

This Document can be made available
in alternative formats upon request

State of Minnesota

HOUSE OF REPRESENTATIVES

SPECIAL SESSION

H. F. No. **5**

05/24/2019 Authored by Marquart and Carlson, L.,
The bill was read for the first time

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

3.1 subdivision 5; 297I.25, subdivision 2; Laws 2011, First Special Session chapter
3.2 9, article 6, section 97, subdivision 6; Minnesota Rules, part 8125.0410, subpart
3.3 1.

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

3.5 **ARTICLE 1**

3.6 **FEDERAL CONFORMITY**

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

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

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

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

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

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

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

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

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

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

3.29 For purposes of this paragraph, "debtor" means the individual whose income, together
3.30 with the income of the individual's spouse, other than a separated spouse, brings the
3.31 individual within the income provisions of this paragraph. For purposes of this paragraph,
3.32 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(e) 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 became 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 became 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 became 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~~₂ (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 ~~(o)~~ (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 ~~(p)~~ (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, 2018.

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 the 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,~~ listed in paragraph (i). For each taxable year, 50 percent
 64.28 must be allocated to credits for qualifying investments in qualified greater Minnesota
 64.29 businesses and minority- or women-owned qualified small businesses in Minnesota. Any
 64.30 portion of a taxable year's credits that is reserved for qualifying investments in greater
 64.31 Minnesota businesses and minority- or women-owned qualified small businesses in
 64.32 Minnesota that is not allocated by September 30 of the taxable year is available for allocation
 64.33 to other credit applications beginning on October 1. Any portion of a taxable year's credits

65.1 that is not allocated by the commissioner does not cancel and may be carried forward to
65.2 subsequent taxable years until all credits have been allocated.

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

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

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

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

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

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

65.25 (e) Qualified investors and qualified funds must apply to the commissioner for tax credits.
65.26 Tax credits must be allocated to qualified investors or qualified funds in the order that the
65.27 tax credit request applications are filed with the department. The commissioner must approve
65.28 or reject tax credit request applications within 15 days of receiving the application. The
65.29 investment specified in the application must be made within 60 days of the allocation of
65.30 the credits. If the investment is not made within 60 days, the credit allocation is canceled
65.31 and available for reallocation. A qualified investor or qualified fund that fails to invest as
65.32 specified in the application, within 60 days of allocation of the credits, must notify the
65.33 commissioner of the failure to invest within five business days of the expiration of the
65.34 60-day investment period.

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

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

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

66.28 (2) 80 percent or more of the assets of the qualified small business is sold before the end
66.29 of the three-year period;

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

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

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

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

67.3 (i) The credit allowed under this subdivision is effective for each of the following taxable
67.4 years:

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

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

67.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
67.8 31, 2018.

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

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

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

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

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

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

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

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

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

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

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

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

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

68.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
68.17 31, 2018.

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

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

68.25 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
68.26 31, 2018.

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

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

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

69.1 (2) the health care and human services training and retention program under chapter
 69.2 116L, for costs associated with families with children with incomes below 200 percent of
 69.3 the federal poverty guidelines;

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

69.5 (4) welfare to work transportation authorized under Public Law 105-178;

69.6 (5) reimbursements for the federal share of child support collections passed through to
 69.7 the custodial parent;

69.8 ~~(6) reimbursements for the working family credit under section 290.0671;~~

69.9 ~~(7) program administration under this chapter;~~

69.10 ~~(8)~~ (7) the diversionary work program under section 256J.95;

69.11 ~~(9)~~ (8) the MFIP consolidated fund under section 256J.626; and

69.12 ~~(10)~~ (9) the Minnesota Department of Health consolidated fund under Laws 2001, First
 69.13 Special Session chapter 9, article 17, section 3, subdivision 2.

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

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

69.16 Subd. 2. **Joint income tax returns.** (a) If a joint income tax return is made by a husband
 69.17 and wife, the liability for the tax is joint and several. A spouse who qualifies for relief from
 69.18 a liability attributable to an underpayment under section 6015 subsection (b) of the Internal
 69.19 Revenue Code, or determined by the commissioner of internal revenue for relief under
 69.20 section 6015 subsection (f) of the Internal Revenue Code, is relieved of the state income
 69.21 tax liability on the underpayment.

69.22 (b) In the case of individuals who were a husband and wife prior to the dissolution of
 69.23 their marriage or their legal separation, or prior to the death of one of the individuals, for
 69.24 tax liabilities reported on a joint or combined return, the liability of each person is limited
 69.25 to the proportion of the tax due on the return that equals that person's proportion of the total
 69.26 tax due if the husband and wife filed separate returns for the taxable year. This provision
 69.27 is effective only when the commissioner receives written notice of the marriage dissolution,
 69.28 legal separation, or death of a spouse from the husband or wife. No refund may be claimed
 69.29 by an ex-spouse, legally separated or widowed spouse for any taxes paid more than 60 days
 69.30 before receipt by the commissioner of the written notice.

70.1 (c) ~~A request for calculation of separate liability pursuant to paragraph (b) for taxes~~
 70.2 ~~reported on a return must be made within six years after the due date of the return. For~~
 70.3 ~~calculation of separate liability for taxes assessed by the commissioner under section 289A.35~~
 70.4 ~~or 289A.37, the request must be made within six years after the date of assessment. The~~
 70.5 commissioner is not required to calculate separate liability pursuant to paragraph (b) if the
 70.6 remaining unpaid liability for which recalculation is requested is \$100 or less.

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

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

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

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

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

70.17 (3) a savings association or federal savings bank as defined in United States Code, title
 70.18 12, section 1813(b)(1);

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

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

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

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

70.26 (8) a corporation or other business entity that derives more than 50 percent of its total
 70.27 gross income for financial accounting purposes from finance leases. For the purposes of
 70.28 this clause, "gross income" means the average from the current tax year and immediately
 70.29 preceding two years and excludes gross income from incidental or occasional transactions.
 70.30 For purposes of this clause, "finance lease" means any lease transaction that is the functional
 70.31 equivalent of an extension of credit and that transfers substantially all the benefits and risks
 70.32 incident to the ownership of property, including any direct financing lease or leverage lease

71.1 that meets the criteria of Financial Accounting Standards Board Statement No. 13, accounting
 71.2 for leases, or any other lease that is accounted for as financing by a lessor under generally
 71.3 accepted accounting principles; or

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

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

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

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

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

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

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

71.22 (b) A captive insurance company is a "disqualified captive insurance company" if the
 71.23 company:

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

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

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

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

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

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

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

72.10 (c) For single or head-of-household taxpayers, the maximum subtraction equals ~~\$3,500~~
72.11 \$4,020. The maximum subtraction is reduced by 20 percent of provisional income over
72.12 ~~\$60,200~~ \$61,080. In no case is the subtraction less than zero.

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

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

72.21 (f) The commissioner shall adjust the maximum subtraction and threshold amounts in
72.22 paragraphs (b) to (d) ~~by the percentage determined pursuant to the provisions of section~~
72.23 ~~1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) of the Internal Revenue~~
72.24 ~~Code the word "2016" shall be substituted for the word "1992."~~ For 2018, the commissioner
72.25 ~~shall then determine the percentage change from the 12 months ending on August 31, 2016,~~
72.26 ~~to the 12 months ending on August 31, 2017, and in each subsequent year, from the 12~~
72.27 ~~months ending on August 31, 2016, to the 12 months ending on August 31 of the year~~
72.28 ~~preceding the taxable year. The determination of the commissioner pursuant to this~~
72.29 ~~subdivision must not be considered a rule and is not subject to the Administrative Procedure~~
72.30 ~~Act contained in chapter 14, including section 14.386~~ as provided in section 270C.22. The
72.31 statutory year is taxable year 2019. The maximum subtraction and threshold amounts as
72.32 adjusted must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount
72.33 is rounded up to the nearest \$10 amount.

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

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

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

73.7 Sec. 13. Minnesota Statutes 2018, section 290.0132, is amended by adding a subdivision
73.8 to read:

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

73.14 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
73.15 31, 2018.

73.16 Sec. 14. Minnesota Statutes 2018, section 290.0134, is amended by adding a subdivision
73.17 to read:

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

73.23 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
73.24 31, 2018.

73.25 Sec. 15. Minnesota Statutes 2018, section 290.05, subdivision 1, is amended to read:

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

73.30 (a) corporations, individuals, estates, and trusts engaged in the business of mining or
73.31 producing iron ore and mining, producing, or refining other ores, metals, and minerals, the

74.1 mining, production, or refining of which is subject to the occupation tax imposed by section
 74.2 298.01; but if any such corporation, individual, estate, or trust engages in any other business
 74.3 or activity or has income from any property not used in such business it shall be subject to
 74.4 this tax computed on the net income from such property or such other business or activity.
 74.5 Royalty shall not be considered as income from the business of mining or producing iron
 74.6 ore within the meaning of this section;

74.7 (b) the United States of America, the state of Minnesota or any political subdivision of
 74.8 either agencies or instrumentalities, whether engaged in the discharge of governmental or
 74.9 proprietary functions; and

74.10 (c) any insurance company, ~~as defined in section 290.17, subdivision 4, paragraph (j),~~
 74.11 ~~but including any insurance company licensed and domiciled in another state that grants,~~
 74.12 ~~on a reciprocal basis, exemption from retaliatory taxes~~ other than a disqualified captive
 74.13 insurance company.

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

74.16 Sec. 16. Minnesota Statutes 2018, section 290.06, subdivision 2c, is amended to read:

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

- 74.21 (1) On the first ~~\$35,480~~ \$38,770, 5.35 percent;
- 74.22 (2) On all over ~~\$35,480~~ \$38,770, but not over ~~\$140,960~~ \$154,020, ~~7.05~~ 6.8 percent;
- 74.23 (3) On all over ~~\$140,960~~ \$154,020, but not over ~~\$250,000~~ \$269,010, 7.85 percent;
- 74.24 (4) On all over ~~\$250,000~~ \$269,010, 9.85 percent.

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

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

- 74.30 (1) On the first ~~\$24,270~~ \$26,520, 5.35 percent;
- 74.31 (2) On all over ~~\$24,270~~ \$26,520, but not over ~~\$79,730~~ \$87,110, ~~7.05~~ 6.8 percent;

75.1 (3) On all over ~~\$79,730~~ \$87,110, but not over ~~\$150,000~~ \$161,720, 7.85 percent;

75.2 (4) On all over ~~\$150,000~~ \$161,720, 9.85 percent.

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

75.6 (1) On the first ~~\$29,880~~ \$32,650, 5.35 percent;

75.7 (2) On all over ~~\$29,880~~ \$32,650, but not over ~~\$120,070~~ \$131,190, ~~7.05~~ 6.8 percent;

75.8 (3) On all over ~~\$120,070~~ \$131,190, but not over ~~\$200,000~~ \$214,980, 7.85 percent;

75.9 (4) On all over ~~\$200,000~~ \$214,980, 9.85 percent.

75.10 (d) In lieu of a tax computed according to the rates set forth in this subdivision, the tax
75.11 of any individual taxpayer whose taxable net income for the taxable year is less than an
75.12 amount determined by the commissioner must be computed in accordance with tables
75.13 prepared and issued by the commissioner of revenue based on income brackets of not more
75.14 than \$100. The amount of tax for each bracket shall be computed at the rates set forth in
75.15 this subdivision, provided that the commissioner may disregard a fractional part of a dollar
75.16 unless it amounts to 50 cents or more, in which case it may be increased to \$1.

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

75.21 (1) the numerator is the individual's Minnesota source federal adjusted gross income as
75.22 defined in section 62 of the Internal Revenue Code and increased by the additions required
75.23 under section 290.0131, subdivisions 2 ~~and~~ 6, 8 to ~~10, 16, and 17~~, and reduced by the
75.24 Minnesota assignable portion of the subtraction for United States government interest under
75.25 section 290.0132, subdivision 2, and the subtractions under section 290.0132, subdivisions
75.26 9, 10, 14, 15, 17, ~~and 18, and 27~~, after applying the allocation and assignability provisions
75.27 of section 290.081, clause (a), or 290.17; and

75.28 (2) the denominator is the individual's federal adjusted gross income as defined in section
75.29 62 of the Internal Revenue Code, increased by the amounts specified in section 290.0131,
75.30 subdivisions 2 ~~and~~ 6, 8 to ~~10, 16, and 17~~, and reduced by the amounts specified in section
75.31 290.0132, subdivisions 2, 9, 10, 14, 15, 17, ~~and 18, and 27~~.

76.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
 76.2 31, 2018.

76.3 Sec. 17. Minnesota Statutes 2018, section 290.0671, subdivision 1, is amended to read:

76.4 Subdivision 1. **Credit allowed.** (a) An individual who is a resident of Minnesota is
 76.5 allowed a credit against the tax imposed by this chapter equal to a percentage of earned
 76.6 income. To receive a credit, a taxpayer must be eligible for a credit under section 32 of the
 76.7 Internal Revenue Code, except that:

76.8 (1) a taxpayer with no qualifying children who has attained the age of 21, but not attained
 76.9 age 65 before the close of the taxable year and is otherwise eligible for a credit under section
 76.10 32 of the Internal Revenue Code may also receive a credit; and

76.11 (2) a taxpayer who is otherwise eligible for a credit under section 32 of the Internal
 76.12 Revenue Code remains eligible for the credit even if the taxpayer's earned income or adjusted
 76.13 gross income exceeds the income limitation under section 32 of the Internal Revenue Code.

76.14 (b) For individuals with no qualifying children, the credit equals ~~2.10~~ 3.9 percent of the
 76.15 first ~~\$6,180~~ \$7,150 of earned income. The credit is reduced by ~~2.01~~ 2.0 percent of earned
 76.16 income or adjusted gross income, whichever is greater, in excess of ~~\$8,130~~ the phaseout
 76.17 threshold, but in no case is the credit less than zero.

76.18 (c) For individuals with one qualifying child, the credit equals 9.35 percent of the first
 76.19 ~~\$11,120~~ \$11,950 of earned income. The credit is reduced by ~~6.02~~ 6.0 percent of earned
 76.20 income or adjusted gross income, whichever is greater, in excess of ~~\$21,190~~ the phaseout
 76.21 threshold, but in no case is the credit less than zero.

76.22 (d) For individuals with two ~~or more~~ qualifying children, the credit equals 11 percent
 76.23 of the first ~~\$18,240~~ \$19,600 of earned income. The credit is reduced by ~~10.82~~ 10.5 percent
 76.24 of earned income or adjusted gross income, whichever is greater, in excess of ~~\$25,130~~ the
 76.25 phaseout threshold, but in no case is the credit less than zero.

76.26 (e) For individuals with three or more qualifying children, the credit equals 12.5 percent
 76.27 of the first \$20,000 of earned income. The credit is reduced by 10.5 percent of earned income
 76.28 or adjusted gross income, whichever is greater, in excess of the phaseout threshold, but in
 76.29 no case is the credit less than zero.

76.30 (f) For a part-year resident, the credit must be allocated based on the percentage calculated
 76.31 under section 290.06, subdivision 2c, paragraph (e).

77.1 ~~(f)~~ (g) For a person who was a resident for the entire tax year and has earned income
 77.2 not subject to tax under this chapter, including income excluded under section 290.0132,
 77.3 subdivision 10, the credit must be allocated based on the ratio of federal adjusted gross
 77.4 income reduced by the earned income not subject to tax under this chapter over federal
 77.5 adjusted gross income. For purposes of this paragraph, the following clauses are not
 77.6 considered "earned income not subject to tax under this chapter":

77.7 (1) the subtractions for military pay under section 290.0132, subdivisions 11 and 12;

77.8 (2) the exclusion of combat pay under section 112 of the Internal Revenue Code; and

77.9 (3) income derived from an Indian reservation by an enrolled member of the reservation
 77.10 while living on the reservation.

77.11 ~~(g) For tax years beginning after December 31, 2013, the \$8,130 in paragraph (b), the~~
 77.12 ~~\$21,190 in paragraph (c), and the \$25,130 in paragraph (d), after being adjusted for inflation~~
 77.13 ~~under subdivision 7, are each increased by \$5,000 for married taxpayers filing joint returns.~~
 77.14 ~~For tax years beginning after December 31, 2013, the commissioner shall annually adjust~~
 77.15 ~~the \$5,000 by the percentage determined pursuant to the provisions of section 1(f) of the~~
 77.16 ~~Internal Revenue Code, except that in section 1(f)(3)(B), the word "2008" shall be substituted~~
 77.17 ~~for the word "1992." For 2014, the commissioner shall then determine the percent change~~
 77.18 ~~from the 12 months ending on August 31, 2008, to the 12 months ending on August 31,~~
 77.19 ~~2013, and in each subsequent year, from the 12 months ending on August 31, 2008, to the~~
 77.20 ~~12 months ending on August 31 of the year preceding the taxable year. The earned income~~
 77.21 ~~thresholds as adjusted for inflation must be rounded to the nearest \$10. If the amount ends~~
 77.22 ~~in \$5, the amount is rounded up to the nearest \$10. The determination of the commissioner~~
 77.23 ~~under this subdivision is not a rule under the Administrative Procedure Act.~~

77.24 (h) For the purposes of this section, the phaseout threshold equals:

77.25 (1) \$14,570 for married taxpayers filing joint returns with no qualifying children;

77.26 (2) \$8,730 for all other taxpayers with no qualifying children;

77.27 (3) \$28,610 for married taxpayers filing joint returns with one qualifying child;

77.28 (4) \$22,770 for all other taxpayers with one qualifying child;

77.29 (5) \$32,840 for married taxpayers filing joint returns with two qualifying children;

77.30 (6) \$27,000 for all other taxpayers with two qualifying children;

77.31 (7) \$33,140 for married taxpayers filing joint returns with three or more qualifying
 77.32 children; and

78.1 (8) \$27,300 for all other taxpayers with three or more qualifying children.

78.2 (i) The commissioner shall construct tables showing the amount of the credit at various
78.3 income levels and make them available to taxpayers. The tables shall follow the schedule
78.4 contained in this subdivision, except that the commissioner may graduate the transition
78.5 between income brackets.

78.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
78.7 31, 2018.

78.8 Sec. 18. Minnesota Statutes 2018, section 290.0671, subdivision 6, is amended to read:

78.9 Subd. 6. **Appropriation.** An amount sufficient to pay the refunds required by this section
78.10 is appropriated to the commissioner from the general fund. ~~This amount includes any amounts~~
78.11 ~~appropriated to the commissioner of human services from the federal Temporary Assistance~~
78.12 ~~for Needy Families (TANF) block grant funds for transfer to the commissioner of revenue.~~

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

78.14 Sec. 19. Minnesota Statutes 2018, section 290.0684, subdivision 2, is amended to read:

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

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

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

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

78.25 (1) for married couples with adjusted gross income in excess of \$75,000, but not more
78.26 than ~~\$100,000~~ \$135,000, the maximum credit is reduced by one percent of adjusted gross
78.27 income in excess of \$75,000 until the maximum credit amount equals \$250; and

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

79.1 ~~(3)~~ (2) for married couples with adjusted gross income in excess of \$135,000, the
79.2 maximum credit is \$250, reduced by one percent of adjusted gross income in excess of
79.3 \$135,000.

79.4 (e) The income thresholds in paragraphs (c) and (d) used to calculate the maximum
79.5 credit must be adjusted for inflation. The commissioner shall adjust the income thresholds
79.6 by the percentage determined under the provisions of section 1(f) of the Internal Revenue
79.7 Code, except that in section 1(f)(3)(B) the word "2016" is substituted for the word "1992."
79.8 For 2018, the commissioner shall then determine the percent change from the 12 months
79.9 ending on August 31, 2016, to the 12 months ending on August 31, 2017, and in each
79.10 subsequent year, from the 12 months ending on August 31, 2016, to the 12 months ending
79.11 on August 31 of the year preceding the taxable year. The income thresholds as adjusted for
79.12 inflation must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount
79.13 is rounded up to the nearest \$10 amount. The determination of the commissioner under this
79.14 subdivision is not subject to chapter 14, including section 14.386.

79.15 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
79.16 31, 2019.

79.17 Sec. 20. Minnesota Statutes 2018, section 290.17, subdivision 4, is amended to read:

79.18 Subd. 4. **Unitary business principle.** (a) If a trade or business conducted wholly within
79.19 this state or partly within and partly without this state is part of a unitary business, the entire
79.20 income of the unitary business is subject to apportionment pursuant to section 290.191.
79.21 Notwithstanding subdivision 2, paragraph (c), none of the income of a unitary business is
79.22 considered to be derived from any particular source and none may be allocated to a particular
79.23 place except as provided by the applicable apportionment formula. The provisions of this
79.24 subdivision do not apply to business income subject to subdivision 5, income of an insurance
79.25 company, or income of an investment company determined under section 290.36.

79.26 (b) The term "unitary business" means business activities or operations which result in
79.27 a flow of value between them. The term may be applied within a single legal entity or
79.28 between multiple entities and without regard to whether each entity is a sole proprietorship,
79.29 a corporation, a partnership or a trust.

79.30 (c) Unity is presumed whenever there is unity of ownership, operation, and use, evidenced
79.31 by centralized management or executive force, centralized purchasing, advertising,
79.32 accounting, or other controlled interaction, but the absence of these centralized activities
79.33 will not necessarily evidence a nonunitary business. Unity is also presumed when business

80.1 activities or operations are of mutual benefit, dependent upon or contributory to one another,
80.2 either individually or as a group.

80.3 (d) Where a business operation conducted in Minnesota is owned by a business entity
80.4 that carries on business activity outside the state different in kind from that conducted within
80.5 this state, and the other business is conducted entirely outside the state, it is presumed that
80.6 the two business operations are unitary in nature, interrelated, connected, and interdependent
80.7 unless it can be shown to the contrary.

