The commissioner of  
 141.13 revenue shall transfer to the commissioner of management and budget \$207,000 annually  
 141.14 for the cost of preparation of local impact notes as required by section 3.987, and other local  
 141.15 government activities. The commissioner of revenue shall transfer to the commissioner of  
 141.16 education \$7,000 annually for the cost of preparation of local impact notes for school districts  
 141.17 as required by section 3.987. The commissioner of revenue shall deduct the amounts  
 141.18 transferred under this paragraph from the appropriation under this paragraph. The amounts  
 141.19 transferred are appropriated to the commissioner of management and budget and the  
 141.20 commissioner of education respectively.

141.21 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2020  
 141.22 and thereafter.

141.23 Sec. 8. Laws 2018, chapter 211, article 14, section 26, is amended to read:

141.24 Sec. 26. **CITY OF AUSTIN; ALLOCATION OF FIRE STATE AID FOR**  
 141.25 **FIREFIGHTERS.**

141.26 (a) Notwithstanding any law to the contrary, the city of Austin must annually:

141.27 (1) determine the amount of state aid required under the bylaws of the Austin Parttime  
 141.28 Firefighters Relief Association to fund the volunteer firefighters' service pensions;

141.29 (2) transmit to the Austin Parttime Firefighters Relief Association any supplemental  
 141.30 state aid received under Minnesota Statutes, section 423A.022;

142.1 (3) transmit to the Austin Parttime Firefighters Relief Association an amount of fire  
 142.2 state aid under Minnesota Statutes, sections 69.011 to 69.051, equal to the difference between  
 142.3 the amount determined under clause (1) and the amount transmitted under clause (2); and

142.4 (4) transmit the remaining balance of fire state aid under Minnesota Statutes, sections  
 142.5 69.011 to 69.051, for the payment of the employer contribution requirements for firefighters  
 142.6 covered by the public employees police and fire retirement plan under Minnesota Statutes,  
 142.7 section 353.65, subdivision 3.

142.8 (b) Notwithstanding Minnesota Statutes, section 69.031, subdivision 5, the city of Austin  
 142.9 has no liability to the relief association related to payments it made or will make to the  
 142.10 public employees police and fire retirement plan from fire state aid for 2013, ~~2014, 2015,~~  
 142.11 ~~2016, 2017, and 2018~~ and subsequent years.

142.12 (c) ~~This section expires July 1, 2019~~ Paragraphs (a) and (b) expire on the effective date  
 142.13 of general legislation permitting the allocation of fire state aid between volunteer firefighter  
 142.14 relief associations and the affiliated municipalities, independent nonprofit firefighting  
 142.15 corporations, or joint powers entities.

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

142.19 **Sec. 9. AID PENALTY FORGIVENESS; CITY OF WAUBUN.**

142.20 Notwithstanding Minnesota Statutes, section 477A.017, the city of Waubun may receive  
 142.21 its second local government aid payment and small city assistance aid payment for aids  
 142.22 payable in 2018 even though it did not file fiscal year 2017 financial reports with the state  
 142.23 auditor as required under that section, provided that the required forms are submitted to the  
 142.24 state auditor by May 31, 2019. The commissioner of revenue shall make the payments to  
 142.25 the city of Waubun by June 30, 2019. Up to \$56,822 of the fiscal year 2019 appropriation  
 142.26 for local government aid in Minnesota Statutes, section 477A.03, subdivision 2, is available  
 142.27 for payment under this section. Up to \$3,771 of the fiscal year 2019 appropriation for the  
 142.28 small city assistance program in Laws 2017, First Special Session chapter 3, article 1, section  
 142.29 2, subdivision 4, clause (c), is available for payment under this section.

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

143.1 **Sec. 10. LOCAL GOVERNMENT GRANTS.**

143.2 (a) \$4,447,400 in fiscal year 2020 only is appropriated from the general fund to the  
143.3 commissioner of revenue for grants that shall be paid by July 15, 2019, and allocated as  
143.4 follows:

143.5 (1) \$3,000,000 to Beltrami County to be used by the county for out-of-home placement  
143.6 costs;

143.7 (2) \$500,000 to Mahnomen County. Of this amount, \$250,000 must be used by the  
143.8 county for the Mahnomen Health Center, and \$250,000 must be paid from the county to  
143.9 the White Earth Band of Ojibwe to reimburse the band for costs of delivering child welfare  
143.10 services;

143.11 (3) \$500,000 to Otter Tail County to be used by the county for debt service on a building  
143.12 located in the city of Fergus Falls and formerly leased by the state to provide residential  
143.13 treatment services;

143.14 (4) \$275,000 to the city of Lilydale to be used by the city for infrastructure upgrades  
143.15 and associated bond payments related to the Highway 13 construction;

143.16 (5) \$129,000 to the city of Austin to reimburse the city for calendar year 2016 state fire  
143.17 aid and calendar year 2016 supplemental police and fire retirement aid;

143.18 (6) \$38,400 to the city of Flensburg to compensate the city for lost aid under the local  
143.19 government aid and small cities assistance programs; and

143.20 (7) \$2,600 to the city of Mazeppa and \$2,400 to Wabasha County, to be used by the city  
143.21 and county for property tax abatements and other costs incurred by public and private entities  
143.22 as a result of a fire in the city of Mazeppa on March 11, 2018.

143.23 (b) \$600,000 in fiscal year 2020 and \$600,000 in fiscal year 2021 are appropriated from  
143.24 the general fund to the commissioner of revenue for a grant to Wadena County that shall  
143.25 be paid by August 1, 2019, and August 1, 2020, and used by the county for costs related to  
143.26 providing human services.

143.27 (c) \$5,400,000 in fiscal year 2022 only is appropriated from the general fund to the  
143.28 commissioner of revenue for a grant to the city of Virginia that shall be paid by August 1,  
143.29 2021, and used by the city to repay loans incurred by the city for costs related to utility  
143.30 relocation for the U.S. Highway 53 project.

143.31 The appropriations under this section are onetime.

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

144.1 Sec. 11. **APPROPRIATION OF LAPSED AMOUNTS; FIRE REMEDIATION**

144.2 **GRANTS.**

144.3 (a) \$643,729 in fiscal year 2020 is appropriated from the general fund to the commissioner  
 144.4 of public safety for grants to remediate the effects of fires in the city of Melrose on September  
 144.5 8, 2016. The grants shall be paid by August 1, 2019. This appropriation represents the  
 144.6 amounts that lapsed by the terms of the appropriation in Laws 2017, First Special Session  
 144.7 chapter 1, article 4, section 31.

144.8 (b) A grant recipient must use the money appropriated under this section for remediation  
 144.9 costs, including disaster recovery, infrastructure, reimbursement for emergency personnel  
 144.10 costs, reimbursement for equipment costs, and reimbursements for property tax abatements,  
 144.11 incurred by public or private entities as a result of the fires. This is a onetime appropriation  
 144.12 and is available until June 30, 2021.

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

144.14

**ARTICLE 6**

144.15

**LOCAL TAXES**

144.16 Section 1. Minnesota Statutes 2018, section 297A.99, subdivision 1, is amended to read:

144.17 Subdivision 1. **Authorization; scope.** (a) A political subdivision of this state may impose  
 144.18 a general sales tax (1) under section 297A.992, (2) under section 297A.993, (3) if permitted  
 144.19 by special law, or (4) if the political subdivision enacted and imposed the tax before January  
 144.20 1, 1982, and its predecessor provision.

144.21 (b) This section governs the imposition of a general sales tax by the political subdivision.  
 144.22 The provisions of this section preempt the provisions of any special law:

144.23 (1) enacted before June 2, 1997, or

144.24 (2) enacted on or after June 2, 1997, that does not explicitly exempt the special law  
 144.25 provision from this section's rules by reference.

144.26 (c) This section does not apply to or preempt a sales tax on motor vehicles ~~or~~ Beginning  
 144.27 July 1, 2019, no political subdivision may impose a special excise tax on motor vehicles  
 144.28 unless it is imposed under section 297A.993.

144.29 (d) A political subdivision may not advertise or expend funds for the promotion of a  
 144.30 referendum to support imposing a local ~~option~~ sales tax; and may only spend funds related  
 144.31 to imposing a local sales tax to:



145.1 ~~(e) Notwithstanding paragraph (d), a political subdivision may expend funds to:~~

145.2 (1) conduct the referendum;

145.3 (2) disseminate information included in the resolution adopted under subdivision 2, but  
145.4 only if the disseminated information includes a list of specific projects and the cost of each  
145.5 individual project;

145.6 (3) provide notice of, and conduct public forums at which proponents and opponents on  
145.7 the merits of the referendum are given equal time to express their opinions on the merits of  
145.8 the referendum;

145.9 (4) provide facts and data on the impact of the proposed local sales tax on consumer  
145.10 purchases; and

145.11 (5) provide facts and data related to the individual programs and projects to be funded  
145.12 with the local sales tax.

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

145.14 Sec. 2. Minnesota Statutes 2018, section 297A.99, is amended by adding a subdivision to  
145.15 read:

145.16 Subd. 1a. **Requirements.** Local sales taxes are to be used instead of traditional local  
145.17 revenues only for construction and rehabilitation of capital projects when a clear regional  
145.18 benefit beyond the taxing jurisdiction can be demonstrated. Use of local sales tax revenues  
145.19 for local projects decreases the benefits to taxpayers of the deductibility of local property  
145.20 taxes and the state assistance provided through the property tax refund system and increases  
145.21 the fiscal inequities between similar communities.

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

145.23 Sec. 3. Minnesota Statutes 2018, section 297A.99, subdivision 2, is amended to read:

145.24 Subd. 2. **Local resolution before application for authority.** (a) Before the governing  
145.25 body of a political subdivision requests legislative approval ~~of~~ to impose a local sales tax  
145.26 authorized by a special law for a local sales tax that is administered under this section, it  
145.27 shall adopt a resolution indicating its approval of the tax. The resolution must include, ~~at a~~  
145.28 ~~minimum,~~ the following information on:

145.29 (1) the proposed tax rate, ~~how the revenues will be used;~~

145.30 (2) a detailed description of no more than five capital projects that will be funded with  
145.31 revenue from the tax;

146.1 (3) documentation of the regional significance of each project, including the share of  
 146.2 the economic benefit to or use of each project by persons residing, or businesses located,  
 146.3 outside of the jurisdiction;

146.4 (4) the amount of local sales tax revenue that would be used for each project and the  
 146.5 estimated time needed to raise that amount of revenue; and

146.6 (5) the total revenue that will be raised for all projects before the tax expires, and the  
 146.7 estimated length of time that the tax will be in effect. This subdivision applies to local laws  
 146.8 enacted after June 30, 1998 if all proposed projects are funded.

146.9 (b) The jurisdiction seeking authority to impose a local sales tax by special law must  
 146.10 submit the resolution in paragraph (a) along with underlying documentation indicating how  
 146.11 the benefits under paragraph (a), clause (3), were determined, to the chairs and ranking  
 146.12 minority members of the legislative committees with jurisdiction over taxes no later than  
 146.13 January 31 of the year in which the jurisdiction is seeking a special law authorizing the tax.

146.14 (c) The special legislation granting local sales tax authority is not required to allow  
 146.15 funding for all projects listed in the resolution with the revenue from the local sales tax, but  
 146.16 must not include any projects not contained in the resolution.

146.17 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
 146.18 applies to all local sales taxes not authorized by the legislature before July 1, 2019.

146.19 Sec. 4. Minnesota Statutes 2018, section 297A.99, subdivision 3, is amended to read:

146.20 Subd. 3. **Legislative authority required before voter approval; requirements for**  
 146.21 **adoption, use, termination.** (a) A political subdivision must receive legislative authority  
 146.22 to impose a local sales tax before submitting the tax for approval by voters of the political  
 146.23 subdivision. Imposition of a local sales tax is subject to approval by voters of the political  
 146.24 subdivision at a general election. The election must be conducted before at a general election  
 146.25 within the two-year period after the governing body of the political subdivision requests  
 146.26 legislative approval of has received authority to impose the tax. If the authorizing legislation  
 146.27 allows the tax to be imposed for more than one project, there must be a separate question  
 146.28 approving the use of the tax revenue for each project. Notwithstanding the authorizing  
 146.29 legislation, a project that is not approved by the voters may not be funded with the local  
 146.30 sales tax revenue and the termination date of the tax set in the authorizing legislation must  
 146.31 be reduced proportionately based on the share of that project's cost to the total costs of all  
 146.32 projects included in the authorizing legislation.

147.1 (b) The proceeds of the tax must be dedicated exclusively to payment of the ~~cost of a~~  
 147.2 construction and rehabilitation costs and associated bonding costs related to the specific  
 147.3 capital improvement which is designated at least 90 days before the referendum on imposition  
 147.4 of the tax is conducted projects that were approved by the voters under paragraph (a).

147.5 (c) The tax must terminate after ~~the improvement designated under paragraph (b) has~~  
 147.6 been completed the revenues raised are sufficient to fund the projects approved by the voters  
 147.7 under paragraph (a).

147.8 (d) After a sales tax imposed by a political subdivision has expired or been terminated,  
 147.9 the political subdivision is prohibited from imposing a local sales tax for a period of one  
 147.10 year. ~~Notwithstanding subdivision 13, this paragraph applies to all local sales taxes in effect~~  
 147.11 ~~at the time of or imposed after May 26, 1999.~~

147.12 (e) Notwithstanding paragraph (a), if a political subdivision received voter approval to  
 147.13 seek authority for a local sales tax at the November 6, 2018, general election and is granted  
 147.14 authority to impose a local sales tax before January 1, 2021, the tax may be imposed without  
 147.15 an additional referendum provided that it meets the requirements of subdivision 2 and the  
 147.16 list of specific projects contained in the resolution does not conflict with the projects listed  
 147.17 in the approving referendum.

147.18 (f) If a tax is terminated because sufficient revenues have been raised, any amount of  
 147.19 tax collected under subdivision 9, after sufficient revenues have been raised and before the  
 147.20 quarterly termination required under subdivision 12, paragraph (a), that is greater than the  
 147.21 average quarterly revenues collected over the immediately preceding 12 calendar months  
 147.22 must be retained by the commissioner for deposit in the general fund.

147.23 **EFFECTIVE DATE.** (a) The amendments to paragraphs (a) to (d) and adding paragraph  
 147.24 (e) are effective the day following final enactment and apply to all local sales taxes not  
 147.25 authorized by the legislature before July 1, 2019.

147.26 (b) The amendment adding paragraph (f) is effective the day following final enactment  
 147.27 and applies retroactively to all currently imposed local sales taxes.

147.28 Sec. 5. Laws 1986, chapter 396, section 5, as amended by Laws 2001, First Special Session  
 147.29 chapter 5, article 12, section 87, and Laws 2012, chapter 299, article 3, section 3, is amended  
 147.30 to read:

147.31 **Sec. 5. LIQUOR, LODGING, AND RESTAURANT TAXES.**

147.32 The city may, by resolution, levy in addition to taxes authorized by other law:

148.1 (1) a sales tax of not more than three percent on the gross receipts on retail on-sales of  
 148.2 intoxicating liquor and fermented malt beverages when sold at licensed on-sale liquor  
 148.3 establishments located within the downtown taxing area, provided that this tax may not be  
 148.4 imposed if sales of intoxicating liquor and fermented malt beverages are exempt from  
 148.5 taxation under chapter 297A;

148.6 (2) a sales tax of not more than three percent on the gross receipts from the furnishing  
 148.7 for consideration of lodging for a period of less than 30 days at a hotel, motel, rooming  
 148.8 house, tourist court, or trailer camp located within the city by a hotel or motel which has  
 148.9 more than 50 rooms available for lodging; the tax imposed under this clause shall be at a  
 148.10 rate that, when added to the sum of the rate of the sales tax imposed under Minnesota  
 148.11 Statutes, chapter 297A, the rate of the sales tax imposed under section 4, and the rate of any  
 148.12 of all other city taxes on lodging in the city of Minneapolis, equals ~~13~~ 6.5 percent; and

148.13 (3) a sales tax of not more than three percent on the gross receipts on all sales of food  
 148.14 primarily for consumption on or off the premises by restaurants and places of refreshment  
 148.15 as defined by resolution of the city that occur within the downtown taxing area.

148.16 The taxes authorized by this section must not be terminated before January 1, 2047. The  
 148.17 taxes shall be imposed and may be adjusted periodically by the city council such that the  
 148.18 rates imposed produce revenue sufficient, together with the tax imposed under section 4,  
 148.19 to finance the purposes described in Minnesota Statutes, section 297A.994, and section 4,  
 148.20 subdivisions 3 and 4. These taxes shall be applied, first, as provided in Minnesota Statutes,  
 148.21 section 297A.994, subdivision 3, clauses (1) to (3), and then, solely to pay, secure, maintain,  
 148.22 and fund the payment of any principal of, premium on, and interest on any bonds or any  
 148.23 other purposes in section 4, subdivision 3 or 4. The commissioner of revenue may enter  
 148.24 into appropriate agreements with the city to provide for the collection of these taxes by the  
 148.25 state on behalf of the city. These taxes shall be subject to the same interest, penalties, and  
 148.26 enforcement provisions as the taxes imposed under Minnesota Statutes, chapter 297A.

148.27 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
 148.28 September 30, 2019.

148.29 Sec. 6. Laws 1986, chapter 462, section 31, as amended by Laws 1991, chapter 291, article  
 148.30 8, section 24, and Laws 2011, chapter 112, article 4, section 6, is amended to read:

148.31 **Sec. 31. AUTHORITY FOR TAXATION.**

148.32 Notwithstanding Minnesota Statutes, section 477A.016, or any other law, and  
 148.33 supplemental to the tax imposed by Laws 1982, chapter 523, article 25, section 1, the city

149.1 of St. Paul may impose, by ordinance, a tax, at a rate not greater than ~~three~~ four percent, on  
 149.2 the gross receipts from the furnishing for consideration of lodging and related services at a  
 149.3 hotel, rooming house, tourist court, motel, or resort, other than the renting or leasing of  
 149.4 space for a continuous period of 30 days or more. The tax does not apply to the furnishing  
 149.5 of lodging and related services by a business having less than 50 lodging rooms. The tax  
 149.6 shall be collected by and its proceeds paid to the city. Ninety-five percent of the revenues  
 149.7 generated by this tax shall be used to fund a convention bureau to market and promote the  
 149.8 city as a tourist or convention center.

149.9 **EFFECTIVE DATE.** This section is effective the first day of the calendar quarter  
 149.10 beginning at least 30 days after the governing body of the city of St. Paul and its chief  
 149.11 clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

149.12 Sec. 7. Laws 1994, chapter 587, article 9, section 11, is amended to read:

149.13 Sec. 11. **TWO HARBORS LODGING TAX.**

149.14 Notwithstanding Minnesota Statutes, section 477A.016, or other law, in addition to a  
 149.15 tax authorized in Minnesota Statutes, section 469.190, the city of Two Harbors may impose,  
 149.16 by ordinance, a tax of up to one percent on the gross receipts subject to the lodging tax  
 149.17 under Minnesota Statutes, section 469.190. The proceeds of the tax shall be dedicated and  
 149.18 used to provide preservation, display, and interpretation of the tug boat Edna G. The total  
 149.19 tax imposed by the city under this section, by Lake County under section 22, and under  
 149.20 Minnesota Statutes, section 469.190, shall not exceed ~~three~~ five percent.

149.21 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
 149.22 city of Two Harbors and its chief clerical officer comply with Minnesota Statutes, section  
 149.23 645.021, subdivisions 2 and 3.

149.24 Sec. 8. Laws 1998, chapter 389, article 8, section 45, subdivision 1, is amended to read:

149.25 Subdivision 1. **Sales and use taxes.** (a) Notwithstanding Minnesota Statutes, section  
 149.26 477A.016, or any other provision of law, ordinance, or city charter, if approved by the voters  
 149.27 of the city at the next general election held after the date of final enactment of this act, the  
 149.28 city of Two Harbors may impose by ordinance, a sales and use tax at a rate of up to one-half  
 149.29 of one percent for the purposes specified in subdivision 3, paragraph (a).

149.30 (b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes,  
 149.31 sections 297A.99 and 477A.016, or any other law, ordinance, or city charter, and as approved  
 149.32 by the voters at the November 6, 2018, general election, the city of Two Harbors may, by

150.1 ordinance, impose an additional sales and use tax at a rate of one-half of one percent for  
150.2 the purposes specified in subdivision 3, paragraph (b). The tax may not be imposed until  
150.3 the city complies with the provisions of section 34.

150.4 (c) The provisions of Minnesota Statutes, section ~~297A.48~~ 297A.99, govern the  
150.5 imposition, administration, collection, and enforcement of the tax authorized under this  
150.6 subdivision.

150.7 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
150.8 city of Two Harbors and its chief clerical officer comply with Minnesota Statutes, section  
150.9 645.021, subdivisions 2 and 3.

150.10 Sec. 9. Laws 1998, chapter 389, article 8, section 45, subdivision 3, as amended by Laws  
150.11 2008, chapter 366, article 7, section 11, is amended to read:

150.12 Subd. 3. **Use of revenues.** (a) Revenues received from the taxes authorized under  
150.13 subdivision 1, paragraph (a), must be used for sanitary sewer separation, wastewater  
150.14 treatment, water system improvements, and harbor refuge development projects.

150.15 (b) Revenues from the tax authorized under subdivision 1, paragraph (b), must be used  
150.16 by the city of Two Harbors to pay the costs of collecting and administering the tax and to  
150.17 finance the capital and administrative costs of water and sewer infrastructure projects  
150.18 including gravity-fed sewer mains, water mains, drain tile, service lines, street patching,  
150.19 acquiring property, related engineering, and construction expenses.

150.20 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
150.21 city of Two Harbors and its chief clerical officer comply with Minnesota Statutes, section  
150.22 645.021, subdivisions 2 and 3.

150.23 Sec. 10. Laws 1998, chapter 389, article 8, section 45, subdivision 4, is amended to read:

150.24 Subd. 4. **Bonding authority.** (a) The city may issue bonds under Minnesota Statutes,  
150.25 chapter 475, to finance the capital expenditure and improvement projects under subdivision  
150.26 1, paragraph (a). An election to approve the bonds under Minnesota Statutes, section 475.58,  
150.27 may be held in combination with the election to authorize imposition of the tax under  
150.28 subdivision 1, paragraph (a). Whether to permit imposition of the tax and issuance of bonds  
150.29 may be posed to the voters as a single question. The question must state that the sales tax  
150.30 revenues are pledged to pay the bonds, but that the bonds are general obligations and will  
150.31 be guaranteed by the city's property taxes.

151.1 (b) The city may issue bonds under Minnesota Statutes, chapter 475, to pay capital and  
151.2 administrative expenses for the projects described in subdivision 3, paragraph (b), in an  
151.3 amount that does not exceed \$30,000,000. An election to approve the bonds under Minnesota  
151.4 Statutes, section 475.58, is not required.

151.5 (c) The issuance of bonds under this subdivision is not subject to Minnesota Statutes,  
151.6 section 275.60.

151.7 ~~(e)~~ (d) The bonds are not included in computing any debt limitation applicable to the  
151.8 city, and the levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and  
151.9 interest on the bonds is not subject to any levy limitation.

151.10 The aggregate principal amount of bonds, plus the aggregate of the taxes used directly to  
151.11 pay eligible capital expenditures and improvements under subdivision 3, paragraph (a), may  
151.12 not exceed \$20,000,000, plus an amount equal to the costs related to issuance of the bonds.

151.13 ~~(d)~~ (e) The taxes may be pledged to and used for the payment of the bonds and any bonds  
151.14 issued to refund them, only if the bonds and any refunding bonds are general obligations  
151.15 of the city.

151.16 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
151.17 city of Two Harbors and its chief clerical officer comply with Minnesota Statutes, section  
151.18 645.021, subdivisions 2 and 3.

151.19 Sec. 11. Laws 1998, chapter 389, article 8, section 45, subdivision 5, is amended to read:

151.20 Subd. 5. **Termination of taxes.** (a) The authority granted under subdivision 1, paragraph  
151.21 (a), to the city of Two Harbors to impose sales and use taxes expires when the costs of the  
151.22 projects described in subdivision 3, paragraph (a), have been paid.

151.23 (b) The authority granted under subdivision 1, paragraph (b), expires at the earlier of:  
151.24 (1) 25 years after the tax is first imposed; or (2) when the city council determines that the  
151.25 amount of revenues received from the taxes first equals or exceeds \$30,000,000, plus the  
151.26 additional amount needed to pay the costs related to issuance of bonds under subdivision  
151.27 4, paragraph (b), including interest on the bonds. Any funds remaining after completion of  
151.28 the project and retirement or redemption of the bonds may be placed in the general fund of  
151.29 the city. The taxes imposed under subdivision 1, paragraph (b), may expire at an earlier  
151.30 time if the city so determines by ordinance.

151.31 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
151.32 city of Two Harbors and its chief clerical officer comply with Minnesota Statutes, section  
151.33 645.021, subdivisions 2 and 3.

152.1 Sec. 12. Laws 2011, First Special Session chapter 7, article 4, section 10, subdivision 3,  
152.2 is amended to read:

152.3 Subd. 3. **Use of revenues.** Revenues received from taxes authorized by subdivisions 1  
152.4 and 2 must be used by the city to pay the cost of collecting the taxes and to pay for the  
152.5 following projects:

152.6 (1) \$4,500,000 for construction and completion of park improvement projects, including  
152.7 St. Louis River riverfront improvements; Veteran's Park construction and improvements;  
152.8 improvements to the Hilltop Park soccer complex and Braun Park baseball complex; capital  
152.9 equipment and building and grounds improvements at the Pine Valley Park/Pine Valley  
152.10 Hockey Arena/Cloquet Area Recreation Center; and development of pedestrian trails within  
152.11 the city;

152.12 (2) \$5,800,00 for extension of utilities and the construction of all improvements associated  
152.13 with the development of property adjacent to Highway 33 and Interstate Highway 35,  
152.14 including payment of all debt service on bonds issued for these; and

152.15 (3) \$6,200,000 for engineering and construction of infrastructure improvements,  
152.16 including, but not limited to, storm sewer, sanitary sewer, and water in areas identified as  
152.17 part of the city's comprehensive land use plan.

152.18 Authorized expenses include, but are not limited to, acquiring property and paying  
152.19 construction expenses related to these improvements, and paying debt service on bonds or  
152.20 other obligations issued to finance acquisition and construction of these improvements.

152.21 Notwithstanding the revenue allocations in clauses (1) and (3), if the amount spent for the  
152.22 improvements under clause (2) are less than the \$5,800,000 allowed under that clause, the  
152.23 total amount spent for the purposes listed in clauses (1) and (3) may be increased by the  
152.24 difference between \$5,800,000 and the amount actually spent under clause (2). However,  
152.25 the total expenditures for projects under this subdivision may not exceed \$16,500,000,  
152.26 excluding any costs related to issuance of bonds under subdivision 4.

152.27 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
152.28 city of Cloquet and its chief clerical officer comply with the provisions of section 645.021,  
152.29 subdivisions 2 and 3.

152.30 Sec. 13. **CITY OF AVON; TAXES AUTHORIZED.**

152.31 Subdivision 1. Sales and use tax; authorization. Notwithstanding Minnesota Statutes,  
152.32 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city  
152.33 charter, the city of Avon, pursuant to approval by the voters at the general election on



153.1 November 6, 2018, may impose by ordinance a sales and use tax of up to one-half of one  
 153.2 percent for the purposes specified in subdivision 2. Except as otherwise provided in this  
 153.3 section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition,  
 153.4 administration, collection, and enforcement of the tax authorized under this subdivision.  
 153.5 The tax may not be imposed until the city complies with the provisions of section 34.

153.6 Subd. 2. **Use of revenues.** Revenues received from taxes authorized by subdivision 1  
 153.7 must be used by the city to:

153.8 (1) pay the costs of collecting and administering the tax;

153.9 (2) pay the capital and administrative costs of transportation improvement projects as  
 153.10 adopted in the city of Avon's street priority improvement plan; and

153.11 (3) pay debt service on bonds issued under subdivision 3 or other obligations issued to  
 153.12 finance the improvements listed in this subdivision in the city.

153.13 Subd. 3. **Bonding authority.** (a) The city may issue bonds under Minnesota Statutes,  
 153.14 chapter 475, to pay the costs of the projects authorized in subdivision 2. The aggregate  
 153.15 principal amount of bonds issued under this subdivision may not exceed \$1,500,000 plus  
 153.16 an amount to be applied to the payment of the costs of issuing the bonds. The bonds may  
 153.17 be paid from or secured by any funds available to the city, including the tax authorized  
 153.18 under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota  
 153.19 Statutes, sections 275.60 and 275.61.

153.20 (b) The bonds are not included in computing any debt limitation applicable to the city,  
 153.21 and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest  
 153.22 on the bonds is not subject to any levy limitation. A separate election to approve the bonds  
 153.23 under Minnesota Statutes, section 475.58, is not required.

153.24 Subd. 4. **Termination of taxes.** (a) The tax imposed under subdivision 1 expires at the  
 153.25 earlier of: (1) December 31, 2045; or (2) when the city council determines that \$1,500,000  
 153.26 has been received from the tax to pay for the cost of the projects authorized under subdivision  
 153.27 2, plus an amount sufficient to pay the costs related to issuance of the bonds authorized  
 153.28 under subdivision 3, including interest on the bonds.

153.29 (b) Any funds remaining after payment of all such costs and retirement or redemption  
 153.30 of the bonds shall be placed in the general fund of the city. The tax imposed under subdivision  
 153.31 1 may expire at an earlier time if the city so determines by ordinance.

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

154.4 Sec. 14. **CITY OF BLUE EARTH; LOCAL TAX AUTHORIZED.**

154.5 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
154.6 section 477A.016, or any other law, ordinance, or city charter, and as approved by the voters  
154.7 at the general election of November 6, 2018, the city of Blue Earth may impose by ordinance  
154.8 a sales and use tax of one-half of one percent for the purposes specified in subdivision 2.  
154.9 Except as otherwise provided in this section, the provisions of Minnesota Statutes, section  
154.10 297A.99, govern the imposition, administration, collection, and enforcement of the tax  
154.11 authorized under this subdivision. The tax may not be imposed until the city complies with  
154.12 the provisions of section 34.

154.13 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
154.14 under subdivision 1 must be used by the city of Blue Earth to pay the costs of collecting  
154.15 and administering the tax and to finance the capital and administrative costs of constructing  
154.16 and funding sewer plant improvements, street reconstruction projects, and recreational  
154.17 amenities. The total that may be raised from the tax to pay for these projects is limited to  
154.18 \$5,000,000, plus the costs related to the issuance and paying debt service on bonds for these  
154.19 projects.

154.20 Subd. 3. **Bonding authority.** (a) The city of Blue Earth may issue bonds under Minnesota  
154.21 Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in  
154.22 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may  
154.23 not exceed \$5,000,000, plus an amount to be applied to the payment of the costs of issuing  
154.24 the bonds. The bonds may be paid from or secured by any funds available to the city of  
154.25 Blue Earth, including the tax authorized under subdivision 1. The issuance of bonds under  
154.26 this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

154.27 (b) The bonds are not included in computing any debt limitation applicable to the city  
154.28 of Blue Earth, and any levy of taxes under Minnesota Statutes, section 475.61, to pay  
154.29 principal and interest on the bonds is not subject to any levy limitation. A separate election  
154.30 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

154.31 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
154.32 earlier of: (1) 25 years after the tax is first imposed; or (2) when the city council determines  
154.33 that \$5,000,000, plus an amount sufficient to pay the costs related to issuing the bonds  
154.34 authorized under subdivision 3, including interest on the bonds, has been received from the

155.1 tax to pay for the cost of the projects authorized under subdivision 2. Any funds remaining  
155.2 after payment of all such costs and retirement or redemption of the bonds due to timing of  
155.3 the termination under Minnesota Statutes, section 297A.99, shall be placed in the general  
155.4 fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the  
155.5 city so determines by ordinance.

155.6 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
155.7 city of Blue Earth and its chief clerical officer comply with Minnesota Statutes, section  
155.8 645.021, subdivisions 2 and 3.

155.9 **Sec. 15. CITY OF CAMBRIDGE; TAX AUTHORIZED.**

155.10 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
155.11 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,  
155.12 and as approved by the voters at the November 6, 2018, general election, the city of  
155.13 Cambridge may impose, by ordinance, a sales and use tax of one-half of one percent for  
155.14 the purposes specified in subdivision 2. Except as otherwise provided in this section, the  
155.15 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
155.16 collection, and enforcement of the tax authorized under this subdivision. The tax may not  
155.17 be imposed until the city complies with the provisions of section 34 as it relates to funding  
155.18 of the street improvements in subdivision 2, clause (2).

155.19 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
155.20 under subdivision 1 must be used by the city of Cambridge to pay the costs of collecting  
155.21 and administering the tax and paying for the following infrastructure projects in the city,  
155.22 including securing and paying debt service on bonds issued to finance all or part of the  
155.23 following projects:

155.24 (1) \$8,000,000 plus associated bonding costs for construction of a new facility to house  
155.25 the Cambridge Public Library and the East Central Regional Library Headquarters; and

155.26 (2) \$14,000,000 plus associated bonding costs for street improvements outlined in the  
155.27 Street Capital Improvement Program approved by the city council as of January 22, 2019,  
155.28 and outdoor park improvements described in the park master plan as of January 22, 2019.

155.29 Subd. 3. **Bonding authority.** (a) The city of Cambridge may issue bonds under Minnesota  
155.30 Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in  
155.31 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may  
155.32 not exceed: (1) \$8,000,000 for the project listed in subdivision 2, clause (1), plus an amount  
155.33 applied to the payment of costs of issuing the bonds; and (2) \$14,000,000 for the projects

156.1 listed in subdivision 2, clause (2), plus an amount applied to the payment of costs of issuing  
 156.2 the bonds. The bonds may be paid from or secured by any funds available to the city of  
 156.3 Cambridge, including the tax authorized under subdivision 1. The issuance of bonds under  
 156.4 this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

156.5 (b) The bonds are not included in computing any debt limitation applicable to the city.  
 156.6 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest  
 156.7 on the bonds is not subject to any levy limitation. A separate election to approve the bonds  
 156.8 under Minnesota Statutes, section 475.58, is not required.

156.9 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
 156.10 earlier of: (1) December 31, 2043; or (2) when the city council determines that the city has  
 156.11 received from this tax \$22,000,000 to fund the projects listed in subdivision 2 plus an amount  
 156.12 sufficient to pay costs, including interest costs, related to the issuance of the bonds authorized  
 156.13 in subdivision 3. Any funds remaining after payment of the allowed costs due to timing of  
 156.14 the termination under Minnesota Statutes, section 297A.99, shall be placed in the city's  
 156.15 general fund. The tax imposed under subdivision 1 may expire at an earlier time if the city  
 156.16 so determines by ordinance.

156.17 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
 156.18 city of Cambridge and its chief clerical officer comply with Minnesota Statutes, section  
 156.19 645.021, subdivisions 2 and 3.

156.20 Sec. 16. **CITY OF DETROIT LAKES; LOCAL SALES AND USE TAX**  
 156.21 **AUTHORIZED.**

156.22 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
 156.23 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,  
 156.24 and as approved by the voters at the November 6, 2018, general election, the city of Detroit  
 156.25 Lakes may impose, by ordinance, a sales and use tax of one-half of one percent for the  
 156.26 purposes specified in subdivision 2. Except as otherwise provided in this section, the  
 156.27 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
 156.28 collection, and enforcement of the tax authorized under this subdivision.

156.29 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
 156.30 under subdivision 1 must be used by the city of Detroit Lakes to pay the costs of collecting  
 156.31 and administering the tax, and construction of a new police department facility in the city,  
 156.32 including securing and paying debt service on bonds issued to finance all or part of this  
 156.33 project. The total amount of the police department facility to be funded with the tax imposed  
 156.34 under subdivision 1 shall not exceed \$6,700,000, excluding associated debt service costs.

157.1 Subd. 3. **Bonding authority.** (a) The city of Detroit Lakes may issue bonds under  
157.2 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the project  
157.3 authorized in subdivision 2. The aggregate principal amount of bonds issued under this  
157.4 subdivision may not exceed \$6,700,000, plus an amount applied to the payment of costs of  
157.5 issuing the bonds. The bonds may be paid from or secured by any funds available to the  
157.6 city of Detroit Lakes, including the tax authorized under subdivision 1. The issuance of  
157.7 bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and  
157.8 275.61.

157.9 (b) The bonds are not subject to any provisions of the home rule charter of the city of  
157.10 Detroit Lakes and are not included in computing any debt limitation applicable to the city.  
157.11 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest  
157.12 on the bonds is not subject to any levy limitation. A separate election to approve the bonds  
157.13 under Minnesota Statutes, section 475.58, is not required.

157.14 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
157.15 earlier of: (1) ten years after the tax is first imposed; or (2) when the city council determines  
157.16 that the city has received \$6,700,000 from this tax to fund the projects listed in subdivision  
157.17 2 plus an amount sufficient to pay costs, including interest costs, related to the issuance of  
157.18 the bonds authorized in subdivision 3. Any funds remaining after payment of the allowed  
157.19 costs due to timing of the termination under Minnesota Statutes, section 297A.99, shall be  
157.20 placed in the city's general fund. The tax imposed under subdivision 1 may expire at an  
157.21 earlier time if the city so determines by ordinance.

157.22 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
157.23 city of Detroit Lakes and its chief clerical officer comply with Minnesota Statutes, section  
157.24 645.021, subdivisions 2 and 3.

157.25 Sec. 17. **CITY OF ELK RIVER; TAX AUTHORIZED.**

157.26 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
157.27 section 297A.99, subdivision 1, or 477A.016, or any other law or ordinance, and as approved  
157.28 by the voters at the November 6, 2018, general election, the city of Elk River may impose,  
157.29 by ordinance, a sales and use tax of one-half of one percent for the purposes specified in  
157.30 subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota  
157.31 Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement  
157.32 of the tax authorized under this subdivision.

157.33 Subd. 2. **Use of sales and use tax revenues.** (a) The revenues derived from the tax  
157.34 authorized under subdivision 1 must be used by the city of Elk River to:

158.1 (1) pay the costs of collecting and administering the tax;

158.2 (2) pay the capital and administrative costs of various recreational facility and park  
158.3 improvements including any or all of the following: a multipurpose recreational facility  
158.4 such as an ice arena, a community meeting and activity space, and a synthetic turf field  
158.5 house; senior center facility improvements; Lion John Weicht Park improvements, Lions  
158.6 Park Center space improvements, and a community picnic pavilion addition; youth athletic  
158.7 complex improvements; Orono Park improvements; dredging Lake Orono; and citywide  
158.8 trail connection improvements; and

158.9 (3) secure and pay debt service on bonds issued to finance all or part of the projects  
158.10 listed in clause (2).

158.11 (b) The total that may be raised from the tax to pay for these projects is limited to  
158.12 \$35,000,000, plus the costs related to the issuance and paying debt service on bonds for  
158.13 these projects.

158.14 Subd. 3. **Bonding authority.** (a) The city of Elk River may issue bonds under Minnesota  
158.15 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in  
158.16 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may  
158.17 not exceed \$35,000,000, plus an amount applied to the payment of costs of issuing the  
158.18 bonds. The bonds may be paid from or secured by any funds available to the city of Elk  
158.19 River, including the tax authorized under subdivision 1. The issuance of bonds under this  
158.20 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

158.21 (b) The bonds are not included in computing any debt limitation applicable to the city.  
158.22 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest  
158.23 on the bonds is not subject to any levy limitation. A separate election to approve the bonds  
158.24 under Minnesota Statutes, section 475.58, is not required.

158.25 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
158.26 earlier of: (1) 25 years after the tax is first imposed; or (2) when the city council determines  
158.27 that the city has received \$35,000,000 from this tax to fund the projects listed in subdivision  
158.28 2 plus an amount sufficient to pay costs, including interest costs, related to the issuance of  
158.29 the bonds authorized in subdivision 3. Any funds remaining after payment of the allowed  
158.30 costs due to timing of the termination under section 297A.99 shall be placed in the city's  
158.31 general fund. The tax imposed under subdivision 1 may expire at an earlier time if the city  
158.32 so determines by ordinance.

159.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
159.2 city of Elk River and its chief clerical officer comply with Minnesota Statutes, section  
159.3 645.021, subdivisions 2 and 3.

159.4 Sec. 18. **CITY OF EXCELSIOR; LOCAL SALES AND USE TAX AUTHORIZED.**

159.5 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
159.6 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city  
159.7 charter, the city of Excelsior may impose, by ordinance, a sales and use tax of up to one-half  
159.8 of one percent for the purposes specified in subdivision 2, as approved by the voters at the  
159.9 November 4, 2014, general election. Except as otherwise provided in this section, the  
159.10 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
159.11 collection, and enforcement of the tax authorized under this subdivision.

159.12 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
159.13 under subdivision 1 must be used by the city of Excelsior to pay the costs of collecting and  
159.14 administering the tax and to finance the capital and administrative costs of improvements  
159.15 to the commons as indicated in the Commons Master Plan as adopted by the city council  
159.16 on November 20, 2017. Authorized expenses include, but are not limited to, improvements  
159.17 for walkability and accessibility, enhancement of beach area and facilities, prevention and  
159.18 management of shoreline erosion, redesign of the port and band shell, improvement of  
159.19 playground equipment, and securing and paying debt service on bonds issued under  
159.20 subdivision 3 or other obligations issued to the improvements listed in this subdivision in  
159.21 the city of Excelsior.

159.22 Subd. 3. **Bonding authority.** (a) If the imposition of the tax is approved by the voters  
159.23 under subdivision 1, the city of Excelsior may issue bonds under Minnesota Statutes, chapter  
159.24 475, to finance all or a portion of the costs of the projects authorized in subdivision 2,  
159.25 without a second vote. The aggregate principal amount of bonds issued under this subdivision  
159.26 may not exceed \$7,000,000, plus an amount to be applied to the payment of the costs of  
159.27 issuing the bonds. The bonds may be paid from or secured by any funds available to the  
159.28 city of Excelsior, including the tax authorized under subdivision 1. The issuance of bonds  
159.29 under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

159.30 (b) The bonds are not included in computing any debt limitation applicable to the city  
159.31 of Excelsior, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal  
159.32 and interest on the bonds is not subject to any levy limitation. A separate election to approve  
159.33 the bonds under Minnesota Statutes, section 475.58, is not required.

160.1 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
160.2 earlier of: (1) 25 years after the tax is first imposed; or (2) when the city council determines  
160.3 that \$7,000,000 has been received from the tax to pay for the cost of the projects authorized  
160.4 under subdivision 2, plus an amount sufficient to pay the costs related to issuance of the  
160.5 bonds authorized under subdivision 3, including interest on the bonds. Any funds remaining  
160.6 after payment of all such costs and retirement or redemption of the bonds shall be placed  
160.7 in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier  
160.8 time if the city so determines by ordinance.

160.9 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
160.10 city of Excelsior and its chief clerical officer comply with Minnesota Statutes, section  
160.11 645.021, subdivisions 2 and 3.

160.12 Sec. 19. **CITY OF GLENWOOD; TAX AUTHORIZED.**

160.13 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
160.14 section 477A.016, or any other law, ordinance, or city charter, and as approved by the voters  
160.15 at the November 6, 2018, general election, the city of Glenwood may impose, by ordinance,  
160.16 a sales and use tax of up to one-half of one percent for the purposes specified in subdivision  
160.17 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section  
160.18 297A.99, govern the imposition, administration, collection, and enforcement of the tax  
160.19 authorized under this subdivision. The tax may not be imposed until the city complies with  
160.20 the provisions of section 34.

160.21 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
160.22 under subdivision 1 must be used by the city of Glenwood to pay the costs of collecting and  
160.23 administering the tax and to finance, including securing and paying debt service on, all or  
160.24 part of the following projects:

160.25 (1) the capital costs of the Phases II and III improvements to 2nd Street SE as set forth  
160.26 in the city's capital improvement plan;

160.27 (2) the development and expansion of, and improvements to, city parks, trails, and  
160.28 recreational facilities; and

160.29 (3) improvements to Glenwood City Hall and police station.

160.30 Subd. 3. **Bonding authority.** (a) The city of Glenwood may issue bonds under Minnesota  
160.31 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in  
160.32 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may  
160.33 not exceed \$2,800,000, plus an amount applied to the payment of costs of issuing the bonds.



161.1 The bonds may be paid from or secured by any funds available to the city of Glenwood,  
161.2 including the tax authorized under subdivision 1. The issuance of bonds under this  
161.3 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

161.4 (b) The bonds are not subject to any provisions of the home rule charter of the city of  
161.5 Glenwood and are not included in computing any debt limitation applicable to the city. Any  
161.6 levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on  
161.7 the bonds is not subject to any levy limitation. A separate election to approve the bonds  
161.8 under Minnesota Statutes, section 475.58, is not required.

161.9 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
161.10 earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines  
161.11 that the city has received \$2,800,000 from this tax to fund the projects listed in subdivision  
161.12 2 plus an amount sufficient to pay costs, including interest costs, related to the issuance of  
161.13 the bonds authorized in subdivision 3. Any funds remaining after payment of the allowed  
161.14 costs due to timing of the termination under Minnesota Statutes, section 297A.99, shall be  
161.15 placed in the city's general fund. The tax imposed under subdivision 1 may expire at an  
161.16 earlier time if the city so determines by ordinance.

161.17 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
161.18 city of Glenwood and its chief clerical officer comply with Minnesota Statutes, section  
161.19 645.021, subdivisions 2 and 3.

161.20 Sec. 20. **CITY OF INTERNATIONAL FALLS; TAX AUTHORIZED.**

161.21 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
161.22 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,  
161.23 and as approved by the voters at the November 6, 2018, general election, the city of  
161.24 International Falls may impose, by ordinance, a sales and use tax of up to one percent for  
161.25 the purposes specified in subdivision 2. Except as otherwise provided in this section, the  
161.26 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
161.27 collection, and enforcement of the tax authorized under this subdivision. The tax may not  
161.28 be imposed until the city complies with the provisions of section 34.

161.29 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
161.30 under subdivision 1 must be used by the city of International Falls to pay the costs of  
161.31 collecting and administering the tax, and paying for transportation and other public  
161.32 infrastructure projects in the city, including securing and paying debt service on bonds  
161.33 issued to finance all or part of these projects. The total amount of transportation and other

162.1 public infrastructure projects to be funded with the tax imposed under subdivision 1 shall  
162.2 not exceed \$30,000,000, excluding associated debt service costs.

162.3 Subd. 3. **Bonding authority.** (a) The city of International Falls may issue bonds under  
162.4 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the project  
162.5 authorized in subdivision 2. The aggregate principal amount of bonds issued under this  
162.6 subdivision may not exceed \$30,000,000, plus an amount applied to the payment of costs  
162.7 of issuing the bonds. The bonds may be paid from or secured by any funds available to the  
162.8 city of International Falls, including the tax authorized under subdivision 1. The issuance  
162.9 of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and  
162.10 275.61.

162.11 (b) The bonds are not subject to any provisions of the home rule charter of the city of  
162.12 International Falls and are not included in computing any debt limitation applicable to the  
162.13 city. Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and  
162.14 interest on the bonds is not subject to any levy limitation. A separate election to approve  
162.15 the bonds under Minnesota Statutes, section 475.58, is not required.

162.16 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
162.17 earlier of: (1) 30 years after the tax is first imposed; or (2) when the city council determines  
162.18 that the city has received \$30,000,000 from this tax to fund the projects listed in subdivision  
162.19 2 plus an amount sufficient to pay costs, including interest costs, related to the issuance of  
162.20 the bonds authorized in subdivision 3. Any funds remaining after payment of the allowed  
162.21 costs due to timing of the termination under section 297A.99 shall be placed in the general  
162.22 fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the  
162.23 city so determines by ordinance.

162.24 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
162.25 city of International Falls and its chief clerical officer comply with Minnesota Statutes,  
162.26 section 645.021, subdivisions 2 and 3.

162.27 Sec. 21. **CITY OF LA CRESCENT; LOCAL LODGING TAX AUTHORIZED.**

162.28 Notwithstanding Minnesota Statutes, section 477A.016, or other law, in addition to a  
162.29 tax authorized in Minnesota Statutes, section 469.190, the city of La Crescent may impose  
162.30 by ordinance a tax of up to two percent on the gross receipts subject to the lodging tax under  
162.31 Minnesota Statutes, section 469.190. The proceeds of the tax must be used for the same  
162.32 purposes as required under Minnesota Statutes, section 469.190. The total tax imposed  
162.33 under this section, and under Minnesota Statutes, section 469.190, must not exceed five  
162.34 percent.

163.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
163.2 city of La Crescent and its chief clerical officer comply with Minnesota Statutes, section  
163.3 645.021, subdivisions 2 and 3.

163.4 Sec. 22. **LAKE COUNTY; LOCAL LODGING TAX AUTHORIZED.**

163.5 Subdivision 1. **Lodging tax.** (a) Notwithstanding Minnesota Statutes, section 477A.016,  
163.6 or any other provision of law, ordinance, or city charter, the Board of Commissioners of  
163.7 Lake County may impose, by ordinance, a tax of up to four percent on the gross receipts  
163.8 subject to the lodging tax under Minnesota Statutes, section 469.190. This tax is in addition  
163.9 to any tax imposed under Minnesota Statutes, section 469.190. The total tax imposed by  
163.10 the county under this section, by the city of Two Harbors under Laws 1994, chapter 587,  
163.11 article 9, section 11, and under Minnesota Statutes, section 469.190, must not exceed seven  
163.12 percent.

163.13 (b) No other city or town located in Lake County that did not impose a local lodging tax  
163.14 under Minnesota Statutes, section 469.190, prior to May 1, 2019, may impose a tax under  
163.15 Minnesota Statutes, section 469.190, while a tax is in effect under this section.

163.16 Subd. 2. **Allowed use of revenues.** The revenues derived from the taxes imposed in  
163.17 subdivision 1 must be used to fund a new Lake County Event and Visitors Bureau as  
163.18 established by or contracted with the Board of Commissioners of Lake County. The Board  
163.19 of Commissioners must use 75 percent of revenues for marketing the county and 25 percent  
163.20 of revenues to fund and promote community events and festivals in the county. The Board  
163.21 of Commissioners of Lake County must annually review the budget of the Lake County  
163.22 Event and Visitors Bureau. The event and visitors bureau may not receive revenues raised  
163.23 from the taxes imposed in subdivision 1 until the Board of Commissioners approves the  
163.24 annual budget.

163.25 **EFFECTIVE DATE.** This section is effective the day after the governing body of Lake  
163.26 County and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
163.27 subdivisions 2 and 3.

163.28 Sec. 23. **CITY OF NORTH MANKATO; LOCAL FOOD AND BEVERAGE TAX**  
163.29 **AUTHORIZED.**

163.30 Subdivision 1. **Food and beverage tax authorized.** Notwithstanding Minnesota Statutes,  
163.31 section 477A.016, or any ordinance, city charter, or other provision of law, the city of North  
163.32 Mankato may, by ordinance, impose a sales tax of up to one percent on the gross receipts  
163.33 on all sales of food and beverages by a restaurant or place of refreshment, as defined by

164.1 resolution of the city, that are located within the city. For purposes of this section, "food  
 164.2 and beverages" includes retail on-sale of intoxicating liquor and fermented malt beverages.

164.3 Subd. 2. Use of proceeds from tax. (a) The proceeds of any tax imposed under  
 164.4 subdivision 1 shall be used by the city to pay all or a portion of the expenses of:

164.5 (1) operation, maintenance, and capital expenses for the Caswell Park Regional Sporting  
 164.6 Complex; and

164.7 (2) for costs related to regional tourism events.

164.8 (b) Authorized capital expenses include securing or paying debt service on bonds or  
 164.9 other obligations issued to finance the construction of the Caswell Park Regional Sporting  
 164.10 Complex facilities.

164.11 Subd. 3. Collection, administration, and enforcement. If the city desires, it may enter  
 164.12 into an agreement with the commissioner of revenue to administer, collect, and enforce the  
 164.13 taxes authorized under subdivisions 1 and 2. If the commissioner agrees to collect the tax,  
 164.14 the provisions of Minnesota Statutes, section 297A.99, related to collection, administration,  
 164.15 and enforcement apply.

164.16 EFFECTIVE DATE. This section is effective the day after the governing body of the  
 164.17 city of North Mankato and its chief clerical officer comply with Minnesota Statutes, section  
 164.18 645.021, subdivisions 2 and 3.

164.19 Sec. 24. CITY OF PERHAM; LOCAL SALES AND USE TAX AUTHORIZED.

164.20 Subdivision 1. Sales and use tax authorization. Notwithstanding Minnesota Statutes,  
 164.21 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law or ordinance, and  
 164.22 based on the approval by the voters at the November 6, 2018, election, the city of Perham  
 164.23 may impose by ordinance a sales and use tax of up to one-half of one percent for the purposes  
 164.24 specified in subdivision 2. Except as otherwise provided in this section, the provisions of  
 164.25 Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and  
 164.26 enforcement of the tax authorized under this subdivision.

164.27 Subd. 2. Use of revenues. The revenues derived from the tax authorized under subdivision  
 164.28 1 must be used by the city of Perham to:

164.29 (1) pay the costs of collecting and administering the tax;

164.30 (2) finance the capital costs of site preparation, redevelopment, renovation, and  
 164.31 construction of buildings, land, and infrastructure at the site of the Perham Area Community  
 164.32 Center; and

165.1 (3) pay debt service on bonds issued under subdivision 3 or other obligations issued to  
165.2 the improvements listed in this subdivision in the city of Perham.