80.8 (e) Unity of ownership does not exist when two or more corporations are involved unless
80.9 more than 50 percent of the voting stock of each corporation is directly or indirectly owned
80.10 by a common owner or by common owners, either corporate or noncorporate, or by one or
80.11 more of the member corporations of the group. For this purpose, the term "voting stock"
80.12 shall include membership interests of mutual insurance holding companies formed under
80.13 section 66A.40.

80.14 (f) The net income and apportionment factors under section 290.191 or 290.20 of foreign
80.15 corporations and other foreign entities, but excluding a disqualified captive insurance
80.16 company, which are part of a unitary business shall not be included in the net income or
80.17 the apportionment factors of the unitary business; except that the income and apportionment
80.18 factors of a foreign entity, other than an entity treated as a C corporation for federal income
80.19 tax purposes, that are included in the federal taxable income, as defined in section 63 of the
80.20 Internal Revenue Code as amended through the date named in section 290.01, subdivision
80.21 19, of a domestic corporation, domestic entity, or individual must be included in determining
80.22 net income and the factors to be used in the apportionment of net income pursuant to section
80.23 290.191 or 290.20. A foreign corporation or other foreign entity which is not included on
80.24 a combined report and which is required to file a return under this chapter shall file on a
80.25 separate return basis.

80.26 (g) For purposes of determining the net income of a unitary business and the factors to
80.27 be used in the apportionment of net income pursuant to section 290.191 or 290.20, there
80.28 must be included only the income and apportionment factors of domestic corporations or
80.29 other domestic entities that are determined to be part of the unitary business pursuant to this
80.30 subdivision, notwithstanding that foreign corporations or other foreign entities might be
80.31 included in the unitary business; except that the income and apportionment factors of a
80.32 foreign entity, other than an entity treated as a C corporation for federal income tax purposes,
80.33 that is included in the federal taxable income, as defined in section 63 of the Internal Revenue
80.34 Code as amended through the date named in section 290.01, subdivision 19, of a domestic
80.35 corporation, domestic entity, or individual must be included in determining net income and

81.1 the factors to be used in the apportionment of net income pursuant to section 290.191 or
81.2 290.20.

81.3 (h) Each corporation or other entity, except a sole proprietorship, that is part of a unitary
81.4 business must file combined reports as the commissioner determines. On the reports, all
81.5 intercompany transactions between entities included pursuant to paragraph (g) must be
81.6 eliminated and the entire net income of the unitary business determined in accordance with
81.7 this subdivision is apportioned among the entities by using each entity's Minnesota factors
81.8 for apportionment purposes in the numerators of the apportionment formula and the total
81.9 factors for apportionment purposes of all entities included pursuant to paragraph (g) in the
81.10 denominators of the apportionment formula. Except as otherwise provided by paragraph
81.11 (f), all sales of the unitary business made within this state pursuant to section 290.191 or
81.12 290.20 must be included on the combined report of a corporation or other entity that is a
81.13 member of the unitary business and is subject to the jurisdiction of this state to impose tax
81.14 under this chapter.

81.15 (i) If a corporation has been divested from a unitary business and is included in a
81.16 combined report for a fractional part of the common accounting period of the combined
81.17 report:

81.18 (1) its income includable in the combined report is its income incurred for that part of
81.19 the year determined by proration or separate accounting; and

81.20 (2) its sales, property, and payroll included in the apportionment formula must be prorated
81.21 or accounted for separately.

81.22 (j) For purposes of this subdivision, "insurance company" means an insurance company,
81.23 as defined in section 290.01, subdivision 5b, that is:

81.24 ~~(1) licensed to engage in the business of insurance in Minnesota pursuant to chapter~~
81.25 ~~60A; or~~

81.26 ~~(2) domiciled and licensed to engage in the business of insurance in another state or~~
81.27 ~~country that imposes retaliatory taxes, fines, deposits, penalties, licenses, or fees and that~~
81.28 ~~does not grant, on a reciprocal basis, exemption from such retaliatory taxes to insurance~~
81.29 ~~companies or their agents domiciled in Minnesota.~~

81.30 ~~(k) For purposes of this subdivision, "retaliatory taxes" means taxes imposed on insurance~~
81.31 ~~companies organized in another state or country that result from the fact that an insurance~~
81.32 ~~company organized in the taxing jurisdiction and doing business in the other jurisdiction is~~
81.33 ~~subject to taxes, fines, deposits, penalties, licenses, or fees in an amount exceeding that~~

82.1 ~~imposed by the taxing jurisdiction upon an insurance company organized in the other state~~
82.2 ~~or country and doing business to the same extent in the taxing jurisdiction~~ not a disqualified
82.3 captive insurance company.

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

82.6 Sec. 21. Minnesota Statutes 2018, section 290.191, subdivision 5, is amended to read:

82.7 Subd. 5. **Determination of sales factor.** For purposes of this section, the following rules
82.8 apply in determining the sales factor.

82.9 (a) The sales factor includes all sales, gross earnings, or receipts received in the ordinary
82.10 course of the business, except that the following types of income are not included in the
82.11 sales factor:

82.12 (1) interest;

82.13 (2) dividends;

82.14 (3) sales of capital assets as defined in section 1221 of the Internal Revenue Code;

82.15 (4) sales of property used in the trade or business, except sales of leased property of a
82.16 type which is regularly sold as well as leased; and

82.17 (5) sales of debt instruments as defined in section 1275(a)(1) of the Internal Revenue
82.18 Code or sales of stock.

82.19 (b) Sales of tangible personal property are made within this state if the property is
82.20 received by a purchaser at a point within this state, regardless of the f.o.b. point, other
82.21 conditions of the sale, or the ultimate destination of the property.

82.22 (c) Tangible personal property delivered to a common or contract carrier or foreign
82.23 vessel for delivery to a purchaser in another state or nation is a sale in that state or nation,
82.24 regardless of f.o.b. point or other conditions of the sale.

82.25 (d) Notwithstanding paragraphs (b) and (c), when intoxicating liquor, wine, fermented
82.26 malt beverages, cigarettes, or tobacco products are sold to a purchaser who is licensed by
82.27 a state or political subdivision to resell this property only within the state of ultimate
82.28 destination, the sale is made in that state.

82.29 (e) Sales made by or through a corporation that is qualified as a domestic international
82.30 sales corporation under section 992 of the Internal Revenue Code are not considered to have
82.31 been made within this state.

83.1 (f) Sales, rents, royalties, and other income in connection with real property is attributed
83.2 to the state in which the property is located.

83.3 (g) Receipts from the lease or rental of tangible personal property, including finance
83.4 leases and true leases, must be attributed to this state if the property is located in this state
83.5 and to other states if the property is not located in this state. Receipts from the lease or rental
83.6 of moving property including, but not limited to, motor vehicles, rolling stock, aircraft,
83.7 vessels, or mobile equipment are included in the numerator of the receipts factor to the
83.8 extent that the property is used in this state. The extent of the use of moving property is
83.9 determined as follows:

83.10 (1) A motor vehicle is used wholly in the state in which it is registered.

83.11 (2) The extent that rolling stock is used in this state is determined by multiplying the
83.12 receipts from the lease or rental of the rolling stock by a fraction, the numerator of which
83.13 is the miles traveled within this state by the leased or rented rolling stock and the denominator
83.14 of which is the total miles traveled by the leased or rented rolling stock.

83.15 (3) The extent that an aircraft is used in this state is determined by multiplying the
83.16 receipts from the lease or rental of the aircraft by a fraction, the numerator of which is the
83.17 number of landings of the aircraft in this state and the denominator of which is the total
83.18 number of landings of the aircraft.

83.19 (4) The extent that a vessel, mobile equipment, or other mobile property is used in the
83.20 state is determined by multiplying the receipts from the lease or rental of the property by a
83.21 fraction, the numerator of which is the number of days during the taxable year the property
83.22 was in this state and the denominator of which is the total days in the taxable year.

83.23 (h) Royalties and other income received for the use of or for the privilege of using
83.24 intangible property, including patents, know-how, formulas, designs, processes, patterns,
83.25 copyrights, trade names, service names, franchises, licenses, contracts, customer lists, or
83.26 similar items, must be attributed to the state in which the property is used by the purchaser.
83.27 If the property is used in more than one state, the royalties or other income must be
83.28 apportioned to this state pro rata according to the portion of use in this state. If the portion
83.29 of use in this state cannot be determined, the royalties or other income must be excluded
83.30 from both the numerator and the denominator. Intangible property is used in this state if the
83.31 purchaser uses the intangible property or the rights therein in the regular course of its business
83.32 operations in this state, regardless of the location of the purchaser's customers.

83.33 (i) Sales of intangible property are made within the state in which the property is used
83.34 by the purchaser. If the property is used in more than one state, the sales must be apportioned

84.1 to this state pro rata according to the portion of use in this state. If the portion of use in this
 84.2 state cannot be determined, the sale must be excluded from both the numerator and the
 84.3 denominator of the sales factor. Intangible property is used in this state if the purchaser used
 84.4 the intangible property in the regular course of its business operations in this state.

84.5 (j) Receipts from the performance of services must be attributed to the state where the
 84.6 services are received. For the purposes of this section, receipts from the performance of
 84.7 services provided to a corporation, partnership, or trust may only be attributed to a state
 84.8 where it has a fixed place of doing business. If the state where the services are received is
 84.9 not readily determinable or is a state where the corporation, partnership, or trust receiving
 84.10 the service does not have a fixed place of doing business, the services shall be deemed to
 84.11 be received at the location of the office of the customer from which the services were ordered
 84.12 in the regular course of the customer's trade or business. If the ordering office cannot be
 84.13 determined, the services shall be deemed to be received at the office of the customer to
 84.14 which the services are billed.

84.15 (k) For the purposes of this subdivision and subdivision 6, paragraph (l), receipts from
 84.16 management, distribution, or administrative services performed by a person or corporation
 84.17 ~~or trust~~ for a fund of a person or corporation or trust regulated under United States Code,
 84.18 title 15, ~~sections 80a-1 through 80a-64~~ chapter 2D, subchapter I, must be attributed to the
 84.19 state where the shareholder of the fund resides. Under this paragraph, receipts for services
 84.20 attributed to shareholders are determined on the basis of the ratio of: (1) the average of the
 84.21 outstanding shares in the fund owned by shareholders residing within Minnesota at the
 84.22 beginning and end of each year; and (2) the average of the total number of outstanding
 84.23 shares in the fund at the beginning and end of each year. Residence of the shareholder, in
 84.24 the case of an individual, is determined by the mailing address furnished by the shareholder
 84.25 to the fund. Residence of the shareholder, when the shares are held by an insurance company
 84.26 as a depositor for the insurance company policyholders, is the mailing address of the
 84.27 policyholders. In the case of an insurance company holding the shares as a depositor for
 84.28 the insurance company policyholders, if the mailing address of the policyholders cannot be
 84.29 determined by the taxpayer, the receipts must be excluded from both the numerator and
 84.30 denominator. Residence of other shareholders is the mailing address of the shareholder.

84.31 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
 84.32 31, 2018.

85.1 Sec. 22. Minnesota Statutes 2018, section 290.21, subdivision 4, is amended to read:

85.2 Subd. 4. **Dividends received from another corporation.** (a)(1) Eighty percent of
85.3 dividends received by a corporation during the taxable year from another corporation, in
85.4 which the recipient owns 20 percent or more of the stock, by vote and value, not including
85.5 stock described in section 1504(a)(4) of the Internal Revenue Code when the corporate
85.6 stock with respect to which dividends are paid does not constitute the stock in trade of the
85.7 taxpayer or would not be included in the inventory of the taxpayer, or does not constitute
85.8 property held by the taxpayer primarily for sale to customers in the ordinary course of the
85.9 taxpayer's trade or business, or when the trade or business of the taxpayer does not consist
85.10 principally of the holding of the stocks and the collection of the income and gains therefrom;
85.11 and

85.12 (2)(i) the remaining 20 percent of dividends if the dividends received are the stock in
85.13 an affiliated company transferred in an overall plan of reorganization and the dividend is
85.14 eliminated in consolidation under Treasury Department Regulation 1.1502-14(a), as amended
85.15 through December 31, 1989;

85.16 (ii) the remaining 20 percent of dividends if the dividends are received from a corporation
85.17 which is subject to tax under section 290.36 and which is a member of an affiliated group
85.18 of corporations as defined by the Internal Revenue Code and the dividend is eliminated in
85.19 consolidation under Treasury Department Regulation 1.1502-14(a), as amended through
85.20 December 31, 1989, or is deducted under an election under section 243(b) of the Internal
85.21 Revenue Code; or

85.22 (iii) the remaining 20 percent of the dividends if the dividends are received from a
85.23 property and casualty insurer as defined under section 60A.60, subdivision 8, which is a
85.24 member of an affiliated group of corporations as defined by the Internal Revenue Code and
85.25 either: (A) the dividend is eliminated in consolidation under Treasury Regulation
85.26 1.1502-14(a), as amended through December 31, 1989; or (B) the dividend is deducted
85.27 under an election under section 243(b) of the Internal Revenue Code.

85.28 (b) Seventy percent of dividends received by a corporation during the taxable year from
85.29 another corporation in which the recipient owns less than 20 percent of the stock, by vote
85.30 or value, not including stock described in section 1504(a)(4) of the Internal Revenue Code
85.31 when the corporate stock with respect to which dividends are paid does not constitute the
85.32 stock in trade of the taxpayer, or does not constitute property held by the taxpayer primarily
85.33 for sale to customers in the ordinary course of the taxpayer's trade or business, or when the

86.1 trade or business of the taxpayer does not consist principally of the holding of the stocks
86.2 and the collection of income and gain therefrom.

86.3 (c) The dividend deduction provided in this subdivision shall be allowed only with
86.4 respect to dividends that are included in a corporation's Minnesota taxable net income for
86.5 the taxable year.

86.6 The dividend deduction provided in this subdivision does not apply to a dividend from
86.7 a corporation which, for the taxable year of the corporation in which the distribution is made
86.8 or for the next preceding taxable year of the corporation, is a corporation exempt from tax
86.9 under section 501 of the Internal Revenue Code.

86.10 The dividend deduction provided in this subdivision does not apply to a dividend received
86.11 from a real estate investment trust as defined in section 856 of the Internal Revenue Code.

86.12 The dividend deduction provided in this subdivision applies to the amount of regulated
86.13 investment company dividends only to the extent determined under section 854(b) of the
86.14 Internal Revenue Code.

86.15 The dividend deduction provided in this subdivision shall not be allowed with respect
86.16 to any dividend for which a deduction is not allowed under the provisions of section 246(c)
86.17 or 246A of the Internal Revenue Code.

86.18 (d) If dividends received by a corporation that does not have nexus with Minnesota under
86.19 the provisions of Public Law 86-272 are included as income on the return of an affiliated
86.20 corporation permitted or required to file a combined report under section 290.17, subdivision
86.21 4, or 290.34, subdivision 2, then for purposes of this subdivision the determination as to
86.22 whether the trade or business of the corporation consists principally of the holding of stocks
86.23 and the collection of income and gains therefrom shall be made with reference to the trade
86.24 or business of the affiliated corporation having a nexus with Minnesota.

86.25 (e) The deduction provided by this subdivision does not apply if the dividends are paid
86.26 by a FSC as defined in section 922 of the Internal Revenue Code.

86.27 (f) If one or more of the members of the unitary group whose income is included on the
86.28 combined report received a dividend, the deduction under this subdivision for each member
86.29 of the unitary business required to file a return under this chapter is the product of: (1) 100
86.30 percent of the dividends received by members of the group; (2) the percentage allowed
86.31 pursuant to paragraph (a) or (b); and (3) the percentage of the taxpayer's business income
86.32 apportionable to this state for the taxable year under section 290.191 or 290.20.

87.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
87.2 31, 2018.

87.3 Sec. 23. Minnesota Statutes 2018, section 291.03, subdivision 9, is amended to read:

87.4 Subd. 9. **Qualified small business property.** Property satisfying all of the following
87.5 requirements is qualified small business property:

87.6 (1) The value of the property was included in the federal adjusted taxable estate.

87.7 (2) The property consists of the assets of a trade or business or shares of stock or other
87.8 ownership interests in a corporation or other entity engaged in a trade or business. Shares
87.9 of stock in a corporation or an ownership interest in another type of entity do not qualify
87.10 under this subdivision if the shares or ownership interests are traded on a public stock
87.11 exchange at any time during the three-year period ending on the decedent's date of death.
87.12 For purposes of this subdivision, an ownership interest includes the interest the decedent is
87.13 deemed to own under sections 2036, 2037, ~~and 2038~~, 2040, or 2044 of the Internal Revenue
87.14 Code.

87.15 (3) During the taxable year that ended before the decedent's death, the trade or business
87.16 must not have been a passive activity within the meaning of section 469(c) of the Internal
87.17 Revenue Code, and the decedent or the decedent's spouse must have materially participated
87.18 in the trade or business within the meaning of section 469(h) of the Internal Revenue Code,
87.19 excluding section 469(h)(3) of the Internal Revenue Code and any other provision provided
87.20 by United States Treasury Department regulation that substitutes material participation in
87.21 prior taxable years for material participation in the taxable year that ended before the
87.22 decedent's death.

87.23 (4) The gross annual sales of the trade or business were \$10,000,000 or less for the last
87.24 taxable year that ended before the date of the death of the decedent.

87.25 (5) The property does not include:

87.26 (i) cash;

87.27 (ii) cash equivalents;

87.28 (iii) publicly traded securities; or

87.29 (iv) any assets not used in the operation of the trade or business.

87.30 (6) For property consisting of shares of stock or other ownership interests in an entity,
87.31 the value of items described in clause (5) must be excluded in the valuation of the decedent's
87.32 interest in the entity.

88.1 (7) The decedent or the decedent's spouse continuously owned the property, or an
 88.2 undivided or joint interest in the property, including property the decedent or the decedent's
 88.3 spouse is deemed to own under sections 2036, 2037, ~~and~~ 2038, 2040, or 2044 of the Internal
 88.4 Revenue Code, or under subdivision 1d, for the three-year period ending on the date of
 88.5 death of the decedent. In the case of a sole proprietor, if the property replaced similar property
 88.6 within the three-year period, the replacement property will be treated as having been owned
 88.7 for the three-year period ending on the date of death of the decedent. For the purposes of
 88.8 the three-year holding period under this clause, any ownership by the decedent's spouse,
 88.9 whether the spouse predeceases or survives the decedent, is attributed to the decedent.

88.10 (8) For three years following the date of death of the decedent, the trade or business is
 88.11 not a passive activity within the meaning of section 469(c) of the Internal Revenue Code,
 88.12 and a family member materially participates in the operation of the trade or business within
 88.13 the meaning of section 469(h) of the Internal Revenue Code, excluding section 469(h)(3)
 88.14 of the Internal Revenue Code and any other provision provided by United States Treasury
 88.15 Department regulation that substitutes material participation in prior taxable years for
 88.16 material participation in the three years following the date of death of the decedent.

88.17 (9) The estate and the qualified heir elect to treat the property as qualified small business
 88.18 property and agree, in the form prescribed by the commissioner, to pay the recapture tax
 88.19 under subdivision 11, if applicable.

88.20 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents
 88.21 dying after December 31, 2017.

88.22 Sec. 24. Minnesota Statutes 2018, section 291.03, subdivision 10, is amended to read:

88.23 Subd. 10. **Qualified farm property.** Property satisfying all of the following requirements
 88.24 is qualified farm property:

88.25 (1) The value of the property was included in the federal adjusted taxable estate.

88.26 (2) The property consists of agricultural land and is owned by a person or entity that is
 88.27 either not subject to or is in compliance with section 500.24.

88.28 (3) For property taxes payable in the taxable year of the decedent's death, the property
 88.29 is classified as class 2a property under section 273.13, subdivision 23, and is classified as
 88.30 agricultural homestead, agricultural relative homestead, or special agricultural homestead
 88.31 under section 273.124.

88.32 (4) The decedent or the decedent's spouse continuously owned the property, or an
 88.33 undivided or joint interest in the property, including property the decedent or the decedent's

89.1 spouse is deemed to own under sections 2036, 2037, ~~and 2038~~, 2040, or 2044 of the Internal
 89.2 Revenue Code, or under subdivision 1d, for the three-year period ending on the date of
 89.3 death of the decedent either by ownership of the agricultural land or pursuant to holding an
 89.4 interest in an entity that is not subject to or is in compliance with section 500.24. For the
 89.5 purposes of the three-year holding period under this clause, any ownership by the decedent's
 89.6 spouse, whether the spouse predeceases or survives the decedent, is attributed to the decedent.

89.7 (5) The property is classified for property tax purposes as class 2a property under section
 89.8 273.13, subdivision 23, for three years following the date of death of the decedent.

89.9 (6) The estate and the qualified heir elect to treat the property as qualified farm property
 89.10 and agree, in a form prescribed by the commissioner, to pay the recapture tax under
 89.11 subdivision 11, if applicable.

89.12 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents
 89.13 dying after December 31, 2017.

89.14 **Sec. 25. SPECIAL WAIVER OF INCOME TAX PENALTIES FOR TAX YEARS**
 89.15 **2017 AND 2018.**

89.16 For taxable years beginning after December 31, 2016, and before January 1, 2019, no
 89.17 addition to tax is imposed under Minnesota Statutes, sections 289A.25, subdivision 2, and
 89.18 289A.26, subdivision 4, if the tax shown on the return for the taxable year or, if no return
 89.19 is filed, the tax, reduced by the credits allowable, is less than \$1,000. This paragraph applies
 89.20 only to taxpayers who submit a request for a waiver of addition to tax due under Minnesota
 89.21 Statutes, sections 289A.25, subdivision 2, and 289A.26, subdivision 4. The request for
 89.22 waiver must attest that the underpayment of estimated tax for the taxable year is due to
 89.23 uncertainties in tax planning resulting from the enactment of Public Laws 115-63, 115-97,
 89.24 115-123, and 115-141. The request for waiver must be in a form and manner prescribed by
 89.25 the commissioner of revenue.

89.26 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
 89.27 after December 31, 2016, and before January 1, 2019.

89.28 **Sec. 26. APPLICATION OF SMALL BUSINESS INVESTMENT TAX CREDIT**
 89.29 **FOR TAXABLE YEAR 2019.**

89.30 Applications for (1) certification as a qualified small business, qualified investor, or
 89.31 qualified fund under Minnesota Statutes, section 116J.8737, subdivisions 2, 3, and 4, and
 89.32 (2) the credit under Minnesota Statutes, section 116J.8737, subdivision 5, for taxable year

90.1 2019 must be made available on the Department of Employment and Economic
 90.2 Development's website by September 1, 2019. The provisions of Minnesota Statutes, section
 90.3 116J.8737, generally apply to the taxable year 2019 extension of the credit in sections 1 to
 90.4 7.

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

90.6 Sec. 27. **REPEALER.**

90.7 Minnesota Statutes 2018, section 290.0671, subdivision 6a, is repealed.

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

90.9 **ARTICLE 3**

90.10 **SALES AND USE TAXES**

90.11 Section 1. Minnesota Statutes 2018, section 38.27, is amended by adding a subdivision
 90.12 to read:

90.13 Subd. 4. **Use of a portion of county fair revenues.** A county agricultural society must
 90.14 annually determine the amount of sales tax savings attributable to section 297A.70,
 90.15 subdivision 21. If the county agricultural society owns its own fairgrounds, it must use the
 90.16 amount equal to the sales tax savings to maintain, improve, or expand society owned
 90.17 buildings and facilities on the fairgrounds; otherwise it must transfer this amount to the
 90.18 owner of the fairgrounds. An owner that receives a transfer of money under this subdivision
 90.19 must use the transferred amount to maintain, improve, and expand entity owned buildings
 90.20 and facilities on the county fairgrounds.

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

90.22 Sec. 2. Minnesota Statutes 2018, section 289A.20, subdivision 4, is amended to read:

90.23 Subd. 4. **Sales and use tax.** (a) The taxes imposed by chapter 297A are due and payable
 90.24 to the commissioner monthly on or before the 20th day of the month following the month
 90.25 in which the taxable event occurred, or following another reporting period as the
 90.26 commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph (f)
 90.27 or (g), except that use taxes due on an annual use tax return as provided under section
 90.28 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

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

91.1 (1) Two business days before June 30 of ~~the year~~ calendar year 2020 and 2021, the
 91.2 vendor must remit ~~81.4~~ 87.5 percent of the estimated June liability to the commissioner.
 91.3 Two business days before June 30 of calendar year 2022 and thereafter, the vendor must
 91.4 remit 84.5 percent of the estimated June liability to the commissioner.

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

91.7 (c) A vendor having a liability of:

91.8 (1) \$10,000 or more, but less than \$250,000 during a fiscal year ending June 30, 2013,
 91.9 and fiscal years thereafter, must remit by electronic means all liabilities on returns due for
 91.10 periods beginning in all subsequent calendar years on or before the 20th day of the month
 91.11 following the month in which the taxable event occurred, or on or before the 20th day of
 91.12 the month following the month in which the sale is reported under section 289A.18,
 91.13 subdivision 4; or

91.14 (2) \$250,000 or more, during a fiscal year ending June 30, 2013, and fiscal years
 91.15 thereafter, must remit by electronic means all liabilities in the manner provided in paragraph
 91.16 (a) on returns due for periods beginning in the subsequent calendar year, except for ~~81.4~~ 90
 91.17 percent of the estimated June liability, which is due two business days before June 30. The
 91.18 remaining amount of the June liability is due on August 20.

91.19 (d) Notwithstanding paragraph (b) or (c), a person prohibited by the person's religious
 91.20 beliefs from paying electronically shall be allowed to remit the payment by mail. The filer
 91.21 must notify the commissioner of revenue of the intent to pay by mail before doing so on a
 91.22 form prescribed by the commissioner. No extra fee may be charged to a person making
 91.23 payment by mail under this paragraph. The payment must be postmarked at least two business
 91.24 days before the due date for making the payment in order to be considered paid on a timely
 91.25 basis.

91.26 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
 91.27 30, 2019.

91.28 Sec. 3. Minnesota Statutes 2018, section 289A.60, subdivision 15, is amended to read:

91.29 Subd. 15. **Accelerated payment of June sales tax liability; penalty for**
 91.30 **underpayment.** (a) For payments made after December 31, ~~2013~~ 2019 and before December
 91.31 31, 2021, if a vendor is required by law to submit an estimation of June sales tax liabilities
 91.32 and ~~81.4~~ 87.5 percent payment by a certain date, the vendor shall pay a penalty equal to ten
 91.33 percent of the amount of actual June liability required to be paid in June less the amount

92.1 remitted in June. The penalty must not be imposed, however, if the amount remitted in June
 92.2 equals the lesser of ~~81.4~~ 87.5 percent of the preceding May's liability or ~~81.4~~ 87.5 percent
 92.3 of the average monthly liability for the previous calendar year.

92.4 (b) For payments made after December 31, 2021, the penalty must not be imposed if
 92.5 the amount remitted in June equals the lesser of 84.5 percent of the preceding May's liability
 92.6 or 84.5 percent of the average monthly liability for the previous calendar year.

92.7 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
 92.8 30, 2019.

92.9 Sec. 4. Minnesota Statutes 2018, section 297A.66, subdivision 1, is amended to read:

92.10 Subdivision 1. **Definitions.** (a) To the extent allowed by the United States Constitution
 92.11 and the laws of the United States, the terms "retailer maintaining a place of business in this
 92.12 state," and "marketplace provider maintaining a place of business in this state," or a similar
 92.13 ~~term, means~~ terms mean a retailer or marketplace provider:

92.14 (1) having or maintaining within this state, directly or by a subsidiary or an affiliate, an
 92.15 office, place of distribution, sales, storage, or sample room or place, warehouse, or other
 92.16 place of business, including the employment of a resident of this state who works from a
 92.17 home office in this state; or

92.18 (2) having a representative, including, but not limited to, an affiliate, agent, salesperson,
 92.19 canvasser, ~~marketplace provider~~, solicitor, or other third party operating in this state under
 92.20 the authority of the retailer or marketplace provider, or its subsidiary, for any purpose,
 92.21 including the repairing, selling, delivering, installing, facilitating sales, processing sales, or
 92.22 soliciting of orders for the retailer's or a retailer's goods or services, or the leasing of tangible
 92.23 personal property located in this state, whether the place of business or agent, representative,
 92.24 affiliate, salesperson, canvasser, or solicitor is located in the state permanently or temporarily,
 92.25 or whether or not the retailer or marketplace provider, subsidiary, or affiliate is authorized
 92.26 to do business in this state. ~~A retailer is represented by a marketplace provider in this state~~
 92.27 ~~if the retailer makes sales in this state facilitated by a marketplace provider that maintains~~
 92.28 ~~a place of business in this state.~~

92.29 ~~(b) "Destination of a sale" means the location to which the retailer makes delivery of~~
 92.30 ~~the property sold, or causes the property to be delivered, to the purchaser of the property,~~
 92.31 ~~or to the agent or designee of the purchaser. The delivery may be made by any means,~~
 92.32 ~~including the United States Postal Service or a for-hire carrier.~~

93.1 (e) (b) To the extent allowed by the United States Constitution and the laws of the United
 93.2 States, the terms "retailer not maintaining a place of business in this state," and "marketplace
 93.3 provider not maintaining a place of business in this state," or similar terms mean a retailer
 93.4 or marketplace provider making or facilitating retail sales from outside this state to a
 93.5 destination within this state and not maintaining a place of business in this state as provided
 93.6 in paragraph (a) that engages in the regular or systematic soliciting of sales from potential
 93.7 customers in this state by:

93.8 (1) distribution, by mail or otherwise, of catalogs, periodicals, advertising flyers, or other
 93.9 written solicitations of business to customers in this state;

93.10 (2) advertisements on billboards or other outdoor advertising in this state;

93.11 (3) advertisements in newspapers published in this state;

93.12 (4) advertisements in trade journals or other periodicals the circulation of which is
 93.13 primarily within this state;

93.14 (5) advertisements in a Minnesota edition of a national or regional publication or a
 93.15 limited regional edition in which this state is included as part of a broader regional or national
 93.16 publication that are not placed in other geographically defined editions of the same issue
 93.17 of the same publication;

93.18 (6) advertisements in regional or national publications in an edition that is not by its
 93.19 contents geographically targeted to Minnesota but is sold over the counter in Minnesota or
 93.20 by subscription to Minnesota residents;

93.21 (7) advertisements broadcast on a radio or television station located in Minnesota; or

93.22 (8) any other solicitation by telephone, computer database, cable, optic, microwave, or
 93.23 any other communication system, including but not limited to a website accessible from
 93.24 within Minnesota.

93.25 The location of independent vendors that provide products or services to a retailer or
 93.26 marketplace provider in connection with a retailer or marketplace provider's solicitation of
 93.27 customers within this state, including such products and services as creation of copy, printing,
 93.28 distribution, and recording is not considered in determining whether the retailer or
 93.29 marketplace provider is required to collect tax. Paragraph (b) must be construed without
 93.30 regard to the state from which distribution of the materials originated or in which they were
 93.31 prepared.

93.32 (c) "Regular or systematic soliciting of sales from potential customers in this state"
 93.33 means the retailer not maintaining a place of business in this state or marketplace provider

94.1 not maintaining a place of business in this state is engaged in any of the solicitations listed
 94.2 in paragraph (b), and:

94.3 (1) makes or facilitates 200 or more retail sales from outside this state to destinations in
 94.4 this state during the prior 12-month period; or

94.5 (2) makes or facilitates retail sales totaling more than \$100,000 from outside this state
 94.6 to destinations in this state during the prior 12-month period.

94.7 (d) "Marketplace provider" means any person who facilitates a retail sale by a retailer
 94.8 by:

94.9 (1) listing or advertising for sale by the retailer in any forum, tangible personal property,
 94.10 services, or digital goods that are subject to tax under this chapter; and

94.11 (2) either directly or indirectly through agreements or arrangements with third parties
 94.12 collecting payment from the customer and transmitting that payment to the retailer regardless
 94.13 of whether the marketplace provider receives compensation or other consideration in
 94.14 exchange for its services.

94.15 ~~(d) "Total taxable retail sales" means the gross receipts from the sale of all tangible~~
 94.16 ~~goods, services, and digital goods subject to sales and use tax under this chapter.~~

94.17 (e) "Destination of a sale" means the location to which the retailer makes delivery of
 94.18 the property sold, or causes the property to be delivered, to the purchaser of the property,
 94.19 or to the agent or designee of the purchaser. The delivery may be made by any means,
 94.20 including the United States Postal Service or a for-hire carrier.

94.21 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 94.22 September 30, 2019.

94.23 Sec. 5. Minnesota Statutes 2018, section 297A.66, subdivision 2, is amended to read:

94.24 Subd. 2. ~~**Retailer maintaining place of business in this state**~~ **Collection and remittance**
 94.25 **requirements for retailers and marketplace providers.** (a) Except as provided in paragraph
 94.26 ~~(b)~~ (d), a retailer maintaining a place of business in this state and a retailer not maintaining
 94.27 a place of business in this state who makes retail sales in Minnesota or to a destination in
 94.28 Minnesota shall collect sales and use taxes and remit them to the commissioner under section
 94.29 297A.77 for all retail sales other than those facilitated by a marketplace provider maintaining
 94.30 a place of business in this state or a marketplace provider not maintaining a place of business
 94.31 in this state that is required to collect and remit sales and use taxes under paragraph (b).

95.1 ~~(b) A retailer with total taxable retail sales to customers in this state of less than \$10,000~~
95.2 ~~in the 12-month period ending on the last day of the most recently completed calendar~~
95.3 ~~quarter is not required to collect and remit sales tax if it is determined to be a retailer~~
95.4 ~~maintaining a place of business in the state solely because it made sales through one or more~~
95.5 ~~marketplace providers. The provisions of this paragraph do not apply to a retailer that is or~~
95.6 ~~was registered to collect sales and use tax in this state. Except as provided in paragraph (d),~~
95.7 ~~a marketplace provider maintaining a place of business in this state and a marketplace~~
95.8 ~~provider not maintaining a place of business in this state who facilitates retail sales in~~
95.9 ~~Minnesota or to a destination in Minnesota shall collect sales and use taxes and remit them~~
95.10 ~~to the commissioner under section 297A.77 unless:~~

95.11 ~~(1) the retailer provides a copy of the retailer's registration to collect sales and use taxes~~
95.12 ~~in this state to the marketplace provider; and~~

95.13 ~~(2) the marketplace provider and retailer agree that the retailer will collect and remit the~~
95.14 ~~sales and use taxes on marketplace sales facilitated by the marketplace provider.~~

95.15 ~~(c) Nothing in paragraph (b) shall be construed to interfere with the ability of a~~
95.16 ~~marketplace provider and a retailer to enter into an agreement regarding fulfillment of the~~
95.17 ~~requirements of this chapter.~~

95.18 ~~(d) A retailer not maintaining a place of business in this state and a marketplace provider~~
95.19 ~~not maintaining a place of business in this state shall:~~

95.20 ~~(1) begin collecting and remitting sales and use taxes to the commissioner on the first~~
95.21 ~~day of a calendar month occurring no later than 60 days after the retailer or marketplace~~
95.22 ~~provider engages in regular or systematic soliciting of sales from potential customers in this~~
95.23 ~~state; and~~

95.24 ~~(2) continue to collect and remit sales and use taxes to the commissioner until at least~~
95.25 ~~the last day of the 12th calendar month following the calendar month in which the retailer~~
95.26 ~~or marketplace provider began collecting and remitting sales and use taxes under clause~~
95.27 ~~(1).~~

95.28 ~~(e) A retailer not maintaining a place of business in this state and a marketplace provider~~
95.29 ~~not maintaining a place of business in this state may cease collecting and remitting sales~~
95.30 ~~and use taxes to the commissioner after the period in paragraph (d), clause (2), if the retailer~~
95.31 ~~or marketplace provider no longer engages in regular or systematic soliciting of sales from~~
95.32 ~~potential customers in this state.~~

96.1 (f) A retailer or marketplace provider may cease collecting and remitting sales and use
 96.2 taxes under paragraph (e) only after notifying the commissioner that the retailer or
 96.3 marketplace provider is no longer engaged in the regular or systematic soliciting of sales
 96.4 from potential customers in this state. The commissioner shall prescribe the content, format,
 96.5 and manner of the notification pursuant to section 270C.30. If a retailer or marketplace
 96.6 provider subsequently engages in regular or systematic soliciting of sales from potential
 96.7 customers in this state, the retailer shall again comply with the requirements of paragraph
 96.8 (d).

96.9 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 96.10 September 30, 2019.

96.11 Sec. 6. Minnesota Statutes 2018, section 297A.66, subdivision 3, is amended to read:

96.12 Subd. 3. ~~Retailer not maintaining place of business in this state~~ Marketplace provider
 96.13 liability. ~~(a) To the extent allowed by the United States Constitution and in accordance with~~
 96.14 ~~the terms and conditions of federal remote seller law, a retailer making retail sales from~~
 96.15 ~~outside this state to a destination within this state and not maintaining a place of business~~
 96.16 ~~in this state shall collect sales and use taxes and remit them to the commissioner under~~
 96.17 ~~section 297A.77.~~

96.18 ~~(b) To the extent allowed by the United States Constitution and the laws of the United~~
 96.19 ~~States, a retailer making retail sales from outside this state to a destination within this state~~
 96.20 ~~and not maintaining a place of business in this state shall collect sales and use taxes and~~
 96.21 ~~remit them to the commissioner under section 297A.77, if the retailer engages in the regular~~
 96.22 ~~or systematic soliciting of sales from potential customers in this state by:~~

96.23 ~~(1) distribution, by mail or otherwise, of catalogs, periodicals, advertising flyers, or other~~
 96.24 ~~written solicitations of business to customers in this state;~~

96.25 ~~(2) display of advertisements on billboards or other outdoor advertising in this state;~~

96.26 ~~(3) advertisements in newspapers published in this state;~~

96.27 ~~(4) advertisements in trade journals or other periodicals the circulation of which is~~
 96.28 ~~primarily within this state;~~

96.29 ~~(5) advertisements in a Minnesota edition of a national or regional publication or a~~
 96.30 ~~limited regional edition in which this state is included as part of a broader regional or national~~
 96.31 ~~publication which are not placed in other geographically defined editions of the same issue~~
 96.32 ~~of the same publication;~~

97.1 ~~(6) advertisements in regional or national publications in an edition which is not by its~~
 97.2 ~~contents geographically targeted to Minnesota but which is sold over the counter in Minnesota~~
 97.3 ~~or by subscription to Minnesota residents;~~

97.4 ~~(7) advertisements broadcast on a radio or television station located in Minnesota; or~~

97.5 ~~(8) any other solicitation by telegraphy, telephone, computer database, cable, optic,~~
 97.6 ~~microwave, or other communication system.~~

97.7 ~~This paragraph must be construed without regard to the state from which distribution~~
 97.8 ~~of the materials originated or in which they were prepared.~~

97.9 ~~(e) The location within or without this state of independent vendors that provide products~~
 97.10 ~~or services to the retailer in connection with its solicitation of customers within this state,~~
 97.11 ~~including such products and services as creation of copy, printing, distribution, and recording,~~
 97.12 ~~is not considered in determining whether the retailer is required to collect tax.~~

97.13 ~~(d) A retailer not maintaining a place of business in this state is presumed, subject to~~
 97.14 ~~rebuttal, to be engaged in regular solicitation within this state if it engages in any of the~~
 97.15 ~~activities in paragraph (b) and:~~

97.16 ~~(1) makes 100 or more retail sales from outside this state to destinations in this state~~
 97.17 ~~during a period of 12 consecutive months; or~~

97.18 ~~(2) makes ten or more retail sales totaling more than \$100,000 from outside this state~~
 97.19 ~~to destinations in this state during a period of 12 consecutive months.~~

97.20 (a) A marketplace provider is subject to audit on the retail sales it facilitates if it is
 97.21 required to collect sales and use taxes and remit them to the commissioner under subdivision
 97.22 2, paragraphs (b) and (c).

97.23 (b) A marketplace provider is not liable for failing to file, collect, and remit sales and
 97.24 use taxes to the commissioner if the marketplace provider demonstrates that the error was
 97.25 due to incorrect or insufficient information given to the marketplace provider by the retailer.
 97.26 This paragraph does not apply if the marketplace provider and the marketplace retailer are
 97.27 related as defined in subdivision 4, paragraph (b).

97.28 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 97.29 September 30, 2019.

98.1 Sec. 7. Minnesota Statutes 2018, section 297A.67, is amended by adding a subdivision to
98.2 read:

98.3 Subd. 37. **Certain herbicides.** (a) Purchases of herbicides authorized for use pursuant
98.4 to an invasive aquatic plant management permit as defined under section 103G.615 are
98.5 exempt if purchased by:

98.6 (1) a lakeshore property owner;

98.7 (2) an association of lakeshore property owners organized under chapter 317A; or

98.8 (3) a contractor hired by a lakeshore owner or association to provide invasive aquatic
98.9 plant management under the permit.

98.10 (b) For purposes of this subdivision, "herbicides" means a substance or mixture of
98.11 substances intended for use as a plant regulator, defoliant, or desiccant that are:

98.12 (1) labeled for use in water;

98.13 (2) registered for use in this state by the Department of Agriculture under section 18B.26;

98.14 and

98.15 (3) listed as one of the herbicides proposed for use on the invasive aquatic plant
98.16 management permit.

98.17 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
98.18 30, 2019.

98.19 Sec. 8. Minnesota Statutes 2018, section 297A.70, subdivision 10, is amended to read:

98.20 Subd. 10. **Nonprofit tickets or admissions.** (a) Tickets or admissions to an event are
98.21 exempt if all the gross receipts are recorded as such, in accordance with generally accepted
98.22 accounting principles, on the books of one or more organizations whose primary mission
98.23 is to provide an opportunity for citizens of the state to participate in the creation, performance,
98.24 or appreciation of the arts, and provided that each organization is:

98.25 (1) an organization described in section 501(c)(3) of the Internal Revenue Code in which
98.26 voluntary contributions make up at least five percent of the organization's annual revenue
98.27 in its most recently completed 12-month fiscal year, or in the current year if the organization
98.28 has not completed a 12-month fiscal year;

98.29 (2) a municipal board that promotes cultural and arts activities; or

99.1 (3) the University of Minnesota, a state college and university, or a private nonprofit
 99.2 college or university provided that the event is held at a facility owned by the educational
 99.3 institution holding the event.

99.4 The exemption only applies if the entire proceeds, after reasonable expenses, are used solely
 99.5 to provide opportunities for citizens of the state to participate in the creation, performance,
 99.6 or appreciation of the arts.

99.7 (b) Tickets or admissions to the premises of the Minnesota Zoological Garden are exempt,
 99.8 provided that the exemption under this paragraph does not apply to tickets or admissions
 99.9 to performances or events held on the premises unless the performance or event is sponsored
 99.10 and conducted exclusively by the Minnesota Zoological Board or employees of the Minnesota
 99.11 Zoological Garden.

99.12 (c) Tickets or admissions to a performance or event on the premises of a tax-exempt
 99.13 organization under section 501(c)(3) of the Internal Revenue Code are exempt if:

99.14 (1) the nonprofit organization was established to preserve Minnesota's rural agricultural
 99.15 heritage and focuses on educating the public about rural history and how farms in Minnesota
 99.16 helped to provide food for the nation and the world;

99.17 (2) the premises of the nonprofit organization is at least 115 acres;

99.18 (3) the performance or event is sponsored and conducted exclusively by volunteers,
 99.19 employees of the nonprofit organization, or members of the board of directors of the nonprofit
 99.20 organization; and

99.21 (4) the performance or event is consistent with the nonprofit organization's purposes
 99.22 under section 501(c)(3) of the Internal Revenue Code.