165.3 Subd. 3. **Bonding authority.** (a) The city of Perham may issue bonds under Minnesota  
165.4 Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in  
165.5 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may  
165.6 not exceed \$5,200,000, plus an amount to be applied to the payment of the costs of issuing  
165.7 the bonds. The bonds may be paid from or secured by any funds available to the city of  
165.8 Perham, including the tax authorized under subdivision 1. The issuance of bonds under this  
165.9 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

165.10 (b) The bonds are not included in computing any debt limitation applicable to the city  
165.11 of Perham, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal  
165.12 and interest on the bonds is not subject to any levy limitation. A separate election to approve  
165.13 the bonds under Minnesota Statutes, section 475.58, is not required.

165.14 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
165.15 earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines  
165.16 that \$5,200,000 has been received from the tax to pay for the cost of the projects authorized  
165.17 under subdivision 2, plus an amount sufficient to pay the costs related to issuance of the  
165.18 bonds authorized under subdivision 3, including interest on the bonds. Any funds remaining  
165.19 after payment of all such costs and retirement or redemption of the bonds shall be placed  
165.20 in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier  
165.21 time if the city so determines by ordinance.

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

165.25 Sec. 25. **CITY OF PLYMOUTH; LOCAL LODGING TAX AUTHORIZED.**

165.26 (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of  
165.27 law, ordinance, or city charter, the city council for the city of Plymouth may impose by  
165.28 ordinance a tax of up to three percent on the gross receipts subject to the lodging tax under  
165.29 Minnesota Statutes, section 469.190. This tax is in addition to any tax imposed under  
165.30 Minnesota Statutes, section 469.190, and the total tax imposed under that section and this  
165.31 provision must not exceed six percent.

165.32 (b) Two-thirds of the revenue from the tax imposed under this section must be dedicated  
165.33 and used for capital improvements to public recreational facilities and marketing and

166.1 promotion of the community, and the remaining one-third of the revenue must be used for  
166.2 the same purposes as a tax imposed under Minnesota Statutes, section 469.190.

166.3 (c) The tax imposed under this authority terminates at the earlier of: (1) ten years after  
166.4 the tax is first imposed; or (2) December 31, 2030.

166.5 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
166.6 city of Plymouth and its chief clerical officer comply with Minnesota Statutes, section  
166.7 645.021, subdivisions 2 and 3.

166.8 Sec. 26. **CITY OF ROGERS; LOCAL TAXES AUTHORIZED.**

166.9 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
166.10 sections 297A.99 and 477A.016, or any other law or ordinance, and as approved by the  
166.11 voters at the general election of November 6, 2018, the city of Rogers may impose, by  
166.12 ordinance, a sales and use tax of one-quarter of one percent for the purposes specified in  
166.13 subdivision 3. Except as otherwise provided in this section, the provisions of Minnesota  
166.14 Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement  
166.15 of the taxes authorized under this subdivision.

166.16 Subd. 2. **Excise tax authorized.** Notwithstanding Minnesota Statutes, section 477A.016,  
166.17 or any other contrary provision of law, or ordinance, the city of Rogers may impose by  
166.18 ordinance, for the purposes specified in subdivision 3, an excise tax of up to \$20 per motor  
166.19 vehicle, as defined by ordinance, purchased or acquired from any person engaged within  
166.20 the city of Rogers in the business of selling motor vehicles at retail.

166.21 Subd. 3. **Use of sales and use tax and excise tax revenues.** (a) The revenues derived  
166.22 from the taxes authorized under subdivisions 1 and 2 must be used by the city of Rogers to  
166.23 pay the costs of collecting and administering the taxes and the capital and administrative  
166.24 costs of any or all of the following projects:

166.25 (1) trail and pedestrian facilities including an I-94 pedestrian crossing, a County Road  
166.26 144 pedestrian tunnel, and other new trails and trail connections;

166.27 (2) aquatics facilities consisting of either or both of a splash pad and any contribution  
166.28 toward the community portion of a school pool; and

166.29 (3) community athletic facilities including construction of South Community park, site  
166.30 improvements for future recreation facilities, and a multipurpose indoor turf facility.

167.1 (b) The total that may be raised from the taxes to pay for these projects is limited to  
167.2 \$16,500,000, plus the costs related to the issuance and paying debt service on bonds for  
167.3 these projects.

167.4 Subd. 4. **Bonding authority.** (a) The city of Rogers may issue bonds under Minnesota  
167.5 Statutes, chapter 475, pursuant to approval by the voters at the general election of November  
167.6 6, 2018, to finance all or a portion of the costs of the projects authorized in subdivision 3.  
167.7 The aggregate principal amount of bonds issued under this subdivision may not exceed  
167.8 \$16,500,000, minus an amount equal to any state grant authorized before October 1, 2019,  
167.9 to fund any of the projects listed in subdivision 3, and plus an amount equal to interest on  
167.10 and the costs of issuing the bonds. The bonds may be paid from or secured by any funds  
167.11 available to the city of Rogers, including the taxes authorized under subdivisions 1 and 2.

167.12 (b) The bonds are not included in computing any debt limitation applicable to the city  
167.13 of Rogers, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal  
167.14 and interest on the bonds is not subject to any levy limitation. A separate election to approve  
167.15 the bonds under Minnesota Statutes, section 475.58, is not required.

167.16 Subd. 5. **Termination of taxes.** The taxes imposed under subdivisions 1 and 2 expire  
167.17 at the earlier of: (1) 20 years after the taxes are first imposed; or (2) when the city council  
167.18 determines that \$16,500,000, minus an amount equal to any state grant authorized before  
167.19 October 1, 2019, to fund any of the projects listed in subdivision 3, and plus an amount  
167.20 sufficient to pay interest on and the costs of issuing the bonds authorized under subdivision  
167.21 4, has been received from the taxes to pay for the cost of the projects authorized under  
167.22 subdivision 3. Any funds remaining after payment of all such costs and payment of the  
167.23 bonds in full shall be placed in the general fund of the city. The taxes imposed under  
167.24 subdivisions 1 and 2 may expire at an earlier time if the city so determines by ordinance.

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

167.28 Sec. 27. **CITY OF SARTELL; LOCAL TAXES AUTHORIZED.**

167.29 Subdivision 1. **Food and beverage tax authorized.** Notwithstanding Minnesota Statutes,  
167.30 section 297A.99 or 477A.016, or any ordinance or other provision of law, and if approved  
167.31 by voters at the November 3, 2020, general election, or at a special election held before  
167.32 November 3, 2020, the city of Sartell may, by ordinance, impose a sales tax of up to 1-1/2  
167.33 percent on the gross receipts of all food and beverages sold by a restaurant or place of  
167.34 refreshment, as defined by ordinance of the city, that is located within the city. For purposes

168.1 of this section, "food and beverages" include retail on-sale of intoxicating liquor and  
168.2 fermented malt beverages.

168.3 Subd. 2. **Use of proceeds from authorized taxes.** The proceeds of the taxes imposed  
168.4 under subdivision 1 must be used by the city to fund capital or operational costs for new  
168.5 and existing recreational facilities and related amenities within the city. Authorized expenses  
168.6 include securing or paying debt service on bonds or other obligations issued to finance  
168.7 construction and improvement projects.

168.8 Subd. 3. **Termination of taxes.** The tax imposed under subdivision 1 expires five years  
168.9 after the tax is first imposed.

168.10 Subd. 4. **Collection, administration, and enforcement.** The city may enter into an  
168.11 agreement with the commissioner of revenue to administer, collect, and enforce the taxes  
168.12 under subdivision 1. If the commissioner agrees to collect the tax, the provisions of Minnesota  
168.13 Statutes, sections 270C.171 and 297A.99, related to collection, administration, and  
168.14 enforcement apply.

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

168.18 Sec. 28. **CITY OF SAUK CENTRE; TAXES AUTHORIZED.**

168.19 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
168.20 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city  
168.21 charter, the city of Sauk Centre, pursuant to approval by the voters at the general election  
168.22 on November 6, 2018, may impose by ordinance a sales and use tax of up to one-half of  
168.23 one percent and a \$20 motor vehicle excise tax for the purposes specified in subdivision 2.  
168.24 Except as otherwise provided in this section, the provisions of Minnesota Statutes, section  
168.25 297A.99, govern the imposition, administration, collection, and enforcement of the tax  
168.26 authorized under this subdivision.

168.27 Subd. 2. **Use of revenues.** Revenues received from taxes authorized by subdivision 1  
168.28 must be used by the city to:

168.29 (1) pay the costs of collecting and administering the tax;

168.30 (2) pay the capital costs of city infrastructure improvement projects directly related to  
168.31 the reconstruction of Trunk Highway 71; and



169.1 (3) pay debt service on bonds issued under subdivision 3 or other obligations issued to  
169.2 finance the improvements listed in this subdivision in the city.

169.3 Subd. 3. **Bonding authority.** (a) The city may issue bonds under Minnesota Statutes,  
169.4 chapter 475, to pay the costs of the projects authorized in subdivision 2. The aggregate  
169.5 principal amount of bonds issued under this subdivision may not exceed \$10,000,000 plus  
169.6 an amount to be applied to the payment of the costs of issuing the bonds. The bonds may  
169.7 be paid from or secured by any funds available to the city, including the tax authorized  
169.8 under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota  
169.9 Statutes, sections 275.60 and 275.61.

169.10 (b) The bonds are not included in computing any debt limitation applicable to the city,  
169.11 and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest  
169.12 on the bonds is not subject to any levy limitation. A separate election to approve the bonds  
169.13 under Minnesota Statutes, section 475.58, is not required.

169.14 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
169.15 earlier of: (1) December 31, 2045; or (2) when the city council determines that \$10,000,000  
169.16 has been received from the tax to pay for the cost of the projects authorized under subdivision  
169.17 2, plus an amount sufficient to pay the costs related to issuance of the bonds authorized  
169.18 under subdivision 3, including interest on the bonds. Any funds remaining after payment  
169.19 of all such costs and retirement or redemption of the bonds shall be placed in the general  
169.20 fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the  
169.21 city so determines by ordinance.

169.22 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
169.23 city of Sauk Centre and its chief clerical officer comply with Minnesota Statutes, section  
169.24 645.021, subdivisions 2 and 3.

169.25 Sec. 29. **CITY OF SCANLON; TAXES AUTHORIZED.**

169.26 Subdivision 1. **Sales and use tax; authorization.** Notwithstanding Minnesota Statutes,  
169.27 section 297A.99, subdivision 3, paragraph (b), or 477A.016, or any other law or ordinance,  
169.28 the city of Scanlon, pursuant to approval by the voters at the general election on November  
169.29 6, 2018, may impose by ordinance a sales and use tax of up to one-half of one percent for  
169.30 the purposes specified in subdivision 2. Except as otherwise provided in this section, the  
169.31 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
169.32 collection, and enforcement of the tax authorized under this subdivision.

170.1 Subd. 2. Use of revenues. Revenues received from taxes authorized by subdivision 1  
170.2 must be used by the city to:

170.3 (1) pay the costs of collecting and administering the tax;

170.4 (2) pay the capital and administrative costs of city street improvements and utility  
170.5 infrastructure, including storm sewer and sanitary sewer improvements; and

170.6 (3) pay debt service on bonds issued under subdivision 3 or other obligations issued to  
170.7 finance the improvements listed in this subdivision in the city.

170.8 Subd. 3. Bonding authority. (a) The city may issue bonds under Minnesota Statutes,  
170.9 chapter 475, to pay the costs of the projects authorized in subdivision 2. The aggregate  
170.10 principal amount of bonds issued under this subdivision may not exceed \$400,000 plus an  
170.11 amount to be applied to the payment of the costs of issuing the bonds. The bonds may be  
170.12 paid from or secured by any funds available to the city, including the tax authorized under  
170.13 subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota  
170.14 Statutes, sections 275.60 and 275.61.

170.15 (b) The bonds are not included in computing any debt limitation applicable to the city,  
170.16 and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest  
170.17 on the bonds is not subject to any levy limitation. A separate election to approve the bonds  
170.18 under Minnesota Statutes, section 475.58, is not required.

170.19 Subd. 4. Termination of taxes. (a) The tax imposed under subdivision 1 expires at the  
170.20 earlier of: (1) ten years after the tax is first imposed; or (2) when the city council determines  
170.21 that \$400,000 has been received from the tax to pay for the cost of the projects authorized  
170.22 under subdivision 2, plus an amount sufficient to pay the costs related to issuance of the  
170.23 bonds authorized under subdivision 3, including interest on the bonds.

170.24 (b) Any funds remaining after payment of all such costs and retirement or redemption  
170.25 of the bonds shall be placed in the general fund of the city. The tax imposed under subdivision  
170.26 1 may expire at an earlier time if the city so determines by ordinance.

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

170.30 Sec. 30. CITY OF VIRGINIA; LOCAL SALES AND USE TAX AUTHORIZED.

170.31 Subdivision 1. Sales and use tax authorization. Notwithstanding Minnesota Statutes,  
170.32 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,

171.1 and as approved by the voters at the November 6, 2018, general election, the city of Virginia  
171.2 may impose, by ordinance, a sales and use tax of up to one percent for the purposes specified  
171.3 in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota  
171.4 Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement  
171.5 of the tax authorized under this subdivision.

171.6 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
171.7 under subdivision 1 must be used by the city of Virginia to pay the costs of collecting and  
171.8 administering the tax, and to finance the costs of renovation, reconstruction, expansion, and  
171.9 improvements of the Miner's Memorial recreation complex and convention center. Authorized  
171.10 costs include engineering and construction costs and associated bond issuance costs.

171.11 Subd. 3. **Bonding authority.** (a) The city of Virginia may issue bonds under Minnesota  
171.12 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in  
171.13 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may  
171.14 not exceed \$30,000,000, plus an amount applied to the payment of costs of issuing the  
171.15 bonds. The bonds may be paid from or secured by any funds available to the city of Virginia,  
171.16 including the tax authorized under subdivision 1. The issuance of bonds under this  
171.17 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

171.18 (b) The bonds are not subject to any provisions of the home rule charter of the city of  
171.19 Virginia and are not included in computing any debt limitation applicable to the city. Any  
171.20 levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on  
171.21 the bonds is not subject to any levy limitation. A separate election to approve the bonds  
171.22 under Minnesota Statutes, section 475.58, is not required.

171.23 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
171.24 earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines  
171.25 that the city has received \$30,000,000 from this tax to fund the projects listed in subdivision  
171.26 2 plus an amount sufficient to pay costs, including interest costs, related to the issuance of  
171.27 the bonds authorized in subdivision 3. Any funds remaining after payment of the allowed  
171.28 costs due to timing of the termination under section 297A.99 shall be placed in the city's  
171.29 general fund. The tax imposed under subdivision 1 may expire at an earlier time if the city  
171.30 so determines by ordinance.

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

172.1 Sec. 31. **CITY OF WEST ST. PAUL; LOCAL TAX AUTHORIZED.**

172.2 **Subdivision 1. Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
172.3 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city  
172.4 charter, and as approved by the voters at the general election of November 6, 2018, the city  
172.5 of West St. Paul may impose, by ordinance, a sales and use tax of one-half of one percent  
172.6 for the purposes specified in subdivision 2. Except as otherwise provided in this section,  
172.7 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
172.8 collection, and enforcement of the tax authorized under this subdivision.

172.9 **Subd. 2. Use of sales and use tax revenues.** The revenues derived from the tax authorized  
172.10 under subdivision 1 must be used by the city of West St. Paul to pay the costs of collecting  
172.11 and administering the tax and to finance the capital and administrative costs of rebuilding  
172.12 and repair of essential transportation corridors and related ancillary roads within the city,  
172.13 including but not limited to Annapolis Street which borders both Ramsey and Dakota County,  
172.14 the cultural corridor of Smith Avenue, historic Dodd Road, and other essential corridors.  
172.15 The total that may be raised from the tax to pay for these projects is limited to \$28,000,000,  
172.16 plus the costs related to the issuance and paying debt service on bonds for these projects.

172.17 **Subd. 3. Bonding authority.** (a) The city of West St. Paul may issue bonds under  
172.18 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities  
172.19 authorized in subdivision 2. The aggregate principal amount of bonds issued under this  
172.20 subdivision may not exceed \$28,000,000, plus an amount to be applied to the payment of  
172.21 the costs of issuing the bonds. The bonds may be paid from or secured by any funds available  
172.22 to the city of West St. Paul, including the tax authorized under subdivision 1. The issuance  
172.23 of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and  
172.24 275.61.

172.25 (b) The bonds are not included in computing any debt limitation applicable to the city  
172.26 of West St. Paul, and any levy of taxes under Minnesota Statutes, section 475.61, to pay  
172.27 principal and interest on the bonds is not subject to any levy limitation. A separate election  
172.28 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

172.29 **Subd. 4. Termination of taxes.** The tax imposed under subdivision 1 expires at the  
172.30 earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines  
172.31 that \$28,000,000, plus an amount sufficient to pay the costs related to issuing the bonds  
172.32 authorized under subdivision 3, including interest on the bonds, has been received from the  
172.33 tax to pay for the cost of the projects authorized under subdivision 2. Any funds remaining  
172.34 after payment of all such costs and retirement or redemption of the bonds shall be placed

173.1 in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier  
173.2 time if the city so determines by ordinance.

173.3 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
173.4 city of West St. Paul and its chief clerical officer comply with Minnesota Statutes, section  
173.5 645.021, subdivisions 2 and 3.

173.6 Sec. 32. **CITY OF WILLMAR; TAX AUTHORIZED.**

173.7 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
173.8 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,  
173.9 and as approved by the voters at the November 6, 2018, general election, the city of Willmar  
173.10 may impose, by ordinance, a sales and use tax of up to one-half of one percent for the  
173.11 purposes specified in subdivision 3. Except as otherwise provided in this section, the  
173.12 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
173.13 collection, and enforcement of the tax authorized under this subdivision.

173.14 Subd. 2. **Excise tax authorized.** Notwithstanding Minnesota Statutes, section 477A.016,  
173.15 or any other contrary provision of law, ordinance, or city charter, the city of Willmar may  
173.16 impose by ordinance, for the purposes specified in subdivision 3, an excise tax of up to \$20  
173.17 per motor vehicle, as defined by ordinance, purchased or acquired from any person engaged  
173.18 within the city of Willmar in the business of selling motor vehicles at retail.

173.19 Subd. 3. **Use of revenues.** (a) The revenues derived from the taxes authorized under  
173.20 subdivisions 1 and 2 must be used by the city of Willmar to pay the costs of collecting and  
173.21 administering the taxes, and to pay for the projects listed in this subdivision, including  
173.22 securing and paying debt service on bonds issued to finance all or part of these projects.  
173.23 The total amount of projects to be funded with the taxes imposed under subdivisions 1 and  
173.24 2 shall not exceed \$30,000,000 plus the costs related to the issuance and paying debt service  
173.25 on bonds for these projects. The amount that may be spent on each project is limited to:

173.26 (1) \$2,000,000 for a community center replacement;

173.27 (2) \$6,000,000 for new athletic fields;

173.28 (3) \$3,000,000 for infrastructure improvements at Robins Island Regional Park;

173.29 (4) \$2,000,000 for a new playground and spectator amenities at Swansson Field Regional  
173.30 Park;

173.31 (5) \$7,000,000 for storm water management infrastructure improvements; and

173.32 (6) \$10,000,000 for a new recreation and event center.

174.1 (b) Notwithstanding the limits listed in paragraph (a) the city may by ordinance reallocate  
 174.2 up to ten percent of the funds designated for one or more projects listed in that paragraph  
 174.3 to other projects listed in that paragraph.

174.4 Subd. 4. **Bonding authority.** (a) The city of Willmar may issue bonds under Minnesota  
 174.5 Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in  
 174.6 subdivision 3. The aggregate principal amount of bonds issued under this subdivision may  
 174.7 not exceed \$30,000,000, plus an amount applied to the payment of costs of issuing the  
 174.8 bonds. The bonds may be paid from or secured by any funds available to the city of Willmar,  
 174.9 including the taxes authorized under subdivisions 1 and 2. The issuance of bonds under this  
 174.10 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

174.11 (b) The bonds are not subject to any provisions of the home rule charter of the city of  
 174.12 Willmar and are not included in computing any debt limitation applicable to the city. Any  
 174.13 levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on  
 174.14 the bonds is not subject to any levy limitation. A separate election to approve the bonds  
 174.15 under Minnesota Statutes, section 475.58, is not required.

174.16 Subd. 5. **Termination of taxes.** The taxes imposed under subdivisions 1 and 2 expire  
 174.17 at the earlier of: (1) 13 years after the taxes are first imposed; or (2) when the city council  
 174.18 determines that the city has received \$30,000,000 from this tax to fund the projects listed  
 174.19 in subdivision 3 plus an amount sufficient to pay interest on and the costs of the issuance  
 174.20 of the bonds authorized in subdivision 4. Any funds remaining after payment of the allowed  
 174.21 costs due to timing of the termination under Minnesota Statutes, section 297A.99, shall be  
 174.22 placed in the city's general fund. The taxes imposed under subdivisions 1 and 2 may expire  
 174.23 at an earlier time if the city so determines by ordinance.

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

174.27 Sec. 33. **CITY OF WORTHINGTON; TAX AUTHORIZED.**

174.28 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
 174.29 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,  
 174.30 and as approved by the voters at the November 6, 2018, general election, the city of  
 174.31 Worthington may impose, by ordinance, a sales and use tax of one-half of one percent for  
 174.32 the purposes specified in subdivision 3. Except as otherwise provided in this section, the  
 174.33 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,

175.1 collection, and enforcement of the tax authorized under this subdivision. The tax under this  
175.2 subdivision may not be imposed until the city complies with the provisions of section 34.

175.3 Subd. 2. **Use of tax revenues.** (a) The revenues derived from the taxes authorized under  
175.4 subdivision 1 must be used by the city of Worthington to pay the costs of collecting and  
175.5 administering the tax and paying for the projects listed in this subdivision, including securing  
175.6 and paying debt service on bonds issued to finance all or part of the following projects:

175.7 (1) improvements to the aquatic center;

175.8 (2) improvements to the field house;

175.9 (3) improvements to the ice arena;

175.10 (4) other park and recreation capital projects and improvements;

175.11 (5) lake quality improvement; and

175.12 (6) improvements to the 10th Street plaza.

175.13 (b) The total amount of projects to be funded with the taxes imposed under subdivisions  
175.14 1 and 2 shall not exceed \$25,000,000 plus the costs related to the issuance of and paying  
175.15 debt service on bonds for these projects.

175.16 Subd. 3. **Bonding authority.** (a) The city of Worthington may issue bonds under  
175.17 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the projects  
175.18 authorized in subdivision 3. The aggregate principal amount of bonds issued under this  
175.19 subdivision may not exceed \$25,000,000 plus an amount applied to the payment of costs  
175.20 of issuing the bonds. The bonds may be paid from or secured by any funds available to the  
175.21 city of Worthington, including the taxes authorized under subdivisions 1 and 2. The issuance  
175.22 of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and  
175.23 275.61.

175.24 (b) The bonds are not subject to any provisions of the home rule charter of the city of  
175.25 Worthington and are not included in computing any debt limitation applicable to the city.  
175.26 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest  
175.27 on the bonds is not subject to any levy limitation. A separate election to approve the bonds  
175.28 under Minnesota Statutes, section 475.58, is not required.

175.29 Subd. 4. **Termination of taxes.** The taxes imposed under subdivisions 1 and 2 expire  
175.30 at the earlier of: (1) 15 years after the taxes are first imposed; or (2) when the city council  
175.31 determines that the city has received \$25,000,000 from this tax to fund the projects listed  
175.32 in subdivision 3 plus an amount sufficient to pay interest on and the costs of the issuance

176.1 of the bonds authorized in subdivision 4. Any funds remaining after payment of the allowed  
176.2 costs due to timing of the termination under Minnesota Statutes, section 297A.99, shall be  
176.3 placed in the city's general fund. The taxes imposed under subdivisions 1 and 2 may expire  
176.4 at an earlier time if the city so determines by ordinance.

176.5 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
176.6 city of Worthington and its chief clerical officer comply with Minnesota Statutes, section  
176.7 645.021, subdivisions 2 and 3.

176.8 Sec. 34. **RESOLUTION AND PUBLIC NOTICE OF SPECIFIC PROJECTS TO**  
176.9 **BE FUNDED WITH A LOCAL SALES TAX.**

176.10 (a) A city authorized to impose a local sales tax based on voter approval at the November  
176.11 2018 general election that is subject to this provision must meet the requirements in this  
176.12 section before imposing the tax. The city must pass a resolution at a regularly scheduled  
176.13 city council meeting outlining each of the specific capital projects that will be funded by  
176.14 the tax and the anticipated amount of the revenues to be raised from the tax that will be used  
176.15 for each project. Within allowed funding areas listed in the authorized uses of the tax revenue,  
176.16 the city must give priority to funding projects of regional significance. For purposes of this  
176.17 section a "specific capital project" means:

176.18 (1) a single building or structure including associated infrastructure needed to safely  
176.19 access or use the building or structure;

176.20 (2) improvements within a single park or named recreation area;

176.21 (3) a contiguous trail;

176.22 (4) a contiguous segment of roadway, or two or more contiguous segments of roadway  
176.23 provided that all segments of the roadway are listed, and including city infrastructure beneath  
176.24 the roadway provided the infrastructure is explicitly listed; and

176.25 (5) a sanitary sewer, storm sewer, or water project in a contiguous geographic area served  
176.26 by the project that is specifically described in the resolution.

176.27 (b) The chief clerical officer of the city must file with the commissioner of revenue (1)  
176.28 an affidavit indicating compliance with this section, and (2) a copy of the resolution, before  
176.29 the tax may be imposed. The resolution must also be published on the city's website in a  
176.30 manner easily accessible to the public either through a link displayed on the city's home  
176.31 page or by publishing it directly on the city's home page. The resolution must remain on  
176.32 the website until the tax terminates. Only projects listed in the resolution may be funded by  
176.33 the local sales tax.



177.1 (c) The authority to impose a local sales tax that is subject to this section expires on  
 177.2 January 1, 2021, if the city has not met the requirements of this section by the last business  
 177.3 day before December 31, 2020.

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

177.5 **ARTICLE 7**

177.6 **TAX INCREMENT FINANCING**

177.7 Section 1. Laws 2003, chapter 127, article 10, section 31, subdivision 1, as amended by  
 177.8 Laws 2008, chapter 366, article 5, section 21, is amended to read:

177.9 Subdivision 1. **District extension.** (a) The governing body of the city of Hopkins may  
 177.10 elect to extend the duration of its redevelopment tax increment financing district 2-11 by  
 177.11 up to four additional years.

177.12 (b) Notwithstanding ~~any law to the contrary~~ Minnesota Statutes, section 469.1763,  
 177.13 subdivision 2, effective upon approval of this subdivision, no increments may be spent on  
 177.14 activities located outside of the area of the district, other than:

177.15 (1) to pay administrative expenses, not to exceed ten percent of the total tax increments  
 177.16 from the district; or

177.17 (2) to pay the costs of housing or redevelopment activities that are consistent with  
 177.18 Minnesota Statutes, section 469.176, subdivision 4j, provided that expenditures under this  
 177.19 clause may not exceed 20 percent of the total tax increments from the district.

177.20 The total amount of increment that may be spent on activities located outside the area of  
 177.21 the district under this section shall be limited to 25 percent.

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

177.25 Sec. 2. Laws 2008, chapter 366, article 5, section 26, as amended by Laws 2013, chapter  
 177.26 143, article 9, section 11, is amended to read:

177.27 Sec. 26. **BLOOMINGTON TAX INCREMENT FINANCING; FIVE-YEAR RULE.**

177.28 (a) The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that  
 177.29 activities must be undertaken within a five-year period from the date of certification of a  
 177.30 tax increment financing district, are increased to a ~~15-year~~ 21-year period for the Port

178.1 Authority of the City of Bloomington's Tax Increment Financing District No. 1-I,  
178.2 Bloomington Central Station.

178.3 (b) Notwithstanding the provisions of Minnesota Statutes, section 469.176, or any other  
178.4 law to the contrary, the city of Bloomington and its port authority may extend the duration  
178.5 limits of the district for a period through December 31, 2039.

178.6 (c) Effective for taxes payable in 2014, tax increment for the district must be computed  
178.7 using the current local tax rate, notwithstanding the provisions of Minnesota Statutes, section  
178.8 469.177, subdivision 1a.

178.9 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
178.10 city of Bloomington and its chief clerical officer comply with Minnesota Statutes, section  
178.11 645.021, subdivisions 2 and 3.

178.12 Sec. 3. Laws 2014, chapter 308, article 6, section 8, subdivision 1, as amended by Laws  
178.13 2017, First Special Session chapter 1, article 6, section 11, is amended to read:

178.14 Subdivision 1. **Authority to create districts.** (a) The governing body of the city of  
178.15 Edina or its development authority may establish one or more tax increment financing  
178.16 housing districts in the Southeast Edina Redevelopment Project Area, as the boundaries  
178.17 exist on March 31, 2014.

178.18 (b) The authority to request certification of districts under this section expires on  
178.19 December 31, ~~2019~~ 2021.

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

178.23 Sec. 4. **CITY OF ALEXANDRIA; TIF DISTRICT NO. 50; FIVE-YEAR RULE**  
178.24 **EXTENSION.**

178.25 The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities  
178.26 must be undertaken within a five-year period from the date of certification of a tax increment  
178.27 financing district, is considered to be met for TIF District No. 50, administered by the city  
178.28 of Alexandria, or its economic development authority, if the activities are undertaken prior  
178.29 to July 16, 2023.

178.30 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
178.31 city of Alexandria and its chief clerical officer comply with Minnesota Statutes, section  
178.32 645.021, subdivisions 2 and 3.

179.1 **Sec. 5. CITY OF ANOKA; COMMUTER RAIL TRANSIT VILLAGE TIF**  
 179.2 **DISTRICT; FIVE-YEAR RULE EXTENSION.**

179.3 The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities  
 179.4 must be undertaken within a five-year period from the date of certification of a tax increment  
 179.5 financing district, is considered to be met for the Commuter Rail Transit Village tax  
 179.6 increment financing district, administered by the city of Anoka, if the activities are undertaken  
 179.7 prior to April 7, 2023.

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

179.11 **Sec. 6. CITY OF CHAMPLIN; MISSISSIPPI CROSSINGS TIF DISTRICT;**  
 179.12 **FIVE-YEAR RULE EXTENSION; DURATION EXTENSION.**

179.13 Subdivision 1. **Five-year rule.** The requirement of Minnesota Statutes, section 469.1763,  
 179.14 subdivision 3, that activities must be undertaken within a five-year period from the date of  
 179.15 certification of a tax increment financing district, is extended to a ten-year period for the  
 179.16 Mississippi Crossings Tax Increment Financing District administered by the city of Champlin.

179.17 Subd. 2. **Duration.** Notwithstanding Minnesota Statutes, section 469.176, subdivision  
 179.18 1b, or any other law to the contrary, the city of Champlin may elect to extend the duration  
 179.19 of the Mississippi Crossings Tax Increment Financing District by five years.

179.20 **EFFECTIVE DATE.** This section is effective upon compliance by the governing bodies  
 179.21 of the city of Champlin, Hennepin County, and Independent School District No. 11  
 179.22 (Anoka-Hennepin), with the requirements of Minnesota Statutes, sections 469.1782,  
 179.23 subdivision 2; and 645.021, subdivisions 2 and 3.

179.24 **Sec. 7. CITY OF DULUTH; TAX INCREMENT FINANCING DISTRICT; SPECIAL**  
 179.25 **RULES AUTHORIZATION.**

179.26 Subdivision 1. **Establishment.** The city of Duluth or the Duluth Economic Development  
 179.27 Authority may establish, by resolution, one redevelopment tax increment financing district  
 179.28 located in the city of Duluth, St. Louis County, Minnesota, within the area bordered on the  
 179.29 northeast by Slip 3 and the Pier B Resort property line extended northwest to Interstate 35,  
 179.30 on the southeast by the Duluth Harbor, on the southwest by the Compass Minerals property  
 179.31 line extended northwest to Interstate 35, and on the northwest by Interstate 35, together

180.1 with adjacent roads and rights-of-way; and such property is deemed to meet the requirements  
180.2 of Minnesota Statutes, section 469.174, subdivision 10.

180.3 Subd. 2. **Eligible expenditures.** Expenditures incurred in connection with the  
180.4 development of the property described in subdivision 1 are deemed to meet the requirements  
180.5 of Minnesota Statutes, section 469.176, subdivision 4j. Eligible expenditures for any tax  
180.6 increment financing district established in the area described in subdivision 1 include,  
180.7 without limitation, seawalls and pier facings adjacent to the boundaries of such district.

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

180.11 Sec. 8. **CITY OF MINNEAPOLIS; UPPER HARBOR TERMINAL**  
180.12 **REDEVELOPMENT TIF DISTRICT; SPECIAL RULES AUTHORIZATION.**

180.13 Subdivision 1. **Qualifying rules.** Notwithstanding Minnesota Statutes, section 469.174,  
180.14 subdivision 10, the governing body of the city of Minneapolis may establish, by resolution,  
180.15 one or more redevelopment tax increment financing districts within that portion of the North  
180.16 Washington Industrial Park Redevelopment Project Area as its boundaries existed on January  
180.17 1, 2019, located north of Lowry Avenue. In each resolution, the city must find that each  
180.18 parcel in the district was part of property that was formerly used as a municipally owned  
180.19 intermodal barge shipping facility that can no longer be used for such purpose due to the  
180.20 closure of the Upper St. Anthony Falls Lock under the federal Water Resources Reform  
180.21 and Development Act of 2014. Except as provided in this section, the provisions of Minnesota  
180.22 Statutes, sections 469.174 to 469.1794, apply to each district created under this section.

180.23 Subd. 2. **Use of increments.** Minnesota Statutes, section 469.176, subdivision 4j, does  
180.24 not apply to any district established under this section.

180.25 Subd. 3. **Pooling authority.** Notwithstanding Minnesota Statutes, section 469.1763,  
180.26 subdivision 2, the permitted percentage of increments that may be expended on activities  
180.27 outside the district, but within the project area, is increased to 35 percent for districts  
180.28 established under this section.

180.29 Subd. 4. **Five-year rule.** The five-year rule period under Minnesota Statutes, section  
180.30 469.1763, subdivision 3, is extended to ten years for any district established under this  
180.31 section.

181.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
 181.2 city of Minneapolis and its chief clerical officer comply with Minnesota Statutes, section  
 181.3 645.021, subdivisions 2 and 3.

181.4 Sec. 9. **CITY OF ROSEVILLE; HAZARDOUS SUBSTANCE SUBDISTRICT NO.**  
 181.5 **17A; EXPENDITURE OF TAX INCREMENT.**

181.6 Notwithstanding Minnesota Statutes, section 469.1763, or any other law to the contrary,  
 181.7 the city of Roseville and the Roseville Economic Development Authority may use any or  
 181.8 all increment generated from Hazardous Substance Subdistrict No. 17A for the purpose of  
 181.9 financing environmental remediation pursuant to one or more response action plans on the  
 181.10 parcels within the subdistrict as originally certified, regardless of the date of approval of  
 181.11 the response action plan by the Pollution Control Agency.

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

181.15

## ARTICLE 8

181.16

### PUBLIC FINANCE

181.17 Section 1. Minnesota Statutes 2018, section 37.31, subdivision 1, is amended to read:

181.18 Subdivision 1. **Bonding authority.** The society may issue negotiable bonds in a principal  
 181.19 amount that the society determines necessary to provide sufficient money for achieving its  
 181.20 purposes, including the payment of interest on bonds of the society, the establishment of  
 181.21 reserves to secure its bonds, the payment of fees to a third party providing credit  
 181.22 enhancement, and the payment of all other expenditures of the society incident to and  
 181.23 necessary or convenient to carry out its corporate purposes and powers. Bonds of the society  
 181.24 may be issued as bonds or notes or in any other form authorized by law. The principal  
 181.25 amount of bonds issued and outstanding under this section at any time may not exceed  
 181.26 ~~\$20,000,000~~ \$30,000,000, excluding bonds for which refunding bonds or crossover refunding  
 181.27 bonds have been issued.

181.28 Sec. 2. Minnesota Statutes 2018, section 103E.611, subdivision 2, is amended to read:

181.29 Subd. 2. **Interest.** (a) Interest is an additional drainage lien on all property until paid.  
 181.30 The interest rate on the drainage lien principal from the date the drainage lien statement is  
 181.31 recorded must be set by the board but may not exceed the rate determined by the state court  
 181.32 administrator for judgments under section 549.09, or six percent, whichever is greater.

182.1 (b) Before the tax lists for the year are given to the county treasurer, the auditor shall  
 182.2 compute the interest on the unpaid balance of the drainage lien at the rate set by the board.  
 182.3 The amount of interest must be computed on the entire unpaid principal from the date the  
 182.4 drainage lien was recorded to August 15 of the next calendar year, and afterwards from  
 182.5 August 15 to August 15 of each year.

182.6 (c) Interest is due and payable after November 1 of each year the drainage lien principal  
 182.7 or interest is due and unpaid.

182.8 Sec. 3. Minnesota Statutes 2018, section 123B.595, subdivision 5, is amended to read:

182.9 Subd. 5. **Bond authorization.** (a) A school district may issue general obligation bonds  
 182.10 under this section to finance facilities plans approved by its board and the commissioner.  
 182.11 Chapter 475, except sections 475.58 and 475.59, must be complied with. The authority to  
 182.12 issue bonds under this section is in addition to any bonding authority authorized by this  
 182.13 chapter or other law. The amount of bonding authority authorized under this section must  
 182.14 be disregarded in calculating the bonding or net debt limits of this chapter, or any other law  
 182.15 other than section 475.53, subdivision 4.

182.16 (b) At least 20 days before the earliest of ~~solicitation of bids~~, the issuance of bonds; or  
 182.17 the final certification of levies under subdivision 6, the district must publish notice of the  
 182.18 intended projects, the amount of the bond issue, and the total amount of district indebtedness.

182.19 (c) The portion of revenue under this section for bonded debt must be recognized in the  
 182.20 debt service fund.

182.21 Sec. 4. Minnesota Statutes 2018, section 297A.993, subdivision 1, is amended to read:

182.22 Subdivision 1. **Authorization; rates.** Notwithstanding section 297A.99, subdivisions  
 182.23 1, 2, 3, 5, and 13, or 477A.016, or any other law, the board of a county ~~outside the~~  
 182.24 ~~metropolitan transportation area, as defined under section 297A.992, subdivision 1,~~ or more  
 182.25 than one county ~~outside the metropolitan transportation area~~ acting under a joint powers  
 182.26 agreement, may by resolution of the county board, or each of the county boards, following  
 182.27 a public hearing impose (1) a transportation sales tax at a rate of up to one-half of one percent  
 182.28 on retail sales and uses taxable under this chapter, and (2) an excise tax of \$20 per motor  
 182.29 vehicle, as defined in section 297B.01, subdivision 11, purchased or acquired from any  
 182.30 person engaged in the business of selling motor vehicles at retail, occurring within the  
 182.31 jurisdiction of the taxing authority.

183.1 Sec. 5. Minnesota Statutes 2018, section 297A.993, subdivision 2, is amended to read:

183.2 Subd. 2. **Allocation; termination.** The proceeds of the taxes must be dedicated  
 183.3 exclusively to: (1) payment of the capital cost of a specific transportation project or  
 183.4 improvement; (2) payment of the costs, which may include both capital and operating costs,  
 183.5 of a specific transit project or improvement; (3) payment of the capital costs of a safe routes  
 183.6 to school program under section 174.40; or (4) payment of transit operating costs. The  
 183.7 transportation or transit project or improvement must be designated by the board of the  
 183.8 county, or more than one county acting under a joint powers agreement. Except for taxes  
 183.9 for operating costs of a transit project or improvement, or for transit operations, the taxes  
 183.10 must terminate when revenues raised are sufficient to finance the project. Nothing in this  
 183.11 subdivision prohibits the exclusive dedication of the proceeds of the taxes to payments for  
 183.12 more than one project or improvement. After a public hearing a county may, by resolution,  
 183.13 dedicate the proceeds of the tax for a new enumerated project.

183.14 Sec. 6. Minnesota Statutes 2018, section 297A.993, is amended by adding a subdivision  
 183.15 to read:

183.16 Subd. 4. **Bonds.** (a) A county may, by resolution, authorize, issue, and sell its bonds,  
 183.17 notes, or other obligations for the purposes specified in subdivision 2. The county may also,  
 183.18 by resolution, issue bonds to refund the bonds issued pursuant to this subdivision.

183.19 (b) The bonds may be limited obligations, payable solely from or secured by taxes levied  
 183.20 under this section, and the county may also pledge its full faith, credit, and taxing power as  
 183.21 additional security for the bonds. A regional railroad authority within the county may also  
 183.22 pledge its taxing powers as additional security for the bonds.

183.23 (c) A county may issue and sell bonds in one or more series and without an election.  
 183.24 The county may determine how the bonds shall be secured; how the bonds will bear interest,  
 183.25 and the rate or rates, or variable rate; the rank or priority; how the bonds will be executed  
 183.26 and be payable, and how they will mature; and how the bonds will be subject to any defaults,  
 183.27 redemptions, repurchases, tender options, or other terms. The county may also determine  
 183.28 how the bonds shall be sold.

183.29 (d) The county may enter into and perform all contracts deemed necessary or desirable  
 183.30 by it to issue and secure the bonds, including an indenture of trust with a trustee located  
 183.31 within or outside of the state.

183.32 (e) Before issuing bonds qualifying under this section, the county must publish a notice  
 183.33 of its intention to issue the bonds and the date and time of a hearing to obtain public comment

184.1 on the matter. The notice must be published in the official newspaper of the county or in a  
 184.2 newspaper of general circulation in the county. The notice must be published at least 14,  
 184.3 but not more than 28, days before the date of the hearing.

184.4 (f) Any project financed with bonds issued under this section must be included in a  
 184.5 capital improvement plan as defined in section 373.40, subdivision 3. For purposes of this  
 184.6 paragraph, "project" means any project described in subdivision 2, notwithstanding section  
 184.7 373.40, subdivision 1, paragraph (b).

184.8 (g) Except as otherwise provided in this subdivision, the bonds must be issued and sold  
 184.9 in the manner provided under chapter 475.

184.10 Sec. 7. Minnesota Statutes 2018, section 471.831, is amended to read:

184.11 **471.831 MUNICIPALITY MAY FILE BANKRUPTCY PETITION.**

184.12 Subdivision 1. **Any relief under bankruptcy code.** A municipality, as defined in  
 184.13 subdivision 2, may file a petition and seek any relief available to it under United States  
 184.14 Code, title 11, as amended ~~through December 31, 1996.~~

184.15 Subd. 2. **Municipality defined.** In this section, "municipality" means a municipality as  
 184.16 defined in United States Code, title 11, section 101, as amended ~~through December 31,~~  
 184.17 ~~1996,~~ but limited to a county, statutory or home rule charter city, or town; or a housing and  
 184.18 redevelopment authority, economic development authority, or rural development financing  
 184.19 authority established under chapter 469, a home rule charter, or special law.

184.20 Sec. 8. Minnesota Statutes 2018, section 474A.02, subdivision 22b, is amended to read:

184.21 Subd. 22b. **Public facilities project.** "Public facilities project" means any publicly owned  
 184.22 facility, or ~~a facility owned by a nonprofit organization~~ that is used for district heating or  
 184.23 cooling, whether publicly or privately owned, that is eligible to be financed with the proceeds  
 184.24 of public facilities bonds as defined under section 474A.02, subdivision 23a.

184.25 Sec. 9. Minnesota Statutes 2018, section 475.521, subdivision 1, is amended to read:

184.26 Subdivision 1. **Definitions.** For purposes of this section, the following terms have the  
 184.27 meanings given.

184.28 (a) "Bonds" mean an obligation defined under section 475.51.

184.29 (b) "Capital improvement" means acquisition or betterment of public lands, buildings  
 184.30 or other improvements for the purpose of a city hall, town hall, library, public safety facility,  
 184.31 and public works facility. An improvement must have an expected useful life of five years



185.1 or more to qualify. Capital improvement does not include light rail transit or any activity  
 185.2 related to it, or a park, road, bridge, administrative building other than a city or town hall,  
 185.3 or land for any of those facilities. For purposes of this section, "capital improvement"  
 185.4 includes expenditures for purposes described in this paragraph that have been incurred by  
 185.5 a municipality before approval of a capital improvement plan, if such expenditures are  
 185.6 included in a capital improvement plan approved on or before the date of the public hearing  
 185.7 under subdivision 2 regarding issuance of bonds for such expenditures.

185.8 (c) "Municipality" means a home rule charter or statutory city or a town ~~described in~~  
 185.9 ~~section 368.01, subdivision 1 or 1a.~~

185.10 Sec. 10. **REPEALER.**

185.11 Minnesota Statutes 2018, section 37.31, subdivision 8, is repealed.

185.12 Sec. 11. **EFFECTIVE DATE.**

185.13 Sections 1 to 10 are effective July 1, 2019.

## 185.14 **ARTICLE 9**

### 185.15 **MINNESOTACARE TAXES**

185.16 Section 1. Minnesota Statutes 2018, section 295.51, subdivision 1a, is amended to read:

185.17 Subd. 1a. **Nexus in Minnesota.** (a) To the extent allowed by the United States  
 185.18 Constitution and the laws of the United States, a person who is a wholesale drug distributor  
 185.19 ~~has nexus in Minnesota if its contacts with or presence in Minnesota is sufficient to satisfy~~  
 185.20 ~~the requirements of the United States Constitution.~~ a person subject to tax under section  
 185.21 295.52, subdivision 4, or a person who sells or repairs hearing aids and related equipment  
 185.22 or prescription eyewear is subject to the taxes imposed by this chapter if the person:

185.23 (1) has or maintains within this state, directly or by a subsidiary or an affiliate, an office,  
 185.24 place of distribution, sales, storage, or sample room or place, warehouse, or other place of  
 185.25 business, including the employment of a resident of this state who works from a home office  
 185.26 in this state;

185.27 (2) has a representative, including but not limited to an employee, affiliate, agent,  
 185.28 salesperson, canvasser, solicitor, independent contractor, or other third party operating in  
 185.29 this state under the person's authority or the authority of the person's subsidiary, for any  
 185.30 purpose, including the repairing, selling, delivering, installing, facilitating sales, processing  
 185.31 sales, or soliciting of orders for the person's goods or services, or the leasing of tangible

186.1 personal property located in this state, whether the place of business or the agent,  
186.2 representative, affiliate, salesperson, canvasser, or solicitor is located in the state permanently  
186.3 or temporarily, or whether or not the person, subsidiary, or affiliate is authorized to do  
186.4 business in this state;

186.5 (3) owns or leases real property that is located in this state; or

186.6 (4) owns or leases tangible personal property that is present in this state, including but  
186.7 not limited to mobile property.

186.8 (b) To the extent allowed by the United States Constitution and the laws of the United  
186.9 States, a person who is a wholesale drug distributor, or a person who is subject to tax under  
186.10 section 295.52, subdivision 4, is subject to the taxes imposed by this chapter if the person:

186.11 (1) conducts a trade or business not described in paragraph (a) and sells, delivers, or  
186.12 distributes legend drugs from outside this state to a destination within this state by common  
186.13 carrier or otherwise; and

186.14 (2) meets one of the following thresholds:

186.15 (i) makes 200 or more sales, deliveries, or distributions described in clause (1) during  
186.16 any taxable year;

186.17 (ii) the gross revenues of a wholesale drug distributor that sells, delivers, or distributes  
186.18 legend drugs as described in clause (1) totals more than \$100,000 during any taxable year;

186.19 or

186.20 (iii) the price paid by a person who is subject to tax under section 295.52, subdivision  
186.21 4, totals more than \$100,000 for legend drugs that the person sells, delivers, or distributes  
186.22 as described in clause (1) during any taxable year.

186.23 (c) To the extent allowed by the United States Constitution and the laws of the United  
186.24 States, a person who sells or repairs hearing aids and related equipment or prescription  
186.25 eyewear is subject to the taxes imposed by this chapter if the person:

186.26 (1) conducts a trade or business not described in paragraph (a) and:

186.27 (i) sells, delivers, or distributes hearing aids and related equipment or prescription  
186.28 eyewear from outside of this state to a destination within this state by common carrier or  
186.29 otherwise; or

186.30 (ii) repairs hearing aids and related equipment or prescription eyewear outside of this  
186.31 state and delivers or distributes the hearing aids and related equipment or prescription  
186.32 eyewear to a destination within this state by common carrier or otherwise; and

187.1 (2) meets one of the following thresholds:

187.2 (i) makes 200 or more sales, deliveries, distributions, or repairs described in clause (1)  
 187.3 during any taxable year; or

187.4 (ii) the gross revenues of the person who sells, delivers, distributes, or repairs hearing  
 187.5 aids and related equipment or prescription eyewear described in clause (1) totals more than  
 187.6 \$100,000 during any taxable year.

187.7 (d) Once a taxpayer has established nexus with Minnesota under paragraph (b) or (c),  
 187.8 the taxpayer must continue to file an annual return and remit taxes for subsequent years. A  
 187.9 taxpayer who has established nexus under paragraph (b) or (c) is no longer required to file  
 187.10 an annual return and remit taxes if the taxpayer:

187.11 (1) ceases to engage in the activities or no longer meets any of the applicable thresholds  
 187.12 in paragraph (b) or (c) for an entire taxable year; and

187.13 (2) notifies the commissioner by March 15 of the following calendar year, in a manner  
 187.14 prescribed by the commissioner, that the taxpayer no longer engages in any of the activities  
 187.15 or no longer meets any of the applicable thresholds in paragraph (b) or (c).

187.16 (e) If, after notifying the commissioner pursuant to paragraph (d), the taxpayer  
 187.17 subsequently engages in any of the activities and meets any of the applicable thresholds in  
 187.18 paragraph (b) or (c), the taxpayer shall again comply with the applicable requirements of  
 187.19 paragraphs (b) to (d).

187.20 **EFFECTIVE DATE; APPLICATION.** (a) This section is effective the day following  
 187.21 final enactment.

187.22 (b) In enacting this section, the legislature confirms that the United States Supreme Court  
 187.23 decision in South Dakota v. Wayfair, Inc. et al., Dkt. No. 17-494 (June 21, 2018); 138 S.  
 187.24 Ct. 2080 (2018), applied upon the date of that decision to provide Minnesota with jurisdiction  
 187.25 over persons described in Minnesota Statutes, section 295.51, subdivision 1a, paragraphs  
 187.26 (b) and (c), for purposes of imposing tax under Minnesota Statutes, chapter 295, to the  
 187.27 extent allowed by the United States Constitution and the laws of the United States.

187.28 Sec. 2. Minnesota Statutes 2018, section 295.52, subdivision 1, is amended to read:

187.29 Subdivision 1. **Hospital tax.** A tax is imposed on each hospital equal to ~~two~~ 1.8 percent  
 187.30 of its gross revenues.

187.31 **EFFECTIVE DATE.** This section is effective for gross revenues received after  
 187.32 December 31, 2019.

188.1 Sec. 3. Minnesota Statutes 2018, section 295.52, subdivision 1a, is amended to read:

188.2 Subd. 1a. **Surgical center tax.** A tax is imposed on each surgical center equal to ~~two~~  
188.3 1.8 percent of its gross revenues.

188.4 **EFFECTIVE DATE.** This section is effective for gross revenues received after  
188.5 December 31, 2019.

188.6 Sec. 4. Minnesota Statutes 2018, section 295.52, subdivision 2, is amended to read:

188.7 Subd. 2. **Provider tax.** A tax is imposed on each health care provider equal to ~~two~~ 1.8  
188.8 percent of its gross revenues.

188.9 **EFFECTIVE DATE.** This section is effective for gross revenues received after  
188.10 December 31, 2019.

188.11 Sec. 5. Minnesota Statutes 2018, section 295.52, subdivision 3, is amended to read:

188.12 Subd. 3. **Wholesale drug distributor tax.** A tax is imposed on each wholesale drug  
188.13 distributor equal to ~~two~~ 1.8 percent of its gross revenues.

188.14 **EFFECTIVE DATE.** This section is effective for gross revenues received after  
188.15 December 31, 2019.

188.16 Sec. 6. Minnesota Statutes 2018, section 295.52, subdivision 4, is amended to read:

188.17 Subd. 4. **Use tax; legend drugs.** (a) A person that receives legend drugs for resale or  
188.18 use in Minnesota, other than from a wholesale drug distributor that is subject to tax under  
188.19 subdivision 3, is subject to a tax equal to the price paid for the legend drugs multiplied by  
188.20 ~~the tax percentage specified in this section~~ 1.8 percent. Liability for the tax is incurred when  
188.21 legend drugs are received or delivered in Minnesota by the person.

188.22 (b) A tax imposed under this subdivision does not apply to purchases by an individual  
188.23 for personal consumption.

188.24 **EFFECTIVE DATE.** This section is effective for legend drugs received or delivered  
188.25 in Minnesota after December 31, 2019.

188.26 Sec. 7. Minnesota Statutes 2018, section 295.52, subdivision 8, is amended to read:

188.27 Subd. 8. **Contingent reduction in tax rate.** (a) By December 1 of each year, beginning  
188.28 in 2011, the commissioner of management and budget shall determine the projected balance  
188.29 in the health care access fund for the biennium.

189.1 (b) If the commissioner of management and budget determines that the projected balance  
 189.2 in the health care access fund for the biennium reflects a ratio of revenues to expenditures  
 189.3 and transfers greater than 125 percent, and if the actual cash balance in the fund is adequate,  
 189.4 as determined by the commissioner of management and budget, the commissioner, in  
 189.5 consultation with the commissioner of revenue, shall reduce the tax rates levied under  
 189.6 subdivisions 1, 1a, 2, 3, and 4, for the subsequent calendar year sufficient to reduce the  
 189.7 structural balance in the fund. The rate may be reduced to the extent that the projected  
 189.8 revenues for the biennium do not exceed 125 percent of expenditures and transfers. The  
 189.9 new rate shall be rounded to the nearest one-tenth of one percent. The rate reduction under  
 189.10 this paragraph expires at the end of each calendar year and is subject to an annual  
 189.11 redetermination by the commissioner of management and budget.