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

99.24 Sec. 9. Minnesota Statutes 2018, section 297A.70, subdivision 20, is amended to read:

99.25 Subd. 20. **Ice arenas and rinks.** Sales to organizations that exist primarily for the purpose
 99.26 of owning or operating ice arenas or rinks that are (1) part of either the Duluth Heritage
 99.27 Sports Center or the David M. Thaler Sports Center; and (2) are used for youth and high
 99.28 school programs, are exempt if the organization is a private, nonprofit corporation exempt
 99.29 from federal income taxation under section 501(c)(3) of the Internal Revenue Code.

99.30 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
 99.31 30, 2019.

100.1 Sec. 10. Minnesota Statutes 2018, section 297A.70, is amended by adding a subdivision
100.2 to read:

100.3 Subd. 21. **County agricultural society sales at county fairs.** Sales by a county
100.4 agricultural society during a regularly scheduled county fair are exempt. For purposes of
100.5 this subdivision, sales include admissions to and parking at the county fairgrounds,
100.6 admissions to separately ticketed events run by the county agricultural society, and
100.7 concessions and other sales made by employees or volunteers of the county agricultural
100.8 society on the county fairgrounds. This exemption does not apply to sales or events by a
100.9 county agricultural society held at a time other than at the time of the regularly scheduled
100.10 county fair, or events not held on the county fairgrounds.

100.11 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
100.12 30, 2019.

100.13 Sec. 11. Minnesota Statutes 2018, section 297A.71, subdivision 50, is amended to read:

100.14 Subd. 50. **Properties destroyed by fire.** (a) Building materials and supplies used in,
100.15 and equipment incorporated into, the construction or replacement of real property that is
100.16 located in Melrose affected by the fire on September 8, 2016, are exempt.

100.17 (b) For sales and purchases made for the periods of (1) after September 30, 2016, and
100.18 before July 1, 2017, and (2) after December 31, 2018, and before July 1, 2019, the tax must
100.19 be imposed and collected as if the rate under section 297A.62, subdivision 1, applied and
100.20 then refunded in the manner provided in section 297A.75.

100.21 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
100.22 made after December 31, 2018.

100.23 Sec. 12. Minnesota Statutes 2018, section 297A.71, is amended by adding a subdivision
100.24 to read:

100.25 Subd. 51. **Properties destroyed by fire.** (a) Building materials and supplies used or
100.26 consumed in, and equipment incorporated into, the construction or replacement of real
100.27 property affected by, and capital equipment to replace equipment destroyed in, the fire on
100.28 March 11, 2018, in the city of Mazeppa are exempt. The tax must be imposed and collected
100.29 as if the rate under section 297A.62, subdivision 1, applied and then refunded in the manner
100.30 provided in section 297A.75. For purposes of this subdivision, "capital equipment" includes
100.31 durable equipment used in a restaurant for food storage, preparation, and serving.

101.1 (b) The exemption under this subdivision applies to sales and purchases made after
101.2 March 11, 2018, and before January 1, 2022.

101.3 **EFFECTIVE DATE.** This section is effective retroactively from March 11, 2018.

101.4 Sec. 13. Minnesota Statutes 2018, section 297A.71, is amended by adding a subdivision
101.5 to read:

101.6 Subd. 52. **Construction; certain local government facilities.** (a) Materials and supplies
101.7 used in and equipment incorporated into the construction, reconstruction, upgrade, expansion,
101.8 or remodeling of the following local government owned facilities are exempt:

101.9 (1) a new fire station, which includes firefighting, emergency management, public safety
101.10 training, and other public safety facilities in the city of Monticello if materials, supplies,
101.11 and equipment are purchased after January 31, 2019, and before January 1, 2022;

101.12 (2) a new fire station, which includes firefighting and public safety training facilities
101.13 and public safety facilities, in the city of Inver Grove Heights if materials, supplies, and
101.14 equipment are purchased after June 30, 2018, and before January 1, 2021;

101.15 (3) a fire station and police station, including access roads, lighting, sidewalks, and
101.16 utility components, on or adjacent to the property on which the fire station or police station
101.17 are located that are necessary for safe access to and use of those buildings, in the city of
101.18 Minnetonka if materials, supplies, and equipment are purchased after May 23, 2019, and
101.19 before January 1, 2021;

101.20 (4) the school building in Independent School District No. 414, Minneota, if materials,
101.21 supplies, and equipment are purchased after January 1, 2018, and before January 1, 2021;

101.22 (5) a fire station in the city of Mendota Heights, if materials, supplies, and equipment
101.23 are purchased after December 31, 2018, and before January 1, 2021; and

101.24 (6) a Dakota County law enforcement collaboration center, also known as the Safety
101.25 and Mental Health Alternative Response Training (SMART) Center, if materials, supplies,
101.26 and equipment are purchased after June 30, 2019, and before July 1, 2021.

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

101.29 (c) The total refund for the project listed in paragraph (a), clause (3), must not exceed
101.30 \$850,000.

102.1 **EFFECTIVE DATE.** This section is effective the day following final enactment and
 102.2 applies retroactively to sales and purchases made during the time periods listed for each
 102.3 project in paragraph (a).

102.4 Sec. 14. Minnesota Statutes 2018, section 297A.75, subdivision 1, is amended to read:

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

102.8 (1) building materials for an agricultural processing facility exempt under section
 102.9 297A.71, subdivision 13;

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

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

102.13 (4) building materials used in a residence for disabled veterans exempt under section
 102.14 297A.71, subdivision 11;

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

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

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

102.20 (8) equipment and materials used for the generation, transmission, and distribution of
 102.21 electrical energy and an aerial camera package exempt under section 297A.68, subdivision
 102.22 37;

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

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

102.27 (11) materials, supplies, and equipment for construction, improvement, or expansion
 102.28 of:

102.29 (i) an aerospace defense manufacturing facility exempt under Minnesota Statutes 2014,
 102.30 section 297A.71, subdivision 42;

103.1 (ii) a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision
103.2 45;

103.3 (iii) a research and development facility exempt under Minnesota Statutes 2014, section
103.4 297A.71, subdivision 46; and

103.5 (iv) an industrial measurement manufacturing and controls facility exempt under
103.6 Minnesota Statutes 2014, section 297A.71, subdivision 47;

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

103.9 (13) materials, supplies, and equipment for qualifying capital projects under section
103.10 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);

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

103.13 (15) items and services purchased under a business subsidy agreement for use or
103.14 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision
103.15 44;

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

103.19 (17) building materials, equipment, and supplies for ~~constructing or replacing real~~
103.20 ~~property exempt under section 297A.71, subdivision 50, paragraph (b).~~ qualifying capital
103.21 projects under section 297A.71, subdivision 52.

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

103.23 Sec. 15. Minnesota Statutes 2018, section 297A.75, subdivision 2, is amended to read:

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

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

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

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

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

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

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

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

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

104.10 (9) for subdivision 1, clause (16), the applicant must be the owner or developer of the
104.11 building or project; ~~and~~.

104.12 ~~(10) for subdivision 1, clause (17), the applicant must be the owner or developer of the~~
104.13 ~~building or project.~~

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

104.15 Sec. 16. Minnesota Statutes 2018, section 297F.09, subdivision 10, is amended to read:

104.16 Subd. 10. **Accelerated tax payment; cigarette or tobacco products distributor.** A
104.17 cigarette or tobacco products distributor having a liability of \$250,000 or more during a
104.18 fiscal year ending June 30, shall remit the June liability for the next year in the following
104.19 manner:

104.20 (a) Two business days before June 30 of ~~the year~~ calendar years 2020 and 2021, the
104.21 distributor shall remit the actual May liability and ~~81.4~~ 87.5 percent of the estimated June
104.22 liability to the commissioner and file the return in the form and manner prescribed by the
104.23 commissioner.

104.24 (b) On or before August 18 of the year, the distributor shall submit a return showing the
104.25 actual June liability and pay any additional amount of tax not remitted in June. A penalty
104.26 is imposed equal to ten percent of the amount of June liability required to be paid in June,
104.27 less the amount remitted in June. However, the penalty is not imposed if the amount remitted
104.28 in June equals the lesser of:

104.29 (1) ~~81.4~~ 87.5 percent of the actual June liability for the calendar year 2020 and 2021
104.30 June liabilities and 84.5 of the actual June liability for June 2022 and thereafter; or

105.1 (2) ~~81.4~~ 87.5 percent of the preceding May liability for the calendar year 2020 and 2021
 105.2 June liabilities and 84.5 percent of the preceding May liability for June 2022 and thereafter.

105.3 (c) For calendar year 2022 and thereafter, the percent of the estimated June liability the
 105.4 vendor must remit by two business days before June 30 is 84.5 percent.

105.5 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
 105.6 30, 2019.

105.7 Sec. 17. Minnesota Statutes 2018, section 297G.09, subdivision 9, is amended to read:

105.8 Subd. 9. **Accelerated tax payment; penalty.** A person liable for tax under this chapter
 105.9 having a liability of \$250,000 or more during a fiscal year ending June 30, shall remit the
 105.10 June liability for the next year in the following manner:

105.11 (a) Two business days before June 30 of ~~the year~~ calendar years 2020 and 2021, the
 105.12 taxpayer shall remit the actual May liability and ~~81.4~~ 87.5 percent of the estimated June
 105.13 liability to the commissioner and file the return in the form and manner prescribed by the
 105.14 commissioner.

105.15 (b) On or before August 18 of the year, the taxpayer shall submit a return showing the
 105.16 actual June liability and pay any additional amount of tax not remitted in June. A penalty
 105.17 is imposed equal to ten percent of the amount of June liability required to be paid in June
 105.18 less the amount remitted in June. However, the penalty is not imposed if the amount remitted
 105.19 in June equals the lesser of:

105.20 (1) ~~81.4~~ 87.5 percent of the actual June liability for the calendar year 2020 and 2021
 105.21 June liabilities and 84.5 percent of the actual June liability for June 2022 and thereafter; or

105.22 (2) ~~81.4~~ 87.5 percent of the preceding May liability for the calendar year 2020 and 2021
 105.23 June liabilities and 84.5 percent of the preceding May liability for June 2022 and thereafter.

105.24 (c) For calendar year 2022 and thereafter, the percent of the estimated June liability the
 105.25 vendor must remit by two business days before June 30 is 84.5 percent.

105.26 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
 105.27 30, 2019.

105.28 Sec. 18. Laws 2017, First Special Session chapter 1, article 3, section 32, the effective
 105.29 date, is amended to read:

105.30 **EFFECTIVE DATE.** Paragraph (a) is effective retroactively for sales and purchases
 105.31 made after September 30, 2016, and before January 1, ~~2019~~ 2023. Paragraph (b) is effective

106.1 for sales and purchases made (1) after September 30, 2016, and before July 1, 2017; and
 106.2 (2) after December 31, 2018, and before July 1, 2019.

106.3 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2019.

106.4 Sec. 19. **REPEALER.**

106.5 Minnesota Statutes 2018, section 297A.66, subdivision 4b, is repealed.

106.6 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 106.7 September 30, 2019.

106.8 **ARTICLE 4**

106.9 **PROPERTY TAX**

106.10 Section 1. Minnesota Statutes 2018, section 103D.905, subdivision 5, is amended to read:

106.11 Subd. 5. **Construction or implementation fund.** (a) A construction or implementation
 106.12 fund consists of:

106.13 (1) the proceeds of watershed district bonds or notes or of the sale of county bonds;

106.14 (2) construction or implementation loans or grants from the ~~Pollution Control Agency~~
 106.15 ~~under sections 103F.701 to 103F.755, state~~ or from any agency of the federal government;
 106.16 and

106.17 (3) special assessments, storm water charges, loan repayments, and ad valorem tax levies
 106.18 levied or to be levied to supply funds for the construction or implementation of the projects
 106.19 of the watershed district, including reservoirs, ditches, dikes, canals, channels, storm water
 106.20 facilities, sewage treatment facilities, wells, and other works, and the expenses incident to
 106.21 and connected with the construction or implementation.

106.22 (b) Construction or implementation loans or grants from the ~~Pollution Control Agency~~
 106.23 ~~under sections 103F.701 to 103F.755, state~~ or from an agency of the federal government
 106.24 may be repaid from the proceeds of watershed district bonds or notes or from the collections
 106.25 of storm water charges, loan repayments, ad valorem tax levies, or special assessments on
 106.26 properties benefited by the project.

106.27 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2020
 106.28 and thereafter.

107.1 Sec. 2. Minnesota Statutes 2018, section 103D.905, subdivision 9, is amended to read:

107.2 Subd. 9. **Project tax levy.** (a) In addition to other tax levies provided in this section or
107.3 in any other law, a watershed district may levy a tax:

107.4 (1) to pay the costs of projects undertaken by the watershed district ~~which~~ that are to be
107.5 funded, in whole or in part, with the proceeds of money appropriated by law for grants or
107.6 construction or implementation loans under sections 103F.701 to 103F.755 to the district;

107.7 (2) to pay the principal of, or premium or administrative surcharge, if any, and interest
107.8 on, ~~the bonds and~~ or notes issued by the watershed district pursuant to section 103F.725 to
107.9 repay such loans; or

107.10 (3) to repay ~~the construction or implementation~~ such loans ~~under sections 103F.701 to~~
107.11 ~~103F.755.~~

107.12 (b) Taxes levied with respect to payment of bonds and notes ~~shall~~ must comply with
107.13 section 475.61.

107.14 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2020
107.15 and thereafter.

107.16 Sec. 3. Minnesota Statutes 2018, section 138.053, is amended to read:

107.17 **138.053 COUNTY HISTORICAL SOCIETY; TAX LEVY; CITIES OR TOWNS.**

107.18 The governing body of any home rule charter or statutory city or town may annually
107.19 appropriate from its general fund an amount not to exceed 0.02418 percent of estimated
107.20 market value, derived from ad valorem taxes on property or other revenues, to be paid to
107.21 the historical society of its respective city, town, or county to be used for the promotion of
107.22 historical work and to aid in defraying the expenses of carrying on the historical work in
107.23 the city, town, or county. No city or town may appropriate any funds for the benefit of any
107.24 historical society unless the society is affiliated with and approved by the Minnesota
107.25 Historical Society.

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

107.27 Sec. 4. Minnesota Statutes 2018, section 197.603, subdivision 2, is amended to read:

107.28 Subd. 2. **Records; data privacy.** Pursuant to chapter 13 the county veterans service
107.29 officer is the responsible authority with respect to all records in the officer's custody. The
107.30 data on clients' applications for assistance is private data on individuals, as defined in section
107.31 13.02, subdivision 12. The county veterans service officer may disclose to the county or

108.1 local assessor private data necessary to determine a client's eligibility for the veteran with
 108.2 a disability homestead market value exclusion under section 273.13, subdivision 34.

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

108.4 Sec. 5. Minnesota Statutes 2018, section 272.02, subdivision 49, is amended to read:

108.5 Subd. 49. **Agricultural historical society property.** Property is exempt from taxation
 108.6 if it is owned by a nonprofit charitable or educational organization that qualifies for
 108.7 exemption under section 501(c)(3) of the Internal Revenue Code and meets the following
 108.8 criteria:

108.9 (1) the property is primarily used for storing and exhibiting tools, equipment, and artifacts
 108.10 useful in providing an understanding of local or regional agricultural history. Primary use
 108.11 is determined each year based on the number of days the property is used solely for storage
 108.12 and exhibition purposes;

108.13 (2) the property is limited to a maximum of ~~20~~ 40 acres per owner per county, but
 108.14 includes the land and any taxable structures, fixtures, and equipment on the land;

108.15 (3) the property is not used for a revenue-producing activity for more than ten days in
 108.16 each calendar year; and

108.17 (4) the property is not used for residential purposes on either a temporary or permanent
 108.18 basis.

108.19 For assessment year 2019 only, an exemption application under this subdivision must be
 108.20 filed with the county assessor by July 1, 2019.

108.21 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2019,
 108.22 for taxes payable in 2020, and thereafter.

108.23 Sec. 6. Minnesota Statutes 2018, section 272.02, is amended by adding a subdivision to
 108.24 read:

108.25 Subd. 102. **Certain property owned by an Indian tribe.** (a) Property is exempt that:

108.26 (1) is located in a city of the first class with a population of more than 380,000 as of the
 108.27 2010 federal census;

108.28 (2) was on January 1, 2016, and is for the current assessment, owned by a federally
 108.29 recognized Indian tribe, or its instrumentality, that is located within the state of Minnesota;
 108.30 and

109.1 (3) is used exclusively as a pharmacy, as defined in section 151.01, subdivision 2.

109.2 (b) Property that qualifies for the exemption under this subdivision is limited to parcels
109.3 and structures that do not exceed, in the aggregate, 4,000 square feet. Property acquired for
109.4 single-family housing, market-rate apartments, agriculture, or forestry does not qualify for
109.5 this exemption.

109.6 For assessment year 2019 only, an exemption application under this subdivision must be
109.7 filed with the county assessor by July 1, 2019. The exemption created by this subdivision
109.8 expires with taxes payable in 2029.

109.9 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2020
109.10 and thereafter.

109.11 Sec. 7. Minnesota Statutes 2018, section 272.02, is amended by adding a subdivision to
109.12 read:

109.13 Subd. 103. **Licensed child care facility.** Property used as a licensed child care facility
109.14 that accepts families participating in the child care assistance program under chapter 119B,
109.15 and that is owned and operated by a nonprofit charitable organization that qualifies for tax
109.16 exemption under section 501(c)(3) of the Internal Revenue Code, is exempt. For the purposes
109.17 of this subdivision, "licensed child care facility" means a child care center licensed under
109.18 Minnesota Rules, chapter 9503, or a facility used to provide licensed family day care or
109.19 group family day care as defined under Minnesota Rules, chapter 9502.

109.20 For assessment year 2019 only, an exemption application under this subdivision must be
109.21 filed with the county assessor by July 1, 2019.

109.22 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2019,
109.23 for taxes payable in 2020.

109.24 Sec. 8. Minnesota Statutes 2018, section 272.115, subdivision 1, is amended to read:

109.25 Subdivision 1. **Requirement.** Except as otherwise provided in subdivision 5, 6, or 7,
109.26 whenever any real estate is sold for a consideration in excess of ~~\$1,000~~ \$3,000, whether by
109.27 warranty deed, quitclaim deed, contract for deed or any other method of sale, the grantor,
109.28 grantee or the legal agent of either shall file a certificate of value with the county auditor
109.29 in the county in which the property is located when the deed or other document is presented
109.30 for recording. Contract for deeds are subject to recording under section 507.235, subdivision
109.31 1. Value shall, in the case of any deed not a gift, be the amount of the full actual consideration
109.32 thereof, paid or to be paid, including the amount of any lien or liens assumed. The items

110.1 and value of personal property transferred with the real property must be listed and deducted
110.2 from the sale price. The certificate of value shall include the classification to which the
110.3 property belongs for the purpose of determining the fair market value of the property, and
110.4 shall include any proposed change in use of the property known to the person filing the
110.5 certificate that could change the classification of the property. The certificate shall include
110.6 financing terms and conditions of the sale which are necessary to determine the actual,
110.7 present value of the sale price for purposes of the sales ratio study. If the property is being
110.8 acquired as part of a like-kind exchange under section 1031 of the Internal Revenue Code
110.9 of 1986, as amended through December 31, 2006, that must be indicated on the certificate.
110.10 The commissioner of revenue shall promulgate administrative rules specifying the financing
110.11 terms and conditions which must be included on the certificate. The certificate of value
110.12 must include the Social Security number or the federal employer identification number of
110.13 the grantors and grantees. However, a married person who is not an owner of record and
110.14 who is signing a conveyance instrument along with the person's spouse solely to release
110.15 and convey their marital interest, if any, in the real property being conveyed is not a grantor
110.16 for the purpose of the preceding sentence. A statement in the deed that is substantially in
110.17 the following form is sufficient to allow the county auditor to accept a certificate for filing
110.18 without the Social Security number of the named spouse: "(Name) claims no ownership
110.19 interest in the real property being conveyed and is executing this instrument solely to release
110.20 and convey a marital interest, if any, in that real property." The identification numbers of
110.21 the grantors and grantees are private data on individuals or nonpublic data as defined in
110.22 section 13.02, subdivisions 9 and 12, but, notwithstanding that section, the private or
110.23 nonpublic data may be disclosed to the commissioner of revenue for purposes of tax
110.24 administration. The information required to be shown on the certificate of value is limited
110.25 to the information required as of the date of the acknowledgment on the deed or other
110.26 document to be recorded.

110.27 **EFFECTIVE DATE.** This section is effective for certificates of value filed after
110.28 December 31, 2019.

110.29 Sec. 9. Minnesota Statutes 2018, section 273.124, subdivision 3a, is amended to read:

110.30 Subd. 3a. **Manufactured home park cooperative.** (a) When a manufactured home park
110.31 is owned by a corporation or association organized under chapter 308A or 308B, and each
110.32 person who owns a share or shares in the corporation or association is entitled to occupy a
110.33 lot within the park, the corporation or association may claim homestead treatment for the
110.34 park. Each lot must be designated by legal description or number, and each lot is limited to
110.35 not more than one-half acre of land.

111.1 (b) The manufactured home park shall be entitled to homestead treatment if all of the
 111.2 following criteria are met:

111.3 (1) the occupant or the cooperative corporation or association is paying the ad valorem
 111.4 property taxes and any special assessments levied against the land and structure either
 111.5 directly, or indirectly through dues to the corporation or association; and

111.6 (2) the corporation or association organized under chapter 308A or 308B is wholly
 111.7 owned by persons having a right to occupy a lot owned by the corporation or association.

111.8 (c) A charitable corporation, organized under the laws of Minnesota with no outstanding
 111.9 stock, and granted a ruling by the Internal Revenue Service for 501(c)(3) tax-exempt status,
 111.10 qualifies for homestead treatment with respect to a manufactured home park if its members
 111.11 hold residential participation warrants entitling them to occupy a lot in the manufactured
 111.12 home park.