189.12 (c) For purposes of the analysis defined in paragraph (b), the commissioner of  
 189.13 management and budget shall include projected revenues, ~~notwithstanding the repeal of the~~  
 189.14 ~~tax imposed under this section effective January 1, 2020.~~

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

189.16 Sec. 8. Minnesota Statutes 2018, section 295.57, subdivision 3, is amended to read:

189.17 Subd. 3. **Interest on overpayments.** Interest must be paid on an overpayment refunded  
 189.18 or credited to the taxpayer ~~from the date of payment of the tax until the date the refund is~~  
 189.19 ~~paid or credited. For purposes of this subdivision, the date of payment is the due date of the~~  
 189.20 ~~return or the date of actual payment of the tax, whichever is later~~ in the manner provided  
 189.21 in section 289A.56, subdivision 2.

189.22 **EFFECTIVE DATE.** This section is effective for overpayments made on or after  
 189.23 January 1, 2020.

189.24 Sec. 9. Laws 2003, First Special Session chapter 14, article 13C, section 2, subdivision  
 189.25 6, as amended by Laws 2004, chapter 272, article 2, section 4; Laws 2005, First Special  
 189.26 Session chapter 4, article 5, section 18; and Laws 2005, First Special Session chapter 4,  
 189.27 article 9, section 11, is amended to read:

189.28 Subd. 6. **Basic Health Care Grants**

189.29	Summary by Fund	
189.30 General	1,290,454,000	1,475,996,000
189.31 Health Care Access	254,121,000	282,689,000

190.1 **UPDATING FEDERAL POVERTY**

190.2 **GUIDELINES.** Annual updates to the federal  
190.3 poverty guidelines are effective each July 1,  
190.4 following publication by the United States  
190.5 Department of Health and Human Services  
190.6 for health care programs under Minnesota  
190.7 Statutes, chapters 256, 256B, 256D, and 256L.

190.8 The amounts that may be spent from this  
190.9 appropriation for each purpose are as follows:

190.10 (a) MinnesotaCare Grants

190.11 Health Care Access      253,371,000      281,939,000

190.12 **MINNESOTACARE FEDERAL**

190.13 **RECEIPTS.** Receipts received as a result of  
190.14 federal participation pertaining to  
190.15 administrative costs of the Minnesota health  
190.16 care reform waiver shall be deposited as  
190.17 nondedicated revenue in the health care access  
190.18 fund. Receipts received as a result of federal  
190.19 participation pertaining to grants shall be  
190.20 deposited in the federal fund and shall offset  
190.21 health care access funds for payments to  
190.22 providers.

190.23 **MINNESOTACARE FUNDING.** The

190.24 commissioner may expend money  
190.25 appropriated from the health care access fund  
190.26 for MinnesotaCare in either fiscal year of the  
190.27 biennium.

190.28 (b) MA Basic Health Care Grants - Families  
190.29 and Children

190.30 General                      427,769,000      489,545,000

190.31 **SERVICES TO PREGNANT WOMEN.**

190.32 The commissioner shall use available federal  
190.33 money for the State-Children's Health

191.1 Insurance Program for medical assistance  
 191.2 services provided to pregnant women who are  
 191.3 not otherwise eligible for federal financial  
 191.4 participation beginning in fiscal year 2003.  
 191.5 This federal money shall be deposited in the  
 191.6 federal fund and shall offset general funds for  
 191.7 payments to providers. Notwithstanding  
 191.8 section 14, this paragraph shall not expire.

191.9 **MANAGED CARE RATE INCREASE.** (a)  
 191.10 ~~Effective January 1, 2004, the commissioner~~  
 191.11 ~~of human services shall increase the total~~  
 191.12 ~~payments to managed care plans under~~  
 191.13 ~~Minnesota Statutes, section 256B.69, by an~~  
 191.14 ~~amount equal to the cost increases to the~~  
 191.15 ~~managed care plans from by the elimination~~  
 191.16 ~~of: (1) the exemption from the taxes imposed~~  
 191.17 ~~under Minnesota Statutes, section 297I.05,~~  
 191.18 ~~subdivision 5, for premiums paid by the state~~  
 191.19 ~~for medical assistance, general assistance~~  
 191.20 ~~medical care, and the MinnesotaCare program;~~  
 191.21 ~~and (2) the exemption of gross revenues~~  
 191.22 ~~subject to the taxes imposed under Minnesota~~  
 191.23 ~~Statutes, sections 295.50 to 295.57, for~~  
 191.24 ~~payments paid by the state for services~~  
 191.25 ~~provided under medical assistance, general~~  
 191.26 ~~assistance medical care, and the~~  
 191.27 ~~MinnesotaCare program. Any increase based~~  
 191.28 ~~on clause (2) must be reflected in provider~~  
 191.29 ~~rates paid by the managed care plan unless the~~  
 191.30 ~~managed care plan is a staff model health plan~~  
 191.31 ~~company.~~

191.32 (b) ~~The commissioner of human services shall~~  
 191.33 ~~increase by the applicable tax rate in effect~~  
 191.34 ~~under Minnesota Statutes, section 295.52, the~~  
 191.35 ~~fee for service payments under medical~~

192.1 ~~assistance, general assistance medical care,~~  
 192.2 ~~and the MinnesotaCare program for services~~  
 192.3 ~~subject to the hospital, surgical center, or~~  
 192.4 ~~health care provider taxes under Minnesota~~  
 192.5 ~~Statutes, sections 295.50 to 295.57, effective~~  
 192.6 ~~for services rendered on or after January 1,~~  
 192.7 ~~2004.~~

192.8 (c) The commissioner of finance shall transfer  
 192.9 from the health care access fund to the general  
 192.10 fund the following amounts in the fiscal years  
 192.11 indicated: 2004, \$16,587,000; 2005,  
 192.12 \$46,322,000; 2006, \$49,413,000; and 2007,  
 192.13 \$58,695,000.

192.14 (d) Notwithstanding section 14, these  
 192.15 provisions shall not expire.

192.16 (c) MA Basic Health Care Grants - Elderly  
 192.17 and Disabled

192.18	General	610,518,000	743,858,000
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192.19 **DELAY MEDICAL ASSISTANCE**

192.20 **FEE-FOR-SERVICE - ACUTE CARE.** The  
 192.21 following payments in fiscal year 2005 from  
 192.22 the Medicaid Management Information  
 192.23 System that would otherwise have been made  
 192.24 to providers for medical assistance and general  
 192.25 assistance medical care services shall be  
 192.26 delayed and included in the first payment in  
 192.27 fiscal year 2006:

192.28 (1) for hospitals, the last two payments; and

192.29 (2) for nonhospital providers, the last payment.

192.30 This payment delay shall not include payments  
 192.31 to skilled nursing facilities, intermediate care  
 192.32 facilities for mental retardation, prepaid health  
 192.33 plans, home health agencies, personal care



193.1 nursing providers, and providers of only  
 193.2 waiver services. The provisions of Minnesota  
 193.3 Statutes, section 16A.124, shall not apply to  
 193.4 these delayed payments. Notwithstanding  
 193.5 section 14, this provision shall not expire.

193.6 **DEAF AND HARD-OF-HEARING**

193.7 **SERVICES.** If, after making reasonable  
 193.8 efforts, the service provider for mental health  
 193.9 services to persons who are deaf or hearing  
 193.10 impaired is not able to earn \$227,000 through  
 193.11 participation in medical assistance intensive  
 193.12 rehabilitation services in fiscal year 2005, the  
 193.13 commissioner shall transfer \$227,000 minus  
 193.14 medical assistance earnings achieved by the  
 193.15 grantee to deaf and hard-of-hearing grants to  
 193.16 enable the provider to continue providing  
 193.17 services to eligible persons.

193.18 (d) General Assistance Medical Care Grants

193.19	General	239,861,000	229,960,000
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193.20 (e) Health Care Grants - Other Assistance

193.21	General	3,067,000	3,407,000
193.22	Health Care Access	750,000	750,000

193.23 **MINNESOTA PRESCRIPTION DRUG**

193.24 **DEDICATED FUND.** Of the general fund  
 193.25 appropriation, \$284,000 in fiscal year 2005 is  
 193.26 appropriated to the commissioner for the  
 193.27 prescription drug dedicated fund established  
 193.28 under the prescription drug discount program.

193.29 **DENTAL ACCESS GRANTS**

193.30 **CARRYOVER AUTHORITY.** Any unspent  
 193.31 portion of the appropriation from the health  
 193.32 care access fund in fiscal years 2002 and 2003  
 193.33 for dental access grants under Minnesota  
 193.34 Statutes, section 256B.53, shall not cancel but

194.1 shall be allowed to carry forward to be spent  
 194.2 in the biennium beginning July 1, 2003, for  
 194.3 these purposes.

194.4 **STOP-LOSS FUND ACCOUNT.** The  
 194.5 appropriation to the purchasing alliance  
 194.6 stop-loss fund account established under  
 194.7 Minnesota Statutes, section 256.956,  
 194.8 subdivision 2, for fiscal years 2004 and 2005  
 194.9 shall only be available for claim  
 194.10 reimbursements for qualifying enrollees who  
 194.11 are members of purchasing alliances that meet  
 194.12 the requirements described under Minnesota  
 194.13 Statutes, section 256.956, subdivision 1,  
 194.14 paragraph (f), clauses (1), (2), and (3).

194.15 (f) Prescription Drug Program

194.16	General	9,239,000	9,226,000
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194.17 **PRESCRIPTION DRUG ASSISTANCE**  
 194.18 **PROGRAM.** Of the general fund  
 194.19 appropriation, \$702,000 in fiscal year 2004  
 194.20 and \$887,000 in fiscal year 2005 are for the  
 194.21 commissioner to establish and administer the  
 194.22 prescription drug assistance program through  
 194.23 the Minnesota board on aging.

194.24 **REBATE REVENUE RECAPTURE.** Any  
 194.25 funds received by the state from a drug  
 194.26 manufacturer due to errors in the  
 194.27 pharmaceutical pricing used by the  
 194.28 manufacturer in determining the prescription  
 194.29 drug rebate are appropriated to the  
 194.30 commissioner to augment funding of the  
 194.31 prescription drug program established in  
 194.32 Minnesota Statutes, section 256.955.

195.1 Sec. 10. **REPEALER.**

195.2 Laws 2011, First Special Session chapter 9, article 6, section 97, subdivision 6, is repealed  
 195.3 effective the day following final enactment.

195.4 **ARTICLE 10**

195.5 **DULUTH REGIONAL EXCHANGE DISTRICT**

195.6 Section 1. **[16A.968] DULUTH REGIONAL EXCHANGE DISTRICT**

195.7 **APPROPRIATION BONDS.**

195.8 Subdivision 1. **Definitions.** (a) The definitions in this subdivision and in section 469.50  
 195.9 apply to this section.

195.10 (b) "Appropriation bond" or "bond" means a bond, note, or other similar instrument of  
 195.11 the state payable during a biennium from one or more of the following sources:

195.12 (1) money appropriated by law from the general fund in any biennium for debt service  
 195.13 due with respect to obligations described in subdivision 3;

195.14 (2) proceeds of the sale of obligations described in subdivision 3;

195.15 (3) payments received for that purpose under agreements and ancillary arrangements  
 195.16 described in subdivision 2, paragraph (d); and

195.17 (4) investment earnings on amounts in clauses (1) to (3).

195.18 (c) "Debt service" means the amount payable in any biennium of principal, premium, if  
 195.19 any, and interest on appropriation bonds, and the fees, charges, and expenses related to the  
 195.20 bonds.

195.21 Subd. 2. **Authorization to issue appropriation bonds.** (a) Subject to the limitations of  
 195.22 this subdivision, and upon request by the governing body of the city of Duluth as provided  
 195.23 in section 469.54, subdivision 3, paragraph (f), the commissioner may sell and issue  
 195.24 appropriation bonds of the state under this section for public purposes as provided by law.

195.25 (b) Proceeds of the appropriation bonds must be credited to a special appropriation  
 195.26 Duluth regional exchange district bond proceeds fund in the state treasury. All income from  
 195.27 investment of the bond proceeds, as estimated by the commissioner, is appropriated to the  
 195.28 commissioner for the payment of principal and interest on the appropriation bonds.

195.29 (c) Appropriation bonds may be issued in one or more issues or series on the terms and  
 195.30 conditions the commissioner determines to be in the best interests of the state, but the term  
 195.31 on any series of appropriation bonds may not exceed 25 years. The appropriation bonds of

196.1 each issue and series thereof shall be dated and bear interest and may be includable in or  
196.2 excludable from the gross income of the owners for federal income tax purposes.

196.3 (d) At the time of or in anticipation of issuing the appropriation bonds, and at any time  
196.4 thereafter, so long as the appropriation bonds are outstanding, the commissioner may enter  
196.5 into agreements and ancillary arrangements relating to the appropriation bonds, including  
196.6 but not limited to trust indentures, grant agreements, lease or use agreements, operating  
196.7 agreements, management agreements, liquidity facilities, remarketing or dealer agreements,  
196.8 letter of credit agreements, insurance policies, guaranty agreements, reimbursement  
196.9 agreements, indexing agreements, or interest exchange agreements. Any payments made  
196.10 or received according to the agreement or ancillary arrangement shall be made from or  
196.11 deposited as provided in the agreement or ancillary arrangement. The determination of the  
196.12 commissioner included in an interest exchange agreement that the agreement relates to an  
196.13 appropriation bond shall be conclusive.

196.14 (e) The commissioner may enter into written agreements or contracts relating to the  
196.15 continuing disclosure of information necessary to comply with or facilitate the issuance of  
196.16 appropriation bonds in accordance with federal securities laws, rules, and regulations,  
196.17 including Securities and Exchange Commission rules and regulations in Code of Federal  
196.18 Regulations, title 17, section 240.15c2-12. An agreement may be in the form of covenants  
196.19 with purchasers and holders of appropriation bonds set forth in the order or resolution  
196.20 authorizing the issuance of the appropriation bonds or a separate document authorized by  
196.21 the order or resolution.

196.22 (f) The appropriation bonds are not subject to chapter 16C.

196.23 Subd. 3. **Appropriation bonds authorization.** (a) Appropriation bonds may be sold  
196.24 and issued in amounts that, in the opinion of the commissioner, are necessary to provide  
196.25 sufficient funds to the commissioner of employment and economic development under  
196.26 subdivision 8, not to exceed \$97,720,000 net of costs of issuance, for the purposes as  
196.27 provided under this subdivision, and pay debt service including capitalized interest, costs  
196.28 of issuance, costs of credit enhancement, or make payments under other agreements entered  
196.29 into under subdivision 2, paragraph (d).

196.30 (b) The bonds authorized by this subdivision are for the purposes of financing public  
196.31 infrastructure projects authorized and approved by the city of Duluth under sections 469.50  
196.32 to 469.54. No bonds shall be sold under this subdivision until: (1) there has been a request  
196.33 pursuant to subdivision 2, paragraph (a); and (2) for any parking structure the requirements  
196.34 in section 469.54, subdivisions 2 and 3, paragraph (a), have been met. Upon certification

197.1 of the required qualified expenditures under section 469.54, subdivision 3, paragraph (a),  
197.2 by a medical business entity, bonds may be sold for a parking structure or structures  
197.3 benefiting that medical business entity, notwithstanding the status of certified qualified  
197.4 expenditures for another medical business entity.

197.5 Subd. 4. **Form; procedure.** (a) Appropriation bonds may be issued in the form of bonds,  
197.6 notes, or other similar instruments and in the manner provided in section 16A.672. In the  
197.7 event that any provision of section 16A.672 conflicts with this section, this section shall  
197.8 control.

197.9 (b) Every appropriation bond shall include a conspicuous statement of the limitation  
197.10 established in subdivision 7.

197.11 (c) Appropriation bonds may be sold at either public or private sale upon terms as the  
197.12 commissioner shall determine are not inconsistent with this section and may be sold at any  
197.13 price or percentage of par value. Any bid received may be rejected.

197.14 (d) Appropriation bonds must bear interest at a fixed or variable rate.

197.15 (e) Notwithstanding any other law, appropriation bonds issued under this section shall  
197.16 be fully negotiable.

197.17 Subd. 5. **Refunding bonds.** The commissioner may issue appropriation bonds for the  
197.18 purpose of refunding any appropriation bonds then outstanding, including the payment of  
197.19 any redemption premiums on the bonds, any interest accrued or to accrue to the redemption  
197.20 date, and costs related to the issuance and sale of the refunding bonds. The proceeds of any  
197.21 refunding bonds may, in the discretion of the commissioner, be applied to the purchase or  
197.22 payment at maturity of the appropriation bonds to be refunded, to the redemption of the  
197.23 outstanding appropriation bonds on any redemption date, or to pay interest on the refunding  
197.24 bonds and may, pending application, be placed in escrow to be applied to the purchase,  
197.25 payment, retirement, or redemption. Any escrowed proceeds pending use may be invested  
197.26 and reinvested in obligations that are authorized investments under section 11A.24. The  
197.27 income earned or realized on the investment may also be applied to the payment of the  
197.28 appropriation bonds to be refunded or interest or premiums on the refunded appropriation  
197.29 bonds, or to pay interest on the refunding bonds. After the terms of the escrow have been  
197.30 fully satisfied, any balance of the proceeds and any investment income may be returned to  
197.31 the general fund or, if applicable, the special appropriation Duluth regional exchange district  
197.32 bond proceeds fund for use in any lawful manner. All refunding bonds issued under this  
197.33 subdivision must be prepared, executed, delivered, and secured by appropriations in the  
197.34 same manner as the appropriation bonds to be refunded.

198.1 Subd. 6. Appropriation bonds as legal investments. Any of the following entities may  
198.2 legally invest any sinking funds, money, or other funds belonging to them or under their  
198.3 control in any appropriation bonds issued under this section:

198.4 (1) the state, the investment board, public officers, municipal corporations, political  
198.5 subdivisions, and public bodies;

198.6 (2) banks and bankers, savings and loan associations, credit unions, trust companies,  
198.7 savings banks and institutions, investment companies, insurance companies, insurance  
198.8 associations, and other persons carrying on a banking or insurance business; and

198.9 (3) personal representatives, guardians, trustees, and other fiduciaries.

198.10 Subd. 7. No full faith and credit; state not required to make appropriations. The  
198.11 appropriation bonds are not public debt of the state, and the full faith, credit, and taxing  
198.12 powers of the state are not pledged to the payment of the appropriation bonds or to any  
198.13 payment that the state agrees to make under this section. Appropriation bonds shall not be  
198.14 obligations paid directly, in whole or in part, from a tax of statewide application on any  
198.15 class of property, income, transaction, or privilege. Appropriation bonds shall be payable  
198.16 in each fiscal year only from amounts that the legislature may appropriate for debt service  
198.17 for any fiscal year, provided that nothing in this section shall be construed to require the  
198.18 state to appropriate money sufficient to make debt service payments with respect to the  
198.19 appropriation bonds in any fiscal year. Appropriation bonds shall be canceled and shall no  
198.20 longer be outstanding on the earlier of (1) the first day of a fiscal year for which the  
198.21 legislature shall not have appropriated amounts sufficient for debt service, or (2) the date  
198.22 of final payment of the principal of and interest on the appropriation bonds.

198.23 Subd. 8. Appropriation of proceeds. The proceeds of appropriation bonds issued under  
198.24 subdivision 3 and interest credited to the special appropriation Duluth regional exchange  
198.25 district bond proceeds fund are appropriated as follows:

198.26 (1) to the commissioner of employment and economic development for a grant or grants  
198.27 to the city of Duluth for public infrastructure projects as specified in subdivision 3, upon  
198.28 other terms and conditions that the commissioner of employment and economic development  
198.29 in the commissioner's sole discretion determines are warranted, with the agreement being  
198.30 exempt from sections 16B.97 to 16B.991; and

198.31 (2) to the commissioner for accrued and capitalized interest, nonsalary costs of issuance  
198.32 of the bonds, costs of credit enhancement of the bonds, and payments under any agreements  
198.33 entered into under subdivision 2, paragraph (d), each as permitted by state and federal law.

199.1 Subd. 9. **Appropriation for debt service and other purposes.** An amount up to  
199.2 \$8,100,000 needed to pay principal and interest on appropriation bonds issued under  
199.3 subdivision 3 is appropriated each fiscal year from the general fund to the commissioner,  
199.4 subject to the city of Duluth's entitlement to receive appropriation support payments under  
199.5 section 469.54, subdivision 3, and further subject to repeal, unallotment under section  
199.6 16A.152, or cancellation, otherwise as provided in subdivision 7, for deposit into the bond  
199.7 payments account established for this purpose in the special Duluth regional exchange  
199.8 district bond proceeds fund. The appropriation is available beginning in fiscal year 2022  
199.9 and through fiscal year 2055.

199.10 Subd. 10. **Waiver of immunity.** The waiver of immunity by the state provided for by  
199.11 section 3.751, subdivision 1, shall be applicable to the appropriation bonds and any ancillary  
199.12 contracts to which the commissioner is a party.

199.13 **Sec. 2. [469.50] DEFINITIONS.**

199.14 Subdivision 1. **Application.** For the purposes of sections 469.50 to 469.54, the terms  
199.15 defined in this section have the meanings given them.

199.16 Subd. 2. **City.** "City" means the city of Duluth.

199.17 Subd. 3. **Commissioner.** "Commissioner" means the commissioner of employment and  
199.18 economic development.

199.19 Subd. 4. **County.** "County" means St. Louis County.

199.20 Subd. 5. **District.** "District" means the regional exchange district established under  
199.21 section 469.51.

199.22 Subd. 6. **Medical business entity west.** "Medical business entity west" means a nonprofit  
199.23 integrated health system with two hospitals located within the district.

199.24 Subd. 7. **Medical business entity east.** "Medical business entity east" means a nonprofit  
199.25 health system operating one hospital within the district.

199.26 Subd. 8. **Public infrastructure project.** (a) "Public infrastructure project" means a  
199.27 project identified in section 469.53.

199.28 (b) A public infrastructure project is not a business subsidy under section 116J.993.

199.29 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
199.30 city of Duluth and its chief clerical clerk officer timely comply with Minnesota Statutes,  
199.31 section 645.021, subdivisions 2 and 3.

200.1 Sec. 3. **[469.51] REGIONAL EXCHANGE DISTRICT.**

200.2 Subdivision 1. **Establishment.** There is established in the city a regional exchange  
200.3 district. The regional exchange district is bounded by: East 6th Street from North 3rd Avenue  
200.4 East to North 7th Avenue East; North 7th Avenue East from East 6th Street to East 3rd  
200.5 Street; East 3rd Street from North 7th Avenue East to North 12th Avenue East; North 12th  
200.6 Avenue East from East 3rd Street straight through the Duluth Rose Garden to the Lake  
200.7 Superior waterfront; the Lake Superior waterfront from the Duluth Rose Garden at North  
200.8 12th Avenue East to Lake Place Park at North 3rd Avenue East; North 3rd Avenue East  
200.9 from Lake Place Park at the Lake Superior waterfront to East 6th Street, excluding any  
200.10 property operated as a hotel on the corner of Superior Street and North 3rd Avenue East.

200.11 Subd. 2. **Purpose; findings.** The public purposes of the district are to facilitate:

200.12 (1) repurposing vacant or underutilized private land, or unutilized property interests such  
200.13 as air rights, for development or redevelopment and to incent significant private investment;

200.14 (2) redeveloping vacant or underutilized private land to increase its tax-generating and  
200.15 job-creating potential or to provide housing or meet community needs; and

200.16 (3) development by the anchoring institutions in the community, such as health care  
200.17 organizations and institutions of higher education, to create opportunities to improve the  
200.18 economy of the city and greater Minnesota regions and attract and retain workforce.

200.19 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
200.20 city of Duluth and its chief clerical clerk officer timely comply with Minnesota Statutes,  
200.21 section 645.021, subdivisions 2 and 3.

200.22 Sec. 4. **[469.52] CITY POWERS; DUTIES.**

200.23 Subdivision 1. **Port authority powers.** The city may exercise the powers of a port  
200.24 authority under sections 469.048 to 469.068 for purposes of implementing sections 469.50  
200.25 to 469.54.

200.26 Subd. 2. **Steel products.** The city must require that a public infrastructure project use  
200.27 steel products made from iron ore mined from the taconite assistance area as defined in  
200.28 section 273.1341 to the extent practicable. In determining whether it is practicable, the city  
200.29 may consider the exceptions to the requirement by Public Law 111-5, section 1605.

200.30 Subd. 3. **City contracts; construction requirements.** For all public infrastructure  
200.31 projects, the city must make reasonable efforts to hire and cause the construction manager  
200.32 and any subcontractors to employ women and members of minority communities. Goals



201.1 for construction contracts must be established in the manner required under the city's  
 201.2 disadvantaged business enterprises plan.

201.3 Subd. 4. **Public bidding exemption.** Notwithstanding section 469.068 or any other law  
 201.4 to the contrary, the city need not require competitive bidding with respect to a parking  
 201.5 facility or other public improvements constructed in conjunction with, and directly above  
 201.6 or below, or adjacent and integrally related to, a private development within a district.

201.7 Subd. 5. **Parking structure revenue.** Parking facilities or structures constructed must  
 201.8 charge market rate parking fees, except for use separately negotiated between the city and  
 201.9 a church whose parking facility is removed to accommodate construction of a parking ramp.

201.10 Subd. 6. **City utility fund contribution.** The city must use the city utility fund to finance  
 201.11 improvements made within the district for sanitary sewer, storm sewer, and water systems  
 201.12 and other related utility improvements. The improvements must be approved by the city.  
 201.13 The total expenditures required under this subdivision and under Laws 1980, chapter 511,  
 201.14 section 1, subdivision 1, paragraph (d), as added by section 7, must equal at least  
 201.15 \$10,000,000.

201.16 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
 201.17 city of Duluth and its chief clerical officer timely comply with Minnesota Statutes, section  
 201.18 645.021, subdivisions 2 and 3.

201.19 Sec. 5. **[469.53] REGIONAL EXCHANGE DISTRICT PUBLIC INFRASTRUCTURE**  
 201.20 **PROJECTS.**

201.21 (a) The following projects shall be eligible for state appropriation support payments  
 201.22 upon approval by the Duluth City Council. Costs may be reimbursed for eligible projects  
 201.23 that begin construction prior to September 30, 2020, but in no case may the total state  
 201.24 payment per project exceed the amount established in this section. Eligible projects include:

201.25 (1) two levels of expansion to an existing medical district parking ramp and skywalk  
 201.26 replacement in an amount not to exceed \$13,010,000, including any land acquisition;

201.27 (2) a ramp with up to 1,400 new parking stalls and a skywalk to serve medical entity  
 201.28 west in an amount not to exceed \$36,400,000, including any land acquisition;

201.29 (3) extension of 6th Avenue East from 2nd Street to 1st Street in an amount not to exceed  
 201.30 \$5,900,000, including any land acquisition;

201.31 (4) demolition of existing hospital structure for site reuse, to accomplish the purposes  
 201.32 in section 469.51, subdivision 2, in an amount not to exceed \$10,000,000;

202.1 (5) roadway, utility, and site improvements and capacity upgrades to support medical  
 202.2 entity west hospital construction in an amount not to exceed \$11,410,000;

202.3 (6) district energy connections, capacity enhancement, and a pressure pump station in  
 202.4 an amount not to exceed \$7,000,000; and

202.5 (7) a ramp with up to 400 new parking stall to serve medical entity east in an amount  
 202.6 not to exceed \$14,000,000.

202.7 (b) For any public infrastructure project that will not be let by the city for which state  
 202.8 support is sought, the project must proceed and comply with any state and local contracting  
 202.9 requirements otherwise applicable to the city had the city let the project. The city shall have  
 202.10 the right to inspect, upon reasonable notice, the construction contracts and related  
 202.11 documentation for any public infrastructure project for which state support is sought.

202.12 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
 202.13 city of Duluth and its chief clerical officer timely comply with Minnesota Statutes, section  
 202.14 645.021, subdivisions 2 and 3.

202.15 **Sec. 6. [469.54] STATE VALUE CAPTURE.**

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

202.18 (b) "Appropriation support payments" means payment from the state to the city pursuant  
 202.19 to subdivision 3.

202.20 (c) "Construction projects" means expenditures for the constructing, furnishing,  
 202.21 commissioning, and equipping of buildings, ancillary facilities, utilities, parking, and other  
 202.22 improvements that are located within the district.

202.23 (d) "Expenditures" means expenditures made by a private entity on construction projects,  
 202.24 including, but not limited to:

202.25 (1) planning, predesign, and design, including architectural, engineering, project  
 202.26 management, and similar services;

202.27 (2) legal, regulatory, and other compliance costs of the project;

202.28 (3) land acquisition, demolition of existing improvements, and other site preparation  
 202.29 costs;

202.30 (4) construction costs, including all materials and supplies of the project; and

202.31 (5) equipment, furnishings, and fixtures.

203.1 Expenditures excludes supplies and other items with a useful life of less than a year that  
203.2 are not used or consumed in constructing improvements to real property or are otherwise  
203.3 chargeable to capital costs.

203.4 (e) "Qualified expenditures" means the total expenditures under paragraph (d) since  
203.5 January 1, 2019, and certified under subdivision 2, and excludes any expenditures for which  
203.6 reimbursement is or will be sought under section 469.53.

203.7 Subd. 2. **Certification of expenditures.** By May 1 of any year, the city must certify to  
203.8 the commissioner the amount of qualified expenditures, required under subdivision 3,  
203.9 paragraph (a). The certification must be made in the form that the commissioner prescribes  
203.10 and include any documentation of and supporting information regarding the qualified  
203.11 expenditures that the commissioner requires. By September 1 of the year in which a  
203.12 certification was submitted, the commissioner must confirm or revise the amount of the  
203.13 qualified expenditures.

203.14 Subd. 3. **Appropriation support payments.** (a) Public financing for the construction  
203.15 of a parking structure for a medical business entity is not available until the commissioner  
203.16 determines that the medical business entity that would benefit from the parking structure  
203.17 to be financed has made at least \$50,000,000 in qualified expenditures. The requirements  
203.18 of this paragraph apply to each medical entity individually. Upon certification of the required  
203.19 amount by either medical business entity, public financing for the construction of parking  
203.20 structures benefiting that entity is available.

203.21 (b) No appropriation support payments shall be paid before July 1, 2021. The maximum  
203.22 appropriation support payment paid in fiscal year 2022 is \$3,660,000. The maximum  
203.23 appropriation support payment in any subsequent fiscal year is limited to no more than  
203.24 \$8,100,000, each subject to paragraph (e). The total amount of appropriation support  
203.25 payments made under this subdivision is limited to an amount sufficient to finance  
203.26 \$97,720,000 of public infrastructure projects.

203.27 (c) The city must use the appropriation support payments it receives under this subdivision  
203.28 for public infrastructure projects, including the cost to finance such projects. The city must  
203.29 maintain appropriate records to document the use of the funds under this requirement.

203.30 (d) The commissioner must pay to the city the amount of appropriation support payments  
203.31 determined under this section for the year by September 1.

203.32 (e) In lieu of directly receiving the appropriation support payments, the city may elect  
203.33 to have the state issue appropriation bonds as provided in section 16A.968 to finance up to  
203.34 \$97,720,000 of public infrastructure projects. In the event the state issues appropriation

204.1 bonds for these purposes, the amount of appropriation support payments in any year is  
 204.2 reduced by an amount equal to the amount needed from the general fund under section  
 204.3 16A.968, subdivision 8.

204.4 Subd. 4. **Credit for parking revenue.** (a) By March 1 of the year following the year in  
 204.5 which the parking facilities or structures are constructed within the district, the city must  
 204.6 certify to the commissioner:

204.7 (1) the total amount of revenue generated by the parking facilities and structures in the  
 204.8 preceding year; and

204.9 (2) the total amount necessary for operational and maintenance expenses of the facilities  
 204.10 or structures in the current year.

204.11 (b) By July 1 of each year thereafter, for a period of 25 years, the commissioner must  
 204.12 confirm or revise the amounts as reported. An amount equal to 50 percent of the amount of  
 204.13 revenue received by the city by the parking structures and facilities in the previous year that  
 204.14 is greater than the amount necessary for operational and maintenance expenses of the  
 204.15 facilities or structures in the current year must be paid by the city to the commissioner of  
 204.16 employment and economic development by September 1 for deposit into the general fund.

204.17 Subd. 5. **Prevailing wage requirement.** During the construction, installation, remodeling,  
 204.18 and repairs of any public infrastructure project funded by appropriation support payments,  
 204.19 laborers and mechanics at the site must be paid the prevailing wage rate as defined in section  
 204.20 177.42, subdivision 6, and the public infrastructure project is subject to the requirements  
 204.21 of sections 177.30 and 177.41 to 177.44.

204.22 Subd. 6. **Termination.** No aid may be paid under this section after fiscal year 2055.

204.23 Subd. 7. **Appropriation.** An amount sufficient to pay the appropriation support payments  
 204.24 authorized under this section to the city is appropriated to the commissioner from the general  
 204.25 fund.

204.26 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
 204.27 city of Duluth and its chief clerical officer timely comply with Minnesota Statutes, section  
 204.28 645.021, subdivisions 2 and 3.

204.29 Sec. 7. Laws 1980, chapter 511, section 1, subdivision 1, is amended to read:

204.30 Section 1. **CITY OF DULUTH; SALES AND USE TAX.** Subdivision 1. (a) Minnesota  
 204.31 Statutes, Section ~~477A.01, Subdivision 18~~ 477A.016, shall not be deemed to prohibit the  
 204.32 city of Duluth from amending its sales and use tax ordinances so as to impose a sales or

205.1 and use tax at the rate of one percent upon any or all sales or uses which are taxed by the  
205.2 state of Minnesota pursuant to Minnesota Statutes, Chapter 297A ~~or 297B~~.

205.3 (b) Notwithstanding Minnesota Statutes, section 477A.016, or any ordinance, city charter,  
205.4 or other provision of law, pursuant to the approval of the voters at the election on November  
205.5 7, 2017, the city of Duluth may impose by ordinance an additional sales and use tax of  
205.6 one-half of one percent for the purposes specified in paragraphs (c) and (d). The provisions  
205.7 of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection,  
205.8 and enforcement of the taxes authorized under this paragraph. The tax may not be imposed  
205.9 until the city complies with the provisions of article 6, section 34.

205.10 (c) Revenues received from the tax authorized by paragraph (b) must be used to pay all  
205.11 or part of the capital and administrative costs of street, curb, gutter, sidewalk, and bridge  
205.12 improvements, including related lighting and signals in the city of Duluth as outlined in the  
205.13 Duluth Street Improvement program 2017 as designated August 8, 2017.

205.14 (d) Revenues from the tax authorized by paragraph (b) must be used to pay all or part  
205.15 of the improvements listed in paragraph (c) that are located within the district established  
205.16 under Minnesota Statutes, section 469.51. The total expenditures required under this  
205.17 paragraph and under Minnesota Statutes, section 469.52, subdivision 6, must equal at least  
205.18 \$10,000,000. The allocation required under this paragraph expires ten years after the date  
205.19 of initial imposition of the tax.

205.20 (e) The city of Duluth, pursuant to the approval of the voters at the November 7, 2017,  
205.21 referendum authorizing the imposition of the taxes in this section, may issue bonds under  
205.22 Minnesota Statutes, chapter 475, to pay capital and administrative expenses for the projects  
205.23 described in paragraphs (c) and (d), until the tax terminates as provided in paragraph (f). A  
205.24 separate election to approve the bonds under Minnesota Statutes, section 475.58, is not  
205.25 required.

205.26 (f) The tax authorized under paragraph (b) terminates at the earlier of: (1) 25 years after  
205.27 the date of initial imposition of the tax; or (2) when the city council determines that sufficient  
205.28 funds have been raised from the tax to finance the capital and administrative costs of the  
205.29 improvements described in paragraphs (c) and (d), plus the additional amount needed to  
205.30 pay the costs related to issuance of bonds under paragraph (e), including interest bonds.  
205.31 Any funds remaining after completion of the projects specified in paragraphs (c) and (d)  
205.32 and retirement or redemption of bonds in paragraph (e) shall be placed in the general fund  
205.33 of the city. The tax imposed under paragraph (b) may expire at an earlier time if the city so  
205.34 determines by ordinance.

206.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
206.2 city of Duluth and its chief clerical officer timely comply with Minnesota Statutes, section  
206.3 645.021, subdivisions 2 and 3.

## 206.4 **ARTICLE 11**

### 206.5 **MISCELLANEOUS**

206.6 Section 1. **[270B.162] DISCLOSURE; MINIMUM WAGE STUDY.**

206.7 (a) The commissioner may disclose return information to the Federal Reserve Bank of  
206.8 Minneapolis to be used only for the purpose of conducting and publishing economic research  
206.9 studies regarding the impact of minimum wage ordinances adopted by Minneapolis, St.  
206.10 Paul, and other Minnesota cities.

206.11 (b) For purposes of this section, the scope of the return information disclosed is limited  
206.12 to return information for returns filed under chapter 290 and does not include a name,  
206.13 address, Social Security number, taxpayer identification number, or a federal employer  
206.14 identification number.

206.15 (c) The commissioner may enter into a data-sharing agreement only if the agreement  
206.16 includes the following:

206.17 (1) the rationale, purpose, and legal authority for the data sharing;

206.18 (2) a description of the data that may be shared;

206.19 (3) procedures governing the use of the data;

206.20 (4) procedures for transmitting the data;

206.21 (5) procedures for ensuring the security of the data, including protecting the data from  
206.22 unauthorized access or use;

206.23 (6) prohibitions on duplication and redisclosure of the data;

206.24 (7) a requirement that access to the data be limited to persons whose work assignment  
206.25 requires access to the data;

206.26 (8) a requirement that published studies must not include the identity of a taxpayer or  
206.27 any data where the identity of a taxpayer could be associated with any of the data derived  
206.28 from the taxpayer's return;

206.29 (9) procedures for retention and destruction of data shared and created, including  
206.30 requirements that all data must be destroyed following the final publication of any research

207.1 studies and that the Federal Reserve Bank of Minneapolis must provide the commissioner  
207.2 with a certificate of destruction;

207.3 (10) a requirement that the Federal Reserve Bank of Minneapolis maintain a data audit  
207.4 trail that records all instances of access and all actions in which data are entered, updated,  
207.5 or disseminated and identify all persons with access to the data;

207.6 (11) procedures for arranging and providing for an independent annual audit to verify  
207.7 the Federal Reserve Bank of Minneapolis's compliance with the data-sharing agreement,  
207.8 including a requirement that the results of each independent annual audit be submitted to  
207.9 the chairs and ranking minority members of the legislative committees with jurisdiction  
207.10 over civil law and data practices by June 30 each year; and

207.11 (12) a requirement that the results of the minimum wage study be submitted to the chairs  
207.12 and ranking minority members of the legislative committees with jurisdiction over jobs.

207.13 (d) The results of an audit are public to the extent the data are not otherwise classified  
207.14 by law.

207.15 (e) The commissioner's authority to disclose return information under this section expires  
207.16 on December 31, 2033.

207.17 **EFFECTIVE DATE.** This section is effective the day following final enactment, except  
207.18 that the first independent annual audit report, as specified in paragraph (c), clause (11), is  
207.19 not due until June 30, 2020.

207.20 Sec. 2. Minnesota Statutes 2018, section 270C.57, is amended to read:

207.21 **270C.57 SUCCESSOR LIABILITY OF BUSINESSES.**

207.22 Subdivision 1. **Definitions.** (a) The following terms used in this section have the following  
207.23 meanings.

207.24 (b) "Successor" means a person who directly or indirectly purchases, acquires, is gifted,  
207.25 or succeeds to the business or stock of goods of any person quitting, selling, or otherwise  
207.26 disposing of a business or stock of goods. Successor does not include a personal  
207.27 representative or beneficiary of an estate, a trustee in bankruptcy, a debtor in possession, a  
207.28 receiver, a secured party, a mortgagee, an assignee of rents, or any other lienholder.

207.29 (c) "Person" means an individual, partnership, corporation, sole proprietorship, joint  
207.30 venture, limited liability company, or any other type of business entity or association.

208.1 (d) "Withhold" means setting aside money or dealing with the payment of consideration  
208.2 in a manner that denies a transferring business the benefit of the transfer in an amount equal  
208.3 to the ~~sales and withholding~~ tax liability of the transferring business.

208.4 (e) "Purchase price" means the consideration paid or to be paid for the transfer by the  
208.5 successor to the transferring business, and includes amounts paid for tangible property or  
208.6 intangibles such as leases, licenses, or goodwill. Purchase price also includes debts assumed  
208.7 or forgiven by the successor, or real or personal property conveyed or to be conveyed by  
208.8 the successor to the transferring business.

208.9 (f) "Arm's-length transaction" means a transfer for adequate consideration between  
208.10 independent parties both acting in their own best interests. If the parties are related to each  
208.11 other, a rebuttable presumption arises that the transaction is not at arm's length.

208.12 (g) "Transfer" means every mode, direct or indirect, absolute or conditional, voluntary  
208.13 or involuntary, of disposing of or parting with a business or an interest in a business, or a  
208.14 stock of goods, whether by gift or for consideration. Transfer includes a change in the type  
208.15 of business entity or the name of the business, where one business is discontinued and a  
208.16 new one started. Transfer also includes the acquisition by a new corporation of the assets  
208.17 of a prior business in exchange for the stock of the new corporation. Transfer does not  
208.18 include an assignment for the benefit of creditors, foreclosure or enforcement of a mortgage,  
208.19 assignment of rents, security interest or lien, sale or disposition in a bankruptcy proceeding,  
208.20 or sale or disposition by a receiver.

208.21 (h) "Transfer in bulk" means a transfer, other than in the ordinary course of the transferor's  
208.22 trade or business, of more than one-half of all the property of a business at all locations  
208.23 combined, as measured by the value of the property at the time of the transfer.

208.24 (i) For purposes of this section, "tax" means sales, withholding, and any tax imposed by  
208.25 chapter 296A.

208.26 Subd. 2. **Bulk transfers; liability of successor; lien.** (a) Whenever a business transfers  
208.27 in bulk to a successor the business assets, and an enforceable lien for unpaid ~~sales and~~  
208.28 ~~withholding~~ taxes has been filed against the business by the commissioner under section  
208.29 270C.63, at least 20 days before taking possession of the assets or paying the purchase price,  
208.30 the successor shall notify the commissioner of the transfer and the terms and conditions  
208.31 related to it. The notice must include the tax identification number of the transferring  
208.32 business. If an agreement to transfer has been entered into, this notice requirement only  
208.33 applies: (1) if a lien described under this paragraph has been filed prior to the date of the  
208.34 agreement; or (2) if the date of the transfer is more than 30 days after the date of the



209.1 agreement, and a lien described under this paragraph is filed at least 30 days prior to the  
209.2 date of transfer.

209.3 (b) If the successor fails to give the notice required in paragraph (a), the successor is  
209.4 liable for any unpaid ~~sales and withholding~~ taxes, interest, and penalties due from the  
209.5 transferring business to the extent of the purchase price. If the successor provides the notice  
209.6 required in paragraph (a) and, within 20 days after receipt of the notice, the commissioner  
209.7 notifies the successor that tax liabilities exist in addition to those included on the lien or  
209.8 there are ~~sales and withholding~~ tax returns due but not filed, the successor is, in addition to  
209.9 being liable for the amounts included on the lien, liable for all other uncontested ~~sales and~~  
209.10 ~~withholding~~ taxes, interest, and penalties as stated in the commissioner's notice from the  
209.11 transferring business to the extent of the purchase price if the successor pays the purchase  
209.12 price or takes possession of the assets without withholding and remitting the liability to the  
209.13 commissioner. The successor is liable whether the purchase price is paid or the assets are  
209.14 transferred prior to or after notification from the commissioner. The commissioner may  
209.15 also notify the successor that there are ~~no sales or withholding~~ tax liabilities or tax returns  
209.16 due from the transferring business other than the liabilities included on the lien, and of the  
209.17 current balance due to satisfy the lien.

209.18 (c) If, based upon the information available, the commissioner determines that a transfer  
209.19 was not at arm's length or was a gift, the successor's liability under this section equals the  
209.20 value of the assets transferred. For purposes of imposing the liability, the value of the  
209.21 property transferred is presumed, subject to rebuttal, to equal the unpaid ~~sales and withholding~~  
209.22 taxes, interest, and penalties of the transferring business.

209.23 (d) In the case of a gift resulting in successor liability under this section, return of the  
209.24 gifted property by the donee to the donor releases the donee's successor liability.

209.25 (e) A successor who complies with the requirements of paragraphs (a) and (b) is not  
209.26 liable for any assessments of ~~sales and withholding~~ taxes of the transferring business made  
209.27 after the commissioner provides notice to the successor under paragraph (b), except for  
209.28 taxes assessed on returns filed to comply with the notice. If the commissioner fails to provide  
209.29 the notice and the 20-day period expires, the successor is not liable for any ~~sales and~~  
209.30 ~~withholding~~ taxes of the transferring business other than those included on the lien.

209.31 Subd. 3. **Assessment; abatement; review.** The commissioner may assess liability against  
209.32 a successor business under this section within the time prescribed for collecting the  
209.33 underlying ~~sales and withholding~~ taxes, interest, and penalties. The assessment is presumed  
209.34 to be valid, and the burden is upon the successor to show it is incorrect or invalid. An order

210.1 assessing successor liability is reviewable administratively under section 270C.35 and is  
 210.2 appealable to Tax Court under chapter 271. The commissioner may abate an assessment if  
 210.3 the successor's failure to give the notice required under this section is due to reasonable  
 210.4 cause. The procedural and appeal provisions under section 270C.34 apply to abatement  
 210.5 requests under this subdivision. Collection remedies available against the transferring  
 210.6 business are available against the successor from the date of assessment of successor liability.

210.7 Subd. 4. **Disclosure.** Notification by the commissioner to the successor under subdivision  
 210.8 2, paragraph (b), that the transferring business owes ~~sales and withholding~~ taxes, interest,  
 210.9 and penalties or has returns that are due, or that there are no outstanding liabilities or returns  
 210.10 other than the liabilities included on the lien, or of the current balance due to satisfy the  
 210.11 lien, is not a disclosure violation under chapter 270B.

210.12 **EFFECTIVE DATE.** This section is effective for all transfers in bulk that take place  
 210.13 after July 31, 2019.

210.14 Sec. 3. Minnesota Statutes 2018, section 296A.03, subdivision 2, is amended to read:

210.15 Subd. 2. **Qualifications.** (a) A distributor's license shall be issued to any responsible  
 210.16 person who applies and qualifies as a distributor.

210.17 (b) Upon application to the commissioner, the commissioner must issue a distributor's  
 210.18 license to any person who:

210.19 (1) receives petroleum products in this state for bulk storage and subsequent distribution  
 210.20 by tank truck;

210.21 (2) produces, manufactures, or refines petroleum products in this state;

210.22 ~~(3) holds an unrevoked license as a distributor as of July 1, 1994;~~

210.23 ~~(4)~~ (3) imports petroleum products into this state via boat, barge, or pipeline for storage  
 210.24 and subsequent delivery at or further transportation from boat, barge, or pipeline terminals  
 210.25 in this state; or

210.26 ~~(5)~~ (4) holds a license and performs a function under the motor fuel tax law of an  
 210.27 adjoining state equivalent to that of a distributor under this chapter, who desires to ship or  
 210.28 deliver petroleum products from that state to persons in this state not licensed as distributors  
 210.29 in this state and who agrees to assume with respect to all petroleum products so shipped or  
 210.30 delivered the liabilities of a distributor receiving petroleum products in this state; provided,  
 210.31 however, that any such license shall be issued only for the purpose of permitting such person  
 210.32 to receive in this state the petroleum products so shipped or delivered. Except as herein

211.1 provided, all persons licensed as distributors under this clause shall have the same rights  
 211.2 and privileges and be subject to the same duties, requirements, and penalties as other licensed  
 211.3 distributors.

211.4 (c) The commissioner shall not issue or renew a license to a person otherwise eligible  
 211.5 under this subdivision if the person:

211.6 (1) has unpaid tax due under this chapter;

211.7 (2) has unfiled tax returns or reports due under this chapter;

211.8 (3) has had a license issued pursuant to chapter 296A revoked within the last five years;

211.9 or

211.10 (4) has had an equivalent license issued by another state or Canadian province revoked  
 211.11 within the last five years for failure to pay a tax or file a tax return or report.

211.12 **EFFECTIVE DATE.** This section is effective for all licenses with an effective date  
 211.13 after June 30, 2019.

211.14 Sec. 4. Minnesota Statutes 2018, section 296A.04, is amended by adding a subdivision to  
 211.15 read:

211.16 Subd. 1a. **Issuance and renewal of license.** The provisions of section 296A.03,  
 211.17 subdivision 2, paragraph (c), apply to special fuel dealers.

211.18 **EFFECTIVE DATE.** This section is effective for all licenses with an effective date  
 211.19 after June 30, 2019.

211.20 Sec. 5. Minnesota Statutes 2018, section 296A.05, is amended by adding a subdivision to  
 211.21 read:

211.22 Subd. 1a. **Issuance and renewal of license.** The provisions of section 296A.03,  
 211.23 subdivision 2, paragraph (c), apply to bulk purchasers.

211.24 **EFFECTIVE DATE.** This section is effective for all licenses with an effective date  
 211.25 after June 30, 2019.

211.26 Sec. 6. Minnesota Statutes 2018, section 296A.06, is amended to read:

211.27 **296A.06 REVOCATION OF LICENSE, PERMIT, OR CERTIFICATE;**  
 211.28 **SUSPENSION OF LICENSE.**

211.29 Subd. 1. **Revocation of license, permit, or certificate.** If any person fails to comply  
 211.30 with this chapter or the rules adopted under this chapter, without reasonable cause, the

212.1 commissioner may give the person 30 days' notice in writing, specifying the violations, and  
 212.2 stating that based upon such violations the commissioner intends to revoke the person's  
 212.3 license, permit, or certificate. The notice shall also advise the person of the person's right  
 212.4 to contest the revocation under this section and the general procedures for a contested case  
 212.5 hearing under chapter 14. The notice may be served personally or by mail in the manner  
 212.6 prescribed for service of an order of assessment. A license, permit, or certificate is revoked  
 212.7 when the commissioner serves a notice of revocation upon the person after 30 days have  
 212.8 passed following the date of the notice of intent to revoke without the person requesting a  
 212.9 hearing. If a hearing is timely requested and held, the license, permit, or certificate is revoked  
 212.10 after the commissioner serves an order of revocation under section 14.62, subdivision 1.

212.11 Subd. 2. **Suspension of license.** (a) Notwithstanding subdivision 1, the license of a  
 212.12 distributor, fuel dealer, or bulk purchaser that has not filed a tax return or report or paid a  
 212.13 delinquent tax or fee within five days after notice and demand by the commissioner is  
 212.14 suspended. The suspension remains in effect until the demanded tax return or report has  
 212.15 been filed and the tax and fees shown on that return or report have been paid. If the  
 212.16 commissioner determines that the failure to file or failure to pay is due to reasonable cause,  
 212.17 then a license must not be suspended, or if suspended, must be reinstated.

212.18 (b) A licensee whose license is suspended under this subdivision may request a contested  
 212.19 case hearing under chapter 14. Any such hearing must be held within 20 days of the issuance  
 212.20 of the notice and demand issued under paragraph (a), unless the parties agree to a later  
 212.21 hearing date. The administrative law judge's report must be issued within 20 days after the  
 212.22 close of the hearing record, unless the parties agree to a later report issuance date. The  
 212.23 commissioner must issue a final decision within 30 days after receipt of the report of the  
 212.24 administrative law judge and subsequent exceptions and argument under section 14.61. The  
 212.25 suspension imposed under paragraph (a) remains in effect during any contest case hearing  
 212.26 process requested pursuant to this paragraph.

212.27 **EFFECTIVE DATE.** This section is effective July 1, 2019.

212.28 Sec. 7. Minnesota Statutes 2018, section 297F.08, subdivision 8, is amended to read:

212.29 **Subd. 8. Sale of stamps.** The commissioner may sell stamps on a credit basis under  
 212.30 conditions prescribed by the commissioner. The commissioner shall sell the stamps at a  
 212.31 price which includes the tax ~~after giving effect to the discount provided in subdivision 7.~~  
 212.32 The commissioner shall recover the actual costs of the stamps from the distributor. The  
 212.33 commissioner shall annually establish the maximum amount of stamps that may be purchased  
 212.34 each month.

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

213.2 Sec. 8. Minnesota Statutes 2018, section 297F.08, subdivision 9, is amended to read:

213.3 Subd. 9. **Tax stamping machines.** The commissioner shall require any person licensed  
 213.4 as a distributor to stamp packages with a tax stamping machine, approved by the  
 213.5 commissioner, which shall be provided by the distributor. The commissioner shall also  
 213.6 supervise and check the operation of the machines and shall provide for the payment of the  
 213.7 tax on any package so stamped, ~~subject to the discount provided in subdivision 7.~~ If the  
 213.8 commissioner finds that a stamping machine is not affixing a legible stamp on the package,  
 213.9 the commissioner may order the distributor to immediately cease the stamping process until  
 213.10 the machine is functioning properly.

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

213.12 Sec. 9. Minnesota Statutes 2018, section 298.225, subdivision 1, is amended to read:

213.13 Subdivision 1. **Guaranteed distribution.** (a) Except as provided under paragraph (c),  
 213.14 the distribution of the taconite production tax as provided in section 298.28, subdivisions  
 213.15 3 to 5, 6, paragraph (b), 7, and 8, shall equal the lesser of the following amounts:

213.16 (1) the amount distributed pursuant to this section and section 298.28, with respect to  
 213.17 1983 production if the production for the year prior to the distribution year is no less than  
 213.18 42,000,000 taxable tons. If the production is less than 42,000,000 taxable tons, the amount  
 213.19 of the distributions shall be reduced proportionately at the rate of two percent for each  
 213.20 1,000,000 tons, or part of 1,000,000 tons by which the production is less than 42,000,000  
 213.21 tons; or

213.22 (2)(i) for the distributions made pursuant to section 298.28, subdivisions 4, paragraphs  
 213.23 (b) and (c), and 6, paragraph (c), 31.2 percent of the amount distributed pursuant to this  
 213.24 section and section 298.28, with respect to 1983 production;

213.25 (ii) for the distributions made pursuant to section 298.28, subdivision 5, paragraphs (b)  
 213.26 and (d), 75 percent of the amount distributed pursuant to this section and section 298.28,  
 213.27 with respect to 1983 production provided that the aid guarantee for distributions under  
 213.28 section 298.28, subdivision 5, paragraph (b), shall be reduced by five cents per taxable ton  
 213.29 for production years 2014 and thereafter.

213.30 (b) The distribution of the taconite production tax as provided in section 298.28,  
 213.31 subdivision 2, shall equal the following amount:

214.1 (1) if the production for the year prior to the distribution year is at least 42,000,000  
214.2 taxable tons, the amount distributed pursuant to this section and section 298.28 with respect  
214.3 to 1999 production; or

214.4 (2) if the production for the year prior to the distribution year is less than 42,000,000  
214.5 taxable tons, the amount distributed pursuant to this section and section 298.28 with respect  
214.6 to 1999 production, reduced proportionately at the rate of two percent for each 1,000,000  
214.7 tons or part of 1,000,000 tons by which the production is less than 42,000,000 tons.

214.8 (c) The distribution of the taconite production tax under section 298.28, subdivision 3,  
214.9 paragraph (a), must equal the amount distributed under 298.28, with respect to 1983  
214.10 production.

214.11 **EFFECTIVE DATE.** This section is effective for distributions in 2020 and thereafter.

214.12 Sec. 10. Minnesota Statutes 2018, section 298.28, subdivision 3, is amended to read:

214.13 Subd. 3. **Cities; towns.** (a) 12.5 cents per taxable ton, less any amount distributed under  
214.14 subdivision 8, and paragraph (b), must be allocated to the taconite municipal aid account  
214.15 to be distributed as provided in section 298.282. The amount allocated to the taconite  
214.16 municipal aid account must be annually increased in the same proportion as the increase in  
214.17 the implicit price deflator as provided in section 298.24, subdivision 1.

214.18 (b) An amount must be allocated to towns or cities that is annually certified by the county  
214.19 auditor of a county containing a taconite tax relief area as defined in section 273.134,  
214.20 paragraph (b), within which there is (1) an organized township if, as of January 2, 1982,  
214.21 more than 75 percent of the assessed valuation of the township consists of iron ore or (2) a  
214.22 city if, as of January 2, 1980, more than 75 percent of the assessed valuation of the city  
214.23 consists of iron ore.

214.24 (c) The amount allocated under paragraph (b) will be the portion of a township's or city's  
214.25 certified levy equal to the proportion of (1) the difference between 50 percent of January  
214.26 2, 1982, assessed value in the case of a township and 50 percent of the January 2, 1980,  
214.27 assessed value in the case of a city and its current assessed value to (2) the sum of its current  
214.28 assessed value plus the difference determined in (1), provided that the amount distributed  
214.29 shall not exceed \$55 per capita in the case of a township or \$75 per capita in the case of a  
214.30 city. For purposes of this limitation, population will be determined according to the 1980  
214.31 decennial census conducted by the United States Bureau of the Census. If the current assessed  
214.32 value of the township exceeds 50 percent of the township's January 2, 1982, assessed value,  
214.33 or if the current assessed value of the city exceeds 50 percent of the city's January 2, 1980,

215.1 assessed value, this paragraph shall not apply. For purposes of this paragraph, "assessed  
215.2 value," when used in reference to years other than 1980 or 1982, means the appropriate net  
215.3 tax capacities multiplied by 10.2.

215.4 (d) In addition to other distributions under this subdivision, three cents per taxable ton  
215.5 for distributions in 2009 must be allocated for distribution to towns that are entirely located  
215.6 within the taconite tax relief area defined in section 273.134, paragraph (b). For distribution  
215.7 in 2010 through 2014 and for distribution in 2018 and subsequent years, the three-cent  
215.8 amount must be annually increased in the same proportion as the increase in the implicit  
215.9 price deflator as provided in section 298.24, subdivision 1. The amount available under this  
215.10 paragraph will be distributed to eligible towns on a per capita basis, provided that no town  
215.11 may receive more than \$50,000 in any year under this paragraph. Any amount of the  
215.12 distribution that exceeds the \$50,000 limitation for a town under this paragraph must be  
215.13 redistributed on a per capita basis among the other eligible towns, to whose distributions  
215.14 do not exceed \$50,000.

215.15 **EFFECTIVE DATE.** This section is effective for distributions in 2020 and thereafter.

215.16 Sec. 11. Minnesota Statutes 2018, section 298.28, subdivision 11, is amended to read:

215.17 Subd. 11. **Remainder.** (a) The proceeds of the tax imposed by section 298.24 which  
215.18 remain after the distributions and payments in subdivisions 2 to 10a, as certified by the  
215.19 commissioner of revenue, and paragraphs (b), (c), and (d) have been made, together with  
215.20 interest earned on all money distributed under this section prior to distribution, shall be  
215.21 divided between the taconite environmental protection fund created in section 298.223 and  
215.22 the Douglas J. Johnson economic protection trust fund created in section 298.292 as follows:  
215.23 Two-thirds to the taconite environmental protection fund and one-third to the Douglas J.  
215.24 Johnson economic protection trust fund. The proceeds shall be placed in the respective  
215.25 special accounts.

215.26 (b) There shall be distributed to each city, town, and county the amount that it received  
215.27 under Minnesota Statutes 1978, section 294.26, in calendar year 1977; provided, however,  
215.28 that (1) the amount distributed in 1981 to the unorganized territory number 2 of Lake County  
215.29 and the town of Beaver Bay based on the between-terminal trackage of Erie Mining Company  
215.30 will be distributed in 1982 and subsequent years to the unorganized territory number 2 of  
215.31 Lake County and the towns of Beaver Bay and Stony River based on the miles of track of  
215.32 Erie Mining Company in each taxing district; and (2) a city located within six miles of five  
215.33 other cities qualifying for a distribution under section 298.282 shall receive a distribution  
215.34 equal to \$5,000 under this paragraph in calendar year 2020 and subsequent years. The

216.1 distribution to all other cities and towns receiving a distribution under this paragraph shall  
 216.2 be reduced by the ratio that \$5,000 bears to the total aid distribution received by all cities  
 216.3 and towns under this paragraph.

216.4 (c) There shall be distributed to the Iron Range resources and rehabilitation account the  
 216.5 amounts it received in 1977 under Minnesota Statutes 1978, section 298.22. The amount  
 216.6 distributed under this paragraph shall be expended within or for the benefit of the taconite  
 216.7 assistance area defined in section 273.1341.

216.8 (d) There shall be distributed to each school district 62 percent of the amount that it  
 216.9 received under Minnesota Statutes 1978, section 294.26, in calendar year 1977.

216.10 **EFFECTIVE DATE.** This section is effective for aid distributions in 2020 and  
 216.11 subsequent years.

216.12 Sec. 12. Minnesota Statutes 2018, section 298.282, subdivision 1, is amended to read:

216.13 Subdivision 1. **Distribution of taconite municipal aid account.** The amount deposited  
 216.14 with the county as provided in section 298.28, subdivision 3, must be distributed as provided  
 216.15 by this section among: (1) the municipalities ~~comprising~~ located within a taconite assistance  
 216.16 area under section 273.1341 that meet the criteria of section 273.1341, clause (1) or (2); (2)  
 216.17 a township that contains a state park consisting primarily of an underground iron ore mine;  
 216.18 ~~and~~ (3) a city located within five miles of that state park; and (4) Breitung Township in St.  
 216.19 Louis County, each being referred to in this section as a qualifying municipality. The  
 216.20 distribution to Breitung Township under this subdivision shall be \$15,000 annually.

216.21 **EFFECTIVE DATE.** This section is effective beginning with distributions in 2020.

216.22 Sec. 13. Minnesota Statutes 2018, section 353.27, subdivision 3c, is amended to read:

216.23 Subd. 3c. **Former MERF members; member and employer contributions.** (a) For  
 216.24 the period July 1, ~~2015~~ 2019, through December 31, 2031, the member contributions for  
 216.25 former members of the Minneapolis Employees Retirement Fund and by the former  
 216.26 Minneapolis Employees Retirement Fund-covered employing units are governed by this  
 216.27 subdivision.

216.28 (b) The member contribution for a public employee who was a member of the former  
 216.29 Minneapolis Employees Retirement Fund on June 29, 2010, is 9.75 percent of the salary of  
 216.30 the employee.



217.1 (c) The employer regular contribution with respect to a public employee who was a  
 217.2 member of the former Minneapolis Employees Retirement Fund on June 29, 2010, is 9.75  
 217.3 percent of the salary of the employee.

217.4 (d) The annual employer supplemental contribution is the employing unit's share of  
 217.5 ~~\$31,000,000. For calendar years 2017 and 2018, the employer supplemental contribution~~  
 217.6 ~~is the employing unit's share of \$21,000,000.~~

217.7 (e) Each employing unit's share under paragraph (d) is the amount determined from an  
 217.8 allocation between each employing unit in the portion equal to the unit's employer  
 217.9 supplemental contribution paid or payable under Minnesota Statutes 2012, section 353.50,  
 217.10 during calendar year 2014.

217.11 (f) The employer supplemental contribution amount under paragraph (d) for calendar  
 217.12 year ~~2015~~ 2019 must be invoiced by the executive director of the Public Employees  
 217.13 Retirement Association by July 1, ~~2015~~. ~~The calendar year 2015 payment is payable in a~~  
 217.14 ~~single amount on or before September 30, 2015~~ 2019. For subsequent calendar years, the  
 217.15 employer supplemental contribution under paragraph (d) must be invoiced on January 31  
 217.16 of each year ~~and~~. The employer supplemental contribution is payable in two parts, with the  
 217.17 first half payable on or before July 31 and with the second half payable on or before  
 217.18 December 15. Late payments are payable with interest, compounded annually, at the  
 217.19 applicable rate or rates specified in section 356.59, subdivision 3, per month for each month  
 217.20 or portion of a month that has elapsed after the due date.

217.21 (g) The employer supplemental contribution under paragraph (d) terminates on December  
 217.22 31, 2031.

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

217.24 Sec. 14. Minnesota Statutes 2018, section 353.505, is amended to read:

217.25 **353.505 STATE CONTRIBUTIONS; FORMER MERF DIVISION.**

217.26 (a) On September 15, 2019, and annually thereafter, the state shall pay to the general  
 217.27 employees retirement plan of the Public Employees Retirement Association, with respect  
 217.28 to the former MERF division, ~~\$6,000,000~~ \$16,000,000.

217.29 ~~(b) On September 15, 2017, and September 15, 2018, the state shall pay to the general~~  
 217.30 ~~employees retirement plan of the Public Employees Retirement Association, with respect~~  
 217.31 ~~to the former MERF division, \$16,000,000.~~

217.32 ~~(e)~~ (b) State contributions under this section end on September 15, 2031.

218.1 (c) The commissioner of management and budget shall pay the contribution specified  
 218.2 in this section. The amount required is appropriated annually from the general fund to the  
 218.3 commissioner of management and budget.

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

218.5 Sec. 15. Laws 2009, chapter 122, section 3, subdivision 1, is amended to read:

218.6 Subdivision 1. **Establishment.** Any two or more of the following municipalities in St.  
 218.7 Louis County may establish, by resolution of their respective governing bodies, the Central  
 218.8 Iron Range Sanitary Sewer District: the cities of Buhl, Chisholm, and Kinney, and the ~~towns~~  
 218.9 town of Balkan and Great Scott. Instead of adopting a resolution, a municipality may hold  
 218.10 a referendum on the question of whether to join the district at a general or special election.  
 218.11 After a municipality has adopted a resolution or held a referendum in which the voters  
 218.12 approved joining the district, the municipality must provide notice to the chief clerical  
 218.13 officer of other municipalities listed. The district is established when the first two  
 218.14 municipalities have notified the other municipalities. Other municipalities may join without  
 218.15 the consent of the member municipalities within 60 days after the district is established. If  
 218.16 the district is established, it also includes the territory occupied by the Minnesota Discovery  
 218.17 Center, formerly Ironworld. The sewer district is under the control and management of the  
 218.18 Central Iron Range Sanitary Sewer Board. The district is established as a public corporation  
 218.19 and political subdivision of the state with perpetual succession and all the rights, powers,  
 218.20 privileges, immunities, and duties granted to or imposed upon a municipal corporation, as  
 218.21 provided in this act.

218.22 **EFFECTIVE DATE; LOCAL APPROVAL.** This section is effective the day after  
 218.23 the governing body and chief clerical officer of each municipality that is part of the Central  
 218.24 Iron Range Sanitary Sewer District timely complete their compliance with Minnesota  
 218.25 Statutes, section 645.021, subdivisions 2 and 3.

218.26 Sec. 16. Laws 2009, chapter 122, section 3, subdivision 2, is amended to read:

218.27 Subd. 2. **Members and selection.** The board is composed of members selected as  
 218.28 provided in this subdivision. The town board of each township that joins the district shall  
 218.29 appoint one ~~resident~~ member to the sewer board. The city council of each city that joins the  
 218.30 district shall appoint members to the sewer board as follows: three members for the city of  
 218.31 Chisholm, two members for the city of Buhl, and one member for the city of Kinney. One  
 218.32 member must be selected by the Iron Range Resources and Rehabilitation Board (IRRRB)  
 218.33 on behalf of ~~Ironworld~~ the Minnesota Discovery Center. Each member of the sewer board:

219.1 (1) must be a resident of the municipality the member represents, except the member  
219.2 appointed by the IRRRB;

219.3 (2) may be a member of the governing body of the municipality appointing the member;  
219.4 and

219.5 (3) has one vote.

219.6 The first terms are as follows: one-third of the members for one year, one-third for two  
219.7 years, and the remainder for three years, fixed by lot at the district's first meeting; thereafter,  
219.8 all terms are for three years.

219.9 **EFFECTIVE DATE; LOCAL APPROVAL.** This section is effective retroactively  
219.10 from December 27, 2003, and all appointments of sewer board members made since such  
219.11 date are ratified and confirmed, the day after the governing body and chief clerical officer  
219.12 of each municipality that is part of the Central Iron Range Sanitary Sewer District comply  
219.13 with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

219.14 Sec. 17. **BUDGET RESERVE REDUCTION.**

219.15 On July 1, 2021, the balance of the budget reserve account established in Minnesota  
219.16 Statutes, section 16A.152, subdivision 1a, is reduced by \$491,369,000.

219.17 Sec. 18. **APPROPRIATION; TAXPAYER ASSISTANCE GRANTS.**

219.18 (a) \$200,000 in fiscal year 2020 and \$200,000 in fiscal year 2021 are appropriated from  
219.19 the general fund to the commissioner of revenue to make grants to one or more nonprofit  
219.20 organizations, qualifying under section 501(c)(3) of the Internal Revenue Code of 1986, to  
219.21 coordinate, facilitate, encourage, and aid in the provision of taxpayer assistance services.  
219.22 These amounts are in addition to any other amounts appropriated by law. Of the amount  
219.23 appropriated, up to five percent may be used for the administration of the taxpayer assistance  
219.24 grants program.

219.25 (b) For purposes of this section, "taxpayer assistance services" means accounting and  
219.26 tax preparation services provided by volunteers to low-income, elderly, and disadvantaged  
219.27 Minnesota residents to help them file federal and state income tax returns and Minnesota  
219.28 property tax refund claims and to provide personal representation before the Department  
219.29 of Revenue and Internal Revenue Service.

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

220.1 Sec. 19. APPROPRIATION.

220.2 \$3,000,000 in fiscal year 2020 and \$3,000,000 in fiscal year 2021 are appropriated to  
 220.3 the commissioner of revenue to administer this act.

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

220.5 Sec. 20. REPEALER.

220.6 (a) Minnesota Statutes 2018, section 297F.08, subdivision 5, is repealed.

220.7 (b) Minnesota Statutes 2018, sections 296A.03, subdivision 5; 296A.04, subdivision 2;  
 220.8 and 296A.05, subdivision 2, and Minnesota Rules, part 8125.0410, subpart 1, are repealed.

220.9 EFFECTIVE DATE. Paragraph (a) is effective the day following final enactment.

220.10 Paragraph (b) is effective for all licenses with an effective date after June 30, 2019.

220.11 **ARTICLE 12**

220.12 **DEPARTMENT OF REVENUE INDIVIDUAL INCOME AND CORPORATE**  
 220.13 **FRANCHISE TAXES; POLICY CHANGES**

220.14 Section 1. Minnesota Statutes 2018, section 290.0137, is amended to read:

220.15 **290.0137 ACCELERATED RECOGNITION OF CERTAIN INSTALLMENT**  
 220.16 **SALE GAINS.**

220.17 (a) In the case of a nonresident individual or a person who becomes a nonresident  
 220.18 individual during the tax year, taxable net income shall include the ~~allocable~~ amount realized  
 220.19 upon a sale of the assets of, or any interest in, an S corporation or partnership that operated  
 220.20 in Minnesota during the year of sale, including any income or gain to be recognized in future  
 220.21 years pursuant to an installment sale method of reporting under the Internal Revenue Code.

220.22 (1) For the purposes of this paragraph, an individual who becomes a nonresident of  
 220.23 Minnesota in any year after an installment sale is required to recognize the full amount of  
 220.24 any income or gain described in this paragraph on the individual's final Minnesota resident  
 220.25 tax return to the extent that such income has not been recognized in a prior year.

220.26 (2) For the purposes of this section, "realized" has the meaning given in section 1001(b)  
 220.27 of the Internal Revenue Code.

220.28 (3) For the purposes of this section, "installment sale" means any installment sale under  
 220.29 section 453 of the Internal Revenue Code and any other sale that is reported utilizing a  
 220.30 method of accounting authorized under subchapter E of the Internal Revenue Code that  
 220.31 allows taxpayers to delay reporting or recognizing a realized gain until a future year.

221.1 ~~(4) For the purposes of this section, "allocable amount" means the full amount to be~~  
 221.2 ~~apportioned to Minnesota under section 290.191 or 290.20, or the full amount to be assigned~~  
 221.3 ~~to Minnesota under section 290.17.~~

221.4 (b) Notwithstanding paragraph (a), nonresident taxpayers may elect to defer recognizing  
 221.5 unrecognized installment sale gains by making an election under this paragraph. The election  
 221.6 must be filed on a form to be determined or prescribed by the commissioner and must be  
 221.7 filed by the due date of the individual income tax return, including any extension. Electing  
 221.8 taxpayers must make an irrevocable agreement to:

221.9 (1) file Minnesota tax returns in all subsequent years when gains from the installment  
 221.10 sales are recognized and reported to the Internal Revenue Service;

221.11 (2) allocate gains to the state of Minnesota as though the gains were realized in the year  
 221.12 of sale under section 290.17, 290.191, or 290.20; and

221.13 (3) include all relevant federal tax documents reporting the installment sale with  
 221.14 subsequent Minnesota tax returns.

221.15 (c) Income or gain recognized for Minnesota purposes pursuant to paragraph (a) must  
 221.16 be excluded from taxable net income in any future year that the taxpayer files a Minnesota  
 221.17 tax return to the extent that the income or gain has already been subject to tax pursuant to  
 221.18 paragraph (a).

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

221.20 Sec. 2. Minnesota Statutes 2018, section 290.06, subdivision 2c, is amended to read:

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

221.25 (1) On the first \$35,480, 5.35 percent;

221.26 (2) On all over \$35,480, but not over \$140,960, 7.05 percent;

221.27 (3) On all over \$140,960, but not over \$250,000, 7.85 percent;

221.28 (4) On all over \$250,000, 9.85 percent.

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

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

222.3 (1) On the first \$24,270, 5.35 percent;

222.4 (2) On all over \$24,270, but not over \$79,730, 7.05 percent;

222.5 (3) On all over \$79,730, but not over \$150,000, 7.85 percent;

222.6 (4) On all over \$150,000, 9.85 percent.

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

222.10 (1) On the first \$29,880, 5.35 percent;

222.11 (2) On all over \$29,880, but not over \$120,070, 7.05 percent;

222.12 (3) On all over \$120,070, but not over \$200,000, 7.85 percent;

222.13 (4) On all over \$200,000, 9.85 percent.

222.14 (d) In lieu of a tax computed according to the rates set forth in this subdivision, the tax  
222.15 of any individual taxpayer whose taxable net income for the taxable year is less than an  
222.16 amount determined by the commissioner must be computed in accordance with tables  
222.17 prepared and issued by the commissioner of revenue based on income brackets of not more  
222.18 than \$100. The amount of tax for each bracket shall be computed at the rates set forth in  
222.19 this subdivision, provided that the commissioner may disregard a fractional part of a dollar  
222.20 unless it amounts to 50 cents or more, in which case it may be increased to \$1.

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

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

222.27 (i) the additions required under ~~section~~ sections 290.0131, subdivisions 2 and 6 to 11,  
222.28 and 290.0137, paragraph (a); and reduced by

222.29 (ii) the Minnesota assignable portion of the subtraction for United States government  
222.30 interest under section 290.0132, subdivision 2, ~~and~~ the subtractions under ~~section~~ sections

223.1 290.0132, subdivisions 9, 10, 14, 15, 17, and 18, and 290.0137, paragraph (c), after applying  
223.2 the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

223.3 (2) the denominator is the individual's federal adjusted gross income as defined in section  
223.4 62 of the Internal Revenue Code, increased by:

223.5 (i) ~~the amounts specified in section~~ additions required under sections 290.0131,  
223.6 subdivisions 2 and 6 to 11, and 290.0137, paragraph (a); and reduced by

223.7 (ii) ~~the amounts specified in section~~ subtractions under sections 290.0132, subdivisions  
223.8 2, 9, 10, 14, 15, 17, and 18, and 290.0137, paragraph (c).

223.9 **EFFECTIVE DATE.** The amendment to paragraph (a) is effective for taxable years  
223.10 beginning after December 31, 2018. The amendment to paragraph (e) is effective the day  
223.11 following final enactment.

223.12 Sec. 3. Minnesota Statutes 2018, section 290.06, subdivision 2d, is amended to read:

223.13 Subd. 2d. **Inflation adjustment of brackets.** (a) For taxable years beginning after  
223.14 December 31, 2013, the minimum and maximum dollar amounts for each rate bracket for  
223.15 which a tax is imposed in subdivision 2c shall be adjusted for inflation by the percentage  
223.16 determined under paragraph (b). For the purpose of making the adjustment as provided in  
223.17 this subdivision all of the rate brackets provided in subdivision 2c shall be the rate brackets  
223.18 as they existed for taxable years beginning after December 31, 2012, and before January 1,  
223.19 2014. The rate applicable to any rate bracket must not be changed. The dollar amounts  
223.20 setting forth the tax shall be adjusted to reflect the changes in the rate brackets. The rate  
223.21 brackets as adjusted must be rounded to the nearest \$10 amount. If the rate bracket ends in  
223.22 \$5, it must be rounded up to the nearest \$10 amount.

223.23 (b) The commissioner shall adjust the rate brackets and by the percentage determined  
223.24 pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section  
223.25 1(f)(3)(B) the word "2012" shall be substituted for the word "1992." For 2014, the  
223.26 commissioner shall then determine the percent change from the 12 months ending on August  
223.27 31, 2012, to the 12 months ending on August 31, 2013, and in each subsequent year, from  
223.28 the 12 months ending on August 31, 2012, to the 12 months ending on August 31 of the  
223.29 year preceding the taxable year. The commissioner shall determine the rate bracket for  
223.30 married filing separate returns after this adjustment is done. The rate bracket for married  
223.31 filing separate must be one-half of the rate bracket for married filing joint. The determination  
223.32 of the commissioner pursuant to this subdivision shall not be considered a "rule" and shall  
223.33 not be subject to the Administrative Procedure Act contained in chapter 14.

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

224.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
224.4 31, 2018.

224.5 **ARTICLE 13**

224.6 **DEPARTMENT OF REVENUE INDIVIDUAL INCOME AND CORPORATE**  
224.7 **FRANCHISE TAXES; TECHNICAL CHANGES**

224.8 Section 1. Minnesota Statutes 2018, section 289A.38, subdivision 7, is amended to read:

224.9 Subd. 7. **Federal tax changes.** (a) If the amount of income, items of tax preference,  
224.10 deductions, or credits for any year of a taxpayer, or the wages paid by a taxpayer for any  
224.11 period, as reported to the Internal Revenue Service is changed or corrected by the  
224.12 commissioner of Internal Revenue or other officer of the United States or other competent  
224.13 authority, or where a renegotiation of a contract or subcontract with the United States results  
224.14 in a change in income, items of tax preference, deductions, credits, or withholding tax, or,  
224.15 in the case of estate tax, where there are adjustments to the taxable estate, the taxpayer shall  
224.16 report the change or correction or renegotiation results in writing to the commissioner. The  
224.17 report must be submitted within 180 days after the final determination and must be in the  
224.18 form of either an amended Minnesota estate, withholding tax, corporate franchise tax, or  
224.19 income tax return conceding the accuracy of the federal determination or a letter detailing  
224.20 how the federal determination is incorrect or does not change the Minnesota tax. An amended  
224.21 Minnesota income tax return must be accompanied by an amended property tax refund  
224.22 return, if necessary. A taxpayer filing an amended federal tax return must also file a copy  
224.23 of the amended return with the commissioner of revenue within 180 days after filing the  
224.24 amended return.

224.25 (b) For the purposes of paragraph (a), a change or correction includes any case where a  
224.26 taxpayer reaches a closing agreement or compromise with the Internal Revenue Service  
224.27 under section 7121 or 7122 of the Internal Revenue Code.

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

224.29 Sec. 2. Minnesota Statutes 2018, section 290.92, subdivision 28, is amended to read:

224.30 Subd. 28. **Payments to horse racing license holders.** Effective with payments made  
224.31 after April 1, 1988, any holder of a license issued by the Minnesota Racing Commission  
224.32 who makes a payment for personal or professional services to a holder of a class C license  
224.33 issued by the commission, except an amount paid as a purse, shall deduct from the payment



225.1 and withhold 6.25 percent of the amount as Minnesota withholding tax when the amount  
225.2 paid to that individual by the same person during the calendar year exceeds \$600. For  
225.3 purposes of the provisions of this section, a payment to any person which is subject to  
225.4 withholding under this subdivision must be treated as if the payment was a wage paid by  
225.5 an employer to an employee. Every individual who is to receive a payment which is subject  
225.6 to withholding under this subdivision shall furnish the license holder with a statement, made  
225.7 under the penalties of perjury, containing the name, address, and Social Security account  
225.8 number of the person receiving the payment. No withholding is required if the individual  
225.9 presents a signed certificate from the individual's employer which states that the individual  
225.10 is an employee of that employer. A nonresident individual who holds a class C license must  
225.11 be treated as an athlete for purposes of applying the provisions of subdivision 4a and section  
225.12 290.17, subdivision ~~2(1)(b)(ii)~~(a)(2)(ii).

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

225.14 Sec. 3. Minnesota Statutes 2018, section 462D.03, subdivision 2, is amended to read:

225.15 Subd. 2. **Designation of qualified beneficiary.** (a) The account holder must designate  
225.16 a first-time home buyer as the qualified beneficiary of the account ~~by April 15 of the year~~  
225.17 in a form and manner prescribed by the commissioner following the taxable year in which  
225.18 the account was established. The account holder may be the qualified beneficiary. The  
225.19 account holder may change the designated qualified beneficiary at any time, but no more  
225.20 than one qualified beneficiary may be designated for an account at any one time. For purposes  
225.21 of the one beneficiary restriction, a married couple qualifies as one beneficiary. Changing  
225.22 the designated qualified beneficiary of an account does not affect computation of the ten-year  
225.23 period under section 462D.06, subdivision 2.

225.24 (b) The commissioner shall establish a process for account holders to notify the state  
225.25 that permits recording of the account, the account holder or holders, any transfers under  
225.26 section 462D.04, subdivision 2, and the designated qualified beneficiary for each account.  
225.27 This may be done upon filing the account holder's income tax return or in any other way  
225.28 the commissioner determines to be appropriate.

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

226.1 **ARTICLE 14**226.2 **DEPARTMENT OF REVENUE; SALES AND USE TAXES; TECHNICAL CHANGES**

226.3 Section 1. Minnesota Statutes 2018, section 297A.68, subdivision 17, is amended to read:

226.4 Subd. 17. **Ships used in interstate commerce; other vessels.** Repair, replacement, and  
226.5 rebuilding parts and materials, and lubricants, for the following are exempt:

226.6 (1) ships or vessels used or to be used principally in interstate or foreign commerce ~~are~~  
226.7 ~~exempt;~~ and

226.8 (2) vessels with a gross registered tonnage of at least 3,000 tons ~~are exempt.~~

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

226.10 Sec. 2. Minnesota Statutes 2018, section 297A.68, subdivision 42, is amended to read:

226.11 Subd. 42. **Qualified data centers.** (a) Purchases of enterprise information technology  
226.12 equipment and computer software for use in a qualified data center, or a qualified refurbished  
226.13 data center, are exempt, except that computer software maintenance agreements are exempt  
226.14 for purchases made after June 30, 2013. The tax on purchases exempt under this paragraph  
226.15 must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied,  
226.16 and then refunded after June 30, 2013, in the manner provided in section 297A.75. This  
226.17 exemption includes enterprise information technology equipment and computer software  
226.18 purchased to replace or upgrade enterprise information technology equipment and computer  
226.19 software in a qualified data center, or a qualified refurbished data center.

226.20 (b) Electricity used or consumed in the operation of a qualified data center or qualified  
226.21 refurbished data center is exempt.

226.22 (c) For purposes of this subdivision, "qualified data center" means a facility in Minnesota:

226.23 (1) that is comprised of one or more buildings that consist in the aggregate of at least  
226.24 25,000 square feet, and that are located on a single parcel or on contiguous parcels, where  
226.25 the total cost of construction or refurbishment, investment in enterprise information  
226.26 technology equipment, and computer software is at least \$30,000,000 within a 48-month  
226.27 period. The 48-month period begins no sooner than July 1, 2012, except that costs for  
226.28 computer software maintenance agreements purchased before July 1, 2013, are not included  
226.29 in determining if the \$30,000,000 threshold has been met;

226.30 (2) that is constructed or substantially refurbished after June 30, 2012, where  
226.31 "substantially refurbished" means that at least 25,000 square feet have been rebuilt or  
226.32 modified, including:

227.1 (i) installation of enterprise information technology equipment; environmental control,  
227.2 computer software, and energy efficiency improvements; and

227.3 (ii) building improvements; and

227.4 (3) that is used to house enterprise information technology equipment, where the facility  
227.5 has the following characteristics:

227.6 (i) uninterruptible power supplies, generator backup power, or both;

227.7 (ii) sophisticated fire suppression and prevention systems; and

227.8 (iii) enhanced security. A facility will be considered to have enhanced security if it has  
227.9 restricted access to the facility to selected personnel; permanent security guards; video  
227.10 camera surveillance; an electronic system requiring pass codes, keycards, or biometric scans,  
227.11 such as hand scans and retinal or fingerprint recognition; or similar security features.

227.12 In determining whether the facility has the required square footage, the square footage  
227.13 of the following spaces shall be included if the spaces support the operation of enterprise  
227.14 information technology equipment: office space, meeting space, and mechanical and other  
227.15 support facilities. For purposes of this subdivision, "computer software" includes, but is not  
227.16 limited to, software utilized or loaded at a qualified data center or qualified refurbished data  
227.17 center, including maintenance, licensing, and software customization.

227.18 (d) For purposes of this subdivision, a "qualified refurbished data center" means an  
227.19 existing facility that qualifies as a data center under paragraph (c), clauses (2) and (3), but  
227.20 that is comprised of one or more buildings that consist in the aggregate of at least 25,000  
227.21 square feet, and that are located on a single parcel or contiguous parcels, where the total  
227.22 cost of construction or refurbishment, investment in enterprise information technology  
227.23 equipment, and computer software is at least \$50,000,000 within a 24-month period.

227.24 (e) For purposes of this subdivision, "enterprise information technology equipment"  
227.25 means computers and equipment supporting computing, networking, or data storage,  
227.26 including servers and routers. It includes, but is not limited to: cooling systems, cooling  
227.27 towers, and other temperature control infrastructure; power infrastructure for transformation,  
227.28 distribution, or management of electricity used for the maintenance and operation of a  
227.29 qualified data center or qualified refurbished data center, including but not limited to exterior  
227.30 dedicated business-owned substations, backup power generation systems, battery systems,  
227.31 and related infrastructure; and racking systems, cabling, and trays, which are necessary for  
227.32 the maintenance and operation of the qualified data center or qualified refurbished data  
227.33 center.

228.1 (f) A qualified data center or qualified refurbished data center may claim the exemptions  
 228.2 in this subdivision for purchases made either within 20 years of the date of its first purchase  
 228.3 qualifying for the exemption under paragraph (a), or by June 30, 2042, whichever is earlier.

228.4 (g) The purpose of this exemption is to create jobs in the construction and data center  
 228.5 industries.

228.6 (h) This subdivision is effective for sales and purchases made before July 1, 2042.

228.7 (i) The commissioner of employment and economic development must certify to the  
 228.8 commissioner of revenue, in a format approved by the commissioner of revenue, when a  
 228.9 qualified data center has met the requirements under paragraph (c) or a qualified refurbished  
 228.10 data center has met the requirements under paragraph (d). The certification must provide  
 228.11 the following information regarding each qualified data center or qualified refurbished data  
 228.12 center:

228.13 (1) the total square footage amount;

228.14 (2) the total amount of construction or refurbishment costs and the total amount of  
 228.15 qualifying investments in enterprise information technology equipment and computer  
 228.16 software; ~~and~~

228.17 (3) the beginning and ending of the applicable period under either paragraph (c) or (d)  
 228.18 in which the qualifying expenditures and purchases under clause (2) were made, but in no  
 228.19 case shall the period begin before July 1, 2012; and

228.20 (4) the date upon which the qualified data center first met the requirements under  
 228.21 paragraph (c) or a qualified refurbished data center first met the requirements under paragraph  
 228.22 (d).

228.23 (j) Any refund for sales tax paid on qualifying purchases under this subdivision must  
 228.24 not be issued unless the commissioner of revenue has received the certification required  
 228.25 under paragraph (i) ~~either from~~ issued by the commissioner of employment and economic  
 228.26 development ~~or the qualified data center or qualified refurbished data center claiming the~~  
 228.27 ~~refund; and.~~

228.28 (k) The commissioner of employment and economic development must annually notify  
 228.29 the commissioner of revenue of the qualified data centers that are projected to meet the  
 228.30 requirements under paragraph (c) and the qualified refurbished data centers that are projected  
 228.31 to meet the requirements under paragraph (d) in each of the next four years. The notification  
 228.32 must provide the information required under paragraph (i), clauses (1) to ~~(3)~~ (4), for each  
 228.33 qualified data center or qualified refurbished data center.

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

229.2 Sec. 3. Minnesota Statutes 2018, section 297A.68, subdivision 44, is amended to read:

229.3 Subd. 44. **Greater Minnesota business expansions.** (a) Purchases and use of tangible  
229.4 personal property or taxable services by a qualified business, ~~as defined in section 116J.8738,~~  
229.5 are exempt if:

229.6 (1) the commissioner of employment and economic development certifies to the  
229.7 commissioner of revenue, in a format approved by the commissioner of revenue, that the  
229.8 qualified business meets the requirements under section 116J.8738;

229.9 (2) the business subsidy agreement provides that the exemption under this subdivision  
229.10 applies;

229.11 ~~(2)~~ (3) the property or services are primarily used or consumed at the facility in greater  
229.12 Minnesota identified in the business subsidy agreement; and

229.13 ~~(3)~~ (4) the purchase was made and delivery received during the duration of the  
229.14 certification of the business as a qualified business under section 116J.8738 business subsidy  
229.15 agreement.

229.16 (b) Purchase and use of construction materials and supplies used or consumed in, and  
229.17 equipment incorporated into, the construction of improvements to real property in greater  
229.18 Minnesota are exempt if the improvements after completion of construction are to be used  
229.19 in the conduct of the trade or business of the qualified business, ~~as defined in section~~  
229.20 ~~116J.8738~~ and the commissioner of employment and economic development certifies to  
229.21 the commissioner of revenue, in a format approved by the commissioner of revenue, that  
229.22 the qualified business meets the requirements under section 116J.8738. This exemption  
229.23 applies regardless of whether the purchases are made by the business or a contractor.

229.24 (c) The exemptions under this subdivision apply to a local sales and use tax.

229.25 (d) The tax on purchases imposed under this subdivision must be imposed and collected  
229.26 as if the rate under section 297A.62 applied, and then refunded in the manner provided in  
229.27 section 297A.75. The total amount refunded for a facility over the certification period is  
229.28 limited to the amount listed in the business subsidy agreement. No more than \$7,000,000  
229.29 may be refunded in a fiscal year for all purchases under this subdivision. Refunds must be  
229.30 allocated on a first-come, first-served basis. If more than \$7,000,000 of eligible claims are  
229.31 made in a fiscal year, claims by qualified businesses carry over to the next fiscal year, and  
229.32 the commissioner of revenue must first allocate refunds to qualified businesses eligible for  
229.33 a refund in the preceding fiscal year. Any portion of the balance of funds allocated for

230.1 refunds under this paragraph does not cancel and shall be carried forward to and available  
230.2 for refunds in subsequent fiscal years. Notwithstanding section 297A.75, subdivision 4, for  
230.3 an eligible refund claim that carries over to a subsequent fiscal year, the interest on the  
230.4 amount carried over must be paid on the refund no sooner than from 90 days after July 1  
230.5 of the fiscal year in which funds are available for the eligible claim.

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

230.7 Sec. 4. Minnesota Statutes 2018, section 297A.71, subdivision 45, is amended to read:

230.8 Subd. 45. **Biopharmaceutical manufacturing facility.** (a) Materials and supplies used  
230.9 or consumed in, capital equipment incorporated into, and privately owned infrastructure in  
230.10 support of the construction, improvement, or expansion of a biopharmaceutical manufacturing  
230.11 facility in the state are exempt if the commissioner of employment and economic  
230.12 development certifies to the commissioner of revenue that the following criteria are met:

230.13 (1) the facility is used for the manufacturing of biologics;

230.14 (2) the total capital investment made at the facility exceeds \$50,000,000; and

230.15 (3) the facility creates and maintains at least 190 full-time equivalent positions at the  
230.16 facility. These positions must be new jobs in Minnesota and not the result of relocating jobs  
230.17 that currently exist in Minnesota.

230.18 (b) The tax must be imposed and collected as if the rate under section 297A.62 applied,  
230.19 and refunded in the manner provided in section 297A.75.

230.20 (c) To be eligible for a refund, the owner of the biopharmaceutical manufacturing facility  
230.21 must:

230.22 (1) initially apply to the ~~Department~~ commissioner of employment and economic  
230.23 development for certification no later than one year from the final completion date of  
230.24 construction, improvement, or expansion of the facility; and

230.25 (2) for each year that the owner of the biopharmaceutical manufacturing facility applies  
230.26 for a refund, the ~~owner~~ commissioner of revenue must have received written certification  
230.27 from the ~~Department~~ commissioner of employment and economic development that the  
230.28 facility has met the criteria of paragraph (a).

230.29 (d) The refund is to be paid annually at a rate of 25 percent of the total allowable refund  
230.30 payable to date, with the commissioner making annual payments of the remaining refund  
230.31 until all of the refund has been paid.

231.1 (e) For purposes of this subdivision, "biopharmaceutical" and "biologics" are  
231.2 interchangeable and mean medical drugs or medicinal preparations produced using  
231.3 technology that uses biological systems, living organisms, or derivatives of living organisms  
231.4 to make or modify products or processes for specific use. The medical drugs or medicinal  
231.5 preparations include but are not limited to proteins, antibodies, nucleic acids, and vaccines.

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

231.7 Sec. 5. Minnesota Statutes 2018, section 297A.77, is amended by adding a subdivision to  
231.8 read:

231.9 Subd. 5. **Records must be kept.** Every person liable for any tax imposed by this chapter,  
231.10 or for the collection thereof, shall keep such records, render such statements, make such  
231.11 returns, and comply with such rules, as the commissioner may from time to time prescribe.

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

## 231.13 **ARTICLE 15**

### 231.14 **DEPARTMENT OF REVENUE; TOBACCO TAXES; TECHNICAL CHANGES**

231.15 Section 1. Minnesota Statutes 2018, section 297F.01, subdivision 19, is amended to read:

231.16 Subd. 19. **Tobacco products.** (a) "Tobacco products" means any product containing,  
231.17 made, or derived from tobacco that is intended for human consumption, whether chewed,  
231.18 smoked, absorbed, dissolved, inhaled, snorted, sniffed, or ingested by any other means, or  
231.19 any component, part, or accessory of a tobacco product, including, but not limited to, cigars;  
231.20 cheroots; stogies; periques; granulated, plug cut, crimp cut, ready rubbed, and other smoking  
231.21 tobacco; snuff; snuff flour; cavendish; plug and twist tobacco; fine-cut and other chewing  
231.22 tobacco; shorts; refuse scraps, clippings, cuttings and sweepings of tobacco, and other kinds  
231.23 and forms of tobacco; but does not include cigarettes as defined in this section. Tobacco  
231.24 products includes nicotine solution products. Tobacco products excludes any tobacco product  
231.25 that has been approved by the United States Food and Drug Administration for sale as a  
231.26 tobacco cessation product, as a tobacco dependence product, or for other medical purposes,  
231.27 and is being marketed and sold solely for such an approved purpose.

231.28 (b) Except for the imposition of tax under section 297F.05, subdivisions 3 and 4, tobacco  
231.29 products includes a premium cigar, as defined in subdivision 13a.

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

232.1 Sec. 2. Minnesota Statutes 2018, section 297F.01, is amended by adding a subdivision to  
232.2 read:

232.3 Subd. 22b. **Nicotine solution products.** (a) "Nicotine solution products" means any  
232.4 cartridge, bottle, or other package that contains nicotine made or derived from tobacco, that  
232.5 is in a solution that is consumed, or meant to be consumed, through the use of a heating  
232.6 element, power source, electronic circuit, or other electronic, chemical, or mechanical means  
232.7 that produces vapor or aerosol. This paragraph expires December 31, 2019.

232.8 (b) Beginning January 1, 2020, "nicotine solution products" means any cartridge, bottle,  
232.9 or other package that contains nicotine, including nicotine made or derived from tobacco  
232.10 or sources other than tobacco, that is in a solution that is consumed, or meant to be consumed,  
232.11 through the use of a heating element, power source, electronic circuit, or other electronic,  
232.12 chemical, or mechanical means that produces vapor or aerosol.

232.13 (c) Nicotine solution products includes any electronic cigarette, electronic cigar, electronic  
232.14 cigarillo, electronic pipe, or similar product or device, and any batteries, heating elements,  
232.15 or other components, parts, or accessories sold with and meant to be used in the consumption  
232.16 of a solution containing nicotine.

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

232.18 Sec. 3. Minnesota Statutes 2018, section 297F.01, subdivision 23, is amended to read:

232.19 Subd. 23. **Wholesale sales price.** (a) "Wholesale sales price" means the price at which  
232.20 a distributor purchases a tobacco product.

232.21 (b) When a distributor sells a cartridge, bottle, or other package of a solution containing  
232.22 nicotine that is part of a kit that also includes a product, device, component, part, or accessory  
232.23 described in subdivision 22b:

232.24 (1) the wholesale sales price is the price at which the distributor purchases the kit; except  
232.25 that

232.26 (2) if the distributor also separately sells the same package of solution containing nicotine  
232.27 that is sold with the kit and can isolate the cost of the package of solution containing nicotine,  
232.28 then the wholesale sales price includes only the price at which the distributor separately  
232.29 purchases the package of the solution containing nicotine and any taxes, charges, and costs  
232.30 listed in paragraph (c).

232.31 (c) Wholesale sales price includes the applicable federal excise tax, freight charges, or  
232.32 packaging costs, regardless of whether they were included in the purchase price.



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

233.2 **ARTICLE 16**

233.3 **MINNESOTACARE; TECHNICAL CHANGES**

233.4 Section 1. Minnesota Statutes 2018, section 295.50, is amended by adding a subdivision  
233.5 to read:

233.6 **Subd. 2b. Emergency medical reasons.** "Emergency medical reasons" means a public  
233.7 health emergency declaration pursuant to United States Code, title 42, section 247d; a  
233.8 national security or peacetime emergency declared by the governor pursuant to section  
233.9 12.31; or a situation involving an action by the commissioner of health pursuant to section  
233.10 144.4197, 144.4198, or 151.37, subdivisions 2, paragraph (b), and 10, except that, for  
233.11 purposes of this subdivision, a drug shortage not caused by a public health emergency shall  
233.12 not constitute an emergency medical reason.

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

233.14 Sec. 2. Minnesota Statutes 2018, section 295.50, subdivision 3, is amended to read:

233.15 **Subd. 3. Gross revenues.** "Gross revenues" are total amounts received in money or  
233.16 otherwise by:

233.17 (1) a hospital for patient services;

233.18 (2) a surgical center for patient services;

233.19 (3) a health care provider, other than a staff model health ~~carrier~~ plan company, for  
233.20 patient services;

233.21 (4) a wholesale drug distributor for sale or distribution of legend drugs that are delivered  
233.22 in Minnesota by the wholesale drug distributor, by common carrier, or by mail, unless the  
233.23 legend drugs are delivered to another wholesale drug distributor who sells legend drugs  
233.24 exclusively at wholesale. ~~Legend drugs do not include nutritional products as defined in~~  
233.25 ~~Minnesota Rules, part 9505.0325, and blood and blood components; and~~

233.26 (5) a staff model health plan company as gross premiums for enrollees, co-payments,  
233.27 deductibles, coinsurance, and fees for patient services.

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

233.29 Sec. 3. Minnesota Statutes 2018, section 295.50, subdivision 4, is amended to read:

233.30 **Subd. 4. Health care provider.** (a) "Health care provider" means:

234.1 (1) a person whose health care occupation is regulated or required to be regulated by  
 234.2 the state of Minnesota furnishing any or all of the following goods or services directly to a  
 234.3 patient or consumer: medical, surgical, optical, visual, dental, hearing, nursing services,  
 234.4 drugs, laboratory, diagnostic or therapeutic services;

234.5 (2) a person who provides goods and services not listed in clause (1) that qualify for  
 234.6 reimbursement under the medical assistance program provided under chapter 256B;

234.7 (3) a staff model health plan company;

234.8 (4) an ambulance service required to be licensed; ~~or~~

234.9 (5) a person who sells or repairs hearing aids and related equipment or prescription  
 234.10 eyewear; or

234.11 (6) a person providing patient services, who does not otherwise meet the definition of  
 234.12 health care provider and is not specifically excluded in clause (b), who employs or contracts  
 234.13 with a health care provider as defined in clauses (1) to (5) to perform, supervise, otherwise  
 234.14 oversee, or consult with regarding patient services.

234.15 (b) Health care provider does not include:

234.16 (1) hospitals; medical supplies distributors, except as specified under paragraph (a),  
 234.17 clause (5); nursing homes licensed under chapter 144A or licensed in any other jurisdiction;  
 234.18 wholesale drug distributors; pharmacies; surgical centers; bus and taxicab transportation,  
 234.19 or any other providers of transportation services other than ambulance services required to  
 234.20 be licensed; supervised living facilities for persons with developmental disabilities, licensed  
 234.21 under Minnesota Rules, parts 4665.0100 to 4665.9900; housing with services establishments  
 234.22 required to be registered under chapter 144D; board and lodging establishments providing  
 234.23 only custodial services that are licensed under chapter 157 and registered under section  
 234.24 157.17 to provide supportive services or health supervision services; adult foster homes as  
 234.25 defined in Minnesota Rules, part 9555.5105; day training and habilitation services for adults  
 234.26 with developmental disabilities as defined in section 252.41, subdivision 3; boarding care  
 234.27 homes, as defined in Minnesota Rules, part 4655.0100; and adult day care centers as defined  
 234.28 in Minnesota Rules, part 9555.9600;

234.29 (2) home health agencies as defined in Minnesota Rules, part 9505.0175, subpart 15; a  
 234.30 person providing personal care services and supervision of personal care services as defined  
 234.31 in Minnesota Rules, part 9505.0335; a person providing home care nursing services as  
 234.32 defined in Minnesota Rules, part 9505.0360; and home care providers required to be licensed  
 234.33 under chapter 144A for home care services provided under chapter 144A;

235.1 (3) a person who employs health care providers solely for the purpose of providing  
235.2 patient services to its employees;

235.3 (4) an educational institution that employs health care providers solely for the purpose  
235.4 of providing patient services to its students if the institution does not receive fee for service  
235.5 payments or payments for extended coverage; and

235.6 (5) a person who receives all payments for patient services from health care providers,  
235.7 surgical centers, or hospitals for goods and services that are taxable to the paying health  
235.8 care providers, surgical centers, or hospitals, as provided under section 295.53, subdivision  
235.9 1, paragraph (b), clause (3) or (4), or from a source of funds that is exempt from tax under  
235.10 this chapter.

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

235.12 Sec. 4. Minnesota Statutes 2018, section 295.50, is amended by adding a subdivision to  
235.13 read:

235.14 Subd. 7a. **Manufacturer.** "Manufacturer" has the meaning provided in section 151.01,  
235.15 subdivision 14a.

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

235.17 Sec. 5. Minnesota Statutes 2018, section 295.50, subdivision 9b, is amended to read:

235.18 Subd. 9b. **Patient services.** (a) "Patient services" means inpatient and outpatient services  
235.19 and other goods and services provided by hospitals, surgical centers, or health care providers.  
235.20 They include the following health care goods and services provided to a patient or consumer:

235.21 (1) bed and board;

235.22 (2) nursing services and other related services;

235.23 (3) use of hospitals, surgical centers, or health care provider facilities;

235.24 (4) medical social services;

235.25 (5) drugs, biologicals, supplies, appliances, and equipment;

235.26 (6) other diagnostic or therapeutic items or services;

235.27 (7) medical or surgical services;

235.28 (8) items and services furnished to ambulatory patients not requiring emergency care;

235.29 and

- 236.1 (9) emergency services.
- 236.2 (b) "Patient services" does not include:
- 236.3 (1) services provided to nursing homes licensed under chapter 144A;
- 236.4 (2) examinations for purposes of utilization reviews, insurance claims or eligibility,  
236.5 litigation, and employment, including reviews of medical records for those purposes;
- 236.6 (3) services provided to and by community residential mental health facilities licensed  
236.7 under Minnesota Rules, parts 9520.0500 to 9520.0670, and to and by residential treatment  
236.8 programs for children with severe emotional disturbance licensed or certified under chapter  
236.9 245A;
- 236.10 (4) ~~services provided to and by community support programs and family community~~  
236.11 ~~support programs approved under Minnesota Rules, parts 9535.1700 to 9535.1760, or~~  
236.12 ~~certified as mental health rehabilitative services under chapter 256B; under the following~~  
236.13 programs: day treatment services as defined in section 245.462, subdivision 8; assertive  
236.14 community treatment as described in section 256B.0622; adult rehabilitative mental health  
236.15 services as described in section 256B.0623; adult crisis response services as described in  
236.16 section 256B.0624; children's therapeutic services and supports as described in section  
236.17 256B.0943; and children's mental health crisis response services as described in section  
236.18 256B.0944;
- 236.19 (5) services provided to and by community mental health centers as defined in section  
236.20 245.62, subdivision 2;
- 236.21 (6) services provided to and by assisted living programs and congregate housing  
236.22 programs;
- 236.23 (7) hospice care services;
- 236.24 (8) home and community-based waived services under sections 256B.0915, 256B.49,  
236.25 and 256B.501;
- 236.26 (9) targeted case management services under sections 256B.0621; 256B.0625,  
236.27 subdivisions 20, 20a, 33, and 44; and 256B.094; and
- 236.28 (10) services provided to the following: supervised living facilities for persons with  
236.29 developmental disabilities licensed under Minnesota Rules, parts 4665.0100 to 4665.9900;  
236.30 housing with services establishments required to be registered under chapter 144D; board  
236.31 and lodging establishments providing only custodial services that are licensed under chapter  
236.32 157 and registered under section 157.17 to provide supportive services or health supervision

237.1 services; adult foster homes as defined in Minnesota Rules, part 9555.5105; day training  
237.2 and habilitation services for adults with developmental disabilities as defined in section  
237.3 252.41, subdivision 3; boarding care homes as defined in Minnesota Rules, part 4655.0100;  
237.4 adult day care services as defined in section 245A.02, subdivision 2a; and home health  
237.5 agencies as defined in Minnesota Rules, part 9505.0175, subpart 15, or licensed under  
237.6 chapter 144A.

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

237.8 Sec. 6. Minnesota Statutes 2018, section 295.50, is amended by adding a subdivision to  
237.9 read:

237.10 **Subd. 10c. Pharmacy benefits manager.** "Pharmacy benefits manager" means an entity  
237.11 that performs pharmacy benefits management.

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

237.13 Sec. 7. Minnesota Statutes 2018, section 295.50, is amended by adding a subdivision to  
237.14 read:

237.15 **Subd. 13a. Third-party purchaser of health care services.** "Third-party purchaser of  
237.16 health care services" includes but is not limited to a health carrier or community integrated  
237.17 service network that pays for health care services on behalf of patients or that reimburses,  
237.18 indemnifies, compensates, or otherwise insures patients for health care services.