111.13 (d) "Homestead treatment" under this subdivision means the classification rate provided
 111.14 for class 4c property classified under section 273.13, subdivision 25, paragraph (d), clause
 111.15 (5), item (ii); and the homestead market value exclusion under section 273.13, subdivision
 111.16 35, does not apply ~~and the property taxes assessed against the park shall not be included in~~
 111.17 ~~the determination of taxes payable for rent paid under section 290A.03.~~

111.18 **EFFECTIVE DATE.** This section is effective beginning with claims for taxes payable
 111.19 in 2020.

111.20 Sec. 10. Minnesota Statutes 2018, section 273.124, subdivision 8, is amended to read:

111.21 Subd. 8. **Homestead owned by or leased to family farm corporation, joint farm**
 111.22 **venture, limited liability company, or partnership.** (a) Each family farm corporation;
 111.23 each joint family farm venture; and each limited liability company or partnership which
 111.24 operates a family farm; is entitled to class 1b under section 273.13, subdivision 22, paragraph
 111.25 (b), or class 2a assessment for one homestead occupied by a shareholder, member, or partner
 111.26 thereof who is residing on the land, and actively engaged in farming of the land owned by
 111.27 the family farm corporation, joint family farm venture, limited liability company, or
 111.28 partnership. Homestead treatment applies even if:

111.29 (1) legal title to the property is in the name of the family farm corporation, joint family
 111.30 farm venture, limited liability company, or partnership, and not in the name of the person
 111.31 residing on it; or

112.1 (2) the family farm is operated by a family farm corporation, joint family farm venture,
 112.2 partnership, or limited liability company other than the family farm corporation, joint family
 112.3 farm venture, partnership, or limited liability company that owns the land, provided that:

112.4 (i) the shareholder, member, or partner residing on and actively engaged in farming the
 112.5 land is a shareholder, member, or partner of the family farm corporation, joint family farm
 112.6 venture, partnership, or limited liability company that is operating the farm and;

112.7 (ii) more than half of the shareholders, members, or partners of each family farm
 112.8 corporation, joint family farm venture, partnership, or limited liability company are persons
 112.9 or spouses of persons who are a qualifying relative under section 273.124, subdivision 1,
 112.10 paragraphs (c) and (d).

112.11 "Family farm corporation," "family farm," and "partnership operating a family farm"
 112.12 have the meanings given in section 500.24, except that the number of allowable shareholders,
 112.13 members, or partners under this subdivision shall not exceed 12. "Limited liability company"
 112.14 has the meaning contained in sections 322C.0102, subdivision 12, and 500.24, subdivision
 112.15 2, paragraphs (l) and (m). "Joint family farm venture" means a cooperative agreement among
 112.16 two or more farm enterprises authorized to operate a family farm under section 500.24.

112.17 (b) In addition to property specified in paragraph (a), any other residences owned by
 112.18 family farm corporations, joint family farm ventures, limited liability companies, or
 112.19 partnerships described in paragraph (a) which are located on agricultural land and occupied
 112.20 as homesteads by its shareholders, members, or partners who are actively engaged in farming
 112.21 on behalf of that corporation, joint farm venture, limited liability company, or partnership
 112.22 must also be assessed as class 2a property or as class 1b property under section 273.13.

112.23 (c) Agricultural property that is owned by a member, partner, or shareholder of a family
 112.24 farm corporation or joint family farm venture, limited liability company operating a family
 112.25 farm, or by a partnership operating a family farm and leased to the family farm corporation,
 112.26 limited liability company, partnership, or joint farm venture, as defined in paragraph (a), is
 112.27 eligible for classification as class 1b or class 2a under section 273.13, if the owner is actually
 112.28 residing on the property, and is actually engaged in farming the land on behalf of that
 112.29 corporation, joint farm venture, limited liability company, or partnership. This paragraph
 112.30 applies without regard to any legal possession rights of the family farm corporation, joint
 112.31 family farm venture, limited liability company, or partnership under the lease.

112.32 (d) Nonhomestead agricultural property that is owned by a family farm corporation,
 112.33 joint farm venture, limited liability company, or partnership; and located not farther than
 112.34 four townships or cities, or combination thereof, from agricultural land that is owned, and

113.1 used for the purposes of a homestead by an individual who is a shareholder, member, or
 113.2 partner of the corporation, venture, company, or partnership; is entitled to receive the first
 113.3 tier homestead classification rate on any remaining market value in the first homestead class
 113.4 tier that is in excess of the market value of the shareholder's, member's, or partner's class 2
 113.5 agricultural homestead property, if the owner, or someone acting on the owner's behalf
 113.6 notifies the county assessor by July 1 that the property may be eligible under this paragraph
 113.7 for the current assessment year, for taxes payable in the following year. As used in this
 113.8 paragraph, "agricultural property" means property classified as 2a under section 273.13,
 113.9 along with any contiguous property classified as 2b under section 273.13, if the contiguous
 113.10 2a and 2b properties are under the same ownership.

113.11 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2019.

113.12 Sec. 11. Minnesota Statutes 2018, section 273.124, subdivision 14, is amended to read:

113.13 Subd. 14. **Agricultural homesteads; special provisions.** (a) Real estate of less than ten
 113.14 acres that is the homestead of its owner must be classified as class 2a under section 273.13,
 113.15 subdivision 23, paragraph (a), if:

113.16 (1) the parcel on which the house is located is contiguous on at least two sides to (i)
 113.17 agricultural land, (ii) land owned or administered by the United States Fish and Wildlife
 113.18 Service, or (iii) land administered by the Department of Natural Resources on which in lieu
 113.19 taxes are paid under sections 477A.11 to 477A.14;

113.20 (2) its owner also owns a noncontiguous parcel of agricultural land that is at least 20
 113.21 acres;

113.22 (3) the noncontiguous land is located not farther than four townships or cities, or a
 113.23 combination of townships or cities from the homestead; and

113.24 (4) the agricultural use value of the noncontiguous land and farm buildings is equal to
 113.25 at least 50 percent of the market value of the house, garage, and one acre of land.

113.26 Homesteads initially classified as class 2a under the provisions of this paragraph shall
 113.27 remain classified as class 2a, irrespective of subsequent changes in the use of adjoining
 113.28 properties, as long as the homestead remains under the same ownership, the owner owns a
 113.29 noncontiguous parcel of agricultural land that is at least 20 acres, and the agricultural use
 113.30 value qualifies under clause (4). Homestead classification under this paragraph is limited
 113.31 to property that qualified under this paragraph for the 1998 assessment.

113.32 (b)(i) Agricultural property shall be classified as the owner's homestead, to the same
 113.33 extent as other agricultural homestead property, if all of the following criteria are met:

114.1 (1) the agricultural property consists of at least 40 acres including undivided government
114.2 lots and correctional 40's;

114.3 (2) the owner, the owner's spouse, or a grandchild, child, sibling, or parent of the owner
114.4 or of the owner's spouse, is actively farming the agricultural property, either on the person's
114.5 own behalf as an individual or on behalf of a partnership operating a family farm, family
114.6 farm corporation, joint family farm venture, or limited liability company of which the person
114.7 is a partner, shareholder, or member;

114.8 (3) both the owner of the agricultural property and the person who is actively farming
114.9 the agricultural property under clause (2), are Minnesota residents;

114.10 (4) neither the owner nor the spouse of the owner claims another agricultural homestead
114.11 in Minnesota; and

114.12 (5) neither the owner nor the person actively farming the agricultural property lives
114.13 farther than four townships or cities, or a combination of four townships or cities, from the
114.14 agricultural property, except that if the owner or the owner's spouse is required to live in
114.15 employer-provided housing, the owner or owner's spouse, whichever is actively farming
114.16 the agricultural property, may live more than four townships or cities, or combination of
114.17 four townships or cities from the agricultural property.

114.18 The relationship under this paragraph may be either by blood or marriage.

114.19 ~~(ii) Agricultural property held by a trustee under a trust is eligible for agricultural~~
114.20 ~~homestead classification under this paragraph if the qualifications in clause (i) are met,~~
114.21 ~~except that "owner" means the grantor of the trust.~~

114.22 ~~(iii)~~ Property containing the residence of an owner who owns qualified property under
114.23 clause (i) shall be classified as part of the owner's agricultural homestead, if that property
114.24 is also used for noncommercial storage or drying of agricultural crops.

114.25 ~~(iv)~~ (iii) As used in this paragraph, "agricultural property" means class 2a property and
114.26 any class 2b property that is contiguous to and under the same ownership as the class 2a
114.27 property.

114.28 (c) Noncontiguous land shall be included as part of a homestead under section 273.13,
114.29 subdivision 23, paragraph (a), only if the homestead is classified as class 2a and the detached
114.30 land is located in the same township or city, or not farther than four townships or cities or
114.31 combination thereof from the homestead. Any taxpayer of these noncontiguous lands must
114.32 notify the county assessor that the noncontiguous land is part of the taxpayer's homestead,

115.1 and, if the homestead is located in another county, the taxpayer must also notify the assessor
115.2 of the other county.

115.3 (d) Agricultural land used for purposes of a homestead and actively farmed by a person
115.4 holding a vested remainder interest in it must be classified as a homestead under section
115.5 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other
115.6 dwellings on the land used for purposes of a homestead by persons holding vested remainder
115.7 interests who are actively engaged in farming the property, and up to one acre of the land
115.8 surrounding each homestead and reasonably necessary for the use of the dwelling as a home,
115.9 must also be assessed class 2a.

115.10 (e) Agricultural land and buildings that were class 2a homestead property under section
115.11 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain classified as
115.12 agricultural homesteads for subsequent assessments if:

115.13 (1) the property owner abandoned the homestead dwelling located on the agricultural
115.14 homestead as a result of the April 1997 floods;

115.15 (2) the property is located in the county of Polk, Clay, Kittson, Marshall, Norman, or
115.16 Wilkin;

115.17 (3) the agricultural land and buildings remain under the same ownership for the current
115.18 assessment year as existed for the 1997 assessment year and continue to be used for
115.19 agricultural purposes;

115.20 (4) the dwelling occupied by the owner is located in Minnesota and is within 30 miles
115.21 of one of the parcels of agricultural land that is owned by the taxpayer; and

115.22 (5) the owner notifies the county assessor that the relocation was due to the 1997 floods,
115.23 and the owner furnishes the assessor any information deemed necessary by the assessor in
115.24 verifying the change in dwelling. Further notifications to the assessor are not required if the
115.25 property continues to meet all the requirements in this paragraph and any dwellings on the
115.26 agricultural land remain uninhabited.

115.27 (f) Agricultural land and buildings that were class 2a homestead property under section
115.28 273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain classified
115.29 agricultural homesteads for subsequent assessments if:

115.30 (1) the property owner abandoned the homestead dwelling located on the agricultural
115.31 homestead as a result of damage caused by a March 29, 1998, tornado;

115.32 (2) the property is located in the county of Blue Earth, Brown, Cottonwood, LeSueur,
115.33 Nicollet, Nobles, or Rice;

116.1 (3) the agricultural land and buildings remain under the same ownership for the current
116.2 assessment year as existed for the 1998 assessment year;

116.3 (4) the dwelling occupied by the owner is located in this state and is within 50 miles of
116.4 one of the parcels of agricultural land that is owned by the taxpayer; and

116.5 (5) the owner notifies the county assessor that the relocation was due to a March 29,
116.6 1998, tornado, and the owner furnishes the assessor any information deemed necessary by
116.7 the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the
116.8 owner must notify the assessor by December 1, 1998. Further notifications to the assessor
116.9 are not required if the property continues to meet all the requirements in this paragraph and
116.10 any dwellings on the agricultural land remain uninhabited.

116.11 (g) Agricultural property of a family farm corporation, joint family farm venture, family
116.12 farm limited liability company, or partnership operating a family farm as described under
116.13 subdivision 8 shall be classified homestead, to the same extent as other agricultural homestead
116.14 property, if all of the following criteria are met:

116.15 (1) the property consists of at least 40 acres including undivided government lots and
116.16 correctional 40's;

116.17 (2) a shareholder, member, or partner of that entity is actively farming the agricultural
116.18 property;

116.19 (3) that shareholder, member, or partner who is actively farming the agricultural property
116.20 is a Minnesota resident;

116.21 (4) neither that shareholder, member, or partner, nor the spouse of that shareholder,
116.22 member, or partner claims another agricultural homestead in Minnesota; and

116.23 (5) that shareholder, member, or partner does not live farther than four townships or
116.24 cities, or a combination of four townships or cities, from the agricultural property.

116.25 Homestead treatment applies under this paragraph even if:

116.26 (i) the shareholder, member, or partner of that entity is actively farming the agricultural
116.27 property on the shareholder's, member's, or partner's own behalf; or

116.28 (ii) the family farm is operated by a family farm corporation, joint family farm venture,
116.29 partnership, or limited liability company other than the family farm corporation, joint family
116.30 farm venture, partnership, or limited liability company that owns the land, provided that:

116.31 (A) the shareholder, member, or partner of the family farm corporation, joint family
116.32 farm venture, partnership, or limited liability company that owns the land who is actively

117.1 farming the land is a shareholder, member, or partner of the family farm corporation, joint
 117.2 family farm venture, partnership, or limited liability company that is operating the farm;
 117.3 and

117.4 (B) more than half of the shareholders, members, or partners of each family farm
 117.5 corporation, joint family farm venture, partnership, or limited liability company are persons
 117.6 or spouses of persons who are a qualifying relative under section 273.124, subdivision 1,
 117.7 paragraphs (c) and (d).

117.8 Homestead treatment applies under this paragraph for property leased to a family farm
 117.9 corporation, joint farm venture, limited liability company, or partnership operating a family
 117.10 farm if legal title to the property is in the name of an individual who is a member, shareholder,
 117.11 or partner in the entity.

117.12 (h) To be eligible for the special agricultural homestead under this subdivision, an initial
 117.13 full application must be submitted to the county assessor where the property is located.
 117.14 Owners and the persons who are actively farming the property shall be required to complete
 117.15 only a one-page abbreviated version of the application in each subsequent year provided
 117.16 that none of the following items have changed since the initial application:

117.17 (1) the day-to-day operation, administration, and financial risks remain the same;

117.18 (2) the owners and the persons actively farming the property continue to live within the
 117.19 four townships or city criteria and are Minnesota residents;

117.20 (3) the same operator of the agricultural property is listed with the Farm Service Agency;

117.21 (4) a Schedule F or equivalent income tax form was filed for the most recent year;

117.22 (5) the property's acreage is unchanged; and

117.23 (6) none of the property's acres have been enrolled in a federal or state farm program
 117.24 since the initial application.

117.25 The owners and any persons who are actively farming the property must include the
 117.26 appropriate Social Security numbers, and sign and date the application. If any of the specified
 117.27 information has changed since the full application was filed, the owner must notify the
 117.28 assessor, and must complete a new application to determine if the property continues to
 117.29 qualify for the special agricultural homestead. The commissioner of revenue shall prepare
 117.30 a standard reapplication form for use by the assessors.

118.1 (i) Agricultural land and buildings that were class 2a homestead property under section
118.2 273.13, subdivision 23, paragraph (a), for the 2007 assessment shall remain classified
118.3 agricultural homesteads for subsequent assessments if:

118.4 (1) the property owner abandoned the homestead dwelling located on the agricultural
118.5 homestead as a result of damage caused by the August 2007 floods;

118.6 (2) the property is located in the county of Dodge, Fillmore, Houston, Olmsted, Steele,
118.7 Wabasha, or Winona;

118.8 (3) the agricultural land and buildings remain under the same ownership for the current
118.9 assessment year as existed for the 2007 assessment year;

118.10 (4) the dwelling occupied by the owner is located in this state and is within 50 miles of
118.11 one of the parcels of agricultural land that is owned by the taxpayer; and

118.12 (5) the owner notifies the county assessor that the relocation was due to the August 2007
118.13 floods, and the owner furnishes the assessor any information deemed necessary by the
118.14 assessor in verifying the change in homestead dwelling. For taxes payable in 2009, the
118.15 owner must notify the assessor by December 1, 2008. Further notifications to the assessor
118.16 are not required if the property continues to meet all the requirements in this paragraph and
118.17 any dwellings on the agricultural land remain uninhabited.

118.18 (j) Agricultural land and buildings that were class 2a homestead property under section
118.19 273.13, subdivision 23, paragraph (a), for the 2008 assessment shall remain classified as
118.20 agricultural homesteads for subsequent assessments if:

118.21 (1) the property owner abandoned the homestead dwelling located on the agricultural
118.22 homestead as a result of the March 2009 floods;

118.23 (2) the property is located in the county of Marshall;

118.24 (3) the agricultural land and buildings remain under the same ownership for the current
118.25 assessment year as existed for the 2008 assessment year and continue to be used for
118.26 agricultural purposes;

118.27 (4) the dwelling occupied by the owner is located in Minnesota and is within 50 miles
118.28 of one of the parcels of agricultural land that is owned by the taxpayer; and

118.29 (5) the owner notifies the county assessor that the relocation was due to the 2009 floods,
118.30 and the owner furnishes the assessor any information deemed necessary by the assessor in
118.31 verifying the change in dwelling. Further notifications to the assessor are not required if the

119.1 property continues to meet all the requirements in this paragraph and any dwellings on the
119.2 agricultural land remain uninhabited.

119.3 **EFFECTIVE DATE.** This section is effective beginning for property taxes payable in
119.4 2020.

119.5 Sec. 12. Minnesota Statutes 2018, section 273.124, subdivision 21, is amended to read:

119.6 Subd. 21. **Trust property; homestead.** Real or personal property, including agricultural
119.7 property, held by a trustee under a trust is eligible for classification as homestead property
119.8 if the property satisfies the requirements of paragraph (a), (b), (c), ~~(d)~~, or (e).

119.9 (a) The grantor or surviving spouse of the grantor of the trust occupies and uses the
119.10 property as a homestead.

119.11 (b) A relative or surviving relative of the grantor who meets the requirements of
119.12 subdivision 1, paragraph (c), in the case of residential real estate; or subdivision 1, paragraph
119.13 (d), in the case of agricultural property, occupies and uses the property as a homestead.

119.14 (c) A family farm corporation, joint farm venture, limited liability company, or partnership
119.15 operating a family farm in which the grantor or the grantor's surviving spouse is a
119.16 shareholder, member, or partner rents the property; and, either (1) a shareholder, member,
119.17 or partner of the corporation, joint farm venture, limited liability company, or partnership
119.18 occupies and uses the property as a homestead; or (2) the property is at least 40 acres,
119.19 including undivided government lots and correctional 40's, and a shareholder, member, or
119.20 partner of the tenant-entity is actively farming the property on behalf of the corporation,
119.21 joint farm venture, limited liability company, or partnership.

119.22 (d) A person who has received homestead classification for property taxes payable in
119.23 2000 on the basis of an unqualified legal right under the terms of the trust agreement to
119.24 occupy the property as that person's homestead and who continues to use the property as a
119.25 homestead; or, a person who received the homestead classification for taxes payable in 2005
119.26 under paragraph (c) who does not qualify under paragraph (c) for taxes payable in 2006 or
119.27 thereafter but who continues to qualify under paragraph (c) as it existed for taxes payable
119.28 in 2005.

119.29 (e) The qualifications under subdivision 14, paragraph (b), clause (i), are met. For
119.30 purposes of this paragraph, "owner" means the grantor of the trust or the surviving spouse
119.31 of the grantor.

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

120.1 (1) "agricultural property" means the house, garage, other farm buildings and structures,
 120.2 and agricultural land;

120.3 (2) "agricultural land" has the meaning given in section 273.13, subdivision 23, except
 120.4 that the phrases "owned by same person" or "under the same ownership" as used in that
 120.5 subdivision mean and include contiguous tax parcels owned by:

120.6 (i) an individual and a trust of which the individual, the individual's spouse, or the
 120.7 individual's deceased spouse is the grantor; or

120.8 (ii) different trusts of which the grantors of each trust are any combination of an
 120.9 individual, the individual's spouse, or the individual's deceased spouse; and

120.10 ~~For purposes of this subdivision,~~ (3) "grantor" is defined as means the person creating
 120.11 or establishing a testamentary, inter Vivos, revocable or irrevocable trust by written
 120.12 instrument or through the exercise of a power of appointment.

120.13 (g) Noncontiguous agricultural land is included as part of a homestead under this
 120.14 subdivision, only if the homestead is classified as class 2a, as defined in section 273.13,
 120.15 subdivision 23, and the detached land is located in the same township or city, or not farther
 120.16 than four townships or cities or combination thereof from the homestead. Any taxpayer of
 120.17 these noncontiguous lands must notify the county assessor that the noncontiguous land is
 120.18 part of the taxpayer's homestead, and, if the homestead is located in another county, the
 120.19 taxpayer must also notify the assessor of the other county.

120.20 **EFFECTIVE DATE.** This section is effective beginning for property taxes payable in
 120.21 2020.

120.22 Sec. 13. Minnesota Statutes 2018, section 273.124, is amended by adding a subdivision
 120.23 to read:

120.24 Subd. 23. **Fractional homesteads.** For property classified as an agricultural homestead
 120.25 under section 273.13, subdivision 23, paragraph (a), ownership percentages for property
 120.26 owned by tenants in common are based on deeded ownership amounts for each owner who
 120.27 homesteads the property.

120.28 **EFFECTIVE DATE; APPLICATION.** This section is effective for and must be applied
 120.29 to agricultural homestead properties owned by tenants in common by all county assessors
 120.30 beginning no later than assessment year 2019 and thereafter, unless the county assessor
 120.31 determines that a county is unable to comply with this requirement, in which case the county
 120.32 must implement this section beginning with assessment year 2020 and thereafter.