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

237.20 Sec. 8. Minnesota Statutes 2018, section 295.50, subdivision 14, is amended to read:

237.21 **Subd. 14. Wholesale drug distributor.** "Wholesale drug distributor" means a ~~wholesale~~  
237.22 ~~drug distributor required to be licensed under sections 151.42 to 151.51.~~ any person engaged  
237.23 in wholesale drug distribution including but not limited to manufacturers; repackagers;  
237.24 own-label distributors; jobbers; brokers; warehouses, including manufacturers' and  
237.25 distributors' warehouses, chain drug warehouses, and wholesale drug warehouses;  
237.26 independent wholesale drug traders; and pharmacies that conduct wholesale drug distribution.  
237.27 A wholesale drug distributor does not include a common carrier or individual hired primarily  
237.28 to transport legend drugs.

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

238.1 Sec. 9. Minnesota Statutes 2018, section 295.50, subdivision 15, is amended to read:

238.2 Subd. 15. **Legend drug.** "Legend drug" means a drug that is required by federal law to  
238.3 bear one of the following statements: "Caution: Federal law prohibits dispensing without  
238.4 prescription" or "Rx only." Legend drugs do not include nutritional products as defined in  
238.5 Minnesota Rules, part 9505.0325, subpart 1, and blood and blood components.

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

238.7 Sec. 10. Minnesota Statutes 2018, section 295.50, is amended by adding a subdivision to  
238.8 read:

238.9 Subd. 16. **Wholesale drug distribution.** "Wholesale drug distribution" means the sale  
238.10 or distribution of legend drugs to a person other than a consumer or patient, but does not  
238.11 include:

238.12 (1) a sale between a division, subsidiary, parent, affiliated, or related company under  
238.13 the common ownership and control of a corporate entity;

238.14 (2) the purchase or other acquisition, by a hospital or other health care entity that is a  
238.15 member of a group purchasing organization, of a legend drug for its own use from the  
238.16 organization or from other hospitals or health care entities that are members of such  
238.17 organizations;

238.18 (3) the sale, purchase, or trade of a legend drug by a charitable organization described  
238.19 in section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December  
238.20 31, 1988, to a nonprofit affiliate of the organization to the extent otherwise permitted by  
238.21 law;

238.22 (4) the sale, purchase, or trade of a legend drug among hospitals or other health care  
238.23 entities that are under common control;

238.24 (5) the sale, purchase, or trade of a legend drug for emergency medical reasons;

238.25 (6) the transfer of legend drugs by a retail pharmacy to another retail pharmacy to alleviate  
238.26 a temporary shortage; or

238.27 (7) the distribution of legend drug samples by manufacturer representatives.

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

239.1 Sec. 11. Minnesota Statutes 2018, section 295.53, subdivision 1, is amended to read:

239.2 Subdivision 1. **Exclusions and Exemptions.** (a) The following payments are excluded  
239.3 from the gross revenues subject to the hospital, surgical center, or health care provider taxes  
239.4 under sections 295.50 to 295.59:

239.5 ~~(1) payments received for services provided under the Medicare program, including~~  
239.6 ~~payments received from the government, and organizations governed by sections 1833 and~~  
239.7 ~~1876 of title XVIII of the federal Social Security Act, United States Code, title 42, section~~  
239.8 ~~1395, and enrollee deductibles, coinsurance, and co-payments, whether paid by the Medicare~~  
239.9 ~~enrollee or by a Medicare supplemental coverage as defined in section 62A.011, subdivision~~  
239.10 ~~3, clause (10), or by Medicaid payments under title XIX of the federal Social Security Act.~~  
239.11 ~~Payments for services not covered by Medicare are taxable;~~

239.12 ~~(2) payments received for home health care services;~~

239.13 ~~(3) payments received from hospitals or surgical centers for goods and services on which~~  
239.14 ~~liability for tax is imposed under section 295.52 or the source of funds for the payment is~~  
239.15 ~~exempt under clause (1), (7), (10), or (14);~~

239.16 ~~(4) payments received from health care providers for goods and services on which~~  
239.17 ~~liability for tax is imposed under this chapter or the source of funds for the payment is~~  
239.18 ~~exempt under clause (1), (7), (10), or (14);~~

239.19 ~~(5) amounts paid for legend drugs, other than nutritional products and blood and blood~~  
239.20 ~~components, to a wholesale drug distributor who is subject to tax under section 295.52,~~  
239.21 ~~subdivision 3, reduced by reimbursements received for legend drugs otherwise exempt~~  
239.22 ~~under this chapter;~~

239.23 ~~(6)~~ (1) payments received by a health care provider or the wholly owned subsidiary of  
239.24 a health care provider for care provided outside Minnesota;

239.25 ~~(7) payments received from the chemical dependency fund under chapter 254B;~~

239.26 ~~(8) payments received in the nature of charitable donations that are not designated for~~  
239.27 ~~providing patient services to a specific individual or group;~~

239.28 (9) payments received for providing patient services incurred through a formal program  
239.29 of health care research conducted in conformity with federal regulations governing research  
239.30 on human subjects. Payments received from patients or from other persons paying on behalf  
239.31 of the patients are subject to tax;

240.1 ~~(10) payments received from any governmental agency for services benefiting the public;~~  
 240.2 ~~not including payments made by the government in its capacity as an employer or insurer~~  
 240.3 ~~or payments made by the government for services provided under the MinnesotaCare~~  
 240.4 ~~program or the medical assistance program governed by title XIX of the federal Social~~  
 240.5 ~~Security Act, United States Code, title 42, sections 1396 to 1396v;~~

240.6 ~~(11) (2)~~ government payments received by the commissioner of human services for  
 240.7 state-operated services;

240.8 ~~(12) (3)~~ payments received by a health care provider for hearing aids and related  
 240.9 equipment or prescription eyewear delivered outside of Minnesota; and

240.10 ~~(13) (4)~~ payments received by an educational institution from student tuition, student  
 240.11 activity fees, health care service fees, government appropriations, donations, or grants, and  
 240.12 for services identified in and provided under an individualized education program as defined  
 240.13 in section 256B.0625 or Code of Federal Regulations, chapter 34, section 300.340(a). Fee  
 240.14 for service payments and payments for extended coverage are taxable;.

240.15 ~~(14) payments received under the federal Employees Health Benefits Act, United States~~  
 240.16 ~~Code, title 5, section 8909(f), as amended by the Omnibus Reconciliation Act of 1990.~~  
 240.17 ~~Enrollee deductibles, coinsurance, and co-payments are subject to tax; and~~

240.18 ~~(15) payments received under the federal Tricare program, Code of Federal Regulations,~~  
 240.19 ~~title 32, section 199.17(a)(7). Enrollee deductibles, coinsurance, and co-payments are subject~~  
 240.20 ~~to tax.~~

240.21 (b) The following payments are exempted from the gross revenues subject to hospital,  
 240.22 surgical center, or health care provider taxes under sections 295.50 to 295.59:

240.23 (1) payments received for services provided under the Medicare program, including  
 240.24 payments received from the government and organizations governed by sections 1833,  
 240.25 1853, and 1876 of title XVIII of the federal Social Security Act, United States Code, title  
 240.26 42, section 1395; and enrollee deductibles, co-insurance, and co-payments, whether paid  
 240.27 by the Medicare enrollee, by Medicare supplemental coverage as described in section  
 240.28 62A.011, subdivision 3, clause (10), or by Medicaid payments under title XIX of the federal  
 240.29 Social Security Act. Payments for services not covered by Medicare are taxable;

240.30 (2) payments received for home health care services;

240.31 (3) payments received from hospitals or surgical centers for goods and services on which  
 240.32 liability for tax is imposed under section 295.52 or the source of funds for the payment is  
 240.33 exempt under clauses (1), (6), (9), (10), or (11);



241.1 (4) payments received from the health care providers for goods and services on which  
 241.2 liability for tax is imposed under this chapter or the source of funds for the payment is  
 241.3 exempt under clause (1), (6), (9), (10), or (11);

241.4 (5) amounts paid for legend drugs to a wholesale drug distributor who is subject to tax  
 241.5 under section 295.52, subdivision 3, reduced by reimbursement received for legend drugs  
 241.6 otherwise exempt under this chapter;

241.7 (6) payments received from the chemical dependency fund under chapter 254B;

241.8 (7) payments received in the nature of charitable donations that are not designated for  
 241.9 providing patient services to a specific individual or group;

241.10 (8) payments received for providing patient services incurred through a formal program  
 241.11 of health care research conducted in conformity with federal regulations governing research  
 241.12 on human subjects. Payments received from patients or from other persons paying on behalf  
 241.13 of the patients are subject to tax;

241.14 (9) payments received from any governmental agency for services benefiting the public,  
 241.15 not including payments made by the government in its capacity as an employer or insurer  
 241.16 or payments made by the government for services provided under the MinnesotaCare  
 241.17 program or the medical assistance program governed by title XIX of the federal Social  
 241.18 Security Act, United States Code, title 42, section 1396 to 1396v;

241.19 (10) payments received under the federal Employees Health Benefits Act, United States  
 241.20 Code, title 5, section 8909(f), as amended by the Omnibus Reconciliation Act of 1990.  
 241.21 Enrollee deductibles, co-insurance, and co-payments are subject to tax;

241.22 (11) payments received under the federal Tricare program, Code of Federal Regulations,  
 241.23 title 32, section 199.17(a)(7). Enrollee deductibles, co-insurance, and co-payments are  
 241.24 subject to tax; and

241.25 (12) supplemental or enhanced payments authorized under section 256B.196 or 256B.197.

241.26 ~~(b)~~ (c) Payments received by wholesale drug distributors for legend drugs sold directly  
 241.27 to veterinarians or veterinary bulk purchasing organizations are excluded from the gross  
 241.28 revenues subject to the wholesale drug distributor tax under sections 295.50 to 295.59.

241.29 ~~(e) Supplemental or enhanced payments authorized under section 256B.19, subdivision~~  
 241.30 ~~1e, 256B.196, or 256B.197 are excluded from gross revenues subject to the tax under sections~~  
 241.31 ~~295.50 to 295.59.~~

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

242.1 Sec. 12. Minnesota Statutes 2018, section 295.57, subdivision 5, is amended to read:

242.2 Subd. 5. **Exemption for amounts paid for legend drugs.** If a hospital, surgical center,  
242.3 or health care provider cannot determine the actual cost or reimbursement of legend drugs  
242.4 under the exemption provided in section 295.53, subdivision 1, paragraph ~~(a)~~ (b), clause  
242.5 (5), the following method must be used:

242.6 A hospital, surgical center, or health care provider must determine the amount paid for  
242.7 legend drugs used during the month or quarter and multiply that amount by a ratio, the  
242.8 numerator of which is the total amount received for taxable patient services, and the  
242.9 denominator of which is the total amount received for all patient services, including amounts  
242.10 exempt under section 295.53, subdivision 1, paragraph (b). The result represents the allowable  
242.11 exemption for the monthly or quarterly cost of drugs.

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

242.13 Sec. 13. Minnesota Statutes 2018, section 295.582, subdivision 1, is amended to read:

242.14 Subdivision 1. **Tax expense transfer.** ~~(a) A hospital, surgical center, or health care~~  
242.15 ~~provider that is subject to a tax under section 295.52, or a pharmacy that has paid additional~~  
242.16 ~~expense transferred under this section by a wholesale drug distributor, may transfer additional~~  
242.17 ~~expense generated by section 295.52 obligations on to all third-party contracts for the~~  
242.18 ~~purchase of health care services on behalf of a patient or consumer. Nothing shall prohibit~~  
242.19 ~~a pharmacy from transferring the additional expense generated under section 295.52 to a~~  
242.20 ~~pharmacy benefits manager. The additional expense transferred to the third-party purchaser~~  
242.21 ~~or a pharmacy benefits manager must not exceed the tax percentage specified in section~~  
242.22 ~~295.52 multiplied against the gross revenues received under the third-party contract, and~~  
242.23 ~~the tax percentage specified in section 295.52 multiplied against co-payments and deductibles~~  
242.24 ~~paid by the individual patient or consumer. The expense must not be generated on revenues~~  
242.25 ~~derived from payments that are excluded from the tax under section 295.53. All third-party~~  
242.26 ~~purchasers of health care services including, but not limited to, third-party purchasers~~  
242.27 ~~regulated under chapter 60A, 62A, 62C, 62D, 62H, 62N, 64B, 65A, 65B, 79, or 79A, or~~  
242.28 ~~under section 471.61 or 471.617, and pharmacy benefits managers must pay the transferred~~  
242.29 ~~expense in addition to any payments due under existing contracts with the hospital, surgical~~  
242.30 ~~center, pharmacy, or health care provider, to the extent allowed under federal law. A~~  
242.31 ~~third-party purchaser of health care services includes, but is not limited to, a health carrier~~  
242.32 ~~or community integrated service network that pays for health care services on behalf of~~  
242.33 ~~patients or that reimburses, indemnifies, compensates, or otherwise insures patients for~~  
242.34 ~~health care services. For purposes of this section, a pharmacy benefits manager means an~~

243.1 ~~entity that performs pharmacy benefits management. A third-party purchaser or pharmacy~~  
243.2 ~~benefits manager shall comply with this section regardless of whether the third-party~~  
243.3 ~~purchaser or pharmacy benefits manager is a for-profit, not-for-profit, or nonprofit entity.~~  
243.4 ~~A wholesale drug distributor may transfer additional expense generated by section 295.52~~  
243.5 ~~obligations to entities that purchase from the wholesaler, and the entities must pay the~~  
243.6 ~~additional expense. Nothing in this section limits the ability of a hospital, surgical center,~~  
243.7 ~~pharmacy, wholesale drug distributor, or health care provider to recover all or part of the~~  
243.8 ~~section 295.52 obligation by other methods, including increasing fees or charges.~~

243.9 (a) The tax expense generated by section 295.52 may be transferred as follows:

243.10 (1) a hospital, surgical center, or health care provider subject to the tax under section  
243.11 295.52 may transfer the tax expense to all third-party contracts for the purchase of health  
243.12 care services on behalf of a patient or consumer;

243.13 (2) a wholesale drug distributor subject to the tax under section 295.52 may transfer the  
243.14 tax expense to entities that purchase legend drugs from the wholesale drug distributor; and

243.15 (3) a pharmacy that has paid the tax expense transferred by a wholesale drug distributor  
243.16 may transfer the tax expense to all third-party contracts for the purchase of health care  
243.17 services on behalf of a patient or consumer. Nothing shall prohibit a pharmacy from  
243.18 transferring the tax expense generated under section 295.52 to a pharmacy benefits manager.

243.19 (b) The transfer of the tax expense under paragraph (a) must comply with the following:

243.20 (1) the tax expense transferred to the third-party purchaser or a pharmacy benefits  
243.21 manager must not exceed the tax percentage specified in section 295.52 multiplied against:

243.22 (i) gross revenues received under the third-party contract; and

243.23 (ii) co-payments and deductibles paid by the individual patient or consumer; and

243.24 (2) the tax expense must not be generated on revenues derived from payments that are  
243.25 excluded or exempted from the tax under section 295.53.

243.26 (c) Payment of the transferred tax expense is required as follows:

243.27 (1) all third-party purchasers of health care services, including but not limited to  
243.28 third-party purchasers regulated under chapter 60A, 62A, 62C, 62D, 62H, 62N, 64B, 65A,  
243.29 65B, 79, or 79A, or under section 471.61 or 471.617, and pharmacy benefits managers must  
243.30 pay the transferred expense. This is in addition to any payments due under existing contracts  
243.31 with the hospital, surgical center, pharmacy, or health care provider, to the extent allowed  
243.32 under federal law; and

244.1 (2) all entities that purchase legend drugs from a wholesale drug distributor must pay  
 244.2 the transferred expense.

244.3 (d) A third-party purchaser or pharmacy benefits manager must comply with this section  
 244.4 regardless of whether the third-party purchaser or pharmacy benefits manager is a for-profit,  
 244.5 not-for-profit, or nonprofit entity.

244.6 (e) Nothing in this section limits the ability of a hospital, surgical center, health care  
 244.7 provider, pharmacy, or wholesale drug distributor to recover all or part of the section 295.52  
 244.8 obligation by other methods, including increasing fees or charges.

244.9 ~~(b)~~ (f) Any hospital, surgical center, or health care provider subject to a tax under section  
 244.10 295.52 or a pharmacy that has paid the additional expense transferred under this section by  
 244.11 a wholesale drug distributor may file a complaint with the commissioner responsible for  
 244.12 regulating the third-party purchaser if at any time the third-party purchaser fails to comply  
 244.13 with ~~paragraph (a)~~ this section.

244.14 ~~(e)~~ (g) If the commissioner responsible for regulating the third-party purchaser finds at  
 244.15 any time that the third-party purchaser has not complied with ~~paragraph (a)~~ this section, the  
 244.16 commissioner may take enforcement action against a third-party purchaser which is subject  
 244.17 to the commissioner's regulatory jurisdiction and which does not allow a hospital, surgical  
 244.18 center, pharmacy, or provider to pass-through the tax expense. The commissioner may by  
 244.19 order fine or censure the third-party purchaser or revoke or suspend the certificate of authority  
 244.20 or license of the third-party purchaser to do business in this state if the commissioner finds  
 244.21 that the third-party purchaser has not complied with this section. The third-party purchaser  
 244.22 may appeal the commissioner's order through a contested case hearing in accordance with  
 244.23 chapter 14.

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

## 244.25 **ARTICLE 17**

### 244.26 **DEPARTMENT OF REVENUE; PROPERTY TAX; POLICY**

244.27 Section 1. Minnesota Statutes 2018, section 162.145, subdivision 3, is amended to read:

244.28 Subd. 3. **Administration.** (a) Subject to funds made available by law, the commissioner  
 244.29 shall allocate all funds as provided in subdivision 4 and shall ~~notify~~, by June 1, certify to  
 244.30 the commissioner of revenue the amounts to be paid.

244.31 (b) Following ~~notification~~ certification from the commissioner ~~of transportation~~, the  
 244.32 commissioner of revenue shall distribute the specified funds to cities in the same manner

245.1 as local government aid under chapter 477A. An appropriation to the commissioner of  
245.2 ~~transportation~~ under this section is available to the commissioner of revenue for the purposes  
245.3 specified in this paragraph.

245.4 (c) Notwithstanding other law to the contrary, in order to receive distributions under  
245.5 this section, a city must conform to the standards in section 477A.017, subdivision 2. A city  
245.6 that receives funds under this section must make and preserve records necessary to show  
245.7 that the funds are spent in compliance with subdivision 4.

245.8 **EFFECTIVE DATE.** This section is effective for aids payable in 2019 and thereafter.

245.9 Sec. 2. Minnesota Statutes 2018, section 273.124, subdivision 13, is amended to read:

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

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

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

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

245.29 Owners or spouses occupying residences owned by their spouses and previously occupied  
245.30 with the other spouse, either of whom fail to include the other spouse's name and Social  
245.31 Security number on the homestead application or provide the affidavits or other proof  
245.32 requested, will be deemed to have elected to receive only partial homestead treatment of  
245.33 their residence. The remainder of the residence will be classified as nonhomestead residential.

246.1 When an owner or spouse's name and Social Security number appear on homestead  
246.2 applications for two separate residences and only one application is signed, the owner or  
246.3 spouse will be deemed to have elected to homestead the residence for which the application  
246.4 was signed.

246.5 (d) If residential real estate is occupied and used for purposes of a homestead by a relative  
246.6 of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for  
246.7 the property to receive homestead status, a homestead application must be filed with the  
246.8 assessor. The Social Security number of each relative occupying the property and the name  
246.9 and Social Security number of the spouse of a relative occupying the property shall be  
246.10 required on the homestead application filed under this subdivision. If a different relative of  
246.11 the owner subsequently occupies the property, the owner of the property must notify the  
246.12 assessor within 30 days of the change in occupancy. The Social Security number of a relative  
246.13 occupying the property or the spouse of a relative occupying the property is private data on  
246.14 individuals as defined by section 13.02, subdivision 12, but may be disclosed to the  
246.15 commissioner of revenue, or, for the purposes of proceeding under the Revenue Recapture  
246.16 Act to recover personal property taxes owing, to the county treasurer.

246.17 (e) The homestead application shall also notify the property owners that if the property  
246.18 is granted homestead status for any assessment year, that same property shall remain  
246.19 classified as homestead until the property is sold or transferred to another person, or the  
246.20 owners, the spouse of the owner, or the relatives no longer use the property as their  
246.21 homestead. Upon the sale or transfer of the homestead property, a certificate of value must  
246.22 be timely filed with the county auditor as provided under section 272.115. Failure to notify  
246.23 the assessor within 30 days that the property has been sold, transferred, or that the owner,  
246.24 the spouse of the owner, or the relative is no longer occupying the property as a homestead,  
246.25 shall result in the penalty provided under this subdivision and the property will lose its  
246.26 current homestead status.

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

246.31 **EFFECTIVE DATE.** This section is effective for applications for homestead filed in  
246.32 2020 and thereafter.

247.1 **ARTICLE 18**

247.2 **DEPARTMENT OF REVENUE; PROPERTY TAXES; TECHNICAL**

247.3 Section 1. Minnesota Statutes 2018, section 270C.85, subdivision 2, is amended to read:

247.4 Subd. 2. **Powers and duties.** The commissioner shall have and exercise the following  
247.5 powers and duties in administering the property tax laws:

247.6 ~~(a)~~ (1) confer with, advise, and give the necessary instructions and directions to local  
247.7 assessors and local boards of review throughout the state as to their duties under the laws  
247.8 of the state;

247.9 ~~(b)~~ (2) direct proceedings, actions, and prosecutions to be instituted to enforce the laws  
247.10 relating to the liability and punishment of public officers and officers and agents of  
247.11 corporations for failure or negligence to comply with the provisions of the property tax  
247.12 laws, and cause complaints to be made against local assessors, members of boards of  
247.13 equalization, members of boards of review, or any other assessing or taxing officer, to the  
247.14 proper authority, for their removal from office for misconduct or negligence of duty;

247.15 ~~(c)~~ (3) require county attorneys to assist in the commencement of prosecutions in actions  
247.16 or proceedings for removal, forfeiture, and punishment, for violation of the property tax  
247.17 laws in their respective districts or counties;

247.18 ~~(d)~~ (4) require town, city, county, and other public officers to report and certify  
247.19 information, at the parcel level or in the aggregate, as to the assessment and taxation of real  
247.20 and personal property, and such other information as may be needful in the work of the  
247.21 commissioner, ~~in such form as the commissioner may prescribe.~~ The commissioner shall  
247.22 prescribe the content, format, manner, and time of filing of all required reports and  
247.23 certifications;

247.24 ~~(e)~~ (5) transmit to the governor, on or before the third Monday in December of each  
247.25 even-numbered year, and to each member of the legislature, on or before November 15 of  
247.26 each even-numbered year, the report of the department for the preceding years, showing all  
247.27 the taxable property subject to the property tax laws and the value of the same, in tabulated  
247.28 form;

247.29 ~~(f)~~ (6) inquire into the methods of assessment and taxation and ascertain whether the  
247.30 assessors faithfully discharge their duties; and

247.31 ~~(g)~~ (7) assist local assessors in determining the estimated market value of industrial  
247.32 special-use property. For purposes of this ~~paragraph~~ clause, "industrial special-use property"  
247.33 means property that:

- 248.1 ~~(1)~~ (i) is designed and equipped for a particular type of industry;
- 248.2 ~~(2)~~ (ii) is not easily adapted to some other use due to the unique nature of the facilities;
- 248.3 ~~(3)~~ (iii) has facilities totaling at least 75,000 square feet in size; and
- 248.4 ~~(4)~~ (iv) has a total estimated market value of \$10,000,000 or greater based on the
- 248.5 assessor's preliminary determination.

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

248.7 Sec. 2. Minnesota Statutes 2018, section 270C.89, subdivision 1, is amended to read:

248.8 Subdivision 1. **Initial report.** Each county assessor shall file by ~~April 1~~ with the

248.9 commissioner a copy of ~~the abstract~~ preliminary assessment information that the

248.10 commissioner may require under section 270C.85, subdivision 2, clause (4), that will be

248.11 acted upon by the local and county boards of review. ~~The abstract must list the real and~~

248.12 ~~personal property in the county itemized by assessment districts.~~ The assessor of each county

248.13 in the state shall file with the commissioner, within ten working days following final action

248.14 of the local board of review or equalization and within five days following final action of

248.15 the county board of equalization, any changes made by the local or county board. ~~The~~

248.16 ~~information must be filed in the manner prescribed by the commissioner.~~

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

248.18 Sec. 3. Minnesota Statutes 2018, section 270C.89, subdivision 2, is amended to read:

248.19 Subd. 2. **Final report.** The final ~~abstract of assessments~~ assessment information after

248.20 adjustments by the State Board of Equalization and inclusion of any omitted property shall

248.21 be ~~submitted~~ reported to the commissioner ~~on or before September 1 of each calendar year~~

248.22 under section 270C.85, subdivision 2, clause (4). ~~The final abstract must separately report~~

248.23 ~~the captured tax capacity of tax increment financing districts under section 469.177,~~

248.24 ~~subdivision 2, the areawide net tax capacity contribution values determined under sections~~

248.25 ~~276A.05, subdivision 1, and 473F.07, subdivision 1, and the value subject to the power line~~

248.26 ~~credit under section 273.42.~~

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



249.1 Sec. 4. Minnesota Statutes 2018, section 270C.91, is amended to read:

249.2 **270C.91 RECORD OF PROCEEDINGS CHANGING NET TAX CAPACITY;**  
 249.3 **DUTIES OF COUNTY AUDITOR.**

249.4 A record of all proceedings of the commissioner affecting any change in the net tax  
 249.5 capacity of any property, as revised by the State Board of Equalization, shall be kept by the  
 249.6 commissioner and a copy thereof, duly certified, shall be mailed each year to the auditor of  
 249.7 each county wherein such property is situated, on or before June 30 ~~or 30 days after~~  
 249.8 ~~submission of the abstract required by section 270C.89, whichever is later.~~ This record shall  
 249.9 specify the amounts or amount, or both, added to or deducted from the net tax capacity of  
 249.10 the real property of each of the several towns and cities, and of the real property not in towns  
 249.11 or cities, also the percent or amount of both, added to or deducted from the several classes  
 249.12 of personal property in each of the towns and cities, and also the amount added to or deducted  
 249.13 from the assessment of any person. The county auditor shall add to or deduct from such  
 249.14 tract or lot, or portion thereof, of any real property in the county the required percent or  
 249.15 amount, or both, on the net tax capacity thereof as it stood after equalized by the county  
 249.16 board, adding in each case a fractional sum of 50 cents or more, and deducting in each case  
 249.17 any fractional sum of less than 50 cents, so that no net tax capacity of any separate tract or  
 249.18 lot shall contain any fraction of a dollar; and add to, or deduct from, the several classes of  
 249.19 personal property in the county the required percent or amount, or both, on the net tax  
 249.20 capacity thereof as it stood after equalized by the county board, adding or deducting in  
 249.21 manner aforesaid any fractional sum so that no net tax capacity of any separate class of  
 249.22 personal property shall contain a fraction of a dollar, and add to or deduct from assessment  
 249.23 of any person, as they stood after equalization by the county board, the required amounts  
 249.24 to agree with the assessments as returned by the commissioner.

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

249.26 Sec. 5. Minnesota Statutes 2018, section 273.061, subdivision 9, is amended to read:

249.27 Subd. 9. **Additional general duties.** Additional duties of the county assessor ~~shall be~~  
 249.28 are as follows:

249.29 (1) to make all assessments, based upon the appraised values reported by the local  
 249.30 assessors or assistants and the county assessor's own knowledge of the value of the property  
 249.31 assessed;

249.32 (2) to personally view and determine the value of any property ~~which~~ that because of  
 249.33 its type or character may be difficult for the local assessor to appraise;

250.1 (3) to make all changes ordered by the local boards of review, relative to the net tax  
 250.2 capacity of the property of any individual, firm or corporation after notice has been given  
 250.3 and hearings held as provided by law;

250.4 (4) to enter all assessments in the assessment books, furnished by the county auditor,  
 250.5 with each book and the tabular statements for each book in correct balance;

250.6 (5) to prepare all assessment cards, charts, maps and any other forms prescribed by the  
 250.7 commissioner of revenue;

250.8 (6) to attend the meeting of the county board of equalization; to investigate and report  
 250.9 on any assessment ordered by said board; to enter all changes made by said board in the  
 250.10 assessment books and prepare ~~the abstract of assessments for the commissioner of revenue~~  
 250.11 information reported to the commissioner under section 270C.85, subdivision 2, clause (4);  
 250.12 to enter all changes made by the State Board of Equalization in the assessment books; to  
 250.13 deduct all exemptions authorized by law from each assessment and certify to the county  
 250.14 auditor the taxable value of each parcel of land, as described and listed in the assessment  
 250.15 books by the county auditor, and the taxable value of the personal property of each person,  
 250.16 firm, or corporation assessed;

250.17 (7) to investigate and make recommendations relative to all applications for the abatement  
 250.18 of taxes or applications for the reduction of the net tax capacity of any property; and

250.19 (8) to perform all other duties relating to the assessment of property for the purpose of  
 250.20 taxation which may be required by the commissioner of revenue.

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

250.22 Sec. 6. Minnesota Statutes 2018, section 273.0755, is amended to read:

250.23 **273.0755 TRAINING AND EDUCATION OF PROPERTY TAX PERSONNEL.**

250.24 (a) Beginning with the four-year period starting on July 1, 2000, every person licensed  
 250.25 by the state Board of Assessors at the Accredited Minnesota Assessor level or higher, shall  
 250.26 successfully complete a weeklong Minnesota laws course sponsored by the Department of  
 250.27 Revenue at least once in every four-year period. An assessor need not attend the course if  
 250.28 they successfully pass the test for the course.

250.29 (b) The commissioner of revenue may require that each county, and each city for which  
 250.30 the city assessor performs the duties of county assessor, have ~~(i)~~ (1) a person on the assessor's  
 250.31 staff who is certified by the Department of Revenue in sales ratio calculations, ~~(ii)~~ (2) an  
 250.32 officer or employee who is certified by the Department of Revenue in tax calculations, and

251.1 ~~(iii) (3)~~ an officer or employee who is certified by the Department of Revenue in the proper  
 251.2 preparation of ~~abstracts of assessment. The commissioner of revenue may require that each~~  
 251.3 ~~county have an officer or employee who is certified by the Department of Revenue in the~~  
 251.4 ~~proper preparation of abstracts of tax lists~~ information reported to the commissioner under  
 251.5 section 270C.85, subdivision 2, clause (4). Certifications under this paragraph expire after  
 251.6 four years.

251.7 (c) Beginning with the four-year educational licensing period starting on July 1, 2004,  
 251.8 every Minnesota assessor licensed by the State Board of Assessors must attend and participate  
 251.9 in a seminar that focuses on ethics, professional conduct and the need for standardized  
 251.10 assessment practices developed and presented by the commissioner of revenue. This  
 251.11 requirement must be met at least once in every subsequent four-year period. This requirement  
 251.12 applies to all assessors licensed for one year or more in the four-year period.

251.13 (d) When the commissioner of revenue determines that an individual or board that  
 251.14 performs functions related to property tax administration has performed those functions in  
 251.15 a manner that is not uniform or equitable, the commissioner may require that the individual  
 251.16 or members of the board complete supplemental training. The commissioner may not require  
 251.17 that an individual complete more than 32 hours of supplemental training pursuant to this  
 251.18 paragraph. If the individual is required to complete supplemental training due to that  
 251.19 individual's membership on a local or county board of appeal and equalization, the  
 251.20 commissioner may not require that the individual complete more than two hours of  
 251.21 supplemental training.

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

251.23 Sec. 7. Minnesota Statutes 2018, section 273.113, subdivision 3, is amended to read:

251.24 Subd. 3. **Reimbursement for lost revenue.** The county auditor shall certify to the  
 251.25 commissioner of revenue, ~~as part of the abstracts of tax lists required to be filed with the~~  
 251.26 ~~commissioner~~ under section ~~275.29~~ 270C.85, subdivision 2, clause (4), the amount of tax  
 251.27 lost to the county from the property tax credit under subdivision 2. Any prior year adjustments  
 251.28 must also be certified ~~in the abstracts of tax lists.~~ The commissioner of revenue shall review  
 251.29 the certifications to determine their accuracy. The commissioner may make the changes in  
 251.30 the certification that are considered necessary or return a certification to the county auditor  
 251.31 for corrections. The commissioner shall reimburse each taxing district, other than school  
 251.32 districts, for the taxes lost. The payments must be made at the time provided in section  
 251.33 473H.10 for payment to taxing jurisdictions in the same proportion that the ad valorem tax  
 251.34 is distributed. Reimbursements to school districts must be made as provided in section

252.1 273.1392. The amount necessary to make the reimbursements under this section is annually  
 252.2 appropriated from the general fund to the commissioner of revenue.

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

252.4 Sec. 8. Minnesota Statutes 2018, section 273.119, subdivision 2, is amended to read:

252.5 Subd. 2. **Reimbursement for lost revenue.** The county may transfer money from the  
 252.6 county conservation account created in section 40A.152 to the county revenue fund to  
 252.7 reimburse the fund for the cost of the property tax credit. The county auditor shall certify  
 252.8 to the commissioner of revenue, ~~as part of the abstracts of tax lists required to be filed with~~  
 252.9 ~~the commissioner~~ under section ~~275.29~~ 270C.85, subdivision 2, clause (4), the amount of  
 252.10 tax lost to the county from the property tax credit under subdivision 1 and the extent that  
 252.11 the tax lost exceeds funds available in the county conservation account. Any prior year  
 252.12 adjustments must also be certified ~~in the abstracts of tax lists~~. The commissioner of revenue  
 252.13 shall review the certifications to determine their accuracy. The commissioner may make  
 252.14 the changes in the certification that are considered necessary or return a certification to the  
 252.15 county auditor for corrections. The commissioner shall reimburse each taxing district, other  
 252.16 than school districts, from the Minnesota conservation fund under section 40A.151 for the  
 252.17 taxes lost in excess of the county account. The payments must be made at the time provided  
 252.18 in section 473H.10, subdivision 3, for payment to taxing jurisdictions in the same proportion  
 252.19 that the ad valorem tax is distributed.

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

252.21 Sec. 9. Minnesota Statutes 2018, section 273.1231, subdivision 3, is amended to read:

252.22 Subd. 3. **Disaster or emergency area.** (a) "Disaster or emergency area" means a  
 252.23 geographic area for which:

252.24 (1)(i) the president of the United States, the secretary of agriculture, or the administrator  
 252.25 of the Small Business Administration has determined that a disaster exists pursuant to federal  
 252.26 law, or

252.27 (ii) a local emergency has been declared pursuant to section 12.29; and

252.28 (2) an application by the local unit of government requesting property tax relief under  
 252.29 this section has been received by the governor and approved by the executive council.

252.30 (b) The executive council must not approve an application unless:

252.31 (1) a completed disaster survey is included; and

253.1 (2) within the boundaries of the applicant, (i) the average damage for the buildings that  
 253.2 are damaged is at least \$5,000, and (ii) either at least 25 taxable buildings were damaged,  
 253.3 or the total dollar amount of damage to all taxable buildings equals or exceeds one percent  
 253.4 of the total taxable market value of buildings for the applicant as reported to the commissioner  
 253.5 of revenue under section ~~270C.89, subdivision 2~~ 270C.85, subdivision 2, clause (4), for the  
 253.6 assessment in the year prior to the year of the damage.

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

253.8 Sec. 10. Minnesota Statutes 2018, section 273.136, subdivision 2, is amended to read:

253.9 Subd. 2. **Reduction amounts submitted to county.** The commissioner of revenue shall  
 253.10 determine, not later than April 1 of each year, the amount of reduction resulting from section  
 253.11 273.135 in each county containing a tax relief area as defined by section 273.134, paragraph  
 253.12 (b), basing determinations on a review of ~~abstracts of tax lists submitted by the county~~  
 253.13 ~~auditors pursuant to section 275.29~~ information reported to the commissioner under section  
 253.14 270C.85, subdivision 2, clause (4). The commissioner may make changes ~~in the abstracts~~  
 253.15 ~~of tax lists~~ as deemed necessary. The commissioner of revenue, after such review, shall  
 253.16 submit to the St. Louis County auditor, on or before April 15, the amount of the first half  
 253.17 payment payable hereunder and on or before September 15 the amount of the second half  
 253.18 payment.

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

253.20 Sec. 11. Minnesota Statutes 2018, section 273.1384, subdivision 3, is amended to read:

253.21 Subd. 3. **Credit reimbursements.** The county auditor shall determine the tax reductions  
 253.22 allowed under subdivision 2 within the county for each taxes payable year and shall certify  
 253.23 that amount to the commissioner of revenue ~~as a part of the abstracts of tax lists submitted~~  
 253.24 ~~by the county auditors under section 275.29~~ under section 270C.85, subdivision 2, clause  
 253.25 (4). Any prior year adjustments shall also be certified ~~on the abstracts of tax lists~~. The  
 253.26 commissioner shall review the certifications for accuracy, and may make such changes as  
 253.27 are deemed necessary, or return the certification to the county auditor for correction. The  
 253.28 credit under this section must be used to proportionately reduce the net tax capacity-based  
 253.29 property tax payable to each local taxing jurisdiction as provided in section 273.1393.

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

254.1 Sec. 12. Minnesota Statutes 2018, section 273.1387, subdivision 3, is amended to read:

254.2 Subd. 3. **Credit reimbursements.** The county auditor shall determine the tax reductions  
 254.3 allowed under this section within the county for each taxes payable year and shall certify  
 254.4 that amount to the commissioner of revenue ~~as a part of the abstracts of tax lists submitted~~  
 254.5 ~~under section 275.29~~ under section 270C.85, subdivision 2, clause (4). Any prior year  
 254.6 adjustments shall also be certified ~~on the abstracts of tax lists.~~ The commissioner shall  
 254.7 review the certifications for accuracy, and may make such changes as are deemed necessary,  
 254.8 or return the certification to the county auditor for correction. The credit under this section  
 254.9 must be used to reduce the school district net tax capacity-based property tax as provided  
 254.10 in section 273.1393.

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

254.12 Sec. 13. Minnesota Statutes 2018, section 273.18, is amended to read:

254.13 **273.18 LISTING, VALUATION, AND ASSESSMENT OF EXEMPT PROPERTY**  
 254.14 **BY COUNTY AUDITORS.**

254.15 (a) In every sixth year after the year 2010, the county auditor shall enter the description  
 254.16 of each tract of real property exempt by law from taxation, with the name of the owner, and  
 254.17 the assessor shall value and assess the same in the same manner that other real property is  
 254.18 valued and assessed, and shall designate in each case the purpose for which the property is  
 254.19 used.

254.20 (b) ~~For purposes of the apportionment of fire state aid under section 69.021, subdivision~~  
 254.21 ~~7,~~ The county auditor shall include ~~on the abstract of assessment of exempt real property~~  
 254.22 ~~filed under this section~~ in the exempt property information that the commissioner may  
 254.23 require under section 270C.85, subdivision 2, clause (4), the total number of acres of all  
 254.24 natural resources lands for which in lieu payments are made under sections 477A.11 to  
 254.25 477A.14. The assessor shall estimate its market value, provided that if the assessor is not  
 254.26 able to estimate the market value of the land on a per parcel basis, the assessor shall furnish  
 254.27 the commissioner of revenue with an estimate of the average value per acre of this land  
 254.28 within the county.

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

255.1 Sec. 14. Minnesota Statutes 2018, section 274.14, is amended to read:

255.2 **274.14 LENGTH OF SESSION; RECORD.**

255.3 The board must meet after the second Friday in June on at least one meeting day and  
 255.4 may meet for up to ten consecutive meeting days. The actual meeting dates must be contained  
 255.5 on the valuation notices mailed to each property owner in the county as provided in section  
 255.6 273.121. For this purpose, "meeting days" is defined as any day of the week excluding  
 255.7 Sunday. At the board's discretion, "meeting days" may include Saturday. No action taken  
 255.8 by the county board of review after June 30 is valid, except for corrections permitted in  
 255.9 sections 273.01 and 274.01. The county auditor shall keep an accurate record of the  
 255.10 proceedings and orders of the board. The record must be published like other proceedings  
 255.11 of county commissioners. A copy of the published record must be sent to the commissioner  
 255.12 of revenue, ~~with the abstract of assessment required by section 274.16~~ within five days  
 255.13 following final action of the county board of equalization.

255.14 For counties that conduct either regular board of review meetings or open book meetings,  
 255.15 at least one of the meeting days must include a meeting that does not end before 7:00 p.m.  
 255.16 For counties that require taxpayer appointments for the board of review, appointments must  
 255.17 include some available times that extend until at least 7:00 p.m. The county may have a  
 255.18 Saturday meeting in lieu of, or in addition to, the extended meeting times under this  
 255.19 paragraph.

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

255.21 Sec. 15. Minnesota Statutes 2018, section 274.16, is amended to read:

255.22 **274.16 CORRECTED LISTS, ~~ABSTRACTS.~~**

255.23 The county assessor or, in Ramsey County, the official designated by the board of county  
 255.24 commissioners shall calculate the changes of the assessment lists determined by the county  
 255.25 board of equalization, and make corrections accordingly, in the real or personal lists, or  
 255.26 both, and shall make ~~duplicate abstracts~~ duplicates of them. One must be filed in the assessor's  
 255.27 office, and one must be forwarded to the commissioner of revenue as provided in section  
 255.28 270C.89.

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

255.30 Sec. 16. Minnesota Statutes 2018, section 275.025, subdivision 1, is amended to read:

255.31 Subdivision 1. **Levy amount.** The state general levy is levied against  
 255.32 commercial-industrial property and seasonal residential recreational property, as defined

256.1 in this section. The state general levy for commercial-industrial property is \$784,590,000  
 256.2 for taxes payable in 2018 and thereafter. The state general levy for seasonal-recreational  
 256.3 property is \$44,190,000 for taxes payable in 2018 and thereafter. The tax under this section  
 256.4 is not treated as a local tax rate under section 469.177 and is not the levy of a governmental  
 256.5 unit under chapters 276A and 473F.

256.6 The commissioner shall increase or decrease the preliminary or final rate for a year as  
 256.7 necessary to account for errors and tax base changes that affected a preliminary or final rate  
 256.8 for either of the two preceding years. Adjustments are allowed to the extent that the necessary  
 256.9 information is available to the commissioner at the time the rates for a year must be certified,  
 256.10 and for the following reasons:

256.11 (1) an erroneous report of taxable value by a local official;

256.12 (2) an erroneous calculation by the commissioner; and

256.13 (3) an increase or decrease in taxable value for commercial-industrial or seasonal  
 256.14 residential recreational property reported ~~on the abstracts of tax lists submitted under section~~  
 256.15 ~~275.29 that was not reported on the abstracts of assessment submitted under section 270C.89~~  
 256.16 to the commissioner under section 270C.85, subdivision 2, clause (4), for the same year.

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

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

256.20 Sec. 17. Minnesota Statutes 2018, section 290B.09, subdivision 1, is amended to read:

256.21 Subdivision 1. **Determination; payment.** The county auditor shall determine the total  
 256.22 current year's deferred amount of property tax under this chapter in the county, and ~~submit~~  
 256.23 report those amounts ~~as part of the abstracts of tax lists submitted by the county auditors~~  
 256.24 ~~under section 275.29~~ to the commissioner under section 270C.85, subdivision 2, clause (4).  
 256.25 The commissioner may make changes ~~in the abstracts of tax lists~~ as deemed necessary. The  
 256.26 commissioner of revenue, after such review, shall pay the deferred amount of property tax  
 256.27 to each county treasurer on or before August 31.

256.28 The county treasurer shall distribute as part of the October settlement the funds received  
 256.29 as if they had been collected as a part of the property tax.

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



257.1 Sec. 18. Minnesota Statutes 2018, section 469.177, subdivision 1, is amended to read:

257.2 Subdivision 1. **Original net tax capacity.** (a) Upon or after adoption of a tax increment  
257.3 financing plan, the auditor of any county in which the district is situated shall, upon request  
257.4 of the authority, certify the original net tax capacity of the tax increment financing district  
257.5 and that portion of the district overlying any subdistrict as described in the tax increment  
257.6 financing plan and shall certify in each year thereafter the amount by which the original net  
257.7 tax capacity has increased or decreased as a result of a change in tax exempt status of  
257.8 property within the district and any subdistrict, reduction or enlargement of the district or  
257.9 changes pursuant to subdivision 4. The auditor shall certify the amount within 30 days after  
257.10 receipt of the request and sufficient information to identify the parcels included in the district.  
257.11 The certification relates to the taxes payable year as provided in subdivision 6.

257.12 (b) If the classification under section 273.13 of property located in a district changes to  
257.13 a classification that has a different assessment ratio, the original net tax capacity of that  
257.14 property must be redetermined at the time when its use is changed as if the property had  
257.15 originally been classified in the same class in which it is classified after its use is changed.

257.16 (c) The amount to be added to the original net tax capacity of the district as a result of  
257.17 previously tax exempt real property within the district becoming taxable equals the net tax  
257.18 capacity of the real property as most recently assessed pursuant to ~~section 273.18~~ information  
257.19 reported to the commissioner under section 270C.85, subdivision 2, clause (4), or, if that  
257.20 assessment was made more than one year prior to the date of title transfer rendering the  
257.21 property taxable, the net tax capacity assessed by the assessor at the time of the transfer. If  
257.22 improvements are made to tax exempt property after the municipality approves the district  
257.23 and before the parcel becomes taxable, the assessor shall, at the request of the authority,  
257.24 separately assess the estimated market value of the improvements. If the property becomes  
257.25 taxable, the county auditor shall add to original net tax capacity, the net tax capacity of the  
257.26 parcel, excluding the separately assessed improvements. If substantial taxable improvements  
257.27 were made to a parcel after certification of the district and if the property later becomes tax  
257.28 exempt, in whole or part, as a result of the authority acquiring the property through  
257.29 foreclosure or exercise of remedies under a lease or other revenue agreement or as a result  
257.30 of tax forfeiture, the amount to be added to the original net tax capacity of the district as a  
257.31 result of the property again becoming taxable is the amount of the parcel's value that was  
257.32 included in original net tax capacity when the parcel was first certified. The amount to be  
257.33 added to the original net tax capacity of the district as a result of enlargements equals the  
257.34 net tax capacity of the added real property as most recently certified by the commissioner

258.1 of revenue as of the date of modification of the tax increment financing plan pursuant to  
258.2 section 469.175, subdivision 4.

258.3 (d) If the net tax capacity of a property increases because the property no longer qualifies  
258.4 under the Minnesota Agricultural Property Tax Law, section 273.111; the Minnesota Open  
258.5 Space Property Tax Law, section 273.112; or the Metropolitan Agricultural Preserves Act,  
258.6 chapter 473H, the Rural Preserve Property Tax Program under section 273.114, or because  
258.7 platted, unimproved property is improved or market value is increased after approval of the  
258.8 plat under section 273.11, subdivision 14a or 14b, the increase in net tax capacity must be  
258.9 added to the original net tax capacity. If the net tax capacity of a property increases because  
258.10 the property no longer qualifies for the homestead market value exclusion under section  
258.11 273.13, subdivision 35, the increase in net tax capacity must be added to original net tax  
258.12 capacity if the original construction of the affected home was completed before the date the  
258.13 assessor certified the original net tax capacity of the district.

258.14 (e) The amount to be subtracted from the original net tax capacity of the district as a  
258.15 result of previously taxable real property within the district becoming tax exempt or  
258.16 qualifying in whole or part for an exclusion from taxable market value, or a reduction in  
258.17 the geographic area of the district, shall be the amount of original net tax capacity initially  
258.18 attributed to the property becoming tax exempt, being excluded from taxable market value,  
258.19 or being removed from the district. If the net tax capacity of property located within the tax  
258.20 increment financing district is reduced by reason of a court-ordered abatement, stipulation  
258.21 agreement, voluntary abatement made by the assessor or auditor or by order of the  
258.22 commissioner of revenue, the reduction shall be applied to the original net tax capacity of  
258.23 the district when the property upon which the abatement is made has not been improved  
258.24 since the date of certification of the district and to the captured net tax capacity of the district  
258.25 in each year thereafter when the abatement relates to improvements made after the date of  
258.26 certification. The county auditor may specify reasonable form and content of the request  
258.27 for certification of the authority and any modification thereof pursuant to section 469.175,  
258.28 subdivision 4.

258.29 (f) If a parcel of property contained a substandard building or improvements described  
258.30 in section 469.174, subdivision 10, paragraph (e), that were demolished or removed and if  
258.31 the authority elects to treat the parcel as occupied by a substandard building under section  
258.32 469.174, subdivision 10, paragraph (b), or by improvements under section 469.174,  
258.33 subdivision 10, paragraph (e), the auditor shall certify the original net tax capacity of the  
258.34 parcel using the greater of (1) the current net tax capacity of the parcel, or (2) the estimated

259.1 market value of the parcel for the year in which the building or other improvements were  
 259.2 demolished or removed, but applying the classification rates for the current year.

259.3 (g) For a redevelopment district qualifying under section 469.174, subdivision 10,  
 259.4 paragraph (a), clause (4), as a qualified disaster area, the auditor shall certify the value of  
 259.5 the land as the original tax capacity for any parcel in the district that contains a building  
 259.6 that suffered substantial damage as a result of the disaster or emergency.

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

259.8 Sec. 19. **REPEALER.**

259.9 Minnesota Statutes 2018, section 275.29, is repealed.

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

## 259.11 **ARTICLE 19**

### 259.12 **FIRE STATE AID; TECHNICAL CHANGES**

259.13 Section 1. **[477B.01] DEFINITIONS.**

259.14 Subdivision 1. **Scope.** Unless the language or context clearly indicates that a different  
 259.15 meaning is intended, the following words and terms, for the purposes of this chapter and  
 259.16 chapters 423A and 424A, have the meanings given to them.

259.17 Subd. 2. **Commissioner.** "Commissioner" means the commissioner of revenue.

259.18 Subd. 3. **Company or insurance company.** "Company" or "insurance company" has  
 259.19 the meaning given in section 60A.02, subdivision 4.

259.20 Subd. 4. **Estimated market value.** "Estimated market value" has the meaning given in  
 259.21 section 272.03, subdivision 14.

259.22 Subd. 5. **Fire department.** "Fire department" includes a municipal fire department and  
 259.23 an independent nonprofit firefighting corporation.

259.24 Subd. 6. **Fire department service area.** "Fire department service area" means the area  
 259.25 serviced by a qualifying fire department that meets the requirements of section 477B.02.

259.26 Subd. 7. **Independent nonprofit firefighting corporation.** "Independent nonprofit  
 259.27 firefighting corporation" means an independent nonprofit firefighting corporation that meets  
 259.28 the criteria in section 424A.094, subdivision 1, paragraph (a).

259.29 Subd. 8. **Minnesota Fire Premium Report.** "Minnesota Fire Premium Report" means  
 259.30 a form for reporting by insurance companies of (1) gross direct fire, lightning, sprinkler

260.1 leakage, and extended coverage premiums received upon risks located or to be performed  
 260.2 in this state less return premiums and dividends, and (2) other facts that the commissioner  
 260.3 may require.

260.4 Subd. 9. **Municipal clerk.** "Municipal clerk" means the person elected or appointed to  
 260.5 the position of municipal clerk or, if there is no such person, the chief financial official, the  
 260.6 chief administrative official, or the person primarily responsible for managing the finances  
 260.7 of a municipality.

260.8 Subd. 10. **Municipality.** (a) "Municipality" means:

260.9 (1) a home rule charter or statutory city;

260.10 (2) an organized town;

260.11 (3) a park district subject to chapter 398;

260.12 (4) the University of Minnesota; and

260.13 (5) an American Indian tribal government entity located within a federally recognized  
 260.14 American Indian reservation.

260.15 (b) This subdivision only applies to chapter 477B.

260.16 Subd. 11. **Secretary.** "Secretary" means the secretary of an independent nonprofit  
 260.17 firefighting corporation that has a subsidiary incorporated firefighters' relief association or  
 260.18 whose firefighters participate in the voluntary statewide volunteer firefighter retirement  
 260.19 plan.

260.20 Subd. 12. **Voluntary statewide volunteer firefighter retirement plan.** "Voluntary  
 260.21 statewide volunteer firefighter retirement plan" means the retirement plan established under  
 260.22 chapter 353G.

260.23 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

260.24 Sec. 2. **[477B.02] QUALIFYING FOR FIRE STATE AID.**

260.25 Subdivision 1. **Qualifications for fire state aid.** A municipality or independent nonprofit  
 260.26 firefighting corporation qualifies to receive fire state aid if all the requirements of this section  
 260.27 are met.

260.28 Subd. 2. **Establishment of fire department.** (a) An independent nonprofit firefighting  
 260.29 corporation must be created under the nonprofit corporation act of this state operating for  
 260.30 the exclusive purpose of firefighting, or the governing body of a municipality must officially  
 260.31 establish a fire department.

261.1 (b) The fire department must have provided firefighting services for at least one calendar  
261.2 year.

261.3 Subd. 3. **Personnel and benefits requirements.** (a) A fire department must have a  
261.4 minimum of ten paid or volunteer firefighters, including a fire chief and assistant fire chief.

261.5 (b) The fire department must have regular scheduled meetings and frequent drills that  
261.6 include instructions in firefighting tactics and in the use, care, and operation of all fire  
261.7 apparatus and equipment.

261.8 (c) The fire department must have a separate subsidiary incorporated firefighters' relief  
261.9 association that provides retirement benefits or must participate in the voluntary statewide  
261.10 volunteer firefighter retirement plan; or if the municipality solely employs full-time  
261.11 firefighters as defined in section 299N.03, subdivision 5, retirement coverage must be  
261.12 provided by the public employees police and fire retirement plan.

261.13 (d) Notwithstanding paragraph (c), a municipality without a relief association as described  
261.14 under section 424A.08, paragraph (a), may still qualify to receive fire state aid if all other  
261.15 requirements of this section are met.

261.16 Subd. 4. **Equipment requirements.** The fire department must have all of the following  
261.17 equipment, or the equivalent as determined by the state fire marshal, by December 31 of  
261.18 the year preceding the certification required in subdivision 8:

261.19 (1) a motorized fire truck equipped with:

261.20 (i) a motorized pump;

261.21 (ii) a 250-gallon or larger water tank;

261.22 (iii) 300 feet of one inch or larger fire hose in two lines with combination spray and  
261.23 straight stream nozzles;

261.24 (iv) five-gallon hand pumps - tank extinguisher or equivalent;

261.25 (v) a dry chemical extinguisher or equivalent;

261.26 (vi) ladders;

261.27 (vii) extension ladders;

261.28 (viii) pike poles;

261.29 (ix) crowbars;

261.30 (x) axes;

262.1 (xi) lanterns; and

262.2 (xii) fire coats, helmets, and boots;

262.3 (2) the items in clause (1) suitably housed in a building of good construction with facilities  
 262.4 for care of hoses and equipment;

262.5 (3) a reliable and adequate method of receiving fire alarms by telephone or with electric  
 262.6 siren and suitable means of sounding an alarm; and

262.7 (4) if response is to be provided outside the corporate limits of the municipality where  
 262.8 the fire department is located, another piece of motorized apparatus to make the response.

262.9 **Subd. 5. Fire service contract or agreement; apportionment agreement filing**

262.10 **requirement.** (a) Every municipality or independent nonprofit firefighting corporation must  
 262.11 file a copy of any duly executed and valid fire service contract or agreement with the  
 262.12 commissioner.

262.13 (b) If more than one fire department provides service to a municipality, the fire  
 262.14 departments furnishing service must enter into an agreement apportioning among themselves  
 262.15 the percentage of the population and the percentage of the estimated market value of each  
 262.16 shared service fire department service area. The agreement must be in writing and must be  
 262.17 filed with the commissioner.

262.18 **Subd. 6. Compliance with rules.** The fire department must meet all other requirements  
 262.19 that the commissioner establishes by rule.

262.20 **Subd. 7. Financial reporting requirements.** The financial reporting requirements of  
 262.21 section 424A.014 must be satisfied.

262.22 **Subd. 8. PERA certification to commissioner.** On or before February 1 each year, if  
 262.23 retirement coverage for a fire department is provided by the voluntary statewide volunteer  
 262.24 firefighter retirement plan, the executive director of the Public Employees Retirement  
 262.25 Association must certify the existence of retirement coverage.

262.26 **Subd. 9. Fire department certification to commissioner.** On or before March 15 of  
 262.27 each year, the municipal clerk or the secretary, and the fire chief, must jointly certify to the  
 262.28 commissioner that the fire department exists and meets the qualification requirements of  
 262.29 this section. The certification must be on a form prescribed by the commissioner and must  
 262.30 include all other information that the commissioner requires.

262.31 **Subd. 10. Penalty for failure to file certification.** (a) If the certification under  
 262.32 subdivision 9 is not filed with the commissioner on or before March 15, the commissioner

263.1 must notify the municipal clerk or the secretary that a penalty equal to a portion or all of  
 263.2 the current year aid will apply if the certification is not received within ten days of the  
 263.3 postmark date of the notification.

263.4 (b) The penalty for failure to file the certification under subdivision 9 is equal to the  
 263.5 amount of fire state aid determined for the municipality or the independent nonprofit  
 263.6 firefighting corporation for the current year, multiplied by five percent for each week or  
 263.7 fraction of a week that the certification is late. The penalty must be computed beginning  
 263.8 ten days after the postmark date of the commissioner's notification. Aid amounts forfeited  
 263.9 as a result of the penalty revert to the state general fund. Failure to receive the certification  
 263.10 form is not a defense for a failure to file.

263.11 Subd. 11. **Determination by commissioner.** The commissioner must determine which  
 263.12 municipalities and independent nonprofit firefighting corporations are qualified to receive  
 263.13 fire state aid directly or are qualified to receive the benefit of fire state aid paid to the  
 263.14 voluntary statewide volunteer firefighter retirement plan based on compliance with the  
 263.15 requirements of this section and the financial compliance report required under section  
 263.16 6.495, subdivision 3, if applicable. The commissioner may take into account any other  
 263.17 relevant information that comes to the attention of the commissioner when making the  
 263.18 determination.

263.19 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

263.20 Sec. 3. **[477B.03] CALCULATION OF FIRE STATE AID; APPEAL.**

263.21 Subdivision 1. **Certification and calculation of fire state aid.** (a) On or before October  
 263.22 1, the commissioner must calculate the amount of fire state aid that each municipality or  
 263.23 independent nonprofit firefighting corporation is to receive.

263.24 (b) The commissioner must calculate an initial fire state aid allocation amount for each  
 263.25 municipality or independent nonprofit firefighting corporation under subdivision 4 and, if  
 263.26 applicable, a minimum fire state aid allocation amount for each municipality or independent  
 263.27 nonprofit firefighting corporation under subdivision 5. The municipality or independent  
 263.28 nonprofit firefighting corporation must be apportioned the greater of the amounts calculated  
 263.29 under subdivisions 4 and 5.

263.30 Subd. 2. **Apportionment of fire state aid.** (a) The amount of fire state aid available for  
 263.31 apportionment, before the addition of the minimum fire state aid allocation amount under  
 263.32 subdivision 5, is equal to 107 percent of the amount of premium taxes paid to the state upon  
 263.33 the fire, lightning, sprinkler leakage, and extended coverage premiums reported to the

264.1 commissioner by companies or insurance companies on the Minnesota Fire Premium Report.  
264.2 This amount must be reduced by the amount required to pay the state auditor's costs and  
264.3 expenses of the audits or exams of the firefighters' relief associations.

264.4 (b) The total amount available for apportionment must not be less than two percent of  
264.5 the premiums less return premiums reported to the commissioner by companies or insurance  
264.6 companies on the Minnesota Fire Premium Report after subtracting the following amounts:

264.7 (1) the amount required to pay the state auditor's costs and expenses of the audits or  
264.8 exams of the firefighters' relief associations; and

264.9 (2) one percent of the premiums reported by township mutual insurance companies and  
264.10 mutual property and casualty companies with total assets of \$5,000,000 or less.

264.11 (c) The commissioner must apportion the fire state aid to each municipality or independent  
264.12 nonprofit firefighting corporation qualified under section 477B.02 relative to the premiums  
264.13 reported on the Minnesota Fire Premium Reports filed under this chapter.

264.14 (d) The commissioner must calculate the percentage of increase or decrease reflected in  
264.15 the apportionment over or under the previous year's available state aid using the same  
264.16 premiums as a basis for comparison.

264.17 Subd. 3. **Population and estimated market value.** (a) Official statewide federal census  
264.18 figures must be used in calculations requiring the use of population figures under this chapter.  
264.19 Increases or decreases in population disclosed by reason of any special census must not be  
264.20 taken into consideration.

264.21 (b) The latest available estimated market value property figures must be used in  
264.22 calculations requiring the use of estimated market value property figures under this chapter.

264.23 Subd. 4. **Initial fire state aid allocation amount.** (a) The initial fire state aid allocation  
264.24 amount is the amount available for apportionment as fire state aid under subdivision 2,  
264.25 without the inclusion of any additional funding amount to support a minimum fire state aid  
264.26 amount under section 423A.02, subdivision 3. The initial fire state aid allocation amount  
264.27 is allocated one-half in proportion to the population for each fire department service area  
264.28 and one-half in proportion to the estimated market value of each fire department service  
264.29 area, including (1) the estimated market value of tax-exempt property, and (2) the estimated  
264.30 market value of natural resources lands receiving in lieu payments under sections 477A.11  
264.31 to 477A.14 and 477A.17. The estimated market value of minerals is excluded.

264.32 (b) In the case of a municipality or independent nonprofit firefighting corporation  
264.33 furnishing fire protection to other municipalities as evidenced by valid fire service contracts



265.1 filed with the commissioner under section 477B.02, subdivision 5, the distribution must be  
265.2 adjusted proportionately to take into consideration the crossover fire protection service.  
265.3 Necessary adjustments must be made to subsequent apportionments.

265.4 (c) In the case of municipalities or independent nonprofit firefighting corporations  
265.5 qualifying for aid, the commissioner must calculate the state aid for the municipality or  
265.6 independent nonprofit firefighting corporation on the basis of the population and the estimated  
265.7 market value of the area furnished fire protection service by the fire department as evidenced  
265.8 by fire service agreements filed with the commissioner under section 477B.02, subdivision  
265.9 5.

265.10 (d) In the case of more than one fire department furnishing contracted fire service to a  
265.11 municipality, the population and estimated market value in the apportionment agreement  
265.12 filed with the commissioner under section 477B.02, subdivision 5, must be used in calculating  
265.13 the state aid.

265.14 Subd. 5. **Minimum fire state aid allocation amount.** (a) The minimum fire state aid  
265.15 allocation amount is the amount derived from any additional funding amount to support a  
265.16 minimum fire state aid amount under section 423A.02, subdivision 3. The minimum fire  
265.17 state aid allocation amount is allocated to municipalities or independent nonprofit firefighting  
265.18 corporations with volunteer firefighters' relief associations or covered by the voluntary  
265.19 statewide volunteer firefighter retirement plan. The amount is based on the number of active  
265.20 volunteer firefighters who are (1) members of the relief association as reported to the Office  
265.21 of the State Auditor in a specific annual financial reporting year as specified in paragraphs  
265.22 (b) to (d), or (2) covered by the voluntary statewide volunteer firefighter retirement plan as  
265.23 specified in paragraph (e).

265.24 (b) For relief associations established in calendar year 1993 or a prior year, the number  
265.25 of active volunteer firefighters equals the number of active volunteer firefighters who were  
265.26 members of the relief association as reported in the annual financial reporting for calendar  
265.27 year 1993, but not to exceed 30 active volunteer firefighters.

265.28 (c) For relief associations established in calendar year 1994 through calendar year 1999,  
265.29 the number of active volunteer firefighters equals the number of active volunteer firefighters  
265.30 who were members of the relief association as reported in the annual financial reporting for  
265.31 calendar year 1998 to the Office of the State Auditor, but not to exceed 30 active volunteer  
265.32 firefighters.

265.33 (d) For relief associations established after calendar year 1999, the number of active  
265.34 volunteer firefighters equals the number of active volunteer firefighters who are members

266.1 of the relief association as reported in the first annual financial reporting submitted to the  
266.2 Office of the State Auditor, but not to exceed 20 active volunteer firefighters.

266.3 (e) If a relief association is terminated as a result of providing retirement coverage for  
266.4 volunteer firefighters by the voluntary statewide volunteer firefighter retirement plan under  
266.5 chapter 353G, the number of active volunteer firefighters equals the number of active  
266.6 volunteer firefighters of the municipality or independent nonprofit firefighting corporation  
266.7 covered by the statewide plan as certified by the executive director of the Public Employees  
266.8 Retirement Association to the commissioner and the state auditor, but not to exceed 30  
266.9 active firefighters.

266.10 Subd. 6. **Corrective aid adjustments.** Any adjustments needed to correct prior  
266.11 misallocations must be made to subsequent fire state aid apportionments.

266.12 Subd. 7. **Appeal.** A municipality, an independent nonprofit firefighting corporation, a  
266.13 fire relief association, or the voluntary statewide volunteer firefighter retirement plan may  
266.14 object to the amount of fire state aid apportioned to it by filing a written request with the  
266.15 commissioner to review and adjust the apportionment of funds within the state. The decision  
266.16 of the commissioner is subject to appeal, review, and adjustment by the district court in the  
266.17 county in which the applicable municipality or independent nonprofit firefighting corporation  
266.18 is located or by the Ramsey County District Court with respect to the voluntary statewide  
266.19 volunteer firefighter retirement plan.

266.20 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

266.21 Sec. 4. **[477B.04] APPROPRIATION, PAYMENT, AND ADMINISTRATION.**

266.22 Subdivision 1. **Payments.** (a) The commissioner must make payments to the Public  
266.23 Employees Retirement Association for deposit in the voluntary statewide volunteer firefighter  
266.24 retirement fund on behalf of a municipality or independent nonprofit firefighting corporation  
266.25 that is a member of the voluntary statewide volunteer firefighter retirement plan under  
266.26 chapter 353G, or directly to a municipality or county designated by an independent nonprofit  
266.27 firefighting corporation. The payment is equal to the amount of fire state aid apportioned  
266.28 to the applicable fire state aid recipient under section 477B.03.

266.29 (b) Fire state aid is payable on October 1 annually. The amount of state aid due and not  
266.30 paid by October 1 accrues interest payable to the recipient at the rate of one percent for each  
266.31 month or part of a month that the amount remains unpaid after October 1.

266.32 (c) The interest under paragraph (b) does not apply when payment has not been made  
266.33 by October 1 due to noncompliance with sections 424A.014 and 477B.02, subdivision 7.

267.1 Subd. 2. **Appropriation.** The amount necessary to make the payments under this section  
267.2 and section 477B.03 is annually appropriated to the commissioner from the general fund.

267.3 Subd. 3. **Deposit of state aid.** (a) If the municipality or the independent nonprofit  
267.4 firefighting corporation is covered by the voluntary statewide volunteer firefighter retirement  
267.5 plan under chapter 353G, the executive director of the Public Employees Retirement  
267.6 Association must credit the fire state aid against future municipal contribution requirements  
267.7 under section 353G.08 and must notify the municipality or the independent nonprofit  
267.8 firefighting corporation of the fire state aid so credited at least annually.

267.9 (b) If the municipality or the independent nonprofit firefighting corporation is not covered  
267.10 by the voluntary statewide volunteer firefighter retirement plan, the treasurer of the  
267.11 municipality must, within 30 days after receipt, transmit the fire state aid to the treasurer  
267.12 of the duly incorporated firefighters' relief association if there is one organized and the  
267.13 association has filed a financial report with the municipality pursuant to section 424A.014,  
267.14 subdivision 1 or 2, whichever applies. If the relief association has not filed a financial report  
267.15 with the municipality, the treasurer of the municipality must delay transmission of the fire  
267.16 state aid to the relief association until the complete financial report is filed.

267.17 (c) The treasurer of the municipality must deposit the fire state aid money in the municipal  
267.18 treasury if (1) the municipality or independent nonprofit firefighting corporation is not  
267.19 covered by the voluntary statewide volunteer firefighter retirement plan, (2) there is no  
267.20 relief association organized, (3) the association has dissolved, or (4) the association has  
267.21 been removed as trustees of state aid. The money may be disbursed from the municipal  
267.22 treasury only for the purposes and in the manner set forth in section 424A.08 or for the  
267.23 payment of the employer contribution requirement with respect to firefighters covered by  
267.24 the public employees police and fire retirement plan under section 353.65, subdivision 3.

267.25 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

267.26 Sec. 5. **[477B.05] SHORTFALL FROM GENERAL FUND.**

267.27 (a) If the annual funding requirements of fire relief associations or consolidation accounts  
267.28 under sections 424A.091 to 424A.095 or Laws 2013, chapter 111, article 5, sections 31 to  
267.29 42, exceed all applicable revenue sources of a given year, including the insurance premium  
267.30 taxes funding fire state aid under this chapter as set under section 297I.05, subdivisions 2,  
267.31 3, and 4, the shortfall in the annual funding requirements must be paid from the general  
267.32 fund to the extent appropriated by the legislature.

268.1 (b) Nothing in this section relieves any municipality from its obligation to a relief  
268.2 association or consolidation account under law.

268.3 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

268.4 Sec. 6. **PURPOSE.**

268.5 It is the intent of the legislature to make Minnesota's fire and police state aid laws more  
268.6 understandable by separating and recodifying disparate administration and compliance  
268.7 provisions currently contained in chapter 69 of Minnesota Statutes. Due to the complexity  
268.8 of the recodification, prior provisions are repealed on the effective date of the new provisions.

268.9 **EFFECTIVE DATE.** This section is effective July 1, 2019.

268.10 Sec. 7. **REPEALER.**

268.11 Minnesota Statutes 2018, sections 69.011, subdivisions 1, 2, 2b, 2c, 3, and 4; 69.021,  
268.12 subdivisions 1, 2, 3, 4, 5, 7, 7a, 8, 9, 10, and 11; 69.031, subdivisions 1, 3, and 5; and 69.041,  
268.13 are repealed.

268.14 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

## 268.15 **ARTICLE 20**

### 268.16 **POLICE STATE AID; TECHNICAL CHANGES**

268.17 Section 1. **[477C.01] DEFINITIONS.**

268.18 Subdivision 1. **Scope.** Unless the language or context clearly indicates that a different  
268.19 meaning is intended, the following words and terms, for the purposes of this chapter and  
268.20 chapter 423A have the meanings given to them.

268.21 Subd. 2. **Commissioner.** "Commissioner" means the commissioner of revenue.

268.22 Subd. 3. **Company or insurance company.** "Company" or "insurance company" has  
268.23 the meaning given in section 60A.02, subdivision 4.

268.24 Subd. 4. **Minnesota Aid to Police Premium Report.** "Minnesota Aid to Police Premium  
268.25 Report" means a form for reporting the total gross premiums, less return premiums and  
268.26 dividends, on all direct business received by an insurance company in this state during the  
268.27 preceding calendar year, with reference to insurance written for perils contained in auto  
268.28 insurance coverages as reported to the National Association of Insurance Commissioners  
268.29 and the commissioner of commerce.

269.1 Subd. 5. **Municipal clerk, municipal clerk-treasurer, or county auditor.** "Municipal  
269.2 clerk," "municipal clerk-treasurer," or "county auditor" means:

269.3 (1) the person elected or appointed to the position of municipal clerk, municipal  
269.4 clerk-treasurer, or county auditor or, if there is no such person, the chief financial official  
269.5 or the person primarily responsible for managing the finances of a municipality;

269.6 (2) for a park district, the secretary of the board of park district commissioners;

269.7 (3) for the University of Minnesota, the official designated by the Board of Regents;

269.8 (4) for the Metropolitan Airports Commission, the person designated by the commission;

269.9 (5) for the Departments of Natural Resources and Public Safety, the respective  
269.10 commissioner of the agency; and

269.11 (6) for a tribal police department that exercises state arrest powers under section 626.90,  
269.12 626.91, 626.92, or 626.93, the person designated by the applicable American Indian tribal  
269.13 government.

269.14 Subd. 6. **Municipality.** (a) "Municipality" means:

269.15 (1) a home rule charter or statutory city;

269.16 (2) an organized town;

269.17 (3) a county;

269.18 (4) a park district subject to chapter 398;

269.19 (5) the University of Minnesota;

269.20 (6) an American Indian tribal government with a tribal police department that exercises  
269.21 state arrest powers under section 626.90, 626.91, 626.92, or 626.93;

269.22 (7) the Metropolitan Airports Commission; and

269.23 (8) the Departments of Natural Resources and Public Safety with respect to peace officers  
269.24 covered under chapter 352B.

269.25 (b) This subdivision only applies to chapter 477C.

269.26 Subd. 7. **Peace officer.** "Peace officer" means any person:

269.27 (1) whose primary source of income derived from wages is from direct employment by  
269.28 a municipality as a law enforcement officer on a full-time basis of not less than 30 hours  
269.29 per week;

270.1 (2) who has been employed for a minimum of six months before December 31 preceding  
 270.2 the date of the current year's certification under section 477C.02, subdivision 1;

270.3 (3) who is sworn to enforce the general criminal laws of the state and local ordinances;

270.4 (4) who is licensed by the Peace Officers Standards and Training Board and is authorized  
 270.5 to arrest with a warrant; and

270.6 (5) who is a member of the State Patrol retirement plan or the public employees police  
 270.7 and fire fund.

270.8 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

270.9 **Sec. 2. [477C.02] QUALIFYING FOR POLICE STATE AID.**

270.10 Subdivision 1. **Certification to commissioner.** (a) A certification made under this  
 270.11 section must be filed with the commissioner on a form prescribed by the commissioner and  
 270.12 must include all other facts that the commissioner requires.

270.13 (b) Except as provided in subdivision 2, on or before March 15 annually, the municipal  
 270.14 clerk, municipal clerk-treasurer, or county auditor of each municipality employing one or  
 270.15 more peace officers must certify to the commissioner the number of peace officers employed  
 270.16 during the previous calendar year. No peace officer may be included in the certification by  
 270.17 more than one municipality for the same month.

270.18 (c) Credit for peace officers employed less than a full year must be apportioned. Each  
 270.19 full month of employment of a qualifying officer during the calendar year entitles the  
 270.20 employing municipality to credit for 1/12 of the payment for employment of a peace officer  
 270.21 for the entire year. For purposes of this chapter, employment of a peace officer begins when  
 270.22 the peace officer is entered on the payroll of the employing municipality.

270.23 Subd. 2. **Departments of Natural Resources and Public Safety.** On or before March  
 270.24 15 annually, the commissioner of natural resources must certify the number of peace officers  
 270.25 employed by the Enforcement Division and the commissioner of public safety must certify  
 270.26 the number of peace officers employed by the Bureau of Criminal Apprehension, the  
 270.27 Gambling Enforcement Division, and the State Patrol Division. The certification must be  
 270.28 on the form described in subdivision 1, paragraph (a). Peace officers certified under this  
 270.29 subdivision must be included in the total certifications under subdivision 1.

270.30 Subd. 3. **Ineligibility of certain peace officers.** A peace officer employed by the  
 270.31 University of Minnesota who is required by the Board of Regents to be a member of the

271.1 University of Minnesota faculty retirement plan is not eligible to be included in any police  
 271.2 state aid certification under this section.

271.3 Subd. 4. **Penalty for failure to file certification.** (a) If a certification under subdivision  
 271.4 1 or 2 is not filed with the commissioner on or before March 15, the commissioner must  
 271.5 notify the municipal clerk, municipal clerk-treasurer, or county auditor that a penalty equal  
 271.6 to a portion or all of its current year aid will apply if the certification is not received within  
 271.7 ten days.

271.8 (b) The penalty for failure to file the certification under subdivision 1 or 2 is equal to  
 271.9 the amount of police state aid determined for the municipality for the current year, multiplied  
 271.10 by five percent for each week or fraction of a week that the certification is late. The penalty  
 271.11 must be computed beginning ten days after the postmark date of the commissioner's  
 271.12 notification as required under this subdivision. All aid amounts forfeited as a result of the  
 271.13 penalty revert to the state general fund. Failure to receive the certification form may not be  
 271.14 used as a defense for a failure to file.

271.15 Subd. 5. **Determination by commissioner.** The commissioner must determine which  
 271.16 municipalities are qualified to receive police state aid based on compliance with the  
 271.17 requirements of this section. The commissioner may take into account any other relevant  
 271.18 information that comes to the attention of the commissioner when making the determination.

271.19 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

271.20 Sec. 3. **[477C.03] CALCULATION OF POLICE STATE AID; APPEAL.**

271.21 Subdivision 1. **Certification and calculation of police state aid.** (a) On or before  
 271.22 October 1, the commissioner must calculate the amount of police state aid that each  
 271.23 municipality is to receive.

271.24 (b) The commissioner must calculate an excess police state aid amount for each  
 271.25 municipality under subdivision 3 and must reduce the apportionment amount for each  
 271.26 municipality based on the calculation.

271.27 Subd. 2. **Apportionment of police state aid.** (a) The total amount available for  
 271.28 apportionment as police state aid is equal to 104 percent of the amount of premium taxes  
 271.29 paid to the state on the premiums reported to the commissioner by companies or insurance  
 271.30 companies on the Minnesota Aid to Police Premium Report. The total amount for  
 271.31 apportionment for the police state aid program must not be less than two percent of the  
 271.32 amount of premiums reported to the commissioner by companies or insurance companies  
 271.33 on the Minnesota Aid to Police Premium Report.

272.1 (b) The commissioner must calculate the percentage of increase or decrease reflected in  
272.2 the apportionment over or under the previous year's available state aid using the same  
272.3 premiums as a basis for comparison.

272.4 (c) In addition to the amount for apportionment of police state aid under paragraph (a),  
272.5 each year \$100,000 must be apportioned for police state aid. An amount sufficient to pay  
272.6 this increase is annually appropriated from the general fund.

272.7 (d) The commissioner must apportion police state aid to all municipalities in proportion  
272.8 to the relationship that the total number of peace officers employed by that municipality for  
272.9 the prior calendar year and the proportional or fractional number who were employed less  
272.10 than a calendar year as credited under section 477C.02, subdivision 1, paragraph (c), bears  
272.11 to the total number of peace officers employed by all municipalities subject to any reduction  
272.12 under subdivision 3.

272.13 (e) Any necessary additional adjustments must be made to subsequent police state aid  
272.14 apportionments.

272.15 Subd. 3. **Apportionment reduction; excess police state aid.** (a) The commissioner  
272.16 must reduce the apportionment of police state aid under this section for eligible municipalities  
272.17 by the amount of any excess police state aid calculated under this subdivision.

272.18 (b) The commissioner must calculate the amount of excess police state aid for each  
272.19 municipality as follows:

272.20 (1) for municipalities in which police retirement coverage is provided wholly by the  
272.21 public employees police and fire fund and all peace officers are members of the plan governed  
272.22 by sections 353.63 to 353.657, the excess police state aid amount equals the amount of  
272.23 police state aid apportioned under subdivision 2 that exceeds the employer's total prior  
272.24 calendar year obligation as defined in paragraph (c), as certified by the executive director  
272.25 of the Public Employees Retirement Association;

272.26 (2) for the Metropolitan Airports Commission, the excess police state aid amount equals  
272.27 the amount of apportioned police aid calculated under subdivision 2 that exceeds the  
272.28 commission's total prior calendar year obligation as defined in paragraph (c), as certified  
272.29 by the executive director of the Public Employees Retirement Association; and

272.30 (3) for the Departments of Natural Resources and Public Safety, the excess police state  
272.31 aid amount equals the amount of apportioned police aid calculated under subdivision 2 that  
272.32 exceeds the employer's total prior calendar year obligation under section 352B.02, subdivision



273.1 1c, for plan members who are peace officers, as certified by the executive director of the  
 273.2 Minnesota State Retirement System.

273.3 (c) The municipality's total prior calendar year obligation with respect to the public  
 273.4 employees police and fire plan under paragraph (b), clause (1), is the total prior calendar  
 273.5 year obligation under section 353.65, subdivision 3, for police officers as defined in section  
 273.6 353.64, subdivisions 1, 1a, and 2, and the actual total prior calendar year obligation under  
 273.7 section 353.65, subdivision 3, for firefighters, as defined in section 353.64, subdivisions 1,  
 273.8 1a, and 2, but not to exceed for those firefighters the applicable following employer calendar  
 273.9 year amount:

273.10	<u>Municipality</u>	<u>Maximum Amount</u>
273.11	<u>Albert Lea</u>	<u>\$54,157.01</u>
273.12	<u>Anoka</u>	<u>10,399.31</u>
273.13	<u>Apple Valley</u>	<u>5,442.44</u>
273.14	<u>Austin</u>	<u>49,864.73</u>
273.15	<u>Bemidji</u>	<u>27,671.38</u>
273.16	<u>Brooklyn Center</u>	<u>6,605.92</u>
273.17	<u>Brooklyn Park</u>	<u>24,002.26</u>
273.18	<u>Burnsville</u>	<u>15,956.00</u>
273.19	<u>Cloquet</u>	<u>4,260.49</u>
273.20	<u>Coon Rapids</u>	<u>39,920.00</u>
273.21	<u>Cottage Grove</u>	<u>8,588.48</u>
273.22	<u>Crystal</u>	<u>5,855.00</u>
273.23	<u>East Grand Forks</u>	<u>51,009.88</u>
273.24	<u>Edina</u>	<u>32,251.00</u>
273.25	<u>Elk River</u>	<u>5,216.55</u>
273.26	<u>Ely</u>	<u>13,584.16</u>
273.27	<u>Eveleth</u>	<u>16,288.27</u>
273.28	<u>Fergus Falls</u>	<u>6,742.00</u>
273.29	<u>Fridley</u>	<u>33,420.64</u>
273.30	<u>Golden Valley</u>	<u>11,744.61</u>
273.31	<u>Hastings</u>	<u>16,561.00</u>
273.32	<u>Hopkins</u>	<u>4,324.23</u>
273.33	<u>International Falls</u>	<u>14,400.69</u>
273.34	<u>Lakeville</u>	<u>782.35</u>
273.35	<u>Lino Lakes</u>	<u>5,324.00</u>
273.36	<u>Little Falls</u>	<u>7,889.41</u>
273.37	<u>Maple Grove</u>	<u>6,707.54</u>

274.1	<u>Maplewood</u>	<u>8,476.69</u>
274.2	<u>Minnetonka</u>	<u>10,403.00</u>
274.3	<u>Montevideo</u>	<u>1,307.66</u>
274.4	<u>Moorhead</u>	<u>68,069.26</u>
274.5	<u>New Hope</u>	<u>6,739.72</u>
274.6	<u>North St. Paul</u>	<u>4,241.14</u>
274.7	<u>Northfield</u>	<u>770.63</u>
274.8	<u>Owatonna</u>	<u>37,292.67</u>
274.9	<u>Plymouth</u>	<u>6,754.71</u>
274.10	<u>Red Wing</u>	<u>3,504.01</u>
274.11	<u>Richfield</u>	<u>53,757.96</u>
274.12	<u>Rosemount</u>	<u>1,712.55</u>
274.13	<u>Roseville</u>	<u>9,854.51</u>
274.14	<u>St. Anthony</u>	<u>33,055.00</u>
274.15	<u>St. Louis Park</u>	<u>53,643.11</u>
274.16	<u>Thief River Falls</u>	<u>28,365.04</u>
274.17	<u>Virginia</u>	<u>31,164.46</u>
274.18	<u>Waseca</u>	<u>11,135.17</u>
274.19	<u>West St. Paul</u>	<u>15,707.20</u>
274.20	<u>White Bear Lake</u>	<u>6,521.04</u>
274.21	<u>Woodbury</u>	<u>3,613.00</u>
274.22	<u>any other municipality</u>	<u>0.00</u>

274.23 (d) The total amount of excess police state aid must be deposited in the excess police  
 274.24 state aid account in the general fund, and administered and distributed as provided in  
 274.25 subdivision 4.

274.26 Subd. 4. Excess police state aid holding account. (a) The excess police state aid holding  
 274.27 account is established in the general fund. The excess police state aid holding account is  
 274.28 administered by the commissioner.

274.29 (b) Excess police state aid determined under subdivision 3 must be deposited annually  
 274.30 in the excess police state aid holding account.

274.31 (c) From the balance in the excess police state aid holding account, \$900,000 must be  
 274.32 canceled annually to the general fund.

274.33 (d) On October 1 annually, one-half of the balance of the excess police state aid holding  
 274.34 account remaining after the deduction under paragraph (c) is appropriated for additional  
 274.35 amortization aid under section 423A.02, subdivision 1b.

275.1 (e) The remaining balance in the excess police state aid holding account, after the  
275.2 deductions under paragraphs (c) and (d), must be canceled annually to the general fund.

275.3 Subd. 5. **Appeal.** A municipality may object to the amount of police state aid apportioned  
275.4 to it by filing a written request with the commissioner to review and adjust the apportionment  
275.5 of funds to the municipality. The decision of the commissioner is subject to appeal, review,  
275.6 and adjustment by the district court in the county in which the applicable municipality is  
275.7 located or by the Ramsey County District Court with respect to the Departments of Natural  
275.8 Resources or Public Safety.

275.9 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

275.10 Sec. 4. **[477C.04] APPROPRIATION, PAYMENT, AND ADMINISTRATION.**

275.11 Subdivision 1. **Payments.** (a) The commissioner must make payments to the municipality  
275.12 equal to the amount of police state aid apportioned to the applicable state aid recipient under  
275.13 section 477C.03.

275.14 (b) Police state aid is payable on October 1 annually. The amount of state aid due and  
275.15 not paid by October 1 accrues interest payable to the recipient at the rate of one percent for  
275.16 each month or part of a month that the amount remains unpaid after October 1.

275.17 Subd. 2. **Appropriation.** (a) The amount necessary to make the payments under this  
275.18 section and section 477C.03 is annually appropriated to the commissioner from the general  
275.19 fund.

275.20 (b) The police state aid apportioned to the Departments of Public Safety and Natural  
275.21 Resources under section 477C.03 is allocated to the commissioner of management and  
275.22 budget for transfer to the funds and accounts from which the salaries of peace officers  
275.23 certified under section 477C.02, subdivision 2, are paid. On or before October 1, the  
275.24 commissioner of revenue must certify to the commissioners of public safety, natural  
275.25 resources, and management and budget the amounts to be transferred from the appropriation  
275.26 for police state aid. The commissioners of public safety and natural resources must certify  
275.27 to the commissioner of management and budget the amounts to be credited to each of the  
275.28 funds and accounts from which the peace officers employed by their respective departments  
275.29 are paid.

275.30 Subd. 3. **Deposit of state aid.** (a) For a municipality in which police retirement coverage  
275.31 is provided by the public employees police and fire fund and all peace officers are members  
275.32 of the fund, including municipalities covered by section 353.665, the total state aid must

276.1 be applied toward the municipality's employer contribution to the public employees police  
 276.2 and fire fund under sections 353.65, subdivision 3, and 353.665, subdivision 8.

276.3 (b) The county treasurer, upon receipt of the police state aid for the county, must apply  
 276.4 the total state aid toward the county's employer contribution to the public employees police  
 276.5 and fire fund under section 353.65, subdivision 3.

276.6 (c) The designated Metropolitan Airports Commission official, upon receipt of the police  
 276.7 state aid for the Metropolitan Airports Commission, must apply the total police state aid  
 276.8 toward the commission's employer contribution for peace officers to the public employees  
 276.9 police and fire plan under section 353.65, subdivision 3.

276.10 (d) The commissioners of public safety and natural resources must allocate the police  
 276.11 state aid first for employer contributions funded from the general fund and then for employer  
 276.12 contributions funded from other funds. For peace officers employed by the Departments of  
 276.13 Natural Resources or Public Safety whose salaries are paid from the general fund, the  
 276.14 amounts transferred from the appropriation for police state aid must be canceled to the  
 276.15 general fund.

276.16 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

## 276.17 **ARTICLE 21**

### 276.18 **FIRE AND POLICE STATE AID; MISCELLANEOUS TECHNICAL CHANGES**

#### 276.19 Section 1. **[297I.26] FIRE AND POLICE PREMIUM REPORTS.**

276.20 Subdivision 1. **Filing reports.** (a) Each company must file with the commissioner the  
 276.21 reports defined in sections 477B.01, subdivision 8, and 477C.01, subdivision 4, signed by  
 276.22 the authorized representative of the company, on or before March 1 annually. The fire and  
 276.23 extended coverage portion of multiperil package premiums and all other combination  
 276.24 premiums must be determined by applying percentages determined by the commissioner  
 276.25 or by rating bureaus recognized by the commissioner. The commissioner shall prescribe  
 276.26 the content, form, and manner of the reports.

276.27 (b) The commissioner must notify each company that fails to timely file the report  
 276.28 required under paragraph (a). The notice must demand that the company file the report  
 276.29 within 30 days. Where good cause exists, the commissioner may extend the period for filing  
 276.30 the report as long as a request for extension is filed by the company before the expiration  
 276.31 of the 30-day period.

277.1 Subd. 2. Penalties. (a) A company that fails to file the report on or before the due date  
277.2 in subdivision 1 is liable for a penalty equal to \$25 for each seven days, or fraction thereof,  
277.3 that the report is delinquent, but not to exceed \$200.

277.4 (b) Any person whose duty it is to file the report and who fails or refuses to file within  
277.5 30 days after the postmark of the notice in subdivision 1 must be fined an amount of no  
277.6 more than \$1,000.

277.7 (c) Any company that knowingly makes and files an inaccurate or false report is liable  
277.8 for a fine in an amount not less than \$25 nor more than \$1,000, as determined by the  
277.9 commissioner, and the commissioner of commerce may revoke the company's certificate  
277.10 of authority.

277.11 **EFFECTIVE DATE.** This section is effective for reports filed after December 31, 2019.

277.12 Sec. 2. **[424A.014] FINANCIAL REPORT; BOND; EXAMINATION.**

277.13 Subdivision 1. **Financial report and audit.** (a) The board of the Bloomington Fire  
277.14 Department Relief Association and each volunteer firefighters relief association with assets  
277.15 of at least \$500,000 or liabilities of at least \$500,000 in the prior year or in any previous  
277.16 year, according to the applicable actuarial valuation or according to the financial report if  
277.17 no valuation is required, must prepare a financial report covering the special and general  
277.18 funds of the relief association for the preceding fiscal year, file the financial report, and  
277.19 submit financial statements.

277.20 (b) The financial report must contain financial statements and disclosures that present  
277.21 the true financial condition of the relief association and the results of relief association  
277.22 operations in conformity with generally accepted accounting principles and in compliance  
277.23 with the regulatory, financing, and funding provisions of this chapter and any other applicable  
277.24 laws. The financial report must be countersigned by:

277.25 (1) the municipal clerk or clerk-treasurer of the municipality in which the relief  
277.26 association is located if the relief association is a firefighters' relief association that is directly  
277.27 associated with a municipal fire department;

277.28 (2) the municipal clerk or clerk-treasurer of the largest municipality in population that  
277.29 contracts with the independent nonprofit firefighting corporation if the volunteer firefighter  
277.30 relief association is a subsidiary of an independent nonprofit firefighting corporation, and  
277.31 by the secretary of the independent nonprofit firefighting corporation; or

278.1 (3) the chief financial official of the county in which the volunteer firefighter relief  
278.2 association is located or primarily located if the relief association is associated with a fire  
278.3 department that is not located in or associated with an organized municipality.

278.4 (c) The financial report must be retained in the office of the Bloomington Fire Department  
278.5 Relief Association or the volunteer firefighter relief association for public inspection and  
278.6 must be filed with the governing body of the government subdivision in which the associated  
278.7 fire department is located after the close of the fiscal year. One copy of the financial report  
278.8 must be furnished to the state auditor after the close of the fiscal year.

278.9 (d) Audited financial statements must be attested to by a certified public accountant or  
278.10 by the state auditor and must be filed with the state auditor on or before June 30 after the  
278.11 close of the fiscal year. The state auditor may accept this report in lieu of the report required  
278.12 in paragraph (c).

278.13 Subd. 2. **Financial statement.** (a) The board of each volunteer firefighter relief  
278.14 association that is not required to file a financial report and audit under subdivision 1 must  
278.15 prepare a detailed statement of the financial affairs for the preceding fiscal year of the relief  
278.16 association's special and general funds in the style and form prescribed by the state auditor.  
278.17 The detailed statement must show:

278.18 (1) the sources and amounts of all money received;

278.19 (2) all disbursements, accounts payable, and accounts receivable;

278.20 (3) the amount of money remaining in the treasury;

278.21 (4) total assets, including a listing of all investments;

278.22 (5) the accrued liabilities; and

278.23 (6) all other items necessary to show accurately the revenues and expenditures and  
278.24 financial position of the relief association.

278.25 (b) The detailed financial statement of the special and general funds required under  
278.26 paragraph (a) must be certified by a certified public accountant or by the state auditor in  
278.27 accordance with agreed-upon procedures and forms prescribed by the state auditor. The  
278.28 accountant must have at least five years of public accounting, auditing, or similar experience  
278.29 and must not be an active, inactive, or retired member of the relief association or the fire  
278.30 department.

278.31 (c) The detailed financial statement required under paragraph (a) must be countersigned  
278.32 by:

279.1 (1) the municipal clerk or clerk-treasurer of the municipality;

279.2 (2) where applicable, the municipal clerk or clerk-treasurer of the largest municipality  
279.3 in population that contracts with the independent nonprofit firefighting corporation if the  
279.4 relief association is a subsidiary of an independent nonprofit firefighting corporation, and  
279.5 by the secretary of the independent nonprofit firefighting corporation; or

279.6 (3) the chief financial official of the county in which the volunteer firefighter relief  
279.7 association is located or primarily located if the relief association is associated with a fire  
279.8 department that is not located in or associated with an organized municipality.

279.9 (d) The volunteer firefighters relief association board must submit a copy of the detailed  
279.10 financial statement required under paragraph (a) that has been certified by the governing  
279.11 body of the municipality to the state auditor on or before March 31 after the close of the  
279.12 fiscal year.

279.13 (e) A certified public accountant or auditor who performs the agreed-upon procedures  
279.14 under paragraph (b) is subject to the reporting requirement of section 6.67.

279.15 Subd. 3. **Qualification.** The state auditor may, upon a demonstration by a relief  
279.16 association of hardship or an inability to conform, extend the deadline for reports under  
279.17 subdivision 1 or 2, but not beyond November 30 following the due date. If the reports are  
279.18 not received by November 30, the municipality or relief association forfeits its current year  
279.19 state aid, and, until the state auditor receives the required information, the relief association  
279.20 or municipality is ineligible to receive any future state aid. A municipality or relief association  
279.21 does not qualify initially to receive, or be entitled subsequently to retain, fire state aid and  
279.22 police and firefighter retirement supplemental state aid payable under chapter 477B and  
279.23 section 423A.022 if the financial reporting requirement or the applicable requirements of  
279.24 this chapter or any other statute or special law have not been complied with or are not  
279.25 fulfilled.

279.26 Subd. 4. **Treasurer bond.** (a) The treasurer of the Bloomington Fire Department Relief  
279.27 Association may not enter upon duties without having given the association a bond in a  
279.28 reasonable amount acceptable to the municipality for the faithful discharge of duties  
279.29 according to law.

279.30 (b) No treasurer of a relief association governed by sections 424A.091 to 424A.096 may  
279.31 enter upon the duties of the office until the treasurer has given the association a good and  
279.32 sufficient bond in an amount equal to at least ten percent of the assets of the relief association;  
279.33 however, the amount of the bond need not exceed \$500,000.

280.1 Subd. 5. Report by certain municipalities; exceptions. (a) The chief administrative  
280.2 officer of each municipality that has a fire department but does not have a relief association  
280.3 governed by sections 424A.091 to 424A.095 or Laws 2014, chapter 275, article 2, section  
280.4 23, and that is not exempted under paragraph (b) or (c) must annually prepare a detailed  
280.5 financial report of the receipts and disbursements by the municipality for fire protection  
280.6 service during the preceding calendar year on a form prescribed by the state auditor. The  
280.7 financial report must contain any information that the state auditor deems necessary to  
280.8 disclose the sources of receipts and the purpose of disbursements for fire protection service.  
280.9 The financial report must be signed by the municipal clerk or clerk-treasurer with the state  
280.10 auditor on or before July 1 annually. The municipality does not qualify initially to receive,  
280.11 and is not entitled subsequently to retain, any fire state aid and police and firefighter  
280.12 retirement supplemental state aid payable under chapter 477B and section 423A.022 if the  
280.13 financial reporting requirement or the applicable requirements of any other statute or special  
280.14 law have not been complied with or are not fulfilled.

280.15 (b) Each municipality that has a fire department and provides retirement coverage to its  
280.16 firefighters through the voluntary statewide volunteer firefighter retirement plan under  
280.17 chapter 353G qualifies to have fire state aid transmitted to and retained in the statewide  
280.18 volunteer firefighter retirement fund without filing a detailed financial report if the executive  
280.19 director of the Public Employees Retirement Association certifies compliance by the  
280.20 municipality with the requirements of sections 353G.04 and 353G.08, subdivision 1,  
280.21 paragraph (e), and certifies conformity by the applicable fire chief with the requirements  
280.22 of section 353G.07.

280.23 (c) Each municipality qualifies to receive fire state aid under chapter 477B without filing  
280.24 a financial report under paragraph (a) if the municipality:

280.25 (1) has a fire department;

280.26 (2) does not have a volunteer firefighters relief association directly associated with its  
280.27 fire department;

280.28 (3) does not participate in the statewide volunteer firefighter retirement plan under  
280.29 chapter 353G;

280.30 (4) provides retirement coverage to its firefighters through the public employees police  
280.31 and fire retirement plan under sections 353.63 to 353.68; and

280.32 (5) is certified by the executive director of the Public Employees Retirement Association  
280.33 to the state auditor to have had an employer contribution under section 353.65, subdivision



281.1 3, for its firefighters for the immediately prior calendar year equal to or greater than its fire  
 281.2 state aid for the immediately prior calendar year.

281.3 Subd. 6. **Notification by commissioner of revenue and state auditor.** (a) The state  
 281.4 auditor, in performing an audit or examination, must notify the Legislative Commission on  
 281.5 Pensions and Retirement if the audit or examination reveals malfeasance, misfeasance, or  
 281.6 nonfeasance in office by relief association officials or municipal officials.

281.7 (b) The commissioner of revenue must notify the Legislative Commission on Pensions  
 281.8 and Retirement if the state auditor has not filed the required financial compliance reports  
 281.9 by July 1.

281.10 **EFFECTIVE DATE.** This section is effective July 1, 2019.

281.11 Sec. 3. Minnesota Statutes 2018, section 424A.05, is amended by adding a subdivision to  
 281.12 read:

281.13 Subd. 3b. **Authorized administrative expenses from special fund.** (a) Notwithstanding  
 281.14 any provision of law to the contrary, the payment of the following necessary, reasonable,  
 281.15 and direct expenses of maintaining, protecting, and administering the special fund, when  
 281.16 provided for in the bylaws of the association and approved by the board of trustees,  
 281.17 constitutes authorized administrative expenses of a volunteer firefighters relief association  
 281.18 organized under any law of the state or the Bloomington Fire Department Relief Association:

281.19 (1) office expenses, including but not limited to rent, utilities, equipment, supplies,  
 281.20 postage, periodical subscriptions, furniture, fixtures, and salaries of administrative personnel;

281.21 (2) salaries of the officers of the association or their designees, and salaries of the  
 281.22 members of the board of trustees of the association if the salary amounts are approved by  
 281.23 the governing body of the entity that is responsible for meeting any minimum obligation  
 281.24 under section 424A.092 or 424A.093 or Laws 2013, chapter 111, article 5, sections 31 to  
 281.25 42, and the itemized expenses of relief association officers and board members that are  
 281.26 incurred as a result of fulfilling their responsibilities as administrators of the special fund;

281.27 (3) tuition, registration fees, organizational dues, and other authorized expenses of the  
 281.28 officers or members of the board of trustees incurred in attending educational conferences,  
 281.29 seminars, or classes relating to the administration of the relief association;

281.30 (4) audit and audit-related services, accounting and accounting-related services, and  
 281.31 actuarial, medical, legal, and investment and performance evaluation expenses;

282.1 (5) filing and application fees payable by the relief association to federal or other  
 282.2 government entities;

282.3 (6) reimbursement to the officers and members of the board of trustees or their designees,  
 282.4 for reasonable and necessary expenses actually paid and incurred in the performance of  
 282.5 their duties as officers or members of the board; and

282.6 (7) premiums on fiduciary liability insurance and official bonds for the officers, members  
 282.7 of the board of trustees, and employees of the relief association.

282.8 (b) All other expenses of the relief association must be paid from the general fund of  
 282.9 the association if one exists. If a relief association has only one fund, that fund is the special  
 282.10 fund for purposes of this subdivision. If a relief association has a special fund and a general  
 282.11 fund, the payment of any expense of the relief association that is directly related to the  
 282.12 purposes for which both funds were established must be apportioned between the two funds  
 282.13 on the basis of the benefits derived by each fund.

282.14 **EFFECTIVE DATE.** This section is effective July 1, 2019.

282.15 Sec. 4. **REPEALER.**

282.16 (a) Minnesota Statutes 2018, sections 69.051, subdivisions 1, 1a, 1b, 2, 3, and 4; and  
 282.17 69.80, are repealed.

282.18 (b) Minnesota Statutes 2018, sections 69.33; and 297I.25, subdivision 2, are repealed.

282.19 **EFFECTIVE DATE.** Paragraph (a) is effective July 1, 2019. Paragraph (b) is effective  
 282.20 for reports filed after December 31, 2019.

## 282.21 **ARTICLE 22**

### 282.22 **FIRE AND POLICE STATE AID; CONFORMING CHANGES**

282.23 Section 1. Minnesota Statutes 2018, section 6.495, subdivision 3, is amended to read:

282.24 Subd. 3. **Report to commissioner of revenue.** The state auditor shall file with the  
 282.25 commissioner of revenue a financial compliance report certifying for each relief association:

282.26 (1) the completion of the annual financial report required under section ~~69.051~~ 424A.014  
 282.27 and the auditing or certification of those financial reports under subdivision 1; and

282.28 (2) the receipt of any actuarial valuations required under section 424A.093 or Laws  
 282.29 2013, chapter 111, article 5, sections 31 to 42.

282.30 **EFFECTIVE DATE.** This section is effective July 1, 2019.

283.1 Sec. 2. Minnesota Statutes 2018, section 144E.42, subdivision 2, is amended to read:

283.2 Subd. 2. **Trust account.** (a) There is established in the general fund the Cooper/Sams  
283.3 volunteer ambulance trust account and the Cooper/Sams volunteer ambulance award and  
283.4 account.

283.5 (b) The trust account must be credited with:

283.6 (1) general fund appropriations for that purpose;

283.7 (2) transfers from the Cooper/Sams volunteer ambulance award and account; and

283.8 (3) investment earnings on those accumulated proceeds. The assets and income of the  
283.9 trust account must be held and managed by the commissioner of management and budget  
283.10 and the State Board of Investment for the benefit of the state of Minnesota and its general  
283.11 creditors.

283.12 (c) The Cooper/Sams volunteer ambulance account must be credited with transfers from  
283.13 the excess police state-aid holding account established in section ~~69.021, subdivision 11~~  
283.14 477C.03, subdivision 4, any per-year-of-service allocation under section 144E.45, subdivision  
283.15 2, paragraph (c), that was not made for an individual, and investment earnings on those  
283.16 accumulated proceeds. The Cooper/Sams volunteer ambulance account must be managed  
283.17 by the commissioner of management and budget and the State Board of Investment. From  
283.18 the Cooper/Sams volunteer ambulance account to the trust account there must be transferred  
283.19 to the Cooper/Sams volunteer ambulance trust account, as the Cooper/Sams volunteer  
283.20 ambulance account balance permits, the following amounts:

283.21 (1) an amount equal to any general fund appropriation to the Cooper/Sams volunteer  
283.22 ambulance trust account for that fiscal year; and

283.23 (2) an amount equal to the percentage of the remaining balance in the account after the  
283.24 deduction of the amount under clause (1), as specified for the applicable fiscal year:

283.25	Fiscal year	Percentage
283.26	1995	20
283.27	1996	40
283.28	1997	50
283.29	1998	60
283.30	1999	70
283.31	2000	80
283.32	2001	90
283.33	2002 and thereafter	100

284.1 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

284.2 Sec. 3. Minnesota Statutes 2018, section 297I.20, subdivision 3, is amended to read:

284.3 Subd. 3. **Historic structure rehabilitation credit.** An insurance company may claim  
 284.4 a credit against the premiums tax imposed under this chapter equal to the amount of the  
 284.5 credit certificate issued to it, or to a person who has assigned the credit to the insurance  
 284.6 company, under section 290.0681. If the amount of the credit exceeds the liability for tax  
 284.7 under this chapter, the commissioner shall refund the excess to the insurance company. An  
 284.8 amount sufficient to pay the refunds under this section is appropriated to the commissioner  
 284.9 from the general fund. This credit does not affect the calculation of ~~police and fire state aid~~  
 284.10 under section ~~69.021~~ 477B.03 and police state aid under section 477C.03.

284.11 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

284.12 Sec. 4. Minnesota Statutes 2018, section 353G.01, subdivision 9, is amended to read:

284.13 Subd. 9. **Municipality.** "Municipality" means a governmental entity specified in section  
 284.14 ~~69.011, subdivision 1, paragraph (b), clauses (1), (2), and (5)~~ 477B.01, subdivision 10, a  
 284.15 city or township that has entered into a contract with an independent nonprofit firefighting  
 284.16 corporation, or a city or township that has entered into a contract with a joint powers entity  
 284.17 established under section 471.59.

284.18 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

284.19 Sec. 5. Minnesota Statutes 2018, section 353G.05, subdivision 2, is amended to read:

284.20 Subd. 2. **Election of coverage; lump sum.** (a) The process for electing coverage of  
 284.21 volunteer firefighters by the lump-sum retirement division is initiated by a request to the  
 284.22 executive director for a cost analysis of the prospective retirement coverage under the  
 284.23 lump-sum retirement division.

284.24 (b) If the volunteer firefighters are currently covered by a lump-sum volunteer firefighter  
 284.25 relief association or a defined contribution volunteer firefighter relief association governed  
 284.26 by chapter 424A, the cost analysis of the prospective retirement coverage must be requested  
 284.27 jointly by the secretary of the volunteer firefighter relief association, following approval of  
 284.28 the request by the board of the volunteer firefighter relief association, and the chief  
 284.29 administrative officer of the entity associated with the relief association, following approval  
 284.30 of the request by the governing body of the entity associated with the relief association. If  
 284.31 the relief association is associated with more than one entity, the chief administrative officer  
 284.32 of each associated entity must execute the request. If the volunteer firefighters are not

285.1 currently covered by a volunteer firefighter relief association, the cost analysis of the  
 285.2 prospective retirement coverage must be requested by the chief administrative officer of  
 285.3 the entity operating the fire department. The request must be made in writing and must be  
 285.4 made on a form prescribed by the executive director.

285.5 (c) The cost analysis of the prospective retirement coverage by the lump-sum retirement  
 285.6 division of the statewide retirement plan must be based on the service pension amount under  
 285.7 section 353G.11 closest to the service pension amount provided by the volunteer firefighter  
 285.8 relief association if the relief association is a lump-sum defined benefit plan, or the amount  
 285.9 equal to 95 percent of the most current average account balance per relief association member  
 285.10 if the relief association is a defined contribution plan, or to the lowest service pension amount  
 285.11 under section 353G.11 if there is no volunteer firefighter relief association, rounded up, and  
 285.12 any other service pension amount designated by the requester or requesters. The cost analysis  
 285.13 must be prepared using a mathematical procedure certified as accurate by an approved  
 285.14 actuary retained by the Public Employees Retirement Association.