121.1 Sec. 14. Minnesota Statutes 2018, section 273.1245, subdivision 2, is amended to read:

121.2 Subd. 2. **Disclosure.** The assessor shall disclose the data described in subdivision 1 to
121.3 the commissioner of revenue as provided by law. The assessor shall also disclose all or
121.4 portions of the data described in subdivision 1 to:

121.5 (1) the county treasurer solely for the purpose of proceeding under the Revenue Recapture
121.6 Act to recover personal property taxes owing; and

121.7 (2) the county veterans service officer for the purpose of determining a person's eligibility
121.8 for the veteran with a disability homestead market value exclusion under section 273.13,
121.9 subdivision 34.

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

121.11 Sec. 15. Minnesota Statutes 2018, section 273.13, subdivision 23, is amended to read:

121.12 Subd. 23. **Class 2.** (a) An agricultural homestead consists of class 2a agricultural land
121.13 that is homesteaded, along with any class 2b rural vacant land that is contiguous to the class
121.14 2a land under the same ownership. The market value of the house and garage and immediately
121.15 surrounding one acre of land has the same classification rates as class 1a or 1b property
121.16 under subdivision 22. The value of the remaining land including improvements up to the
121.17 first tier valuation limit of agricultural homestead property has a classification rate of 0.5
121.18 percent of market value. The remaining property over the first tier has a classification rate
121.19 of one percent of market value. For purposes of this subdivision, the "first tier valuation
121.20 limit of agricultural homestead property" and "first tier" means the limit certified under
121.21 section 273.11, subdivision 23.

121.22 (b) Class 2a agricultural land consists of parcels of property, or portions thereof, that
121.23 are agricultural land and buildings. Class 2a property has a classification rate of one percent
121.24 of market value, unless it is part of an agricultural homestead under paragraph (a). Class 2a
121.25 property must also include any property that would otherwise be classified as 2b, but is
121.26 interspersed with class 2a property, including but not limited to sloughs, wooded wind
121.27 shelters, acreage abutting ditches, ravines, rock piles, land subject to a setback requirement,
121.28 and other similar land that is impractical for the assessor to value separately from the rest
121.29 of the property or that is unlikely to be able to be sold separately from the rest of the property.

121.30 An assessor may classify the part of a parcel described in this subdivision that is used
121.31 for agricultural purposes as class 2a and the remainder in the class appropriate to its use.

121.32 (c) Class 2b rural vacant land consists of parcels of property, or portions thereof, that
121.33 are unplatted real estate, rural in character and not used for agricultural purposes, including

122.1 land used for growing trees for timber, lumber, and wood and wood products, that is not
 122.2 improved with a structure. The presence of a minor, ancillary nonresidential structure as
 122.3 defined by the commissioner of revenue does not disqualify the property from classification
 122.4 under this paragraph. Any parcel of 20 acres or more improved with a structure that is not
 122.5 a minor, ancillary nonresidential structure must be split-classified, and ten acres must be
 122.6 assigned to the split parcel containing the structure. Class 2b property has a classification
 122.7 rate of one percent of market value unless it is part of an agricultural homestead under
 122.8 paragraph (a), or qualifies as class 2c under paragraph (d).

122.9 (d) Class 2c managed forest land consists of no less than 20 and no more than 1,920
 122.10 acres statewide per taxpayer that is being managed under a forest management plan that
 122.11 meets the requirements of chapter 290C, but is not enrolled in the sustainable forest resource
 122.12 management incentive program. It has a classification rate of .65 percent, provided that the
 122.13 owner of the property must apply to the assessor in order for the property to initially qualify
 122.14 for the reduced rate and provide the information required by the assessor to verify that the
 122.15 property qualifies for the reduced rate. If the assessor receives the application and information
 122.16 before May 1 in an assessment year, the property qualifies beginning with that assessment
 122.17 year. If the assessor receives the application and information after April 30 in an assessment
 122.18 year, the property may not qualify until the next assessment year. The commissioner of
 122.19 natural resources must concur that the land is qualified. The commissioner of natural
 122.20 resources shall annually provide county assessors verification information on a timely basis.
 122.21 The presence of a minor, ancillary nonresidential structure as defined by the commissioner
 122.22 of revenue does not disqualify the property from classification under this paragraph.

122.23 (e) Agricultural land as used in this section means:

122.24 (1) contiguous acreage of ten acres or more, used during the preceding year for
 122.25 agricultural purposes; or

122.26 (2) contiguous acreage used during the preceding year for an intensive livestock or
 122.27 poultry confinement operation, provided that land used only for pasturing or grazing does
 122.28 not qualify under this clause.

122.29 "Agricultural purposes" as used in this section means the raising, cultivation, drying, or
 122.30 storage of agricultural products for sale, or the storage of machinery or equipment used in
 122.31 support of agricultural production by the same farm entity. For a property to be classified
 122.32 as agricultural based only on the drying or storage of agricultural products, the products
 122.33 being dried or stored must have been produced by the same farm entity as the entity operating
 122.34 the drying or storage facility. "Agricultural purposes" also includes (i) enrollment in a local

123.1 conservation program or the Reinvest in Minnesota program under sections 103F.501 to
 123.2 103F.535 or the federal Conservation Reserve Program as contained in Public Law 99-198
 123.3 or a similar state or federal conservation program if the property was classified as agricultural
 123.4 ~~(i)~~ (A) under this subdivision for taxes payable in 2003 because of its enrollment in a
 123.5 qualifying program and the land remains enrolled or ~~(ii)~~ (B) in the year prior to its enrollment,
 123.6 or (ii) use of land, not to exceed three acres, to provide environmental benefits such as buffer
 123.7 strips, old growth forest restoration or retention, or retention ponds to prevent soil erosion.
 123.8 For purposes of this section, a "local conservation program" means a program administered
 123.9 by a town, statutory or home rule charter city, or county, including a watershed district,
 123.10 water management organization, or soil and water conservation district, in which landowners
 123.11 voluntarily enroll land and receive incentive payments equal to at least \$50 per acre in
 123.12 exchange for use or other restrictions placed on the land. In order for property to qualify
 123.13 under the local conservation program provision, a taxpayer must apply to the assessor by
 123.14 February 1 of the assessment year and must submit the information required by the assessor,
 123.15 including but not limited to a copy of the program requirements, the specific agreement
 123.16 between the land owner and the local agency, if applicable, and a map of the conservation
 123.17 area. Agricultural classification shall not be based upon the market value of any residential
 123.18 structures on the parcel or contiguous parcels under the same ownership.

123.19 "Contiguous acreage," for purposes of this paragraph, means all of, or a contiguous
 123.20 portion of, a tax parcel as described in section 272.193, or all of, or a contiguous portion
 123.21 of, a set of contiguous tax parcels under that section that are owned by the same person.

123.22 (f) Agricultural land under this section also includes:

123.23 (1) contiguous acreage that is less than ten acres in size and exclusively used in the
 123.24 preceding year for raising or cultivating agricultural products; or

123.25 (2) contiguous acreage that contains a residence and is less than 11 acres in size, if the
 123.26 contiguous acreage exclusive of the house, garage, and surrounding one acre of land was
 123.27 used in the preceding year for one or more of the following three uses:

123.28 (i) for an intensive grain drying or storage operation, or for intensive machinery or
 123.29 equipment storage activities used to support agricultural activities on other parcels of property
 123.30 operated by the same farming entity;

123.31 (ii) as a nursery, provided that only those acres used intensively to produce nursery stock
 123.32 are considered agricultural land; or

123.33 (iii) for intensive market farming; for purposes of this paragraph, "market farming"
 123.34 means the cultivation of one or more fruits or vegetables or production of animal or other

124.1 agricultural products for sale to local markets by the farmer or an organization with which
124.2 the farmer is affiliated.

124.3 "Contiguous acreage," for purposes of this paragraph, means all of a tax parcel as
124.4 described in section 272.193, or all of a set of contiguous tax parcels under that section that
124.5 are owned by the same person.

124.6 (g) Land shall be classified as agricultural even if all or a portion of the agricultural use
124.7 of that property is the leasing to, or use by another person for agricultural purposes.

124.8 Classification under this subdivision is not determinative for qualifying under section
124.9 273.111.

124.10 (h) The property classification under this section supersedes, for property tax purposes
124.11 only, any locally administered agricultural policies or land use restrictions that define
124.12 minimum or maximum farm acreage.

124.13 (i) The term "agricultural products" as used in this subdivision includes production for
124.14 sale of:

124.15 (1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing
124.16 animals, horticultural and nursery stock, fruit of all kinds, vegetables, forage, grains, bees,
124.17 and apiary products by the owner;

124.18 (2) aquacultural products for sale and consumption, as defined under section 17.47, if
124.19 the aquaculture occurs on land zoned for agricultural use;

124.20 (3) the commercial boarding of horses, which may include related horse training and
124.21 riding instruction, if the boarding is done on property that is also used for raising pasture
124.22 to graze horses or raising or cultivating other agricultural products as defined in clause (1);

124.23 (4) property which is owned and operated by nonprofit organizations used for equestrian
124.24 activities, excluding racing;

124.25 (5) game birds and waterfowl bred and raised (i) on a game farm licensed under section
124.26 97A.105, provided that the annual licensing report to the Department of Natural Resources,
124.27 which must be submitted annually by March 30 to the assessor, indicates that at least 500
124.28 birds were raised or used for breeding stock on the property during the preceding year and
124.29 that the owner provides a copy of the owner's most recent schedule F; or (ii) for use on a
124.30 shooting preserve licensed under section 97A.115;

124.31 (6) insects primarily bred to be used as food for animals;

125.1 (7) trees, grown for sale as a crop, including short rotation woody crops, and not sold
125.2 for timber, lumber, wood, or wood products; and

125.3 (8) maple syrup taken from trees grown by a person licensed by the Minnesota
125.4 Department of Agriculture under chapter 28A as a food processor.

125.5 (j) If a parcel used for agricultural purposes is also used for commercial or industrial
125.6 purposes, including but not limited to:

125.7 (1) wholesale and retail sales;

125.8 (2) processing of raw agricultural products or other goods;

125.9 (3) warehousing or storage of processed goods; and

125.10 (4) office facilities for the support of the activities enumerated in clauses (1), (2), and
125.11 (3),

125.12 the assessor shall classify the part of the parcel used for agricultural purposes as class 1b,
125.13 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use.

125.14 The grading, sorting, and packaging of raw agricultural products for first sale is considered
125.15 an agricultural purpose. A greenhouse or other building where horticultural or nursery
125.16 products are grown that is also used for the conduct of retail sales must be classified as
125.17 agricultural if it is primarily used for the growing of horticultural or nursery products from
125.18 seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products.
125.19 Use of a greenhouse or building only for the display of already grown horticultural or nursery
125.20 products does not qualify as an agricultural purpose.

125.21 (k) The assessor shall determine and list separately on the records the market value of
125.22 the homestead dwelling and the one acre of land on which that dwelling is located. If any
125.23 farm buildings or structures are located on this homesteaded acre of land, their market value
125.24 shall not be included in this separate determination.

125.25 (l) Class 2d airport landing area consists of a landing area or public access area of a
125.26 privately owned public use airport. It has a classification rate of one percent of market value.
125.27 To qualify for classification under this paragraph, a privately owned public use airport must
125.28 be licensed as a public airport under section 360.018. For purposes of this paragraph, "landing
125.29 area" means that part of a privately owned public use airport properly cleared, regularly
125.30 maintained, and made available to the public for use by aircraft and includes runways,
125.31 taxiways, aprons, and sites upon which are situated landing or navigational aids. A landing
125.32 area also includes land underlying both the primary surface and the approach surfaces that
125.33 comply with all of the following:

126.1 (i) the land is properly cleared and regularly maintained for the primary purposes of the
126.2 landing, taking off, and taxiing of aircraft; but that portion of the land that contains facilities
126.3 for servicing, repair, or maintenance of aircraft is not included as a landing area;

126.4 (ii) the land is part of the airport property; and

126.5 (iii) the land is not used for commercial or residential purposes.

126.6 The land contained in a landing area under this paragraph must be described and certified
126.7 by the commissioner of transportation. The certification is effective until it is modified, or
126.8 until the airport or landing area no longer meets the requirements of this paragraph. For
126.9 purposes of this paragraph, "public access area" means property used as an aircraft parking
126.10 ramp, apron, or storage hangar, or an arrival and departure building in connection with the
126.11 airport.

126.12 (m) Class 2e consists of land with a commercial aggregate deposit that is not actively
126.13 being mined and is not otherwise classified as class 2a or 2b, provided that the land is not
126.14 located in a county that has elected to opt-out of the aggregate preservation program as
126.15 provided in section 273.1115, subdivision 6. It has a classification rate of one percent of
126.16 market value. To qualify for classification under this paragraph, the property must be at
126.17 least ten contiguous acres in size and the owner of the property must record with the county
126.18 recorder of the county in which the property is located an affidavit containing:

126.19 (1) a legal description of the property;

126.20 (2) a disclosure that the property contains a commercial aggregate deposit that is not
126.21 actively being mined but is present on the entire parcel enrolled;

126.22 (3) documentation that the conditional use under the county or local zoning ordinance
126.23 of this property is for mining; and

126.24 (4) documentation that a permit has been issued by the local unit of government or the
126.25 mining activity is allowed under local ordinance. The disclosure must include a statement
126.26 from a registered professional geologist, engineer, or soil scientist delineating the deposit
126.27 and certifying that it is a commercial aggregate deposit.

126.28 For purposes of this section and section 273.1115, "commercial aggregate deposit"
126.29 means a deposit that will yield crushed stone or sand and gravel that is suitable for use as
126.30 a construction aggregate; and "actively mined" means the removal of top soil and overburden
126.31 in preparation for excavation or excavation of a commercial deposit.

126.32 (n) When any portion of the property under this subdivision or subdivision 22 begins to
126.33 be actively mined, the owner must file a supplemental affidavit within 60 days from the

127.1 day any aggregate is removed stating the number of acres of the property that is actively
 127.2 being mined. The acres actively being mined must be (1) valued and classified under
 127.3 subdivision 24 in the next subsequent assessment year, and (2) removed from the aggregate
 127.4 resource preservation property tax program under section 273.1115, if the land was enrolled
 127.5 in that program. Copies of the original affidavit and all supplemental affidavits must be
 127.6 filed with the county assessor, the local zoning administrator, and the Department of Natural
 127.7 Resources, Division of Land and Minerals. A supplemental affidavit must be filed each
 127.8 time a subsequent portion of the property is actively mined, provided that the minimum
 127.9 acreage change is five acres, even if the actual mining activity constitutes less than five
 127.10 acres.

127.11 (o) The definitions prescribed by the commissioner under paragraphs (c) and (d) are not
 127.12 rules and are exempt from the rulemaking provisions of chapter 14, and the provisions in
 127.13 section 14.386 concerning exempt rules do not apply.

127.14 **EFFECTIVE DATE.** This section is effective for assessment year 2019 and thereafter.

127.15 Sec. 16. Minnesota Statutes 2018, section 273.13, subdivision 34, is amended to read:

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

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

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

127.28 (c) If a disabled veteran qualifying for a valuation exclusion under paragraph (b), clause
 127.29 (2), predeceases the veteran's spouse, and if upon the death of the veteran the spouse holds
 127.30 the legal or beneficial title to the homestead and permanently resides there, the exclusion
 127.31 shall carry over to the benefit of the veteran's spouse ~~for the current taxes payable year and~~
 127.32 ~~for eight additional taxes payable years or~~ until such time as the spouse remarries, or sells,
 127.33 transfers, or otherwise disposes of the property, ~~whichever comes first~~. Qualification under

128.1 this paragraph requires an application under paragraph (h), and a spouse must notify the
128.2 assessor if there is a change in the spouse's marital status, ownership of the property, or use
128.3 of the property as a permanent residence.

128.4 (d) If the spouse of a member of any branch or unit of the United States armed forces
128.5 who dies due to a service-connected cause while serving honorably in active service, as
128.6 indicated on United States Government Form DD1300 or DD2064, holds the legal or
128.7 beneficial title to a homestead and permanently resides there, the spouse is entitled to the
128.8 benefit described in paragraph (b), clause (2), ~~for eight tax payable years, or until such~~
128.9 ~~time as the spouse remarries or sells, transfers, or otherwise disposes of the property;~~
128.10 ~~whichever comes first.~~

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

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

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

128.21 (h) To qualify for a valuation exclusion under this subdivision a property owner must
128.22 apply to the assessor by ~~July 1~~ December 15 of the first assessment year for which the
128.23 exclusion is sought. For an application received after ~~July 1~~ December 15, the exclusion
128.24 shall become effective for the following assessment year. Except as provided in paragraph
128.25 (c), the owner of a property that has been accepted for a valuation exclusion must notify
128.26 the assessor if there is a change in ownership of the property or in the use of the property
128.27 as a homestead.

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

128.30 (j) For purposes of this subdivision:

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

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

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

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

129.6 (k) If a veteran dying after December 31, 2011, did not apply for or receive the exclusion
129.7 under paragraph (b), clause (2), before dying, the veteran's spouse is entitled to the benefit
129.8 under paragraph (b), clause (2), ~~for eight tax years payable years or~~ until the spouse remarries
129.9 or sells, transfers, or otherwise disposes of the property if:

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

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

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

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

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

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

129.19 (l) The purpose of this provision of law providing a level of homestead property tax
129.20 relief for gravely disabled veterans, their primary family caregivers, and their surviving
129.21 spouses is to help ease the burdens of war for those among our state's citizens who bear
129.22 those burdens most heavily.

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

129.25 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2019,
129.26 for taxes payable in 2020 and thereafter.

129.27 Sec. 17. Minnesota Statutes 2018, section 273.1384, subdivision 2, is amended to read:

129.28 Subd. 2. **Agricultural homestead market value credit.** Property classified as agricultural
129.29 homestead under section 273.13, subdivision 23, paragraph (a), is eligible for an agricultural
129.30 credit. The credit is computed using the property's agricultural credit market value, defined
129.31 for this purpose as the property's market value excluding the market value of the house,

130.1 garage, and immediately surrounding one acre of land. The credit is equal to 0.3 percent of
 130.2 the first \$115,000 of the property's agricultural credit market value plus 0.1 percent of the
 130.3 property's agricultural credit market value in excess of \$115,000, subject to a maximum
 130.4 credit of \$490 for a full agricultural homestead. In the case of property that is classified as
 130.5 part homestead and part nonhomestead solely because not all the owners occupy or farm
 130.6 the property, not all the owners have qualifying relatives occupying or farming the property,
 130.7 or solely because not all the spouses of owners occupy the property, the credit is computed
 130.8 on the amount of agricultural credit market value corresponding to the percentage of
 130.9 homestead. ~~The percentage of homestead is equal to 100 divided by the number of owners~~
 130.10 ~~of the property, or, in the case of a trust, the number of grantors of the trust that owns the~~
 130.11 ~~property, and the maximum credit equals \$490 multiplied by the percentage of homestead.~~

130.12 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2020
 130.13 and thereafter.

130.14 Sec. 18. Minnesota Statutes 2018, section 273.371, subdivision 1, is amended to read:

130.15 Subdivision 1. **Report required.** Every electric light, power, gas, water, express, stage,
 130.16 transportation, and pipeline company doing business in Minnesota shall annually file with
 130.17 the commissioner on or before March 31 a report under oath setting forth the information
 130.18 prescribed by the commissioner to enable the commissioner to make valuations,
 130.19 recommended valuations, and equalization required under sections 273.33, 273.35, 273.36,
 130.20 273.37, and 273.3711. The commissioner shall prescribe the content, format, and manner
 130.21 of the report pursuant to section 270C.30, except that for cooperative associations defined
 130.22 in section 273.40, the information provided in the report must be aggregated to the unique
 130.23 taxing jurisdiction level and exclude information related to property subject to the in-lieu
 130.24 tax under section 273.41, and that a "law administered by the commissioner" includes the
 130.25 property tax laws. If all the required information is not available on March 31, the company
 130.26 shall file the information that is available on or before March 31, and the balance of the
 130.27 information as soon as it becomes available. If a report is made by electronic means, the
 130.28 taxpayer's signature is defined pursuant to section 270C.304, except that a "law administered
 130.29 by the commissioner" includes the property tax laws. For purposes of this subdivision,
 130.30 "unique taxing jurisdiction" means the geographic area subject to the same set of local tax
 130.31 rates.

130.32 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2020
 130.33 and thereafter.

131.1 Sec. 19. Minnesota Statutes 2018, section 273.3711, is amended to read:

131.2 **273.3711 RECOMMENDED AND ORDERED VALUES.**

131.3 For purposes of sections 273.33, 273.35, 273.36, 273.37, 273.371, and 273.372, all
 131.4 preliminary values not required to be listed and assessed by the commissioner of revenue
 131.5 are recommended values. If the commissioner provides preliminary recommended values,
 131.6 the values must be certified to the auditor of each county in which the property is located
 131.7 on or before ~~August 1~~ July 15. If the commissioner determines that the certified recommended
 131.8 value is in error the commissioner may issue a corrected certification on or before October
 131.9 1. The commissioner may correct errors that are merely clerical in nature until December
 131.10 31.

131.11 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2019
 131.12 and thereafter.

131.13 Sec. 20. Minnesota Statutes 2018, section 275.025, subdivision 1, is amended to read:

131.14 Subdivision 1. **Levy amount.** The state general levy is levied against
 131.15 commercial-industrial property and seasonal residential recreational property, as defined
 131.16 in this section. The state general levy for commercial-industrial property is ~~\$784,590,000~~
 131.17 \$737,090,000 for taxes payable in ~~2018~~ 2020 and thereafter. The state general levy for
 131.18 seasonal-recreational property is ~~\$44,190,000~~ \$41,690,000 for taxes payable in ~~2018~~ 2020
 131.19 and thereafter. The tax under this section is not treated as a local tax rate under section
 131.20 469.177 and is not the levy of a governmental unit under chapters 276A and 473F.