285.15 (d) If a cost analysis is requested and a volunteer ~~firefighters'~~ firefighters relief association  
 285.16 exists that has filed the information required under section ~~69.051~~ 424A.014 in a timely  
 285.17 fashion, upon request by the executive director, the state auditor shall provide the most  
 285.18 recent data available on the financial condition of the volunteer firefighter relief association,  
 285.19 the most recent firefighter demographic data available, and a copy of the current relief  
 285.20 association bylaws. If a cost analysis is requested, but no volunteer firefighter relief  
 285.21 association exists, the chief administrative officer of the entity operating the fire department  
 285.22 shall provide the demographic information on the volunteer firefighters serving as members  
 285.23 of the fire department requested by the executive director.

285.24 **EFFECTIVE DATE.** This section is effective July 1, 2019.

285.25 Sec. 6. Minnesota Statutes 2018, section 353G.08, subdivision 1, is amended to read:

285.26 Subdivision 1. **Annual funding requirements; lump-sum retirement division.** (a)  
 285.27 Annually, the executive director shall determine the funding requirements of each account  
 285.28 in the lump-sum retirement division of the voluntary statewide volunteer firefighter retirement  
 285.29 plan on or before August 1. The funding requirements computed under this subdivision  
 285.30 must be determined using a mathematical procedure developed and certified as accurate by  
 285.31 the approved actuary retained by the Public Employees Retirement Association and must  
 285.32 be based on present value factors using a six percent interest rate, without any decrement  
 285.33 assumptions. The funding requirements must be certified to the entity or entities associated  
 285.34 with the fire department whose active firefighters are covered by the retirement plan.

286.1 (b) The overall funding balance of each lump-sum account for the current calendar year  
286.2 must be determined in the following manner:

286.3 (1) The total accrued liability for all active and deferred members of the account as of  
286.4 December 31 of the current year must be calculated based on the good time service credit  
286.5 of active and deferred members as of that date.

286.6 (2) The total present assets of the account projected to December 31 of the current year,  
286.7 including receipts by and disbursements from the account anticipated to occur on or before  
286.8 December 31, must be calculated. To the extent possible, the market value of assets must  
286.9 be utilized in making this calculation.

286.10 (3) The amount of the total present assets calculated under clause (2) must be subtracted  
286.11 from the amount of the total accrued liability calculated under clause (1). If the amount of  
286.12 total present assets exceeds the amount of the total accrued liability, then the account is  
286.13 considered to have a surplus over full funding. If the amount of the total present assets is  
286.14 less than the amount of the total accrued liability, then the account is considered to have a  
286.15 deficit from full funding. If the amount of total present assets is equal to the amount of the  
286.16 total accrued liability, then the special fund is considered to be fully funded.

286.17 (c) The financial requirements of each lump-sum account for the following calendar  
286.18 year must be determined in the following manner:

286.19 (1) The total accrued liability for all active and deferred members of the account as of  
286.20 December 31 of the calendar year next following the current calendar year must be calculated  
286.21 based on the good time service used in the calculation under paragraph (b), clause (1),  
286.22 increased by one year.

286.23 (2) The increase in the total accrued liability of the account for the following calendar  
286.24 year over the total accrued liability of the account for the current year must be calculated.

286.25 (3) The amount of administrative expenses of the account must be calculated by  
286.26 multiplying the per-person dollar amount of the administrative expenses for the most recent  
286.27 prior calendar year by the number of active and deferred firefighters reported to PERA on  
286.28 the most recent good time service credit certification form for each account.

286.29 (4) If the account is fully funded, the financial requirement of the account for the  
286.30 following calendar year is the total of the amounts calculated under clauses (2) and (3).

286.31 (5) If the account has a deficit from full funding, the financial requirement of the account  
286.32 for the following calendar year is the total of the amounts calculated under clauses (2) and

287.1 (3) plus an amount equal to one-tenth of the amount of the deficit from full funding of the  
287.2 account.

287.3 (6) If the account has a surplus over full funding, the financial requirement of the account  
287.4 for the following calendar year is the financial requirement of the account calculated as  
287.5 though the account was fully funded under clause (4) and, if the account has also had a  
287.6 surplus over full funding during the prior two years, additionally reduced by an amount  
287.7 equal to one-tenth of the amount of the surplus over full funding of the account.

287.8 (d) The required contribution of the entity or entities associated with the fire department  
287.9 whose active firefighters are covered by the lump-sum retirement division is the annual  
287.10 financial requirements of the lump-sum account of the retirement plan under paragraph (c)  
287.11 reduced by the amount of any fire state aid payable under ~~sections 69.011 to 69.051~~ chapter  
287.12 477B or police and firefighter retirement supplemental state aid payable under section  
287.13 423A.022 that is reasonably anticipated to be received by the retirement plan attributable  
287.14 to the entity or entities during the following calendar year, and an amount of interest on the  
287.15 assets projected to be received during the following calendar year calculated at the rate of  
287.16 six percent per annum. The required contribution must be allocated between the entities if  
287.17 more than one entity is involved. A reasonable amount of anticipated fire state aid is an  
287.18 amount that does not exceed the fire state aid actually received in the prior year multiplied  
287.19 by the factor 1.035.

287.20 (e) The required contribution calculated in paragraph (d) must be paid to the retirement  
287.21 plan on or before December 31 of the year for which it was calculated. If the contribution  
287.22 is not received by the retirement plan by December 31, it is payable with interest at an  
287.23 annual compound rate of six percent from the date due until the date payment is received  
287.24 by the retirement plan. If the entity does not pay the full amount of the required contribution,  
287.25 the executive director shall collect the unpaid amount under section 353.28, subdivision 6.

287.26 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

287.27 Sec. 7. Minnesota Statutes 2018, section 353G.08, subdivision 1a, is amended to read:

287.28 Subd. 1a. **Annual funding requirements; monthly benefit retirement division.** (a)  
287.29 Annually, the executive director shall determine the funding requirements of each monthly  
287.30 benefit account in the voluntary statewide volunteer firefighter retirement plan on or before  
287.31 August 1.

287.32 (b) The executive director must determine the funding requirements of a monthly benefit  
287.33 account under this subdivision from:

288.1 (1) the most recent actuarial valuation normal cost, administrative expense, including  
288.2 the cost of a regular actuarial valuation, and amortization results for the account determined  
288.3 by the approved actuary retained by the retirement association under sections 356.215 and  
288.4 356.216; and

288.5 (2) the standards for actuarial work, utilizing a six percent interest rate actuarial  
288.6 assumption and other actuarial assumptions approved under section 356.215, subdivision  
288.7 18:

288.8 (i) with that portion of any unfunded actuarial accrued liability attributable to a benefit  
288.9 increase to be amortized over a period of 20 years from the date of the benefit change;

288.10 (ii) with that portion of any unfunded actuarial accrued liability attributable to an  
288.11 assumption change or an actuarial method change to be amortized over a period of 20 years  
288.12 from the date of the assumption or method change;

288.13 (iii) with that portion of any unfunded actuarial accrued liability attributable to an  
288.14 investment loss to be amortized over a period of ten years from the date of investment loss;  
288.15 and

288.16 (iv) with the balance of any net unfunded actuarial accrued liability to be amortized over  
288.17 a period of five years from the date of the actuarial valuation.

288.18 (c) The required contributions of the entity or entities associated with the fire department  
288.19 whose active firefighters are covered by the monthly benefit retirement division are the  
288.20 annual financial requirements of the monthly benefit account of the retirement plan under  
288.21 paragraph (b) reduced by the amount of any fire state aid payable under ~~sections 69.011 to~~  
288.22 ~~69.051~~ chapter 477B, or any police and firefighter retirement supplemental state aid payable  
288.23 under section 423A.022, that is reasonably anticipated to be received by the retirement plan  
288.24 attributable to the entity or entities during the following calendar year. The required  
288.25 contribution must be allocated between the entities if more than one entity is involved. A  
288.26 reasonable amount of anticipated fire state aid is an amount that does not exceed the fire  
288.27 state aid actually received in the prior year multiplied by the factor 1.035.

288.28 (d) The required contribution calculated in paragraph (c) must be paid to the retirement  
288.29 plan on or before December 31 of the year for which it was calculated. If the contribution  
288.30 is not received by the retirement plan by December 31, it is payable with interest at an  
288.31 annual compound rate of six percent from the date due until the date payment is received  
288.32 by the retirement plan. If the entity does not pay the full amount of the required contribution,  
288.33 the executive director shall collect the unpaid amount under section 353.28, subdivision 6.



289.1 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

289.2 Sec. 8. Minnesota Statutes 2018, section 353G.17, subdivision 2, is amended to read:

289.3 Subd. 2. **Approval by the relief association.** (a) Before a transfer of records, assets,  
289.4 and liabilities from the retirement plan to a relief association may occur, the board of trustees  
289.5 of the relief association shall adopt resolutions as follows:

289.6 (1) approving and accepting the transfer of records, assets, and liabilities from the  
289.7 retirement plan; and

289.8 (2) amending the bylaws of the relief association as necessary to add the firefighters  
289.9 whose benefits are being transferred from the retirement plan and to provide that each benefit  
289.10 being transferred retains vesting, distribution, and other rights to which the firefighter, for  
289.11 whom the benefit is being transferred, is entitled under the terms of the retirement plan to  
289.12 the date of the transfer.

289.13 The board of trustees shall file a copy of the resolutions with the executive director.

289.14 (b) The board of trustees of the relief association shall file with the state auditor the  
289.15 following:

289.16 (1) a copy of the resolutions required under paragraph (a);

289.17 (2) a copy of the bylaws of the relief association and any bylaw amendments;

289.18 (3) a copy of the relief association's investment policy;

289.19 (4) a statement that a board of trustees has been duly elected and each trustee's name,  
289.20 address, telephone number, and e-mail address, if any;

289.21 (5) a copy of the most recent annual financial, investment, and plan administration report  
289.22 filed under section ~~69.051~~ 424A.014, unless the due date for the first report has not yet  
289.23 occurred; and

289.24 (6) a copy of the documentation indicating that a special fund has been established with  
289.25 a financial institution to receive a transfer of assets from the retirement plan.

289.26 (c) Upon receipt of the information and documents required under paragraph (b), the  
289.27 state auditor shall issue to the relief association and the executive director written  
289.28 confirmation of receipt of all required information and documents.

289.29 **EFFECTIVE DATE.** This section is effective July 1, 2019.

290.1 Sec. 9. Minnesota Statutes 2018, section 356.20, subdivision 4a, is amended to read:

290.2 Subd. 4a. **Financial report for police or firefighters relief association.** For any police  
 290.3 or firefighter's firefighters relief association referred to in subdivision 2, clause (10) or (11),  
 290.4 a financial report that is duly filed and that meets the requirements of section ~~69.051~~  
 290.5 424A.014 is deemed to have met the requirements of subdivision 4.

290.6 **EFFECTIVE DATE.** This section is effective July 1, 2019.

290.7 Sec. 10. Minnesota Statutes 2018, section 356.219, subdivision 8, is amended to read:

290.8 Subd. 8. **Timing of reports.** (a) For the Bloomington Fire Department Relief Association  
 290.9 and the volunteer firefighter relief associations, the information required under this section  
 290.10 must be submitted by the due date for reports required under section ~~69.051, subdivision 1~~  
 290.11 ~~or 1a~~ 424A.014, subdivision 1 or 2, as applicable. If a relief association satisfies the definition  
 290.12 of a fully invested plan under subdivision 1, paragraph (b), for the calendar year covered  
 290.13 by the report required under section ~~69.051, subdivision 1 or 1a~~ 424A.014, subdivision 1  
 290.14 or 2, as applicable, the chief administrative officer of the covered pension plan shall certify  
 290.15 that compliance on a form prescribed by the state auditor. The state auditor shall transmit  
 290.16 annually to the State Board of Investment a list or lists of covered pension plans which  
 290.17 submitted certifications in order to facilitate reporting by the State Board of Investment  
 290.18 under paragraph (c).

290.19 (b) For the St. Paul Teachers Retirement Fund Association and the University of  
 290.20 Minnesota faculty supplemental retirement plan, the information required under this section  
 290.21 must be submitted to the state auditor by June 1 of each year.

290.22 (c) The State Board of Investment, on behalf of pension funds specified in subdivision  
 290.23 1, paragraph (c), shall report information required under this section by September 1 of each  
 290.24 year.

290.25 **EFFECTIVE DATE.** This section is effective July 1, 2019.

290.26 Sec. 11. Minnesota Statutes 2018, section 423A.02, subdivision 1b, is amended to read:

290.27 Subd. 1b. **Additional amortization state aid.** (a) Annually, the commissioner shall  
 290.28 allocate the additional amortization state aid, if any, including any state aid in excess of the  
 290.29 limitation in subdivision 4, on the following basis:

290.30 (1) 47.1 percent to the city of Minneapolis to defray the employer costs associated with  
 290.31 police and firefighter retirement coverage;

291.1 (2) 25.8 percent as additional funding to support the minimum fire state aid for volunteer  
 291.2 firefighter relief associations under section ~~69.021, subdivision 7, paragraph (d)~~ 477B.03,  
 291.3 subdivision 5;

291.4 (3) 12.9 percent to the city of Duluth to defray employer costs associated with police  
 291.5 and firefighter retirement coverage;

291.6 (4) 12.9 percent to the St. Paul Teachers Retirement Fund Association if the investment  
 291.7 performance requirement of paragraph (c) is met; and

291.8 (5) 1.3 percent to the city of Virginia to defray the employer contribution under section  
 291.9 353.665, subdivision 8, paragraph (d).

291.10 If there is no additional employer contribution under section 353.665, subdivision 8,  
 291.11 paragraph (b), certified under subdivision 1, paragraph (d), clause (2), with respect to the  
 291.12 former Minneapolis Police Relief Association and the former Minneapolis Fire Department  
 291.13 Relief Association, the commissioner shall allocate that 47.1 percent of the aid as follows:  
 291.14 49 percent to the Teachers Retirement Association, 21 percent to the St. Paul Teachers  
 291.15 Retirement Fund Association, and 30 percent as additional funding to support minimum  
 291.16 fire state aid for volunteer firefighter relief associations under section ~~69.021, subdivision~~  
 291.17 ~~7, paragraph (d)~~ 477B.03, subdivision 5. If there is no employer contribution by the city of  
 291.18 Virginia under section 353.665, subdivision 8, paragraph (d), for the former Virginia Fire  
 291.19 Department Relief Association certified on or before June 30 by the executive director of  
 291.20 the Public Employees Retirement Association, the commissioner shall allocate that 1.3  
 291.21 percent of the aid as follows: 49 percent to the Teachers Retirement Association, 21 percent  
 291.22 to the St. Paul Teachers Retirement Fund Association, and 30 percent as additional funding  
 291.23 to support minimum fire state aid for volunteer firefighter relief associations under section  
 291.24 ~~69.021, subdivision 7, paragraph (d)~~ 477B.03, subdivision 5.

291.25 (b) The allocation must be made by the commissioner of revenue on October 1 annually.

291.26 (c) With respect to the St. Paul Teachers Retirement Fund Association, annually, if the  
 291.27 teacher's association five-year average time-weighted rate of investment return does not  
 291.28 equal or exceed the performance of a composite portfolio assumed passively managed  
 291.29 (indexed) invested ten percent in cash equivalents, 60 percent in bonds and similar debt  
 291.30 securities, and 30 percent in domestic stock calculated using the formula under section  
 291.31 11A.04, clause (11), the aid allocation to the retirement fund under this section ceases until  
 291.32 the five-year annual rate of investment return equals or exceeds the performance of that  
 291.33 composite portfolio.

292.1 (d) The amounts required under this subdivision are the amounts annually appropriated  
 292.2 to the commissioner of revenue under section ~~69.021, subdivision 11~~ 477B.03, subdivision  
 292.3 5, paragraph (d), if any, and the aid amounts in excess of the limitation in subdivision 4.

292.4 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

292.5 Sec. 12. Minnesota Statutes 2018, section 423A.02, subdivision 3, is amended to read:

292.6 Subd. 3. **Reallocation of amortization state aid.** (a) Seventy percent of the difference  
 292.7 between \$5,720,000 and the current year amortization aid distributed under subdivision 1  
 292.8 that is not distributed for any reason to a municipality must be distributed by the  
 292.9 commissioner of revenue according to this paragraph. The commissioner shall distribute  
 292.10 60 percent of the amounts derived under this paragraph to the Teachers Retirement  
 292.11 Association, and 40 percent to the St. Paul Teachers Retirement Fund Association to fund  
 292.12 the unfunded actuarial accrued liabilities of the respective funds. These payments must be  
 292.13 made on July 15 each fiscal year. If the St. Paul Teachers Retirement Fund Association or  
 292.14 the Teachers Retirement Association satisfies subdivision 5, eligibility for its portion of this  
 292.15 aid ceases. Amounts remaining in the undistributed balance account at the end of the  
 292.16 biennium if aid eligibility ceases cancel to the general fund.

292.17 (b) In order to receive amortization aid under paragraph (a), before June 30 annually  
 292.18 Independent School District No. 625, St. Paul, must make an additional contribution of  
 292.19 \$800,000 each year to the St. Paul Teachers Retirement Fund Association.

292.20 (c) Thirty percent of the difference between \$5,720,000 and the current year amortization  
 292.21 aid under subdivision 1 that is not distributed for any reason to a municipality must be  
 292.22 distributed under section ~~69.021, subdivision 7, paragraph (d)~~ 477B.03, subdivision 5, as  
 292.23 additional funding to support a minimum fire state aid amount for volunteer firefighter relief  
 292.24 associations.

292.25 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

292.26 Sec. 13. Minnesota Statutes 2018, section 423A.022, subdivision 2, is amended to read:

292.27 Subd. 2. **Allocation.** (a) Of the total amount appropriated as supplemental state aid:

292.28 (1) 58.064 percent must be paid to the executive director of the Public Employees  
 292.29 Retirement Association for deposit in the public employees police and fire retirement fund  
 292.30 established by section 353.65, subdivision 1;

292.31 (2) 35.484 percent must be paid to municipalities other than municipalities solely  
 292.32 employing firefighters with retirement coverage provided by the public employees police

293.1 and fire retirement plan which qualified to receive fire state aid in that calendar year, allocated  
 293.2 in proportion to the most recent amount of fire state aid paid under section ~~69.021~~,  
 293.3 ~~subdivision 7~~ 477B.04, for the municipality bears to the most recent total fire state aid for  
 293.4 all municipalities other than the municipalities solely employing firefighters with retirement  
 293.5 coverage provided by the public employees police and fire retirement plan paid under section  
 293.6 ~~69.021~~, ~~subdivision 7~~ 477B.04, with the allocated amount for fire departments participating  
 293.7 in the voluntary statewide lump-sum volunteer firefighter retirement plan paid to the  
 293.8 executive director of the Public Employees Retirement Association for deposit in the fund  
 293.9 established by section 353G.02, subdivision 3, and credited to the respective account and  
 293.10 with the balance paid to the treasurer of each municipality for transmittal within 30 days of  
 293.11 receipt to the treasurer of the applicable volunteer firefighter relief association for deposit  
 293.12 in its special fund; and

293.13 (3) 6.452 percent must be paid to the executive director of the Minnesota State Retirement  
 293.14 System for deposit in the state patrol retirement fund.

293.15 (b) For purposes of this section, the term "municipalities" includes independent nonprofit  
 293.16 firefighting corporations that participate in the voluntary statewide lump-sum volunteer  
 293.17 firefighter retirement plan under chapter 353G or with subsidiary volunteer firefighter relief  
 293.18 associations operating under chapter 424A.

293.19 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

293.20 Sec. 14. Minnesota Statutes 2018, section 423A.022, subdivision 4, is amended to read:

293.21 Subd. 4. **Payments; conditions prerequisite.** (a) The payments under this section must  
 293.22 be made on October 1 each year, with interest at one percent for each month, or portion of  
 293.23 a month, that the amount remains unpaid after October 1. Any necessary adjustments must  
 293.24 be made to subsequent payments.

293.25 (b) The provisions of ~~sections 69.011 to 69.051~~ chapter 477B and section 424A.014 that  
 293.26 prevent municipalities and relief associations from being eligible for, or receiving fire state  
 293.27 aid under ~~sections 69.011 to 69.051~~ chapter 477B and section 424A.014 until the applicable  
 293.28 financial reporting requirements have been complied with, apply to the amounts payable to  
 293.29 municipalities and relief associations under this section.

293.30 **EFFECTIVE DATE.** This section is effective July 1, 2019, except the references to  
 293.31 Minnesota Statutes, chapter 477B, are effective for aids payable in 2020 and thereafter.

294.1 Sec. 15. Minnesota Statutes 2018, section 424A.016, subdivision 2, is amended to read:

294.2 Subd. 2. **Defined contribution service pension eligibility.** (a) A relief association,  
294.3 when its articles of incorporation or bylaws so provide, may pay out of the assets of its  
294.4 special fund a defined contribution service pension to each of its members who:

294.5 (1) separates from active service with the fire department;

294.6 (2) reaches age 50;

294.7 (3) completes at least five years of active service as an active member of the fire  
294.8 department to which the relief association is associated;

294.9 (4) completes at least five years of active membership with the relief association before  
294.10 separation from active service; and

294.11 (5) complies with any additional conditions as to age, service, and membership that are  
294.12 prescribed by the bylaws of the relief association.

294.13 (b) In the case of a member who has completed at least five years of active service as  
294.14 an active member of the fire department to which the relief association is associated on the  
294.15 date that the relief association is established and incorporated, the requirement that the  
294.16 member complete at least five years of active membership with the relief association before  
294.17 separation from active service may be waived by the board of trustees of the relief association  
294.18 if the member completes at least five years of inactive membership with the relief association  
294.19 before the date of the payment of the service pension. During the period of inactive  
294.20 membership, the member is not entitled to receive any disability benefit coverage, is not  
294.21 entitled to receive additional individual account allocation of fire state aid or municipal  
294.22 contribution towards a service pension, and is considered to have the status of a person  
294.23 entitled to a deferred service pension.

294.24 (c) The service pension earned by a volunteer under this chapter and the articles of  
294.25 incorporation and bylaws of the relief association may be paid whether or not the municipality  
294.26 or independent nonprofit firefighting corporation to which the relief association is associated  
294.27 qualifies for the receipt of fire state aid under chapter ~~69~~ 477B.

294.28 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

294.29 Sec. 16. Minnesota Statutes 2018, section 424A.016, subdivision 4, is amended to read:

294.30 Subd. 4. **Individual accounts.** (a) An individual account must be established for each  
294.31 firefighter who is a member of the relief association.

294.32 (b) To each individual active member account must be credited an equal share of:

295.1 (1) any amounts of fire state aid and police and firefighter retirement supplemental state  
295.2 aid received by the relief association;

295.3 (2) any amounts of municipal contributions to the relief association raised from levies  
295.4 on real estate or from other available municipal revenue sources exclusive of fire state aid;  
295.5 and

295.6 (3) any amounts equal to the share of the assets of the special fund to the credit of:

295.7 (i) any former member who terminated active service with the fire department to which  
295.8 the relief association is associated before meeting the minimum service requirement provided  
295.9 for in subdivision 2, paragraph (b), and has not returned to active service with the fire  
295.10 department for a period no shorter than five years; or

295.11 (ii) any retired member who retired before obtaining a full nonforfeitable interest in the  
295.12 amounts credited to the individual member account under subdivision 2, paragraph (b), and  
295.13 any applicable provision of the bylaws of the relief association. In addition, any investment  
295.14 return on the assets of the special fund must be credited in proportion to the share of the  
295.15 assets of the special fund to the credit of each individual active member account.

295.16 Administrative expenses of the relief association payable from the special fund may be  
295.17 deducted from individual accounts in a manner specified in the bylaws of the relief  
295.18 association.

295.19 (c) If the bylaws so permit and as the bylaws define, the relief association may credit  
295.20 any investment return on the assets of the special fund to the accounts of inactive members.

295.21 (d) Amounts to be credited to individual accounts must be allocated uniformly for all  
295.22 years of active service and allocations must be made for all years of service, except for caps  
295.23 on service credit if so provided in the bylaws of the relief association. Amounts forfeited  
295.24 under paragraph (b), clause (3), before a resumption of active service and membership under  
295.25 section 424A.01, subdivision 6, remain forfeited and may not be reinstated upon the  
295.26 resumption of active service and membership. The allocation method may utilize monthly  
295.27 proration for fractional years of service, as the bylaws or articles of incorporation of the  
295.28 relief association so provide. The bylaws or articles of incorporation may define a "month,"  
295.29 but the definition must require a calendar month to have at least 16 days of active service.  
295.30 If the bylaws or articles of incorporation do not define a "month," a "month" is a completed  
295.31 calendar month of active service measured from the member's date of entry to the same date  
295.32 in the subsequent month.

295.33 (e) At the time of retirement under subdivision 2 and any applicable provision of the  
295.34 bylaws of the relief association, a retiring member is entitled to that portion of the assets of

296.1 the special fund to the credit of the member in the individual member account which is  
296.2 nonforfeitable under subdivision 3 and any applicable provision of the bylaws of the relief  
296.3 association based on the number of years of service to the credit of the retiring member.

296.4 (f) Annually, the secretary of the relief association shall certify the individual account  
296.5 allocations to the state auditor at the same time that the annual financial statement or financial  
296.6 report and audit of the relief association, whichever applies, is due under section ~~69.051~~  
296.7 424A.014.

296.8 **EFFECTIVE DATE.** This section is effective July 1, 2019.

296.9 Sec. 17. Minnesota Statutes 2018, section 424A.02, subdivision 1, is amended to read:

296.10 Subdivision 1. **Authorization.** (a) A defined benefit relief association, when its articles  
296.11 of incorporation or bylaws so provide, may pay out of the assets of its special fund a defined  
296.12 benefit service pension to each of its members who: (1) separates from active service with  
296.13 the fire department; (2) reaches age 50; (3) completes at least five years of active service  
296.14 as an active member of the fire department to which the relief association is associated; (4)  
296.15 completes at least five years of active membership with the relief association before  
296.16 separation from active service; and (5) complies with any additional conditions as to age,  
296.17 service, and membership that are prescribed by the bylaws of the relief association. A service  
296.18 pension computed under this section may be prorated monthly for fractional years of service  
296.19 as the bylaws or articles of incorporation of the relief association so provide. The bylaws  
296.20 or articles of incorporation may define a "month," but the definition must require a calendar  
296.21 month to have at least 16 days of active service. If the bylaws or articles of incorporation  
296.22 do not define a "month," a "month" is a completed calendar month of active service measured  
296.23 from the member's date of entry to the same date in the subsequent month. The service  
296.24 pension earned by a volunteer firefighter under this chapter and the articles of incorporation  
296.25 and bylaws of the volunteer firefighters relief association may be paid whether or not the  
296.26 municipality or independent nonprofit firefighting corporation to which the relief association  
296.27 is associated qualifies for the receipt of fire state aid under chapter ~~69~~ 477B.

296.28 (b) In the case of a member who has completed at least five years of active service as  
296.29 an active member of the fire department to which the relief association is associated on the  
296.30 date that the relief association is established and incorporated, the requirement that the  
296.31 member complete at least five years of active membership with the relief association before  
296.32 separation from active service may be waived by the board of trustees of the relief association  
296.33 if the member completes at least five years of inactive membership with the relief association  
296.34 before the date of the payment of the service pension. During the period of inactive



297.1 membership, the member is not entitled to receive disability benefit coverage, is not entitled  
297.2 to receive additional service credit towards computation of a service pension, and is  
297.3 considered to have the status of a person entitled to a deferred service pension under  
297.4 subdivision 7.

297.5 (c) No municipality, independent nonprofit firefighting corporation, or joint powers  
297.6 entity may delegate the power to take final action in setting a service pension or ancillary  
297.7 benefit amount or level to the board of trustees of the relief association or to approve in  
297.8 advance a service pension or ancillary benefit amount or level equal to the maximum amount  
297.9 or level that this chapter would allow rather than a specific dollar amount or level.

297.10 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

297.11 Sec. 18. Minnesota Statutes 2018, section 424A.02, subdivision 3a, is amended to read:

297.12 Subd. 3a. **Penalty for paying pension greater than applicable maximum.** (a) If a  
297.13 defined benefit relief association pays a service pension greater than the maximum service  
297.14 pension associated with the applicable average amount of available financing per active  
297.15 covered firefighter under the table in subdivision 3, paragraph (c) or (d), whichever applies,  
297.16 the maximum service pension under subdivision 3, paragraph (f), or the applicable maximum  
297.17 service pension amount specified in subdivision 3, paragraph (g), whichever is less, the  
297.18 state auditor shall:

297.19 (1) disqualify the municipality or the independent nonprofit firefighting corporation  
297.20 associated with the relief association from receiving fire state aid by making the appropriate  
297.21 notification to the municipality and the commissioner of revenue, with the disqualification  
297.22 applicable for the next apportionment and payment of fire state aid; and

297.23 (2) order the treasurer of the applicable relief association to recover the amount of the  
297.24 overpaid service pension or pensions from any retired firefighter who received an  
297.25 overpayment.

297.26 (b) Fire state aid amounts from disqualified municipalities for the period of  
297.27 disqualifications under paragraph (a), clause (1), must be credited to the amount of fire  
297.28 insurance premium tax proceeds available for the next subsequent fire state aid  
297.29 apportionment.

297.30 (c) The amount of any overpaid service pension recovered under paragraph (a), clause  
297.31 (2), must be credited to the amount of fire insurance premium tax proceeds available for  
297.32 the next subsequent fire state aid apportionment.

298.1 (d) The determination of the state auditor that a relief association has paid a service  
 298.2 pension greater than the applicable maximum must be made on the basis of the information  
 298.3 filed by the relief association and the municipality with the state auditor under ~~sections~~  
 298.4 ~~69.011, subdivision 2, and 69.051, subdivision 1 or 1a, whichever applies, this chapter and~~  
 298.5 any other relevant information that comes to the attention of the state auditor. The  
 298.6 determination of the state auditor is final. An aggrieved municipality, relief association, or  
 298.7 person may appeal the determination under section 480A.06.

298.8 (e) The state auditor may certify, upon learning that a relief association overpaid a service  
 298.9 pension based on an error in the maximum service pension calculation, the municipality or  
 298.10 independent nonprofit firefighting corporation associated with the relief association for fire  
 298.11 state aid if (1) there is evidence that the error occurred in good faith, and (2) the relief  
 298.12 association has initiated recovery of any overpayment amount. Notwithstanding paragraph  
 298.13 (c), all overpayments recovered under this paragraph must be credited to the relief  
 298.14 association's special fund.

298.15 **EFFECTIVE DATE.** This section is effective July 1, 2019.

298.16 Sec. 19. Minnesota Statutes 2018, section 424A.02, subdivision 10, is amended to read:

298.17 Subd. 10. **Local approval of bylaw amendments; filing requirements.** (a) Each defined  
 298.18 benefit relief association to which this section applies must file a revised copy of its governing  
 298.19 bylaws with the state auditor upon the adoption of any amendment to its governing bylaws  
 298.20 by the relief association or upon the approval of any amendment to its governing bylaws  
 298.21 granted by the governing body of each municipality served by the fire department to which  
 298.22 the relief association is directly associated. Failure of the relief association to file a copy of  
 298.23 the bylaws or any bylaw amendments with the state auditor disqualifies the municipality  
 298.24 from the distribution of any future fire state aid until this filing requirement has been  
 298.25 completed.

298.26 (b) If the special fund of the relief association does not have a surplus over full funding  
 298.27 under section 424A.092, subdivision 3, paragraph (c), clause (5), or 424A.093, subdivision  
 298.28 4, and if the municipality is required to provide financial support to the special fund of the  
 298.29 relief association under section 424A.092 or 424A.093, no bylaw amendment which would  
 298.30 affect the amount of, the manner of payment of, or the conditions for qualification for service  
 298.31 pensions or ancillary benefits or disbursements other than administrative expenses authorized  
 298.32 under section ~~69.80~~ 424A.05, subdivision 3b, payable from the special fund of the relief  
 298.33 association is effective until it has been ratified as required under section 424A.092,  
 298.34 subdivision 6, or 424A.093, subdivision 6. If the special fund of the relief association has

299.1 a surplus over full funding under section 424A.092, subdivision 3, or 424A.093, subdivision  
 299.2 4, and if the municipality is not required to provide financial support to the special fund  
 299.3 under this section, the relief association may adopt or amend without municipal ratification  
 299.4 its articles of incorporation or bylaws which increase or otherwise affect the service pensions  
 299.5 or ancillary benefits payable from the special fund if authorized under section 424A.092,  
 299.6 subdivision 6, or 424A.093, subdivision 6.

299.7 (c) If the relief association pays only a lump-sum pension, the financial requirements  
 299.8 are to be determined by the board of trustees following the preparation of an estimate of  
 299.9 the expected increase in the accrued liability and annual accruing liability of the relief  
 299.10 association attributable to the change. If the relief association pays a monthly benefit service  
 299.11 pension, the financial requirements are to be determined by the board of trustees following  
 299.12 either an updated actuarial valuation including the proposed change or an estimate of the  
 299.13 expected actuarial impact of the proposed change prepared by the actuary of the relief  
 299.14 association. If a relief association adopts or amends its articles of incorporation or bylaws  
 299.15 without municipal ratification under this subdivision, and, subsequent to the amendment or  
 299.16 adoption, the financial requirements of the special fund under this section are such so as to  
 299.17 require financial support from the municipality, the provision which was implemented  
 299.18 without municipal ratification is no longer effective without municipal ratification, and any  
 299.19 service pensions or ancillary benefits payable after that date must be paid only in accordance  
 299.20 with the articles of incorporation or bylaws as amended or adopted with municipal  
 299.21 ratification.

299.22 **EFFECTIVE DATE.** This section is effective July 1, 2019.

299.23 Sec. 20. Minnesota Statutes 2018, section 424A.03, subdivision 2, is amended to read:

299.24 Subd. 2. **Penalties for violations.** A municipality which has a fire department associated  
 299.25 with a relief association which violates the provisions of subdivision 1 is directly associated  
 299.26 or which contracts with an independent nonprofit firefighting corporation associated with  
 299.27 a relief association which violates the provisions of subdivision 1 is a subsidiary may not  
 299.28 be included in the apportionment of fire state aid ~~to the applicable county auditor and police~~  
 299.29 and firefighter retirement supplemental state aid payable under section 69.021, subdivision  
 299.30 6, chapter 477B and section 423A.022 and may not be included in the apportionment of  
 299.31 fire state aid ~~by the county auditor~~ to the various municipalities under section 69.021,  
 299.32 ~~subdivision 7~~ 477B.03.

299.33 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

300.1 Sec. 21. Minnesota Statutes 2018, section 424A.05, subdivision 2, is amended to read:

300.2 Subd. 2. **Special fund assets and revenues.** The special fund must be credited with all  
300.3 fire state aid and police and firefighter retirement supplemental state aid received under  
300.4 ~~sections 69.011 to 69.051~~ chapter 477B and section 423A.022, all taxes levied by or other  
300.5 revenues received from the municipality under sections 424A.091 to 424A.096 or any  
300.6 applicable special law requiring municipal support for the relief association, any funds or  
300.7 property donated, given, granted or devised by any person which is specified for use for the  
300.8 support of the special fund and any interest or investment return earned upon the assets of  
300.9 the special fund. The treasurer of the relief association is the custodian of the assets of the  
300.10 special fund and must be the recipient on behalf of the special fund of all revenues payable  
300.11 to the special fund. The treasurer shall maintain adequate records documenting any  
300.12 transaction involving the assets or the revenues of the special fund. These records and the  
300.13 bylaws of the relief association are public and must be open for inspection by any member  
300.14 of the relief association, any officer or employee of the state or of the municipality, or any  
300.15 member of the public, at reasonable times and places.

300.16 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

300.17 Sec. 22. Minnesota Statutes 2018, section 424A.05, subdivision 3, is amended to read:

300.18 Subd. 3. **Authorized disbursements from special fund.** (a) Disbursements from the  
300.19 special fund may not be made for any purpose other than one of the following:

300.20 (1) for the payment of service pensions to retired members of the relief association if  
300.21 authorized and paid under law and the bylaws governing the relief association;

300.22 (2) for the purchase of an annuity for the applicable person under section 424A.015,  
300.23 subdivision 3, for the transfer of service pension or benefit amounts to the applicable person's  
300.24 individual retirement account under section 424A.015, subdivision 4, or to the applicable  
300.25 person's account in the Minnesota deferred compensation plan under section 424A.015,  
300.26 subdivision 5;

300.27 (3) for the payment of temporary or permanent disability benefits to disabled members  
300.28 of the relief association if authorized and paid under law and specified in amount in the  
300.29 bylaws governing the relief association;

300.30 (4) for the payment of survivor benefits or for the payment of a death benefit to the estate  
300.31 of the deceased active or deferred firefighter, if authorized and paid under law and specified  
300.32 in amount in the bylaws governing the relief association;

301.1 (5) for the payment of the fees, dues and assessments to the Minnesota State Fire  
 301.2 Department Association and to the Minnesota State Fire Chiefs Association in order to  
 301.3 entitle relief association members to membership in and the benefits of these associations  
 301.4 or organizations;

301.5 (6) for the payment of insurance premiums to the state Volunteer Firefighters Benefit  
 301.6 Association, or an insurance company licensed by the state of Minnesota offering casualty  
 301.7 insurance, in order to entitle relief association members to membership in and the benefits  
 301.8 of the association or organization; and

301.9 (7) for the payment of administrative expenses of the relief association as authorized  
 301.10 under ~~section 69.80~~ subdivision 3b.

301.11 (b) Checks or authorizations for electronic fund transfers for disbursements authorized  
 301.12 by this section must be signed by the relief association treasurer and at least one other elected  
 301.13 trustee who has been designated by the board of trustees to sign the checks or authorizations.  
 301.14 A relief association may make disbursements authorized by this subdivision by electronic  
 301.15 fund transfers only if the specific method of payment and internal control policies and  
 301.16 procedures regarding the method are approved by the board of trustees.

301.17 **EFFECTIVE DATE.** This section is effective July 1, 2019.

301.18 Sec. 23. Minnesota Statutes 2018, section 424A.07, is amended to read:

301.19 **424A.07 NONPROFIT FIREFIGHTING CORPORATIONS; ESTABLISHMENT**  
 301.20 **OF RELIEF ASSOCIATIONS.**

301.21 Before paying any service pensions or retirement benefits under section 424A.02 or  
 301.22 before becoming entitled to receive any amounts of fire state aid upon transmittal from a  
 301.23 contracting municipality under section ~~69.031, subdivision 5~~ 477B.04, subdivision 3, an  
 301.24 independent nonprofit firefighting corporation shall establish a volunteer firefighters relief  
 301.25 association governed by this chapter.

301.26 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

301.27 Sec. 24. Minnesota Statutes 2018, section 424A.091, subdivision 3, is amended to read:

301.28 Subd. 3. **Remedy for noncompliance; determination.** (a) A municipality in which  
 301.29 there exists a firefighters relief association as specified in subdivision 1 which does not  
 301.30 comply with the applicable provisions of sections 424A.091 to 424A.096 or the provisions  
 301.31 of any applicable special law relating to the funding or financing of the association does  
 301.32 not qualify initially to receive, and is not entitled subsequently to retain, fire state aid under

302.1 ~~sections 69.011 to 69.051~~ chapter 477B until the reason for the disqualification specified  
302.2 by the state auditor is remedied, whereupon the municipality or relief association, if otherwise  
302.3 qualified, is entitled to again receive fire state aid for the year occurring immediately  
302.4 subsequent to the year in which the disqualification is remedied.

302.5 (b) The state auditor shall determine if a municipality to which a firefighters' relief  
302.6 association is directly associated or a firefighters relief association fails to comply with the  
302.7 provisions of sections 424A.091 to 424A.096 or the funding or financing provisions of any  
302.8 applicable special law based upon the information contained in the annual financial report  
302.9 of the firefighters relief association required under section ~~69.051~~ 424A.014, the actuarial  
302.10 valuation of the relief association, if applicable, the relief association officers' financial  
302.11 requirements of the relief association and minimum municipal obligation determination  
302.12 documentation under section 424A.092, subdivisions 3 and 4; 424A.093, subdivisions 4  
302.13 and 5; or 424A.094, subdivision 2, if requested to be filed by the state auditor, the applicable  
302.14 municipal or independent nonprofit firefighting corporation budget, if requested to be filed  
302.15 by the state auditor, and any other relevant documents or reports obtained by the state  
302.16 auditor.

302.17 (c) The municipality or independent nonprofit firefighting corporation and the associated  
302.18 relief association are not eligible to receive or to retain fire state aid if:

302.19 (1) the relief association fails to prepare or to file the financial report or financial  
302.20 statement under section ~~69.051~~ 424A.014;

302.21 (2) the relief association treasurer is not bonded in the manner and in the amount required  
302.22 by ~~section 69.051, subdivision 2~~ 424A.014, subdivision 4;

302.23 (3) the relief association officers fail to determine or improperly determine the accrued  
302.24 liability and the annual accruing liability of the relief association under section 424A.092,  
302.25 subdivisions 2, 2a, and 3, paragraph (c), clause (2), if applicable;

302.26 (4) if applicable, the relief association officers fail to obtain and file a required actuarial  
302.27 valuation or the officers file an actuarial valuation that does not contain the special fund  
302.28 actuarial liability calculated under the entry age normal actuarial cost method, the special  
302.29 fund current assets, the special fund unfunded actuarial accrued liability, the special fund  
302.30 normal cost under the entry age normal actuarial cost method, the amortization requirement  
302.31 for the special fund unfunded actuarial accrued liability by the applicable target date, a  
302.32 summary of the applicable benefit plan, a summary of the membership of the relief  
302.33 association, a summary of the actuarial assumptions used in preparing the valuation, and a

303.1 signed statement by the actuary attesting to its results and certifying to the qualifications of  
303.2 the actuary as an approved actuary under section 356.215, subdivision 1, paragraph (c);

303.3 (5) the municipality failed to provide a municipal contribution, or the independent  
303.4 nonprofit firefighting corporation failed to provide a corporate contribution, in the amount  
303.5 equal to the minimum municipal obligation if the relief association is governed under section  
303.6 424A.092, or the amount necessary, when added to the fire state aid actually received in  
303.7 the plan year in question, to at least equal in total the calculated annual financial requirements  
303.8 of the special fund of the relief association if the relief association is governed under section  
303.9 424A.093, and, if the municipal or corporate contribution is deficient, the municipality  
303.10 failed to include the minimum municipal obligation certified under section 424A.092,  
303.11 subdivision 3, or 424A.093, subdivision 5, in its budget and tax levy or the independent  
303.12 nonprofit firefighting corporation failed to include the minimum corporate obligation certified  
303.13 under section 424A.094, subdivision 2, in the corporate budget;

303.14 (6) the defined benefit relief association did not receive municipal ratification for the  
303.15 most recent plan amendment when municipal ratification was required under section 424A.02,  
303.16 subdivision 10; 424A.092, subdivision 6; or 424A.093, subdivision 6;

303.17 (7) the relief association invested special fund assets in an investment security that is  
303.18 not authorized under section 424A.095;

303.19 (8) the relief association had an administrative expense that is not authorized under  
303.20 section ~~69.80~~ or 424A.05, subdivision 3 or 3b, or the municipality had an expenditure that  
303.21 is not authorized under section 424A.08;

303.22 (9) the relief association officers fail to provide a complete and accurate public pension  
303.23 plan investment portfolio and performance disclosure under section 356.219;

303.24 (10) the relief association fails to obtain the acknowledgment from a broker of the  
303.25 statement of investment restrictions under section 356A.06, subdivision 8b;

303.26 (11) the relief association officers permitted to occur a prohibited transaction under  
303.27 section 356A.06, subdivision 9, or 424A.04, subdivision 2a, or failed to undertake correction  
303.28 of a prohibited transaction that did occur; or

303.29 (12) the relief association pays a defined benefit service pension in an amount that is in  
303.30 excess of the applicable service pension maximum under section 424A.02, subdivision 3.

303.31 **EFFECTIVE DATE.** This section is effective July 1, 2019, except the reference to  
303.32 Minnesota Statutes, chapter 477B, is effective for aids payable in 2020 and thereafter.

304.1 Sec. 25. Minnesota Statutes 2018, section 424A.092, subdivision 3, is amended to read:

304.2 Subd. 3. **Financial requirements of relief association; minimum obligation of**  
304.3 **municipality.** (a) During the month of July, the officers of the relief association shall  
304.4 determine the overall funding balance of the special fund for the current calendar year, the  
304.5 financial requirements of the special fund for the following calendar year and the minimum  
304.6 obligation of the municipality with respect to the special fund for the following calendar  
304.7 year in accordance with the requirements of this subdivision.

304.8 (b) The overall funding balance of the special fund for the current calendar year must  
304.9 be determined in the following manner:

304.10 (1) The total accrued liability of the special fund for all active and deferred members of  
304.11 the relief association as of December 31 of the current year must be calculated under  
304.12 subdivisions 2 and 2a, if applicable.

304.13 (2) The total present assets of the special fund projected to December 31 of the current  
304.14 year, including receipts by and disbursements from the special fund anticipated to occur on  
304.15 or before December 31, must be calculated. To the extent possible, for those assets for which  
304.16 a market value is readily ascertainable, the current market value as of the date of the  
304.17 calculation for those assets must be utilized in making this calculation. For any asset for  
304.18 which no market value is readily ascertainable, the cost value or the book value, whichever  
304.19 is applicable, must be utilized in making this calculation.

304.20 (3) The amount of the total present assets of the special fund calculated under clause (2)  
304.21 must be subtracted from the amount of the total accrued liability of the special fund calculated  
304.22 under clause (1). If the amount of total present assets exceeds the amount of the total accrued  
304.23 liability, then the special fund is considered to have a surplus over full funding. If the amount  
304.24 of the total present assets is less than the amount of the total accrued liability, then the  
304.25 special fund is considered to have a deficit from full funding. If the amount of total present  
304.26 assets is equal to the amount of the total accrued liability, then the special fund is considered  
304.27 to be fully funded.

304.28 (c) The financial requirements of the special fund for the following calendar year must  
304.29 be determined in the following manner:

304.30 (1) The total accrued liability of the special fund for all active and deferred members of  
304.31 the relief association as of December 31 of the calendar year next following the current  
304.32 calendar year must be calculated under subdivisions 2 and 2a, if applicable.



305.1 (2) The increase in the total accrued liability of the special fund for the following calendar  
305.2 year over the total accrued liability of the special fund for the current year must be calculated.

305.3 (3) The amount of anticipated future administrative expenses of the special fund must  
305.4 be calculated by multiplying the dollar amount of the administrative expenses of the special  
305.5 fund for the most recent prior calendar year by the factor of 1.035.

305.6 (4) If the special fund is fully funded, the financial requirements of the special fund for  
305.7 the following calendar year are the total of the amounts calculated under clauses (2) and  
305.8 (3).

305.9 (5) If the special fund has a deficit from full funding, the financial requirements of the  
305.10 special fund for the following calendar year are the financial requirements of the special  
305.11 fund calculated as though the special fund were fully funded under clause (4) plus an amount  
305.12 equal to one-tenth of the original amount of the deficit from full funding of the special fund  
305.13 as determined under clause (2) resulting either from an increase in the amount of the service  
305.14 pension occurring in the last ten years or from a net annual investment loss occurring during  
305.15 the last ten years until each increase in the deficit from full funding is fully retired. The  
305.16 annual amortization contribution under this clause may not exceed the amount of the deficit  
305.17 from full funding.

305.18 (6) If the special fund has a surplus over full funding, the financial requirements of the  
305.19 special fund for the following calendar year are the financial requirements of the special  
305.20 fund calculated as though the special fund were fully funded under clause (4) reduced by  
305.21 an amount equal to one-tenth of the amount of the surplus over full funding of the special  
305.22 fund.

305.23 (d) The minimum obligation of the municipality with respect to the special fund is the  
305.24 financial requirements of the special fund reduced by the amount of any fire state aid and  
305.25 police and firefighter retirement supplemental state aid payable under ~~sections 69.011 to~~  
305.26 ~~69.051~~ chapter 477B and section 423A.022 reasonably anticipated to be received by the  
305.27 municipality for transmittal to the special fund during the following calendar year, an amount  
305.28 of interest on the assets of the special fund projected to the beginning of the following  
305.29 calendar year calculated at the rate of five percent per annum, and the amount of any  
305.30 contributions to the special fund required by the relief association bylaws from the active  
305.31 members of the relief association reasonably anticipated to be received during the following  
305.32 calendar year. A reasonable amount of anticipated fire state aid is an amount that does not  
305.33 exceed the fire state aid actually received in the prior year multiplied by the factor 1.035.

305.34 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

306.1 Sec. 26. Minnesota Statutes 2018, section 424A.092, subdivision 4, is amended to read:

306.2 Subd. 4. **Certification of financial requirements and minimum municipal obligation;**

306.3 **levy.** (a) The officers of the relief association shall certify the financial requirements of the  
306.4 special fund of the relief association and the minimum obligation of the municipality with  
306.5 respect to the special fund of the relief association as determined under subdivision 3 on or  
306.6 before August 1 of each year. The certification must be made to the entity that is responsible  
306.7 for satisfying the minimum obligation with respect to the special fund of the relief association.  
306.8 If the responsible entity is a joint powers entity, the certification must be made in the manner  
306.9 specified in the joint powers agreement, or if the joint powers agreement is silent on this  
306.10 point, the certification must be made to the chair of the joint powers board.

306.11 (b) The financial requirements of the relief association and the minimum municipal  
306.12 obligation must be included in the financial report or financial statement under section  
306.13 ~~69.051~~ 424A.014. The schedule forms related to the determination of the financial  
306.14 requirements must be filed with the state auditor by March 31, annually, if the relief  
306.15 association is required to file a financial statement under section ~~69.051, subdivision 1a~~  
306.16 424A.014, subdivision 2, or by June 30, annually, if the relief association is required to file  
306.17 a financial report and audit under section ~~69.051, subdivision 1~~ 424A.014, subdivision 1.

306.18 (c) The municipality shall provide for at least the minimum obligation of the municipality  
306.19 with respect to the special fund of the relief association by tax levy or from any other source  
306.20 of public revenue.

306.21 (d) The municipality may levy taxes for the payment of the minimum municipal obligation  
306.22 without any limitation as to rate or amount and irrespective of any limitations imposed by  
306.23 other provisions of law upon the rate or amount of taxation until the balance of the special  
306.24 fund or any fund of the relief association has attained a specified level. In addition, any  
306.25 taxes levied under this section must not cause the amount or rate of any other taxes levied  
306.26 in that year or to be levied in a subsequent year by the municipality which are subject to a  
306.27 limitation as to rate or amount to be reduced.

306.28 (e) If the municipality does not include the full amount of the minimum municipal  
306.29 obligations in its levy for any year, the officers of the relief association shall certify that  
306.30 amount to the county auditor, who shall spread a levy in the amount of the certified minimum  
306.31 municipal obligation on the taxable property of the municipality.

306.32 (f) If the state auditor determines that a municipal contribution actually made in a plan  
306.33 year was insufficient under section 424A.091, subdivision 3, paragraph (c), clause (5), the  
306.34 state auditor may request a copy of the certifications under this subdivision from the relief

307.1 association or from the city. The relief association or the city, whichever applies, must  
307.2 provide the certifications within 14 days of the date of the request from the state auditor.

307.3 **EFFECTIVE DATE.** This section is effective July 1, 2019.

307.4 Sec. 27. Minnesota Statutes 2018, section 424A.093, subdivision 5, is amended to read:

307.5 Subd. 5. **Minimum municipal obligation.** (a) The officers of the relief association shall  
307.6 determine the minimum obligation of the municipality with respect to the special fund of  
307.7 the relief association for the following calendar year on or before August 1 of each year in  
307.8 accordance with the requirements of this subdivision.

307.9 (b) The minimum obligation of the municipality with respect to the special fund is an  
307.10 amount equal to the financial requirements of the special fund of the relief association  
307.11 determined under subdivision 4, reduced by the estimated amount of any fire state aid and  
307.12 police and firefighter retirement supplemental state aid payable under ~~sections 69.011 to~~  
307.13 ~~69.051~~ chapter 477B and section 423A.022 reasonably anticipated to be received by the  
307.14 municipality for transmittal to the special fund of the relief association during the following  
307.15 year and the amount of any anticipated contributions to the special fund required by the  
307.16 relief association bylaws from the active members of the relief association reasonably  
307.17 anticipated to be received during the following calendar year. A reasonable amount of  
307.18 anticipated fire state aid is an amount that does not exceed the fire state aid actually received  
307.19 in the prior year multiplied by the factor 1.035.

307.20 (c) The officers of the relief association shall certify the financial requirements of the  
307.21 special fund of the relief association and the minimum obligation of the municipality with  
307.22 respect to the special fund of the relief association as determined under subdivision 4 and  
307.23 this subdivision by August 1 of each year. The certification must be made to the entity that  
307.24 is responsible for satisfying the minimum obligation with respect to the special fund of the  
307.25 relief association. If the responsible entity is a joint powers entity, the certification must be  
307.26 made in the manner specified in the joint powers agreement, or if the joint powers agreement  
307.27 is silent on this point, the certification must be made to the chair of the joint powers board.

307.28 (d) The financial requirements of the relief association and the minimum municipal  
307.29 obligation must be included in the financial report or financial statement under section  
307.30 ~~69.051~~ 424A.014.

307.31 (e) The municipality shall provide for at least the minimum obligation of the municipality  
307.32 with respect to the special fund of the relief association by tax levy or from any other source  
307.33 of public revenue. The municipality may levy taxes for the payment of the minimum

308.1 municipal obligation without any limitation as to rate or amount and irrespective of any  
 308.2 limitations imposed by other provisions of law or charter upon the rate or amount of taxation  
 308.3 until the balance of the special fund or any fund of the relief association has attained a  
 308.4 specified level. In addition, any taxes levied under this section must not cause the amount  
 308.5 or rate of any other taxes levied in that year or to be levied in a subsequent year by the  
 308.6 municipality which are subject to a limitation as to rate or amount to be reduced.

308.7 (f) If the municipality does not include the full amount of the minimum municipal  
 308.8 obligation in its levy for any year, the officers of the relief association shall certify that  
 308.9 amount to the county auditor, who shall spread a levy in the amount of the minimum  
 308.10 municipal obligation on the taxable property of the municipality.

308.11 (g) If the state auditor determines that a municipal contribution actually made in a plan  
 308.12 year was insufficient under section 424A.091, subdivision 3, paragraph (c), clause (5), the  
 308.13 state auditor may request from the relief association or from the city a copy of the  
 308.14 certifications under this subdivision. The relief association or the city, whichever applies,  
 308.15 must provide the certifications within 14 days of the date of the request from the state auditor.

308.16 **EFFECTIVE DATE.** This section is effective July 1, 2019, except the reference to  
 308.17 Minnesota Statutes, chapter 477B, is effective for aids payable in 2020 and thereafter.

308.18 Sec. 28. Minnesota Statutes 2018, section 424B.09, is amended to read:

308.19 **424B.09 ADMINISTRATIVE EXPENSES.**

308.20 The payment of authorized administrative expenses of the subsequent volunteer  
 308.21 firefighters relief association must be from the special fund of the subsequent volunteer  
 308.22 firefighters relief association in accordance with section ~~69.80~~ 424A.05, subdivision 3b,  
 308.23 and as provided for in the bylaws of the subsequent volunteer firefighters relief association  
 308.24 and approved by the board of trustees of the subsequent volunteer firefighters relief  
 308.25 association. The payment of any other expenses of the subsequent volunteer firefighters  
 308.26 relief association must be from the general fund of the subsequent volunteer firefighters  
 308.27 relief association in accordance with section ~~69.80~~ 424A.05, subdivision 3b, and as provided  
 308.28 for in the bylaws of the subsequent volunteer firefighters relief association and approved  
 308.29 by the board of trustees of the subsequent volunteer firefighters relief association.

308.30 **EFFECTIVE DATE.** This section is effective July 1, 2019.

308.31 Sec. 29. **REPEALER.**

308.32 Minnesota Statutes 2018, section 69.022, is repealed.

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

309.2 **ARTICLE 23**

309.3 **DEPARTMENT OF REVENUE; MISCELLANEOUS; POLICY CHANGES**

309.4 Section 1. Minnesota Statutes 2018, section 270B.08, subdivision 2, is amended to read:

309.5 Subd. 2. **Revocation or cancellation.** When a taxpayer's sales tax permit has been  
 309.6 revoked or canceled under section 270C.722 or 297A.84, the commissioner may disclose  
 309.7 to any person data identifying the holder of the revoked or canceled permit, ~~stating~~ the basis  
 309.8 for the revocation or cancellation, the date of the revocation or cancellation, and ~~stating~~  
 309.9 ~~whether the~~ if a revoked or canceled permit has been reinstated, the date upon which the  
 309.10 permit was reinstated.

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

309.12 Sec. 2. Minnesota Statutes 2018, section 297A.84, is amended to read:

309.13 **297A.84 PERMITS ISSUED AND NOT ISSUED; CANCELLATION.**

309.14 Subdivision 1. **Definitions.** (a) The following definitions apply for the purposes of this  
 309.15 section.

309.16 (b) "Applicant" means an individual, corporation, or partnership. Applicant also includes  
 309.17 any officer of a corporation or member of a partnership.

309.18 (c) "Delinquent sales tax" means tax not paid by the date the tax was due and payable  
 309.19 under section 289A.20, subdivision 4, or an assessment not paid if the applicant has been  
 309.20 issued an order assessing sales and use tax under section 270C.33, subdivision 4.

309.21 Subd. 2. **Permits issued.** Except as provided in subdivision 3, the commissioner ~~shall~~  
 309.22 must issue a permit to each applicant who has complied with section 297A.83, and with  
 309.23 section 297A.92 if security is required. A person is considered to have a permit if the person  
 309.24 has a Minnesota tax identification number issued by the commissioner that is currently  
 309.25 active for taxes imposed by this chapter. A permit is valid until canceled or revoked. It is  
 309.26 not assignable and is valid only for the person in whose name it is granted and for the  
 309.27 transaction of business at the places designated on the permit.

309.28 Subd. 3. **Permits not issued.** (a) Except as provided in paragraph (b), the commissioner  
 309.29 must not issue a permit to an applicant if the applicant is liable for delinquent sales tax.

309.30 (b) The commissioner must issue a permit to an applicant if an appeal period of an order  
 309.31 assessing sales tax under section 270C.33, subdivision 5, has not ended. The commissioner

310.1 may cancel a permit issued under this paragraph in the manner provided in subdivision 4  
 310.2 if the applicant owes delinquent sales tax after the appeal period has ended.

310.3 Subd. 4. **Nonconforming permits; cancellation; reissue.** (a) If the commissioner issues  
 310.4 a permit that does not conform with the requirements of this section or applicable rules, the  
 310.5 commissioner may cancel the permit upon notice to the permit holder. The notice must be  
 310.6 served by first class and certified mail at the permit holder's last known address. The  
 310.7 cancellation is effective immediately.

310.8 (b) If a permit holder shows that a canceled permit was issued in conformance with the  
 310.9 requirements of this section and applicable rules, the commissioner must reissue the permit.

310.10 **EFFECTIVE DATE.** This section is effective for permit applications filed after  
 310.11 December 31, 2019.

310.12 Sec. 3. Minnesota Statutes 2018, section 297A.85, is amended to read:

310.13 **297A.85 CANCELLATION OF PERMITS.**

310.14 The commissioner may cancel a permit if one of the following conditions occurs:

310.15 (1) the permit holder has not filed a sales or use tax return for at least one year;

310.16 (2) the permit holder has not reported any sales or use tax liability on the permit holder's  
 310.17 returns for at least two years;

310.18 (3) the permit holder requests cancellation of the permit; ~~or~~

310.19 (4) the permit is subject to cancellation ~~pursuant to~~ under section 270C.722, subdivision  
 310.20 2, paragraph (a); or

310.21 (5) the permit is subject to cancellation under section 297A.84.

310.22 **EFFECTIVE DATE.** This section is effective for permit applications filed after  
 310.23 December 31, 2019.

310.24 Sec. 4. **REPEALER.**

310.25 Minnesota Statutes 2018, section 270C.131, is repealed.

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

311.1

**ARTICLE 24**

311.2

**DEPARTMENT OF REVENUE; MISCELLANEOUS; TECHNICAL CHANGES**

311.3

Section 1. Minnesota Statutes 2018, section 272.02, subdivision 27, is amended to read:

311.4

Subd. 27. **Superior National Forest; recreational property for use by ~~disabled~~**

311.5

**veterans with a disability.** Real and personal property is exempt if it is located in the

311.6

Superior National Forest, and owned or leased and operated by a nonprofit organization

311.7

that is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue

311.8

Code and primarily used to provide recreational opportunities for ~~disabled~~ veterans with a

311.9

disability and their families.

311.10

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

311.11

Sec. 2. Minnesota Statutes 2018, section 272.02, subdivision 81, is amended to read:

311.12

Subd. 81. **Certain recreational property for ~~disabled~~ veterans with a disability.** Real

311.13

and personal property is exempt if it is located in a county in the metropolitan area with a

311.14

population of less than 500,000 according to the 2000 federal census, and owned or leased

311.15

and operated by a nonprofit organization, and primarily used to provide recreational

311.16

opportunities for ~~disabled~~ veterans with a disability and their families.

311.17

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

311.18

Sec. 3. Minnesota Statutes 2018, section 273.032, is amended to read:

311.19

**273.032 MARKET VALUE DEFINITION.**

311.20

(a) Unless otherwise provided, for the purpose of determining any property tax levy

limitation based on market value or any limit on net debt, the issuance of bonds, certificates

of indebtedness, or capital notes based on market value, any qualification to receive state

aid based on market value, or any state aid amount based on market value, the terms "market

value," "estimated market value," and "market valuation," whether equalized or unequalized,

mean the estimated market value of taxable property within the local unit of government

before any of the following or similar adjustments for:

311.27

(1) the market value exclusions under:

311.28

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

311.29

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

311.30

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

- 312.1 (iv) section 273.11, subdivision 21 (homestead property damaged by mold);
- 312.2 (v) section 273.13, subdivision 34 (homestead of a ~~disabled~~ veteran with a disability or
- 312.3 family caregiver); or
- 312.4 (vi) section 273.13, subdivision 35 (homestead market value exclusion); or
- 312.5 (2) the deferment of value under:
- 312.6 (i) the Minnesota Agricultural Property Tax Law, section 273.111;
- 312.7 (ii) the Aggregate Resource Preservation Law, section 273.1115;
- 312.8 (iii) the Minnesota Open Space Property Tax Law, section 273.112;
- 312.9 (iv) the rural preserves property tax program, section 273.114; or
- 312.10 (v) the Metropolitan Agricultural Preserves Act, section 473H.10; or
- 312.11 (3) the adjustments to tax capacity for:
- 312.12 (i) tax increment financing under sections 469.174 to 469.1794;
- 312.13 (ii) fiscal disparities under chapter 276A or 473F; or
- 312.14 (iii) powerline credit under section 273.425.
- 312.15 (b) Estimated market value under paragraph (a) also includes the market value of
- 312.16 tax-exempt property if the applicable law specifically provides that the limitation,
- 312.17 qualification, or aid calculation includes tax-exempt property.
- 312.18 (c) Unless otherwise provided, "market value," "estimated market value," and "market
- 312.19 valuation" for purposes of property tax levy limitations and calculation of state aid, refer
- 312.20 to the estimated market value for the previous assessment year and for purposes of limits
- 312.21 on net debt, the issuance of bonds, certificates of indebtedness, or capital notes refer to the
- 312.22 estimated market value as last finally equalized.
- 312.23 (d) For purposes of a provision of a home rule charter or of any special law that is not
- 312.24 codified in the statutes and that imposes a levy limitation based on market value or any limit
- 312.25 on debt, the issuance of bonds, certificates of indebtedness, or capital notes based on market
- 312.26 value, the terms "market value," "taxable market value," and "market valuation," whether
- 312.27 equalized or unequalized, mean "estimated market value" as defined in paragraph (a).
- 312.28 **EFFECTIVE DATE.** This section is effective the day following final enactment.



313.1 Sec. 4. Minnesota Statutes 2018, section 273.13, subdivision 22, is amended to read:

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

313.7 The first \$500,000 of market value of class 1a property has a net classification rate of  
 313.8 one percent of its market value; and the market value of class 1a property that exceeds  
 313.9 \$500,000 has a classification rate of 1.25 percent of its market value.

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

313.12 (1) any person who is blind as defined in section 256D.35, or the ~~blind~~ person who is  
 313.13 blind and the ~~blind person's~~ spouse of the person who is blind;

313.14 (2) any person who is permanently and totally disabled or by the ~~disabled~~ person with  
 313.15 a disability and the ~~disabled person's~~ spouse of the person with a disability; or

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

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

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

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

313.31 (c) Class 1c property is commercial use real and personal property that abuts public  
 313.32 water as defined in section 103G.005, subdivision 15, or abuts a state trail administered by  
 313.33 the Department of Natural Resources, and is devoted to temporary and seasonal residential

314.1 occupancy for recreational purposes but not devoted to commercial purposes for more than  
314.2 250 days in the year preceding the year of assessment, and that includes a portion used as  
314.3 a homestead by the owner, which includes a dwelling occupied as a homestead by a  
314.4 shareholder of a corporation that owns the resort, a partner in a partnership that owns the  
314.5 resort, or a member of a limited liability company that owns the resort even if the title to  
314.6 the homestead is held by the corporation, partnership, or limited liability company. For  
314.7 purposes of this paragraph, property is devoted to a commercial purpose on a specific day  
314.8 if any portion of the property, excluding the portion used exclusively as a homestead, is  
314.9 used for residential occupancy and a fee is charged for residential occupancy. Class 1c  
314.10 property must contain three or more rental units. A "rental unit" is defined as a cabin,  
314.11 condominium, townhouse, sleeping room, or individual camping site equipped with water  
314.12 and electrical hookups for recreational vehicles. Class 1c property must provide recreational  
314.13 activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill  
314.14 or cross-country ski equipment; provide marina services, launch services, or guide services;  
314.15 or sell bait and fishing tackle. Any unit in which the right to use the property is transferred  
314.16 to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies  
314.17 for class 1c even though it may remain available for rent. A camping pad offered for rent  
314.18 by a property that otherwise qualifies for class 1c is also class 1c, regardless of the term of  
314.19 the rental agreement, as long as the use of the camping pad does not exceed 250 days. If  
314.20 the same owner owns two separate parcels that are located in the same township, and one  
314.21 of those properties is classified as a class 1c property and the other would be eligible to be  
314.22 classified as a class 1c property if it was used as the homestead of the owner, both properties  
314.23 will be assessed as a single class 1c property; for purposes of this sentence, properties are  
314.24 deemed to be owned by the same owner if each of them is owned by a limited liability  
314.25 company, and both limited liability companies have the same membership. The portion of  
314.26 the property used as a homestead is class 1a property under paragraph (a). The remainder  
314.27 of the property is classified as follows: the first \$600,000 of market value is tier I, the next  
314.28 \$1,700,000 of market value is tier II, and any remaining market value is tier III. The  
314.29 classification rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25  
314.30 percent. Owners of real and personal property devoted to temporary and seasonal residential  
314.31 occupancy for recreation purposes in which all or a portion of the property was devoted to  
314.32 commercial purposes for not more than 250 days in the year preceding the year of assessment  
314.33 desiring classification as class 1c, must submit a declaration to the assessor designating the  
314.34 cabins or units occupied for 250 days or less in the year preceding the year of assessment  
314.35 by January 15 of the assessment year. Those cabins or units and a proportionate share of  
314.36 the land on which they are located must be designated as class 1c as otherwise provided.

315.1 The remainder of the cabins or units and a proportionate share of the land on which they  
 315.2 are located must be designated as class 3a commercial. The owner of property desiring  
 315.3 designation as class 1c property must provide guest registers or other records demonstrating  
 315.4 that the units for which class 1c designation is sought were not occupied for more than 250  
 315.5 days in the year preceding the assessment if so requested. The portion of a property operated  
 315.6 as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5)  
 315.7 other nonresidential facility operated on a commercial basis not directly related to temporary  
 315.8 and seasonal residential occupancy for recreation purposes does not qualify for class 1c.

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

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

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

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

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

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

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

315.23 Sec. 5. Minnesota Statutes 2018, section 273.13, subdivision 34, is amended to read:

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

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

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

316.5 (c) If a ~~disabled~~ veteran with a disability qualifying for a valuation exclusion under  
316.6 paragraph (b), clause (2), predeceases the veteran's spouse, and if upon the death of the  
316.7 veteran the spouse holds the legal or beneficial title to the homestead and permanently  
316.8 resides there, the exclusion shall carry over to the benefit of the veteran's spouse for the  
316.9 current taxes payable year and for eight additional taxes payable years or until such time  
316.10 as the spouse remarries, or sells, transfers, or otherwise disposes of the property, whichever  
316.11 comes first. Qualification under this paragraph requires an application under paragraph (h),  
316.12 and a spouse must notify the assessor if there is a change in the spouse's marital status,  
316.13 ownership of the property, or use of the property as a permanent residence.

316.14 (d) If the spouse of a member of any branch or unit of the United States armed forces  
316.15 who dies due to a service-connected cause while serving honorably in active service, as  
316.16 indicated on United States Government Form DD1300 or DD2064, holds the legal or  
316.17 beneficial title to a homestead and permanently resides there, the spouse is entitled to the  
316.18 benefit described in paragraph (b), clause (2), for eight taxes payable years, or until such  
316.19 time as the spouse remarries or sells, transfers, or otherwise disposes of the property,  
316.20 whichever comes first.

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

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

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

316.31 (h) To qualify for a valuation exclusion under this subdivision a property owner must  
316.32 apply to the assessor by July 1 of the first assessment year for which the exclusion is sought.  
316.33 For an application received after July 1, the exclusion shall become effective for the following  
316.34 assessment year. Except as provided in paragraph (c), the owner of a property that has been

317.1 accepted for a valuation exclusion must notify the assessor if there is a change in ownership  
317.2 of the property or in the use of the property as a homestead.

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

317.5 (j) For purposes of this subdivision:

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

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

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

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

317.13 (k) If a veteran dying after December 31, 2011, did not apply for or receive the exclusion  
317.14 under paragraph (b), clause (2), before dying, the veteran's spouse is entitled to the benefit  
317.15 under paragraph (b), clause (2), for eight tax payable years or until the spouse remarries  
317.16 or sells, transfers, or otherwise disposes of the property if:

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

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

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

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

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

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

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

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

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

318.2 Sec. 6. Minnesota Statutes 2018, section 289A.08, subdivision 6, is amended to read:

318.3 Subd. 6. **Returns of married persons.** ~~A husband and wife~~ Individuals who are married  
318.4 to each other must file a joint Minnesota income tax return if they filed a joint federal income  
318.5 tax return. If the ~~husband and wife~~ spouses have elected to file separate federal income tax  
318.6 returns, they must file separate Minnesota income tax returns. This election to file a joint  
318.7 or separate return must be changed if they change their election for federal purposes. In the  
318.8 event taxpayers desire to change their election, the change must be done in the manner and  
318.9 on the form prescribed by the commissioner.

318.10 The determination of whether an individual is married shall be made under the provisions  
318.11 of section 7703 of the Internal Revenue Code.

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

318.13 Sec. 7. Minnesota Statutes 2018, section 289A.25, subdivision 1, is amended to read:

318.14 Subdivision 1. **Requirements to pay.** An individual, trust, S corporation, or partnership  
318.15 must, when prescribed in subdivision 3, paragraph (b), make payments of estimated tax.  
318.16 For individuals, the term "estimated tax" means the amount the taxpayer estimates is the  
318.17 sum of the taxes imposed by chapter 290 for the taxable year. For trusts, S corporations,  
318.18 and partnerships, the term estimated tax means the amount the taxpayer estimates is the  
318.19 sum of the taxes for the taxable year imposed by chapter 290 and the composite income tax  
318.20 imposed by section 289A.08, subdivision 7. If the individual is an infant or incompetent  
318.21 person, the payments must be made by the individual's guardian. If joint payments on  
318.22 estimated tax are made but a joint return is not made for the taxable year, the estimated tax  
318.23 for that year may be treated as the estimated tax of either ~~the husband or the wife~~ spouse or  
318.24 may be divided between them.

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

318.26 Sec. 8. Minnesota Statutes 2018, section 289A.31, subdivision 2, is amended to read:

318.27 Subd. 2. **Joint income tax returns.** (a) If a joint income tax return is made by ~~a husband~~  
318.28 ~~and wife~~ spouses, the liability for the tax is joint and several. A spouse who qualifies for  
318.29 relief from a liability attributable to an underpayment under section 6015(b) of the Internal  
318.30 Revenue Code is relieved of the state income tax liability on the underpayment.

319.1 (b) In the case of individuals who were ~~a husband and wife~~ married as determined in  
 319.2 section 7703 of the Internal Revenue Code prior to the dissolution of their marriage or their  
 319.3 legal separation, or prior to the death of one of the individuals, for tax liabilities reported  
 319.4 on a joint or combined return, the liability of each person is limited to the proportion of the  
 319.5 tax due on the return that equals that person's proportion of the total tax due if ~~the husband~~  
 319.6 ~~and wife~~ each spouse filed separate returns for the taxable year. This provision is effective  
 319.7 only when the commissioner receives written notice of the marriage dissolution, legal  
 319.8 separation, or death of a spouse from the ~~husband or wife~~ surviving spouse. No refund may  
 319.9 be claimed by an ex-spouse, legally separated or widowed spouse for any taxes paid more  
 319.10 than 60 days before receipt by the commissioner of the written notice.

319.11 (c) A request for calculation of separate liability pursuant to paragraph (b) for taxes  
 319.12 reported on a return must be made within six years after the due date of the return. For  
 319.13 calculation of separate liability for taxes assessed by the commissioner under section 289A.35  
 319.14 or 289A.37, the request must be made within six years after the date of assessment. The  
 319.15 commissioner is not required to calculate separate liability if the remaining unpaid liability  
 319.16 for which recalculation is requested is \$100 or less.

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

319.18 Sec. 9. Minnesota Statutes 2018, section 289A.37, subdivision 6, is amended to read:

319.19 Subd. 6. **Order of assessment if joint income tax return.** If a joint income tax return  
 319.20 is filed by ~~a husband and wife~~ spouses, an order of assessment may be a single joint notice.  
 319.21 If the commissioner has been notified by either spouse that that spouse's address has changed  
 319.22 and if that spouse requests it, then, instead of the single joint notice mailed to the last known  
 319.23 address of the ~~husband and wife~~ spouses, a duplicate or original of the joint notice must be  
 319.24 sent to the requesting spouse at the address designated by the requesting spouse. The other  
 319.25 joint notice must be mailed to the other spouse at that spouse's last known address. An  
 319.26 assessment is not invalid for failure to send it to a spouse if the spouse actually receives the  
 319.27 notice in the same period as if it had been mailed to that spouse at the correct address or if  
 319.28 the spouse has failed to provide an address to the commissioner other than the last known  
 319.29 address.

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

319.31 Sec. 10. Minnesota Statutes 2018, section 290.0802, subdivision 2, is amended to read:

319.32 Subd. 2. **Subtraction.** (a) A qualified individual is allowed a subtraction from federal  
 319.33 taxable income of the individual's subtraction base amount. The excess of the subtraction

320.1 base amount over the taxable net income computed without regard to the subtraction for  
320.2 the elderly or ~~disabled~~ a person with a disability under section 290.0132, subdivision 5,  
320.3 may be used to reduce the amount of a lump sum distribution subject to tax under section  
320.4 290.032.

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

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

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

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

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

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

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

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

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

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

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

320.21 Sec. 11. Minnesota Statutes 2018, section 290.0802, subdivision 3, is amended to read:

320.22 Subd. 3. **Restrictions; married couples.** Except in the case of ~~a husband and wife~~  
320.23 spouses who live apart at all times during the taxable year, if the taxpayer is married at the  
320.24 close of the taxable year, the subtraction under subdivision 2 is allowable only if the taxpayers  
320.25 file joint federal and state income tax returns for the taxable year.

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

320.27 Sec. 12. Minnesota Statutes 2018, section 290.091, subdivision 2, is amended to read:

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



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

321.3 (1) the taxpayer's federal alternative minimum taxable income as defined in section  
321.4 55(b)(2) of the Internal Revenue Code;

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

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

321.8 (ii) the medical expense deduction;

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

321.10 (iv) the impairment-related work expenses of a ~~disabled~~ person with a disability;

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

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

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

321.22 (6) the amount of addition required by section 290.0131, subdivisions 9 to 11;

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

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

321.25 (ii) an overpayment of state income tax as provided by section 290.0132, subdivision  
321.26 3, to the extent included in federal alternative minimum taxable income;

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

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

322.3 (v) the amount of the net operating loss allowed under section 290.095, subdivision 11,  
322.4 paragraph (c).

322.5 In the case of an estate or trust, alternative minimum taxable income must be computed  
322.6 as provided in section 59(c) of the Internal Revenue Code.

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

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

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

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

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

322.16 Sec. 13. Minnesota Statutes 2018, section 290A.03, subdivision 3, is amended to read:

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

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

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

322.20 (i) all nontaxable income;

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

322.24 (iii) an amount equal to the total of any discharge of qualified farm indebtedness of a  
322.25 solvent individual excluded from gross income under section 108(g) of the Internal Revenue  
322.26 Code;

322.27 (iv) cash public assistance and relief;

322.28 (v) any pension or annuity (including railroad retirement benefits, all payments received  
322.29 under the federal Social Security Act, Supplemental Security Income, and veterans benefits),  
322.30 which was not exclusively funded by the claimant or spouse, or which was funded exclusively

323.1 by the claimant or spouse and which funding payments were excluded from federal adjusted  
323.2 gross income in the years when the payments were made;

323.3 (vi) interest received from the federal or a state government or any instrumentality or  
323.4 political subdivision thereof;

323.5 (vii) workers' compensation;

323.6 (viii) nontaxable strike benefits;

323.7 (ix) the gross amounts of payments received in the nature of disability income or sick  
323.8 pay as a result of accident, sickness, or other disability, whether funded through insurance  
323.9 or otherwise;

323.10 (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of  
323.11 1986, as amended through December 31, 1995;

323.12 (xi) contributions made by the claimant to an individual retirement account, including  
323.13 a qualified voluntary employee contribution; simplified employee pension plan;  
323.14 self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of  
323.15 the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal  
323.16 Revenue Code, to the extent the sum of amounts exceeds the retirement base amount for  
323.17 the claimant and spouse;

323.18 (xii) to the extent not included in federal adjusted gross income, distributions received  
323.19 by the claimant or spouse from a traditional or Roth style retirement account or plan;

323.20 (xiii) nontaxable scholarship or fellowship grants;

323.21 (xiv) the amount of deduction allowed under section 199 of the Internal Revenue Code;

323.22 (xv) the amount of deduction allowed under section 220 or 223 of the Internal Revenue  
323.23 Code;

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

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

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

324.1 (b) "Income" does not include:

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

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

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

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

324.11 (5) relief granted under this chapter;

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

324.14 (7) restitution payments received by eligible individuals and excludable interest as  
324.15 defined in section 803 of the Economic Growth and Tax Relief Reconciliation Act of 2001,  
324.16 Public Law 107-16.

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

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

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

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

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

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

324.23 (6) if the claimant or claimant's spouse ~~was disabled~~ had a disability or attained the age  
324.24 of 65 on or before December 31 of the year for which the taxes were levied or rent paid,  
324.25 the exemption amount.

324.26 (d) For purposes of this subdivision, the "exemption amount" means the exemption  
324.27 amount under section 151(d) of the Internal Revenue Code for the taxable year for which  
324.28 the income is reported; "retirement base amount" means the deductible amount for the  
324.29 taxable year for the claimant and spouse under section 219(b)(5)(A) of the Internal Revenue  
324.30 Code, adjusted for inflation as provided in section 219(b)(5)(C) of the Internal Revenue  
324.31 Code, without regard to whether the claimant or spouse claimed a deduction; and "traditional

325.1 or Roth style retirement account or plan" means retirement plans under sections 401, 403,  
325.2 408, 408A, and 457 of the Internal Revenue Code.

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

325.4 Sec. 14. Minnesota Statutes 2018, section 290A.03, subdivision 4, is amended to read:

325.5 Subd. 4. **Household.** "Household" means a claimant and an individual related to the  
325.6 claimant as ~~husband or wife~~ the claimant's spouse who are domiciled in the same homestead.

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

325.8 Sec. 15. Minnesota Statutes 2018, section 290A.03, subdivision 8, is amended to read:

325.9 Subd. 8. **Claimant.** (a) "Claimant" means a person, other than a dependent, as defined  
325.10 under sections 151 and 152 of the Internal Revenue Code disregarding section 152(b)(3)  
325.11 of the Internal Revenue Code, who filed a claim authorized by this chapter and who was a  
325.12 resident of this state as provided in chapter 290 during the calendar year for which the claim  
325.13 for relief was filed.

325.14 (b) In the case of a claim relating to rent constituting property taxes, the claimant shall  
325.15 have resided in a rented or leased unit on which ad valorem taxes or payments made in lieu  
325.16 of ad valorem taxes, including payments of special assessments imposed in lieu of ad valorem  
325.17 taxes, are payable at some time during the calendar year covered by the claim.

325.18 (c) "Claimant" shall not include a resident of a nursing home, intermediate care facility,  
325.19 long-term residential facility, or a facility that accepts housing support payments whose  
325.20 rent constituting property taxes is paid pursuant to the Supplemental Security Income  
325.21 program under title XVI of the Social Security Act, the Minnesota supplemental aid program  
325.22 under sections 256D.35 to 256D.54, the medical assistance program pursuant to title XIX  
325.23 of the Social Security Act, or the housing support program under chapter 256I.

325.24 If only a portion of the rent constituting property taxes is paid by these programs, the  
325.25 resident shall be a claimant for purposes of this chapter, but the refund calculated pursuant  
325.26 to section 290A.04 shall be multiplied by a fraction, the numerator of which is income as  
325.27 defined in subdivision 3, paragraphs (a) and (b), reduced by the total amount of income  
325.28 from the above sources other than vendor payments under the medical assistance program  
325.29 and the denominator of which is income as defined in subdivision 3, paragraphs (a) and (b),  
325.30 plus vendor payments under the medical assistance program, to determine the allowable  
325.31 refund pursuant to this chapter.

326.1 (d) Notwithstanding paragraph (c), if the claimant was a resident of the nursing home,  
326.2 intermediate care facility, long-term residential facility, or facility for which the rent was  
326.3 paid for the claimant by the housing support program for only a portion of the calendar year  
326.4 covered by the claim, the claimant may compute rent constituting property taxes by  
326.5 disregarding the rent constituting property taxes from the nursing home or facility and use  
326.6 only that amount of rent constituting property taxes or property taxes payable relating to  
326.7 that portion of the year when the claimant was not in the facility. The claimant's household  
326.8 income is the income for the entire calendar year covered by the claim.

326.9 (e) In the case of a claim for rent constituting property taxes of a part-year Minnesota  
326.10 resident, the income and rental reflected in this computation shall be for the period of  
326.11 Minnesota residency only. Any rental expenses paid which may be reflected in arriving at  
326.12 federal adjusted gross income cannot be utilized for this computation. When two individuals  
326.13 of a household are able to meet the qualifications for a claimant, they may determine among  
326.14 them as to who the claimant shall be. If they are unable to agree, the matter shall be referred  
326.15 to the commissioner of revenue whose decision shall be final. If a homestead property owner  
326.16 was a part-year Minnesota resident, the income reflected in the computation made pursuant  
326.17 to section 290A.04 shall be for the entire calendar year, including income not assignable to  
326.18 Minnesota.

326.19 (f) If a homestead is occupied by two or more renters, who are not ~~husband and wife~~  
326.20 married to each other, the rent shall be deemed to be paid equally by each, and separate  
326.21 claims shall be filed by each. The income of each shall be each renter's household income  
326.22 for purposes of computing the amount of credit to be allowed.

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

326.24 Sec. 16. Minnesota Statutes 2018, section 290A.05, is amended to read:

326.25 **290A.05 COMBINED HOUSEHOLD INCOME.**

326.26 If a person occupies a homestead with another person ~~or persons~~ not related to the person  
326.27 as ~~husband and wife~~ the person's spouse, excluding dependents, roomers or boarders on  
326.28 contract, and has property tax payable with respect to the homestead, the household income  
326.29 of the claimant or claimants for the purpose of computing the refund allowed by section  
326.30 290A.04 shall include the total income received by the other persons residing in the  
326.31 homestead. For purposes of this section, "dependent" includes a parent of the claimant or  
326.32 spouse who lives in the claimant's homestead and does not have an ownership interest in  
326.33 the homestead. If a person occupies a homestead with another person or persons not related

327.1 ~~to the person as husband and wife~~ the person's spouse or as dependents, the property tax  
327.2 payable or rent constituting property tax shall be reduced as follows.

327.3 If the other person or persons are residing at the homestead under rental or lease  
327.4 agreement, the amount of property tax payable or rent constituting property tax shall be that  
327.5 portion not covered by the rental agreement.

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

327.7 Sec. 17. Minnesota Statutes 2018, section 290A.08, is amended to read:

327.8 **290A.08 ONE CLAIMANT PER HOUSEHOLD.**

327.9 Only one claimant per household per year is entitled to relief under this chapter. Payment  
327.10 of the claim for relief may be made payable to the ~~husband and wife~~ spouses as one claimant.  
327.11 The commissioner, upon written request, may issue separate checks, to the ~~husband and~~  
327.12 ~~wife~~ spouses for one-half of the relief provided the original check has not been issued or  
327.13 has been returned. Individuals related as ~~husband and wife~~ spouses who were married during  
327.14 the year may elect to file a joint claim which shall include each spouse's income, rent  
327.15 constituting property taxes, and property taxes payable. ~~Husbands and wives~~ Spouses who  
327.16 were married for the entire year and were domiciled in the same household for the entire  
327.17 year must file a joint claim. The maximum dollar amount allowable for a joint claim shall  
327.18 not exceed the amount that one person could receive.

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

327.20 Sec. 18. Minnesota Statutes 2018, section 290A.09, is amended to read:

327.21 **290A.09 PROOF OF CLAIM.**

327.22 Every claimant shall supply to the commissioner of revenue, in support of the claim,  
327.23 proof of eligibility under this chapter, including but not limited to amount of rent paid or  
327.24 property taxes accrued, name and address of owner or managing agent of property rented,  
327.25 changes in homestead, household membership, household income, size and nature of property  
327.26 claimed as a homestead.

327.27 ~~Disabled~~ Persons with a disability filing claims shall submit proof of disability in the  
327.28 form and manner as the commissioner may prescribe. The department may require  
327.29 examination and certification by the claimant's physician or by a physician designated by  
327.30 the commissioner. The cost of any examination shall be borne by the claimant, unless the  
327.31 examination proves the disability, in which case the cost of the examination shall be borne  
327.32 by the commissioner.

328.1 A determination of disability of a claimant by the Social Security Administration under  
328.2 Title II or Title XVI of the Social Security Act shall constitute presumptive proof of disability.

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

328.4 Sec. 19. Minnesota Statutes 2018, section 297A.61, subdivision 18, is amended to read:

328.5 Subd. 18. **Disabled Person with a disability.** "~~Disabled~~ Person with a disability" means  
328.6 an individual who has a permanent and total disability as defined in section 273.13,  
328.7 subdivision 22.

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

328.9 Sec. 20. Minnesota Statutes 2018, section 297A.67, subdivision 6, is amended to read:

328.10 Subd. 6. **Other exempt meals.** (a) Prepared food, candy, and soft drinks purchased for  
328.11 and served exclusively to individuals who are 60 years of age or over and their spouses or  
328.12 to ~~disabled~~ persons with a disability and their spouses by governmental agencies, nonprofit  
328.13 organizations, or churches, or pursuant to any program funded in whole or in part through  
328.14 United States Code, title 42, sections 3001 through 3045, wherever delivered, prepared, or  
328.15 served, are exempt. Taxable food sold through vending machines is not exempt.

328.16 (b) Prepared food, candy, and soft drinks purchased for and served exclusively to children  
328.17 who are less than 14 years of age or ~~disabled~~ children with a disability who are less than  
328.18 16 years of age and who are attending a child care or early childhood education program,  
328.19 are exempt if they are:

328.20 (1) purchased by a nonprofit child care facility that is exempt under section 297A.70,  
328.21 subdivision 4, and that primarily serves families with income of 250 percent or less of  
328.22 federal poverty guidelines; and

328.23 (2) prepared at the site of the child care facility.

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

328.25 Sec. 21. Minnesota Statutes 2018, section 297A.67, subdivision 12, is amended to read:

328.26 Subd. 12. **Parts and accessories used to make a motor vehicle ~~disabled~~ accessible**  
328.27 **to a person with a disability.** Parts, accessories, and labor charges that are used solely to  
328.28 modify a motor vehicle to make it ~~disabled~~ accessible to persons with a disability are exempt.

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



329.1 Sec. 22. Minnesota Statutes 2018, section 297A.70, subdivision 3, is amended to read:

329.2 Subd. 3. **Sales of certain goods and services to government.** (a) The following sales  
329.3 to or use by the specified governments and political subdivisions of the state are exempt:

329.4 (1) repair and replacement parts for emergency rescue vehicles, fire trucks, and fire  
329.5 apparatus to a political subdivision;

329.6 (2) machinery and equipment, except for motor vehicles, used directly for mixed  
329.7 municipal solid waste management services at a solid waste disposal facility as defined in  
329.8 section 115A.03, subdivision 10;

329.9 (3) chore and homemaking services to a political subdivision of the state to be provided  
329.10 to elderly individuals or ~~disabled individuals~~ persons with a disability;

329.11 (4) telephone services to the Office of MN.IT Services that are used to provide  
329.12 telecommunications services through the MN.IT services revolving fund;

329.13 (5) firefighter personal protective equipment as defined in paragraph (b), if purchased  
329.14 or authorized by and for the use of an organized fire department, fire protection district, or  
329.15 fire company regularly charged with the responsibility of providing fire protection to the  
329.16 state or a political subdivision;

329.17 (6) bullet-resistant body armor that provides the wearer with ballistic and trauma  
329.18 protection, if purchased by a law enforcement agency of the state or a political subdivision  
329.19 of the state, or a licensed peace officer, as defined in section 626.84, subdivision 1;

329.20 (7) motor vehicles purchased or leased by political subdivisions of the state if the vehicles  
329.21 are exempt from registration under section 168.012, subdivision 1, paragraph (b), exempt  
329.22 from taxation under section 473.448, or exempt from the motor vehicle sales tax under  
329.23 section 297B.03, clause (12);

329.24 (8) equipment designed to process, dewater, and recycle biosolids for wastewater  
329.25 treatment facilities of political subdivisions, and materials incidental to installation of that  
329.26 equipment;

329.27 (9) the removal of trees, bushes, or shrubs for the construction and maintenance of roads,  
329.28 trails, or firebreaks when purchased by an agency of the state or a political subdivision of  
329.29 the state;

329.30 (10) purchases by the Metropolitan Council or the Department of Transportation of  
329.31 vehicles and repair parts to equip operations provided for in section 174.90, including, but  
329.32 not limited to, the Northstar Corridor Rail project; and

330.1 (11) purchases of water used directly in providing public safety services by an organized  
 330.2 fire department, fire protection district, or fire company regularly charged with the  
 330.3 responsibility of providing fire protection to the state or a political subdivision.

330.4 (b) For purposes of this subdivision, "firefighters personal protective equipment" means  
 330.5 helmets, including face shields, chin straps, and neck liners; bunker coats and pants, including  
 330.6 pant suspenders; boots; gloves; head covers or hoods; wildfire jackets; protective coveralls;  
 330.7 goggles; self-contained breathing apparatus; canister filter masks; personal alert safety  
 330.8 systems; spanner belts; optical or thermal imaging search devices; and all safety equipment  
 330.9 required by the Occupational Safety and Health Administration.

330.10 (c) For purchases of items listed in paragraph (a), clause (10), the tax must be imposed  
 330.11 and collected as if the rate under section 297A.62, subdivision 1, applied and then refunded  
 330.12 in the manner provided in section 297A.75.

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

330.14 Sec. 23. Minnesota Statutes 2018, section 297A.70, subdivision 4, is amended to read:

330.15 Subd. 4. **Sales to nonprofit groups.** (a) All sales, except those listed in paragraph (b),  
 330.16 to the following "nonprofit organizations" are exempt:

330.17 (1) a corporation, society, association, foundation, or institution organized and operated  
 330.18 exclusively for charitable, religious, or educational purposes if the item purchased is used  
 330.19 in the performance of charitable, religious, or educational functions;

330.20 (2) any senior citizen group or association of groups that:

330.21 (i) in general limits membership to persons who are either age 55 or older, or ~~physically~~  
 330.22 ~~disabled~~ persons with a physical disability;

330.23 (ii) is organized and operated exclusively for pleasure, recreation, and other nonprofit  
 330.24 purposes, not including housing, no part of the net earnings of which inures to the benefit  
 330.25 of any private shareholders; and

330.26 (iii) is an exempt organization under section 501(c) of the Internal Revenue Code; and

330.27 (3) an organization that qualifies for an exemption for memberships under subdivision  
 330.28 12 if the item is purchased and used in the performance of the organization's mission.

330.29 For purposes of this subdivision, charitable purpose includes the maintenance of a cemetery  
 330.30 owned by a religious organization.

330.31 (b) This exemption does not apply to the following sales:

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

331.5 (2) construction materials purchased by tax-exempt entities or their contractors to be  
 331.6 used in constructing buildings or facilities that will not be used principally by the tax-exempt  
 331.7 entities;

331.8 (3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause (2),  
 331.9 and prepared food, candy, soft drinks, and alcoholic beverages as defined in section 297A.67,  
 331.10 subdivision 2, except wine purchased by an established religious organization for sacramental  
 331.11 purposes or as allowed under subdivision 9a; and

331.12 (4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except as  
 331.13 provided in paragraph (c).

331.14 (c) This exemption applies to the leasing of a motor vehicle as defined in section 297B.01,  
 331.15 subdivision 11, only if the vehicle is:

331.16 (1) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a  
 331.17 passenger automobile, as defined in section 168.002, if the automobile is designed and used  
 331.18 for carrying more than nine persons including the driver; and

331.19 (2) intended to be used primarily to transport tangible personal property or individuals,  
 331.20 other than employees, to whom the organization provides service in performing its charitable,  
 331.21 religious, or educational purpose.

331.22 (d) A limited liability company also qualifies for exemption under this subdivision if  
 331.23 (1) it consists of a sole member that would qualify for the exemption, and (2) the items  
 331.24 purchased qualify for the exemption.

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

331.26 Sec. 24. Minnesota Statutes 2018, section 297A.70, subdivision 16, is amended to read:

331.27 Subd. 16. **Camp fees.** Fees to camps or other recreation facilities are exempt for:

331.28 (1) services primarily for children, adults accompanying children, or persons with  
 331.29 ~~disabilities~~ a disability; or

331.30 (2) educational or religious activities;

332.1 ~~and~~ if the camp or facilities are owned and operated by an exempt organization under section  
 332.2 501(c)(3) of the Internal Revenue Code.

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

332.4 Sec. 25. Minnesota Statutes 2018, section 297A.71, subdivision 22, is amended to read:

332.5 Subd. 22. **Materials used to make residential property ~~disabled~~ accessible to persons**  
 332.6 **with a disability.** Building materials and equipment sold to, or stored, used, or consumed  
 332.7 by, a nonprofit organization are exempt if:

332.8 (1) the materials and equipment are used or incorporated into modifying an existing  
 332.9 residential structure to make it ~~disabled~~ accessible to persons with a disability; and

332.10 (2) the materials and equipment used in the modification would qualify for an exemption  
 332.11 under either subdivision 11 or 12 if made by the current owner of the residence.

332.12 For purposes of this subdivision, "nonprofit organization" means any nonprofit  
 332.13 corporation, society, association, foundation, or institution organized and operated exclusively  
 332.14 for charitable, religious, educational, or civic purposes; or a veterans' group exempt from  
 332.15 federal taxation under section 501(c), clause (19), of the Internal Revenue Code.

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

332.17 Sec. 26. Minnesota Statutes 2018, section 297A.75, subdivision 1, is amended to read:

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

332.21 (1) building materials for an agricultural processing facility exempt under section  
 332.22 297A.71, subdivision 13;

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

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

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

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

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

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

333.3 (8) equipment and materials used for the generation, transmission, and distribution of  
333.4 electrical energy and an aerial camera package exempt under section 297A.68, subdivision  
333.5 37;

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

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

333.10 (11) materials, supplies, and equipment for construction, improvement, or expansion  
333.11 of:

333.12 (i) an aerospace defense manufacturing facility exempt under Minnesota Statutes 2014,  
333.13 section 297A.71, subdivision 42;

333.14 (ii) a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision  
333.15 45;

333.16 (iii) a research and development facility exempt under Minnesota Statutes 2014, section  
333.17 297A.71, subdivision 46; and

333.18 (iv) an industrial measurement manufacturing and controls facility exempt under  
333.19 Minnesota Statutes 2014, section 297A.71, subdivision 47;

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

333.22 (13) materials, supplies, and equipment for qualifying capital projects under section  
333.23 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);

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

333.26 (15) items and services purchased under a business subsidy agreement for use or  
333.27 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision  
333.28 44;

333.29 (16) building materials, equipment, and supplies for constructing or replacing real  
333.30 property exempt under section 297A.71, subdivision 49; and

334.1 (17) building materials, equipment, and supplies for constructing or replacing real  
334.2 property exempt under section 297A.71, subdivision 50, paragraph (b).

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

334.4 Sec. 27. Minnesota Statutes 2018, section 297B.01, subdivision 14, is amended to read:

334.5 Subd. 14. **Purchase price.** (a) "Purchase price" means the total consideration valued in  
334.6 money for a sale, whether paid in money or otherwise. The purchase price excludes the  
334.7 amount of a manufacturer's rebate paid or payable to the purchaser. If a motor vehicle is  
334.8 taken in trade as a credit or as part payment on a motor vehicle taxable under this chapter,  
334.9 the credit or trade-in value allowed by the person selling the motor vehicle shall be deducted  
334.10 from the total selling price to establish the purchase price of the vehicle being sold and the  
334.11 trade-in allowance allowed by the seller shall constitute the purchase price of the motor  
334.12 vehicle accepted as a trade-in. The purchase price in those instances where the motor vehicle  
334.13 is acquired by gift or by any other transfer for a nominal or no monetary consideration shall  
334.14 also include the average value of similar motor vehicles, established by standards and guides  
334.15 as determined by the motor vehicle registrar. The purchase price in those instances where  
334.16 a motor vehicle is manufactured by a person who registers it under the laws of this state  
334.17 shall mean the manufactured cost of such motor vehicle and manufactured cost shall mean  
334.18 the amount expended for materials, labor, and other properly allocable costs of manufacture,  
334.19 except that in the absence of actual expenditures for the manufacture of a part or all of the  
334.20 motor vehicle, manufactured costs shall mean the reasonable value of the completed motor  
334.21 vehicle.

334.22 (b) The term "purchase price" shall not include the portion of the value of a motor vehicle  
334.23 due solely to modifications necessary to make the motor vehicle ~~disability~~ accessible to  
334.24 persons with a disability.

334.25 (c) The term "purchase price" shall not include the transfer of a motor vehicle by way  
334.26 of gift between a ~~husband and wife~~ spouses or parent and child, or to a nonprofit organization  
334.27 as provided under subdivision 16, paragraph (c), clause (6), nor shall it include the transfer  
334.28 of a motor vehicle by a guardian to a ward when there is no monetary consideration and the  
334.29 title to such vehicle was registered in the name of the guardian, as guardian, only because  
334.30 the ward was a minor.

334.31 (d) The term "purchase price" shall not include the transfer of a motor vehicle as a gift  
334.32 between a foster parent and foster child. For purposes of this subdivision, a foster relationship  
334.33 exists, regardless of the age of the child, if (1) a foster parent's home is or was licensed as

335.1 a foster family home under Minnesota Rules, parts 2960.3000 to 2960.3340, and (2) the  
335.2 county verifies that the child was a state ward or in permanent foster care.

335.3 (e) There shall not be included in "purchase price" the amount of any tax imposed by  
335.4 the United States upon or with respect to retail sales whether imposed upon the retailer or  
335.5 the consumer.

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

335.7 Sec. 28. Minnesota Statutes 2018, section 297B.01, subdivision 16, is amended to read:

335.8 Subd. 16. **Sale, sells, selling, purchase, purchased, or acquired.** (a) "Sale," "sells,"  
335.9 "selling," "purchase," "purchased," or "acquired" means any transfer of title of any motor  
335.10 vehicle, whether absolutely or conditionally, for a consideration in money or by exchange  
335.11 or barter for any purpose other than resale in the regular course of business.

335.12 (b) Any motor vehicle utilized by the owner only by leasing such vehicle to others or  
335.13 by holding it in an effort to so lease it, and which is put to no other use by the owner other  
335.14 than resale after such lease or effort to lease, shall be considered property purchased for  
335.15 resale.

335.16 (c) The terms also shall include any transfer of title or ownership of a motor vehicle by  
335.17 other means, for or without consideration, except that these terms shall not include:

335.18 (1) the acquisition of a motor vehicle by inheritance from or by bequest of, or  
335.19 transfer-on-death of title by, a decedent who owned it;

335.20 (2) the transfer of a motor vehicle which was previously licensed in the names of two  
335.21 or more joint tenants and subsequently transferred without monetary consideration to one  
335.22 or more of the joint tenants;

335.23 (3) the transfer of a motor vehicle by way of gift from a limited used vehicle dealer  
335.24 licensed under section 168.27, subdivision 4a, to an individual, when the transfer is with  
335.25 no monetary or other consideration or expectation of consideration and the parties to the  
335.26 transfer submit an affidavit to that effect at the time the title transfer is recorded;

335.27 (4) the transfer of a motor vehicle by gift between:

335.28 (i) spouses;

335.29 (ii) parents and a child; or

335.30 (iii) grandparents and a grandchild;

336.1 (5) the voluntary or involuntary transfer of a motor vehicle between a husband and wife  
 336.2 spouses in a divorce proceeding; or

336.3 (6) the transfer of a motor vehicle by way of a gift to an organization that is exempt from  
 336.4 federal income taxation under section 501(c)(3) of the Internal Revenue Code when the  
 336.5 motor vehicle will be used exclusively for religious, charitable, or educational purposes.

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

336.7 Sec. 29. Minnesota Statutes 2018, section 298.018, subdivision 1, is amended to read:

336.8 Subdivision 1. **Within taconite assistance area.** The proceeds of the tax paid under  
 336.9 sections 298.015 and 298.016 on ores, metals, or minerals mined or extracted within the  
 336.10 taconite assistance area defined in section 273.1341, shall be allocated as follows:

336.11 (1) five percent to the city or town within which the minerals or energy resources are  
 336.12 mined or extracted, or within which the concentrate was produced. If the mining and  
 336.13 concentration, or different steps in either process, are carried on in more than one taxing  
 336.14 district, the commissioner shall apportion equitably the proceeds among the cities and towns  
 336.15 by attributing 50 percent of the proceeds of the tax to the operation of mining or extraction,  
 336.16 and the remainder to the concentrating plant and to the processes of concentration, and with  
 336.17 respect to each thereof giving due consideration to the relative extent of the respective  
 336.18 operations performed in each taxing district;

336.19 (2) ten percent to the taconite municipal aid account to be distributed as provided in  
 336.20 section 298.282, subdivisions 1 and 2, on the dates provided under this section;

336.21 (3) ten percent to the school district within which the minerals or energy resources are  
 336.22 mined or extracted, or within which the concentrate was produced. If the mining and  
 336.23 concentration, or different steps in either process, are carried on in more than one school  
 336.24 district, distribution among the school districts must be based on the apportionment formula  
 336.25 prescribed in clause (1);

336.26 (4) 20 percent to a group of school districts comprised of those school districts wherein  
 336.27 the mineral or energy resource was mined or extracted or in which there is a qualifying  
 336.28 municipality as defined by section 273.134, paragraph (b), in direct proportion to school  
 336.29 district indexes as follows: for each school district, its pupil units determined under section  
 336.30 126C.05 for the prior school year shall be multiplied by the ratio of the average adjusted  
 336.31 net tax capacity per pupil unit for school districts receiving aid under this clause as calculated  
 336.32 pursuant to chapters 122A, 126C, and 127A for the school year ending prior to distribution  
 336.33 to the adjusted net tax capacity per pupil unit of the district. Each district shall receive that



337.1 portion of the distribution which its index bears to the sum of the indices for all school  
337.2 districts that receive the distributions;

337.3 (5) 20 percent to the county within which the minerals or energy resources are mined  
337.4 or extracted, or within which the concentrate was produced. If the mining and concentration,  
337.5 or different steps in either process, are carried on in more than one county, distribution  
337.6 among the counties must be based on the apportionment formula prescribed in clause (1),  
337.7 provided that any county receiving distributions under this clause shall pay one percent of  
337.8 its proceeds to the Range Association of Municipalities and Schools;

337.9 (6) 20 percent to St. Louis County acting as the counties' fiscal agent to be distributed  
337.10 as provided in sections 273.134 to 273.136;

337.11 (7) five percent to the commissioner of Iron Range resources and rehabilitation for the  
337.12 purposes of section 298.22;

337.13 (8) three percent to the Douglas J. Johnson economic protection trust fund; and

337.14 (9) seven percent to the taconite environmental protection fund.

337.15 ~~The proceeds of the tax shall be distributed on July 15 each year.~~

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

337.17 Sec. 30. Minnesota Statutes 2018, section 298.018, is amended by adding a subdivision  
337.18 to read:

337.19 Subd. 1a. **Distribution date.** The proceeds of the tax allocated under subdivision 1 shall  
337.20 be distributed on December 15 each year. Any payment of proceeds received after December  
337.21 15 shall be distributed on the next net proceeds tax distribution date.

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

337.23 Sec. 31. Minnesota Statutes 2018, section 298.282, subdivision 1, is amended to read:

337.24 Subdivision 1. **Distribution of taconite municipal aid account.** (a) The amount  
337.25 deposited with the county as provided in section 298.28, subdivision 3, must be distributed  
337.26 as provided by this section among: (1) the municipalities comprising a taconite assistance  
337.27 area under section 273.1341; (2) a township that contains a state park consisting primarily  
337.28 of an underground iron ore mine; and (3) a city located within five miles of that state park,  
337.29 each being referred to in this section as a qualifying municipality.

337.30 (b) The amount deposited in the state general fund as provided in section 298.018,  
337.31 subdivision 1, must be distributed in the same manner as provided under paragraph (a)

338.1 except that subdivisions 3, 4, and 5 do not apply, and the distributions shall be made on the  
338.2 dates provided under section 298.018, subdivision 1a.

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

338.4 Sec. 32. Laws 2017, First Special Session chapter 1, article 8, section 3, the effective date,  
338.5 is amended to read:

338.6 **EFFECTIVE DATE.** This section is effective for (1) petitions and appeals filed after  
338.7 June 30, 2017, for which notices of entry of order are mailed before July 1, 2019, and (2)  
338.8 notices of entry of order mailed after June 30, 2019.

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