131.21 The commissioner shall increase or decrease the preliminary or final rate for a year as
 131.22 necessary to account for errors and tax base changes that affected a preliminary or final rate
 131.23 for either of the two preceding years. Adjustments are allowed to the extent that the necessary
 131.24 information is available to the commissioner at the time the rates for a year must be certified,
 131.25 and for the following reasons:

131.26 (1) an erroneous report of taxable value by a local official;

131.27 (2) an erroneous calculation by the commissioner; and

131.28 (3) an increase or decrease in taxable value for commercial-industrial or seasonal
 131.29 residential recreational property reported on the abstracts of tax lists submitted under section
 131.30 275.29 that was not reported on the abstracts of assessment submitted under section 270C.89
 131.31 for the same year.

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

132.3 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2020.

132.4 Sec. 21. Minnesota Statutes 2018, section 275.025, is amended by adding a subdivision
 132.5 to read:

132.6 Subd. 6. **Natural gas pipeline.** (a) The county must abate the state general levy on
 132.7 personal property that is part of an intrastate natural gas transportation or distribution pipeline
 132.8 system if:

132.9 (1) construction of the pipeline system commenced after January 1, 2018; and

132.10 (2) the pipeline system provides service to an area:

132.11 (i) outside the seven-county metropolitan area, as defined in section 473.121, subdivision
 132.12 4; and

132.13 (ii) in which more than half of the households or businesses lacked access to natural gas
 132.14 distribution systems as of January 1, 2018.

132.15 (b) In the first year that a taxpayer seeks an abatement under this subdivision, the taxpayer
 132.16 must file an application with the commissioner of revenue by March 1 of the assessment
 132.17 year on a form prescribed by the commissioner.

132.18 (c) The commissioner of revenue must notify any affected county in the first year that
 132.19 a pipeline system becomes eligible for an abatement under this subdivision.

132.20 (d) The abatement under this subdivision applies for a period not to exceed 12 taxable
 132.21 years, provided that once a property no longer qualifies, it may not subsequently qualify
 132.22 for an abatement under this subdivision.

132.23 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2021.

132.24 Sec. 22. Minnesota Statutes 2018, section 276.131, is amended to read:

132.25 **276.131 DISTRIBUTION OF PENALTIES, INTEREST, AND COSTS.**

132.26 Subdivision 1. **Distribution.** Except as provided in subdivision 2, the penalties, interest,
 132.27 and costs collected on special assessments and real and personal property taxes must be
 132.28 distributed as follows:

132.29 (1) all penalties and interest collected on special assessments against real or personal
 132.30 property must be distributed to the taxing jurisdiction that levied the assessment;

133.1 (2) 50 percent of all penalties collected on real and personal property taxes must be
133.2 distributed to the school districts within the county, and the remaining 50 percent must be
133.3 distributed to the county;

133.4 (3) in the case of interest on taxes that have been delinquent for a period of one year or
133.5 less, (a) 50 percent of the interest must be distributed to the school districts within the county
133.6 and (b) the remaining 50 percent shall be distributed to the county;

133.7 (4) in the case of interest on taxes that have been delinquent for a period of more than
133.8 one year, (a) 50 percent of the interest must be distributed to the school districts within the
133.9 county and (b) the remaining 50 percent must be distributed as follows: (i) the city or town
133.10 where the property is located shall receive a share of the amount of interest equal to the
133.11 proportion that the city's or town's local tax rate for the year that the interest was collected,
133.12 is to the sum of the city's or town's local tax rate and the county's local tax rate for the year
133.13 that the interest was collected and (ii) the balance must be distributed to the county; and

133.14 (5) all costs collected by the county on special assessments and on delinquent real and
133.15 personal property taxes must be distributed to the county in which the property is located.

133.16 Subd. 2. **Distribution of certain production taxes.** The penalties, interest, and costs
133.17 collected on taxes imposed under sections 272.029 and 272.0295 must be distributed to the
133.18 same local taxing jurisdictions and in the same percentages as provided for the revenues of
133.19 the original taxes imposed under sections 272.029 and 272.0295.

133.20 Subd. 3. **Distribution to school district.** The distribution of all penalties and interest
133.21 to the school district must be in accordance with the provisions of section 127A.34.

133.22 **EFFECTIVE DATE.** This section is effective for penalties, interest, and costs collected
133.23 on taxes payable in 2020 and thereafter.

133.24 Sec. 23. Minnesota Statutes 2018, section 282.01, subdivision 6, is amended to read:

133.25 Subd. 6. **Duties of commissioner after sale.** (a) When any sale has been made by the
133.26 county auditor under sections 282.01 to 282.13, the auditor shall immediately certify to the
133.27 commissioner of revenue such information relating to such sale, on such forms as the
133.28 commissioner of revenue may prescribe as will enable the commissioner of revenue to
133.29 prepare an appropriate deed if the sale is for cash, or keep necessary records if the sale is
133.30 on terms; and not later than October 31 of each year the county auditor shall submit to the
133.31 commissioner of revenue a statement of all instances wherein any payment of principal,
133.32 interest, or current taxes on lands held under certificate, due or to be paid during the preceding
133.33 calendar years, are still outstanding at the time such certificate is made. When such statement

134.1 shows that a purchaser or the purchaser's assignee is in default, the commissioner of revenue
134.2 may instruct the county board of the county in which the land is located to cancel said
134.3 certificate of sale in the manner provided by subdivision 5, provided that upon
134.4 recommendation of the county board, and where the circumstances are such that the
134.5 commissioner of revenue after investigation is satisfied that the purchaser has made every
134.6 effort reasonable to make payment of both the annual installment and said taxes, and that
134.7 there has been no willful neglect on the part of the purchaser in meeting these obligations,
134.8 then the commissioner of revenue may extend the time for the payment for such period as
134.9 the commissioner may deem warranted, not to exceed one year. On payment in full of the
134.10 purchase price, appropriate conveyance in fee, in such form as may be prescribed by the
134.11 attorney general, shall be issued by the commissioner of revenue, which conveyance must
134.12 be recorded by the county and shall have the force and effect of a patent from the state
134.13 subject to easements and restrictions of record at the date of the tax judgment sale, including,
134.14 but without limitation, permits for telephone and electric power lines either by underground
134.15 cable or conduit or otherwise, sewer and water lines, highways, railroads, and pipe lines for
134.16 gas, liquids, or solids in suspension.

134.17 (b) The commissioner of revenue shall issue an appropriate conveyance in fee when
134.18 approval from the county auditor is given based upon written confirmation from a licensed
134.19 closing agent, title insurer, or title insurance agent as specified in section 82.641. For purposes
134.20 of this paragraph, "written confirmation" means a written commitment or approval that the
134.21 funding for the conveyance is held in an escrow account available for disbursement upon
134.22 delivery of a conveyance. The county recorder or registrar of titles must not record or file
134.23 a conveyance issued under this paragraph unless the conveyance contains a certification
134.24 signed by the county auditor where the land is located stating that the recorder or registrar
134.25 of titles can accept the conveyance for recording or filing. The conveyance issued by the
134.26 commissioner of revenue shall not be effective as a conveyance until it is recorded. The
134.27 conveyance shall be issued to the county auditor where the land is located. Upon receipt of
134.28 the conveyance, the county auditor shall hold the conveyance until the conveyance is
134.29 requested from a licensed closing agent, title insurer, or title insurance agent to settle and
134.30 close on the conveyance. If a request for the conveyance is not made within 30 days of the
134.31 date the conveyance is issued by the commissioner of revenue, the county auditor shall
134.32 return the conveyance to the commissioner. If the conveyance is delivered to the licensed
134.33 closing agent, title insurer, or title insurance agent and the closing does not occur within
134.34 ten days of the request, the licensed closing agent, title insurer, or title insurance agent shall
134.35 immediately return the conveyance to the county auditor and, upon receipt, the county
134.36 auditor shall return the conveyance to the commissioner of revenue. The commissioner of

135.1 revenue shall cancel and destroy all conveyances returned by the county auditor pursuant
135.2 to this subdivision. The licensed closing agent, title insurer, or title insurance agent must
135.3 promptly record the conveyance after the closing and must deliver an attested or certified
135.4 copy to the county auditor and to the grantee or grantees named on the conveyance.

135.5 **EFFECTIVE DATE.** This section is effective for conveyances issued by the
135.6 commissioner of revenue after December 31, 2019.

135.7 Sec. 24. Minnesota Statutes 2018, section 287.21, subdivision 1, is amended to read:

135.8 Subdivision 1. **Determination of tax.** (a) A tax is imposed on each deed or instrument
135.9 by which any real property in this state is granted, assigned, transferred, or otherwise
135.10 conveyed. The tax applies against the net consideration. For purposes of the tax, the
135.11 conversion of a corporation to a limited liability company, a limited liability company to a
135.12 corporation, a partnership to a limited partnership, a limited partnership to another limited
135.13 partnership or other entity, or a similar conversion of one entity to another does not grant,
135.14 assign, transfer, or convey real property.

135.15 (b) The tax is determined in the following manner: (1) when transfers are made by
135.16 instruments pursuant to (i) consolidations or mergers, or (ii) designated transfers, the tax is
135.17 \$1.65; (2) when there is no consideration or when the consideration, exclusive of the value
135.18 of any lien or encumbrance remaining thereon at the time of sale, is ~~\$500~~ \$3,000 or less,
135.19 the tax is \$1.65; or (3) when the consideration, exclusive of the value of any lien or
135.20 encumbrance remaining at the time of sale, exceeds ~~\$500~~ \$3,000, the tax is .0033 of the net
135.21 consideration.

135.22 (c) If, within six months from the date of a designated transfer, an ownership interest in
135.23 the grantee entity is transferred by an initial owner to any person or entity with the result
135.24 that the designated transfer would not have been a designated transfer if made to the grantee
135.25 entity with its subsequent ownership, then a tax is imposed at .0033 of the net consideration
135.26 for the designated transfer. If the subsequent transfer of ownership interests was reasonably
135.27 expected at the time of the designated transfer, the applicable penalty under section 287.31,
135.28 subdivision 1, must be paid. The deed tax imposed under this paragraph is due within 30
135.29 days of the subsequent transfer that caused the tax to be imposed under this paragraph.
135.30 Involuntary transfers of ownership shall not be considered transfers of ownership under this
135.31 paragraph. The commissioner may adopt rules defining the types of transfers to be considered
135.32 involuntary.

135.33 (d) The tax is due at the time a taxable deed or instrument is presented for recording,
135.34 except as provided in paragraph (c). The commissioner may require the tax to be documented

136.1 in a manner prescribed by the commissioner, and may require that the documentation be
136.2 attached to and recorded as part of the deed or instrument. The county recorder or registrar
136.3 of titles shall accept the attachment for recording as part of the deed or instrument and may
136.4 not require, as a condition of recording a deed or instrument, evidence that a transfer is a
136.5 designated transfer in addition to that required by the commissioner. Such an attachment
136.6 shall not, however, provide actual or constructive notice of the information contained therein
136.7 for purposes of determining any interest in the real property. The commissioner shall
136.8 prescribe the manner in which the tax due under paragraph (c) is to be paid and may require
136.9 grantees of designated transfers to file with the commissioner subsequent statements verifying
136.10 that the tax provided under paragraph (c) does not apply.

136.11 **EFFECTIVE DATE.** This section is effective for deeds recorded after December 31,
136.12 2019.

136.13 Sec. 25. Minnesota Statutes 2018, section 290A.03, subdivision 13, is amended to read:

136.14 Subd. 13. **Property taxes payable.** "Property taxes payable" means the property tax
136.15 exclusive of special assessments, penalties, and interest payable on a claimant's homestead
136.16 after deductions made under sections 273.135, 273.1384, 273.1391, 273.42, subdivision 2,
136.17 and any other state paid property tax credits in any calendar year, and after any refund
136.18 claimed and allowable under section 290A.04, subdivision 2h, that is first payable in the
136.19 year that the property tax is payable. In the case of a claimant who makes ground lease
136.20 payments, "property taxes payable" includes the amount of the payments directly attributable
136.21 to the property taxes assessed against the parcel on which the house is located. Regardless
136.22 of the limitations in section 280A(c)(5) of the Internal Revenue Code, "property taxes
136.23 payable" must be apportioned or reduced for the use of a portion of the claimant's homestead
136.24 for a business purpose if the claimant deducts any business depreciation expenses for the
136.25 use of a portion of the homestead or deducts expenses under section 280A of the Internal
136.26 Revenue Code for a business operated in the claimant's homestead. For homesteads which
136.27 are manufactured homes as defined in section 273.125, subdivision 8, ~~and for homesteads~~
136.28 ~~which are~~ including manufactured homes located in a manufactured home community owned
136.29 by a cooperative organized under chapter 308A or 308B, and park trailers taxed as
136.30 manufactured homes under section 168.012, subdivision 9, "property taxes payable" shall
136.31 also include 17 percent of the gross rent paid in the preceding year for the site on which the
136.32 homestead is located. When a homestead is owned by two or more persons as joint tenants
136.33 or tenants in common, such tenants shall determine between them which tenant may claim
136.34 the property taxes payable on the homestead. If they are unable to agree, the matter shall

137.1 be referred to the commissioner of revenue whose decision shall be final. Property taxes
137.2 are considered payable in the year prescribed by law for payment of the taxes.

137.3 In the case of a claim relating to "property taxes payable," the claimant must have owned
137.4 and occupied the homestead on January 2 of the year in which the tax is payable and (i) the
137.5 property must have been classified as homestead property pursuant to section 273.124, on
137.6 or before December 15 of the assessment year to which the "property taxes payable" relate;
137.7 or (ii) the claimant must provide documentation from the local assessor that application for
137.8 homestead classification has been made on or before December 15 of the year in which the
137.9 "property taxes payable" were payable and that the assessor has approved the application.

137.10 **EFFECTIVE DATE.** This section is effective beginning with claims for tax payable
137.11 in 2020.

137.12 Sec. 26. Minnesota Statutes 2018, section 290B.04, subdivision 1, is amended to read:

137.13 Subdivision 1. **Initial application.** (a) A taxpayer meeting the program qualifications
137.14 under section 290B.03 may apply to the commissioner of revenue for the deferral of taxes.
137.15 Applications are due on or before ~~July~~ November 1 for deferral of any of the following
137.16 year's property taxes. A taxpayer may apply in the year in which the taxpayer becomes 65
137.17 years old, provided that no deferral of property taxes will be made until the calendar year
137.18 after the taxpayer becomes 65 years old. The application, which shall be prescribed by the
137.19 commissioner of revenue, shall include the following items and any other information which
137.20 the commissioner deems necessary:

137.21 (1) the name, address, and Social Security number of the owner or owners;

137.22 (2) a copy of the property tax statement for the current payable year for the homesteaded
137.23 property;

137.24 (3) the initial year of ownership and occupancy as a homestead;

137.25 (4) the owner's household income for the previous calendar year; and

137.26 (5) information on any mortgage loans or other amounts secured by mortgages or other
137.27 liens against the property, for which purpose the commissioner may require the applicant
137.28 to provide a copy of the mortgage note, the mortgage, or a statement of the balance owing
137.29 on the mortgage loan provided by the mortgage holder. The commissioner may require the
137.30 appropriate documents in connection with obtaining and confirming information on unpaid
137.31 amounts secured by other liens.

138.1 The application must state that program participation is voluntary. The application must
138.2 also state that the deferred amount depends directly on the applicant's household income,
138.3 and that program participation includes authorization for the annual deferred amount, the
138.4 cumulative deferral and interest that appear on each year's notice prepared by the county
138.5 under subdivision 6, is public data.

138.6 The application must state that program participants may claim the property tax refund
138.7 based on the full amount of property taxes eligible for the refund, including any deferred
138.8 amounts. The application must also state that property tax refunds will be used to offset any
138.9 deferral and interest under this program, and that any other amounts subject to revenue
138.10 recapture under section 270A.03, subdivision 7, will also be used to offset any deferral and
138.11 interest under this program.

138.12 (b) As part of the initial application process, the commissioner may require the applicant
138.13 to obtain at the applicant's own cost and submit:

138.14 (1) if the property is registered property under chapter 508 or 508A, a copy of the original
138.15 certificate of title in the possession of the county registrar of titles (sometimes referred to
138.16 as "condition of register"); or

138.17 (2) if the property is abstract property, a report prepared by a licensed abstracter showing
138.18 the last deed and any unsatisfied mortgages, liens, judgments, and state and federal tax lien
138.19 notices which were recorded on or after the date of that last deed with respect to the property
138.20 or to the applicant.

138.21 The certificate or report under clauses (1) and (2) need not include references to any
138.22 documents filed or recorded more than 40 years prior to the date of the certification or report.
138.23 The certification or report must be as of a date not more than 30 days prior to submission
138.24 of the application.

138.25 The commissioner may also require the county recorder or county registrar of the county
138.26 where the property is located to provide copies of recorded documents related to the applicant
138.27 or the property, for which the recorder or registrar shall not charge a fee. The commissioner
138.28 may use any information available to determine or verify eligibility under this section. The
138.29 household income from the application is private data on individuals as defined in section
138.30 13.02, subdivision 12.

138.31 **EFFECTIVE DATE.** This section is effective beginning with applications submitted
138.32 in 2019.

139.1 Sec. 27. Minnesota Statutes 2018, section 473H.08, subdivision 1, is amended to read:

139.2 Subdivision 1. **Till expiration started.** Agricultural preserves shall continue until ~~either~~
 139.3 the landowner ~~or~~ the authority, or a state agency or governmental unit initiates expiration
 139.4 as provided in this section.

139.5 **EFFECTIVE DATE.** This section is effective the day following final enactment and
 139.6 applies to any agricultural preserve where the previously required eight-year termination
 139.7 period under Minnesota Statutes, section 473H.08, has not yet expired.

139.8 Sec. 28. Minnesota Statutes 2018, section 473H.08, is amended by adding a subdivision
 139.9 to read:

139.10 **Subd. 3a. Expiration for park and trail purposes.** (a) An agricultural preserve expires
 139.11 immediately when a state agency or other governmental unit purchases the property or
 139.12 obtains an easement over the property for the purpose of creating or expanding a public
 139.13 trail or public park. This subdivision applies only to the portion of the agricultural preserve
 139.14 acquired for trail or park purposes, and any portion of the property not acquired for trail or
 139.15 park purposes shall remain an agricultural preserve, even if the total acreage is reduced
 139.16 below 40 acres.

139.17 (b) The acquiring state agency or governmental unit shall give notice to the authority as
 139.18 provided in subdivision 4. The notice must specify the portion of the property being removed
 139.19 from the agricultural preserve and the date on which that portion expires.

139.20 **EFFECTIVE DATE.** This section is effective the day following final enactment and
 139.21 applies to any agricultural preserve where the previously required eight-year termination
 139.22 period under Minnesota Statutes, section 473H.08, has not yet expired.

139.23 Sec. 29. Minnesota Statutes 2018, section 473H.08, subdivision 4, is amended to read:

139.24 Subd. 4. **Notice to others.** Upon receipt of the notice provided in subdivision 2 or 3a,
 139.25 or upon notice served by the authority as provided in subdivision 3, the authority shall
 139.26 forward the original notice to the county recorder for recording, or to the registrar of titles
 139.27 if the land is registered, and shall notify the county auditor, county assessor, the Metropolitan
 139.28 Council, and the county soil and water conservation district of the date of expiration.
 139.29 Designation as an agricultural preserve and all benefits and limitations accruing through
 139.30 sections 473H.02 to 473H.17 for the preserve shall cease on the date of expiration. The
 139.31 restrictive covenant contained in the application shall terminate on the date of expiration.

140.1 **EFFECTIVE DATE.** This section is effective the day following final enactment and
140.2 applies to any agricultural preserve where the previously required eight-year termination
140.3 period under Minnesota Statutes, section 473H.08, has not yet expired.

140.4 Sec. 30. Minnesota Statutes 2018, section 473H.09, is amended by adding a subdivision
140.5 to read:

140.6 Subd. 3. **Approval of authority.** Termination of an agricultural preserve earlier than
140.7 the date derived through the application in section 473H.08 may be requested by the owner
140.8 eight years after commencement of the preserve. An owner seeking termination under this
140.9 subdivision must provide notice to the authority exercising planning and zoning authority
140.10 for the land on a form provided by the commissioner of agriculture. The notice must describe
140.11 the property for which termination is desired and the date of termination. Termination of
140.12 the agricultural preserve and covenant pursuant to this subdivision shall become effective
140.13 only upon approval by a majority vote of the authority.

140.14 **EFFECTIVE DATE.** This section is effective the day following final enactment, and
140.15 applies to any agricultural preserve where the previously required eight-year termination
140.16 period under Minnesota Statutes, section 473H.08, has not expired.

140.17 Sec. 31. Laws 2008, chapter 366, article 5, section 33, the effective date, as amended by
140.18 Laws 2013, chapter 143, article 4, section 35, is amended to read:

140.19 **EFFECTIVE DATE.** This section is effective for taxes levied in 2008, payable in 2009,
140.20 and is repealed effective for taxes levied in ~~2018~~ 2023, payable in ~~2019~~ 2024, and thereafter.

140.21 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2019.

140.22 Sec. 32. Laws 2009, chapter 88, article 2, section 46, subdivision 1, as amended by Laws
140.23 2013, chapter 143, article 4, section 36, is amended to read:

140.24 Subdivision 1. **Agreement.** The city of Cloquet and Perch Lake Township, by resolution
140.25 of each of their governing bodies, may establish the Cloquet Area Fire and Ambulance
140.26 Special Taxing District for the purpose of providing fire or ambulance services, or both,
140.27 throughout the district. In this section, "municipality" means home rule charter and statutory
140.28 cities, towns, and Indian tribes. The district may exercise all the powers relating to fire and
140.29 ambulance services of the municipalities that receive fire or ambulance services, or both,
140.30 from the district. Upon application, any other municipality may join the district with the
140.31 agreement of the municipalities that comprise the district at the time of its application to
140.32 join.

141.1 **EFFECTIVE DATE.** This section is effective upon compliance by the Cloquet Area
141.2 Fire and Ambulance Special Taxing District Board with Minnesota Statutes, section 645.021,
141.3 subdivision 3.

141.4 Sec. 33. Laws 2009, chapter 88, article 2, section 46, subdivision 2, is amended to read:

141.5 Subd. 2. **Board.** The Cloquet Area Fire and Ambulance Special Taxing District Board
141.6 is governed by a board made up initially of one or more elected officials of the governing
141.7 body of each participating municipality in the proportions set out in the establishing
141.8 resolution, subject to change as provided in the district's charter, if any, or in the district's
141.9 bylaws. Each municipality's representatives serve at the pleasure of that municipality's
141.10 governing body.

141.11 **EFFECTIVE DATE.** This section is effective upon compliance by the Cloquet Area
141.12 Fire and Ambulance Special Taxing District Board with Minnesota Statutes, section 645.021,
141.13 subdivision 3.

141.14 Sec. 34. Laws 2009, chapter 88, article 2, section 46, subdivision 3, as amended by Laws
141.15 2013, chapter 143, article 4, section 37, is amended to read:

141.16 Subd. 3. **Tax.** The district board may impose a property tax on taxable property as
141.17 provided in this subdivision to pay the costs of providing fire or ambulance services, or
141.18 both, throughout the district. The board shall annually determine the total amount of the
141.19 levy that is attributable to the cost of providing fire services and the cost of providing
141.20 ambulance services within the primary service area. For those municipalities that only
141.21 receive ambulance services, the costs for the provision of ambulance services shall be levied
141.22 against taxable property within those municipalities at a rate necessary not to exceed 0.019
141.23 percent of the estimated market value. For those municipalities that receive both fire and
141.24 ambulance services, the tax shall be imposed at a rate that does not exceed 0.2835 percent
141.25 of estimated market value.

141.26 When a member municipality opts to receive fire service from the district or an additional
141.27 municipality becomes a member of the district, the cost of providing fire services to that
141.28 community shall be determined by the board and added to the maximum levy amount.

141.29 Each county auditor of a county that contains a municipality subject to the tax under
141.30 this section must collect the tax and pay it to the Fire and Ambulance Special Taxing District.
141.31 The district may also impose other fees or charges as allowed by law for the provision of
141.32 fire and ambulance services.

142.1 **EFFECTIVE DATE.** This section is effective upon compliance by the Cloquet Area
 142.2 Fire and Ambulance Special Taxing District Board with Minnesota Statutes, section 645.021,
 142.3 subdivision 3.

142.4 Sec. 35. Laws 2009, chapter 88, article 2, section 46, subdivision 4, is amended to read:

142.5 Subd. 4. **Public indebtedness.** The district may incur debt in the manner provided for
 142.6 in Minnesota Statutes, chapter 475, and the district is a municipality by Minnesota Statutes,
 142.7 chapter 475, when necessary to accomplish its duties, as defined in Minnesota Statutes,
 142.8 sections 475.51, subdivision 2, and 475.521, subdivision 1, paragraph (c), and may issue
 142.9 certificates of indebtedness or capital notes as provided for a city under Minnesota Statutes,
 142.10 section 412.301, when necessary to accomplish its duties. Any tax levied to pay debt of the
 142.11 district must be levied in the amounts required and in accordance with Minnesota Statutes,
 142.12 section 475.61. The debt service for debt, the proceeds of which financed capital costs for
 142.13 ambulance service, must be levied against taxable property within those municipalities in
 142.14 the primary service area. The debt service for debt, the proceeds of which financed capital
 142.15 costs for fire service, must be levied against taxable property within those municipalities
 142.16 receiving fire services.

142.17 **EFFECTIVE DATE.** This section is effective upon compliance by the Cloquet Area
 142.18 Fire and Ambulance Special Taxing District Board with Minnesota Statutes, section 645.021,
 142.19 subdivision 3.

142.20 Sec. 36. Laws 2009, chapter 88, article 2, section 46, subdivision 5, is amended to read:

142.21 Subd. 5. **Withdrawal.** Notice of intent to withdraw from participation in the district
 142.22 may be given only in the month of January, with a minimum of twelve months notice of
 142.23 intent to withdraw. Withdrawal becomes effective for taxes levied under subdivision 3 in
 142.24 the year when the notice is given. A property tax levied by the district on taxable property
 142.25 located in a withdrawing municipality to make debt service payments for obligations issued
 142.26 by the district under subdivision 4 remains in effect until the obligations outstanding on the
 142.27 date of withdrawal are satisfied, including any property tax levied in connection with a
 142.28 refunding of the obligations. The district and its members may develop and agree upon
 142.29 other continuing obligations after withdrawal of a municipality.

142.30 **EFFECTIVE DATE.** This section is effective upon compliance by the Cloquet Area
 142.31 Fire and Ambulance Special Taxing District Board with Minnesota Statutes, section 645.021,
 142.32 subdivision 3.

143.1 Sec. 37. Laws 2017, First Special Session chapter 1, article 10, section 4, the effective
143.2 date, is amended to read:

143.3 **EFFECTIVE DATE; APPLICATION.** This section is effective for applications and
143.4 certifications made in 2018 and thereafter, except the repeal of the exclusion of land under
143.5 item (iii) is effective retroactively for payments due under Minnesota Statutes, section
143.6 290C.08, beginning for payments due to be made in 2014. In order to qualify for retroactive
143.7 payments, the following requirements must be met: (1) the owner of land exceeding 60,000
143.8 acres that is subject to a single conservation easement funded under Minnesota Statutes,
143.9 section 97A.056 or a comparable permanent easement conveyed to a governmental or
143.10 nonprofit entity, must submit an application to the commissioner of revenue, in a form and
143.11 manner and at a time acceptable to the commissioner, establishing that the affected property
143.12 and its use met the requirement of Minnesota Statutes, chapter 290C, as amended by this
143.13 section; (2) the owner and each county in which the land is located must certify to the
143.14 commissioner that no petitions challenging the market value of the property are pending
143.15 under Minnesota Statutes, chapter 278; and (3) the requirements of clauses (1) and (2) must
143.16 be satisfied by October 1, 2017. No interest accrues on payment under this section for
143.17 periods before November 1, 2017.

143.18 **EFFECTIVE DATE.** This section is effective retroactively for certifications made in
143.19 2018 and thereafter.

143.20 Sec. 38. **SPECIAL REFUND PROVISION.**

143.21 A veteran who received a disability rating of 70 percent or more in 2016 or 2017 but
143.22 did not receive the disabled veterans homestead exclusion under Minnesota Statutes, section
143.23 273.13, subdivision 34, for assessment year 2016 or 2017 may apply for a refund of taxes
143.24 paid in 2017 or 2018 if the veteran would have qualified for the benefit in Minnesota Statutes,
143.25 section 273.13, subdivision 34, paragraph (b), in one or both of those years. To qualify for
143.26 a refund, a property owner must apply to the assessor by December 15, 2019, and must have
143.27 paid all tax due in 2017 and 2018. After verifying that the applicant qualified for an exclusion
143.28 for taxes payable in either or both of those years, the county assessor must notify the county
143.29 auditor, and the auditor must recalculate the taxes on the property for taxes payable in 2017
143.30 and 2018 based on the exclusion the applicant was qualified for. The county treasurer must
143.31 then issue a refund of tax paid in 2017 and 2018 equal to the difference between the taxes
143.32 as initially calculated for each taxes payable year and the taxes based on the value remaining
143.33 after the exclusion.

144.1 **EFFECTIVE DATE.** This section is effective for refund applications received in 2019,
 144.2 for refunds of tax paid in 2017 and 2018.

144.3 **ARTICLE 5**
 144.4 **AIDS AND CREDITS**

144.5 Section 1. Minnesota Statutes 2018, section 126C.17, subdivision 6, is amended to read:

144.6 Subd. 6. **Referendum equalization levy.** (a) A district's referendum equalization levy
 144.7 equals the sum of the first tier referendum equalization levy; and the second tier referendum
 144.8 equalization levy; ~~and the third tier referendum equalization levy.~~

144.9 (b) A district's first tier referendum equalization levy equals the district's first tier
 144.10 referendum equalization revenue times the lesser of one or the ratio of the district's
 144.11 referendum market value per resident pupil unit to ~~\$880,000~~ \$567,000.

144.12 (c) A district's second tier referendum equalization levy equals the district's second tier
 144.13 referendum equalization revenue times the lesser of one or the ratio of the district's
 144.14 referendum market value per resident pupil unit to ~~\$510,000~~ \$290,000.

144.15 ~~(d) A district's third tier referendum equalization levy equals the district's third tier~~
 144.16 ~~referendum equalization revenue times the lesser of one or the ratio of the district's~~
 144.17 ~~referendum market value per resident pupil unit to \$290,000.~~

144.18 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2021 and later.

144.19 Sec. 2. Minnesota Statutes 2018, section 273.1387, subdivision 2, is amended to read:

144.20 Subd. 2. **Credit amount.** For each qualifying property, the school building bond
 144.21 agricultural credit is equal to ~~40~~ the credit percent of ~~multiplied by~~ the property's eligible
 144.22 net tax capacity multiplied by the school debt tax rate determined under section 275.08,
 144.23 subdivision 1b. For property taxes payable prior to 2020, the credit percent is equal to 40
 144.24 percent. For property taxes payable in 2020, the credit percent is equal to 50 percent. For
 144.25 property taxes payable in 2021, the credit percent is equal to 55 percent. For property taxes
 144.26 payable in 2022, the credit percent is equal to 60 percent. For property taxes payable in
 144.27 2023 and thereafter, the credit percent is equal to 70 percent.

144.28 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
 144.29 in 2020.

145.1 Sec. 3. Minnesota Statutes 2018, section 469.169, is amended by adding a subdivision to
145.2 read:

145.3 Subd. 21. **Additional border city allocations.** (a) In addition to the tax reductions
145.4 authorized in subdivisions 12 to 20, the commissioner shall annually allocate \$750,000 for
145.5 tax reductions to border city enterprise zones in cities located on the western border of the
145.6 state. The commissioner shall allocate this amount among cities on a per capita basis.
145.7 Allocations made under this subdivision may be used for tax reductions under sections
145.8 469.171, 469.1732, and 469.1734, or for other offsets of taxes imposed on or remitted by
145.9 businesses located in the enterprise zone as provided by law, but only if the municipality
145.10 determines that the granting of the tax reduction or offset is necessary to retain a business
145.11 within or attract a business to the zone.

145.12 (b) The allocations under this subdivision do not cancel or expire, but remain available
145.13 until used by the city.

145.14 **EFFECTIVE DATE.** This section is effective July 1, 2020.

145.15 Sec. 4. Minnesota Statutes 2018, section 469.171, subdivision 4, is amended to read:

145.16 Subd. 4. **Restriction.** The tax reductions provided by this section shall not apply to (1)
145.17 a facility the primary purpose of which is one of the following: ~~retail food and beverage~~
145.18 ~~services, automobile sales or service, or~~ the provision of recreation or entertainment, or a
145.19 private or commercial golf course, country club, massage parlor, tennis club, skating facility
145.20 including roller skating, skateboard, and ice skating, racquet sports facility, including any
145.21 handball or racquetball court, hot tub facility, suntan facility, or racetrack; (2) property of
145.22 a public utility; (3) property used in the operation of a financial institution; (4) property
145.23 owned by a fraternal or veterans' organization; or (5) ~~property of a business operating under~~
145.24 ~~a franchise agreement that requires the business to be located in the state; except that tax~~
145.25 ~~reductions may be provided to a retail food or beverage facility or an automobile sales or~~
145.26 ~~service facility, or a business~~ a retail food or beverage facility operating under a franchise
145.27 agreement that requires the business to be located in this state ~~except for such a franchised~~
145.28 ~~retail food or beverage facility.~~

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

145.30 Sec. 5. Minnesota Statutes 2018, section 477A.013, subdivision 9, is amended to read:

145.31 Subd. 9. **City aid distribution.** (a) In calendar year 2018 and thereafter, if a city's
145.32 certified aid before any aid adjustment under subdivision 13 for the previous year is less

146.1 than its current unmet need, the city shall receive an aid distribution equal to the sum of (1)
 146.2 its certified aid in the previous year before any aid adjustment under subdivision 13, (2) the
 146.3 city formula aid under subdivision 8, and (3) its aid adjustment under subdivision 13.

146.4 (b) For aids payable in 2020 only, no city's aid amount before any adjustment under
 146.5 subdivision 13 may be less than its pay 2019 certified aid amount, less any aid adjustment
 146.6 under subdivision 13 for that year. For aids payable in ~~2018~~ 2020 and thereafter, if a city's
 146.7 certified aid before any aid adjustment under subdivision 13 for the previous year is equal
 146.8 to or greater than its current unmet need, the total aid for a city is equal to the greater of (1)
 146.9 its unmet need plus any aid adjustment under subdivision 13, or (2) the amount it was
 146.10 certified to receive in the previous year minus the sum of (i) any adjustment under subdivision
 146.11 13 that was paid in the previous year but has expired, and (ii) the lesser of \$10 multiplied
 146.12 by its population, or five percent of its net levy in the year prior to the aid distribution. No
 146.13 city may have a total aid amount less than \$0.

146.14 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2020
 146.15 and thereafter.

146.16 Sec. 6. Minnesota Statutes 2018, section 477A.03, subdivision 2a, is amended to read:

146.17 Subd. 2a. **Cities.** For aids payable in 2016 and 2017, the total aid paid under section
 146.18 477A.013, subdivision 9, is \$519,398,012. For aids payable in 2018 and ~~thereafter~~ 2019,
 146.19 the total aid paid under section 477A.013, subdivision 9, is \$534,398,012. For aids payable
 146.20 in 2020, the total aid paid under section 477A.013, subdivision 9, is \$560,398,012. For aids
 146.21 payable in 2021 and thereafter, the total aid payable under section 477A.013, subdivision
 146.22 9, is \$564,398,012.

146.23 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2020
 146.24 and thereafter.

146.25 Sec. 7. Minnesota Statutes 2018, section 477A.03, subdivision 2b, is amended to read:

146.26 Subd. 2b. **Counties.** (a) For aids payable in 2018 ~~through 2024~~ and 2019, the total aid
 146.27 payable under section 477A.0124, subdivision 3, is \$103,795,000, of which \$3,000,000
 146.28 shall be allocated as required under Laws 2014, chapter 150, article 4, section 6. For aids
 146.29 payable in 2020, the total aid payable under section 477A.0124, subdivision 3, is
 146.30 \$116,795,000, of which \$3,000,000 shall be allocated as required under Laws 2014, chapter
 146.31 150, article 4, section 6. For aids payable in 2021 through 2024, the total aid payable under
 146.32 section 477A.0124, subdivision 3, is \$118,795,000, of which \$3,000,000 shall be allocated
 146.33 as required under Laws 2014, chapter 150, article 4, section 6. For aids payable in 2025 and

147.1 thereafter, the total aid payable under section 477A.0124, subdivision 3, is ~~\$100,795,000~~
 147.2 \$115,795,000. Each calendar year, \$500,000 of this appropriation shall be retained by the
 147.3 commissioner of revenue to make reimbursements to the commissioner of management and
 147.4 budget for payments made under section 611.27. The reimbursements shall be to defray the
 147.5 additional costs associated with court-ordered counsel under section 611.27. Any retained
 147.6 amounts not used for reimbursement in a year shall be included in the next distribution of
 147.7 county need aid that is certified to the county auditors for the purpose of property tax
 147.8 reduction for the next taxes payable year.

147.9 (b) For aids payable in 2018 and ~~thereafter 2019~~, the total aid under section 477A.0124,
 147.10 subdivision 4, is \$130,873,444. For aids payable in 2020, the total aid under section
 147.11 477A.0124, subdivision 4, is \$143,873,444. For aids payable in 2021 and thereafter, the
 147.12 total aid under section 477A.0124, subdivision 4, is \$145,873,444. The commissioner of
 147.13 revenue shall transfer to the commissioner of management and budget \$207,000 annually
 147.14 for the cost of preparation of local impact notes as required by section 3.987, and other local
 147.15 government activities. The commissioner of revenue shall transfer to the commissioner of
 147.16 education \$7,000 annually for the cost of preparation of local impact notes for school districts
 147.17 as required by section 3.987. The commissioner of revenue shall deduct the amounts
 147.18 transferred under this paragraph from the appropriation under this paragraph. The amounts
 147.19 transferred are appropriated to the commissioner of management and budget and the
 147.20 commissioner of education respectively.

147.21 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2020
 147.22 and thereafter.

147.23 Sec. 8. Laws 2018, chapter 211, article 14, section 26, is amended to read:

147.24 Sec. 26. **CITY OF AUSTIN; ALLOCATION OF FIRE STATE AID FOR**
 147.25 **FIREFIGHTERS.**

147.26 (a) Notwithstanding any law to the contrary, the city of Austin must annually:

147.27 (1) determine the amount of state aid required under the bylaws of the Austin Parttime
 147.28 Firefighters Relief Association to fund the volunteer firefighters' service pensions;

147.29 (2) transmit to the Austin Parttime Firefighters Relief Association any supplemental
 147.30 state aid received under Minnesota Statutes, section 423A.022;

148.1 (3) transmit to the Austin Parttime Firefighters Relief Association an amount of fire
 148.2 state aid under Minnesota Statutes, sections 69.011 to 69.051, equal to the difference between
 148.3 the amount determined under clause (1) and the amount transmitted under clause (2); and

148.4 (4) transmit the remaining balance of fire state aid under Minnesota Statutes, sections
 148.5 69.011 to 69.051, for the payment of the employer contribution requirements for firefighters
 148.6 covered by the public employees police and fire retirement plan under Minnesota Statutes,
 148.7 section 353.65, subdivision 3.

148.8 (b) Notwithstanding Minnesota Statutes, section 69.031, subdivision 5, the city of Austin
 148.9 has no liability to the relief association related to payments it made or will make to the
 148.10 public employees police and fire retirement plan from fire state aid for 2013, ~~2014, 2015,~~
 148.11 ~~2016, 2017, and 2018~~ and subsequent years.

148.12 (c) ~~This section expires July 1, 2019~~ Paragraphs (a) and (b) expire on the effective date
 148.13 of general legislation permitting the allocation of fire state aid between volunteer firefighter
 148.14 relief associations and the affiliated municipalities, independent nonprofit firefighting
 148.15 corporations, or joint powers entities.

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

148.19 **Sec. 9. AID PENALTY FORGIVENESS; CITY OF WAUBUN.**

148.20 Notwithstanding Minnesota Statutes, section 477A.017, the city of Waubun may receive
 148.21 its second local government aid payment and small city assistance aid payment for aids
 148.22 payable in 2018 even though it did not file fiscal year 2017 financial reports with the state
 148.23 auditor as required under that section, provided that the required forms are submitted to the
 148.24 state auditor by May 31, 2019. The commissioner of revenue shall make the payments to
 148.25 the city of Waubun by June 30, 2019. Up to \$56,822 of the fiscal year 2019 appropriation
 148.26 for local government aid in Minnesota Statutes, section 477A.03, subdivision 2, is available
 148.27 for payment under this section. Up to \$3,771 of the fiscal year 2019 appropriation for the
 148.28 small city assistance program in Laws 2017, First Special Session chapter 3, article 1, section
 148.29 2, subdivision 4, clause (c), is available for payment under this section.

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

149.1 **Sec. 10. LOCAL GOVERNMENT GRANTS.**

149.2 (a) \$4,447,400 in fiscal year 2020 only is appropriated from the general fund to the
149.3 commissioner of revenue for grants that shall be paid by July 15, 2019, and allocated as
149.4 follows:

149.5 (1) \$3,000,000 to Beltrami County to be used by the county for out-of-home placement
149.6 costs;

149.7 (2) \$500,000 to Mahnomen County. Of this amount, \$250,000 must be used by the
149.8 county for the Mahnomen Health Center, and \$250,000 must be paid from the county to
149.9 the White Earth Band of Ojibwe to reimburse the band for costs of delivering child welfare
149.10 services;

149.11 (3) \$500,000 to Otter Tail County to be used by the county for debt service on a building
149.12 located in the city of Fergus Falls and formerly leased by the state to provide residential
149.13 treatment services;

149.14 (4) \$275,000 to the city of Lilydale to be used by the city for infrastructure upgrades
149.15 and associated bond payments related to the Highway 13 construction;

149.16 (5) \$129,000 to the city of Austin to reimburse the city for calendar year 2016 state fire
149.17 aid and calendar year 2016 supplemental police and fire retirement aid;

149.18 (6) \$38,400 to the city of Flensburg to compensate the city for lost aid under the local
149.19 government aid and small cities assistance programs; and

149.20 (7) \$2,600 to the city of Mazeppa and \$2,400 to Wabasha County, to be used by the city
149.21 and county for property tax abatements and other costs incurred by public and private entities
149.22 as a result of a fire in the city of Mazeppa on March 11, 2018.

149.23 (b) \$600,000 in fiscal year 2020 and \$600,000 in fiscal year 2021 are appropriated from
149.24 the general fund to the commissioner of revenue for a grant to Wadena County that shall
149.25 be paid by August 1, 2019, and August 1, 2020, and used by the county for costs related to
149.26 providing human services.

149.27 (c) \$5,400,000 in fiscal year 2022 only is appropriated from the general fund to the
149.28 commissioner of revenue for a grant to the city of Virginia that shall be paid by August 1,
149.29 2021, and used by the city to repay loans incurred by the city for costs related to utility
149.30 relocation for the U.S. Highway 53 project.

149.31 The appropriations under this section are onetime.

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

150.1 Sec. 11. **APPROPRIATION OF LAPSED AMOUNTS; FIRE REMEDIATION**
 150.2 **GRANTS.**

150.3 (a) \$643,729 in fiscal year 2020 is appropriated from the general fund to the commissioner
 150.4 of public safety for grants to remediate the effects of fires in the city of Melrose on September
 150.5 8, 2016. The grants shall be paid by August 1, 2019. This appropriation represents the
 150.6 amounts that lapsed by the terms of the appropriation in Laws 2017, First Special Session
 150.7 chapter 1, article 4, section 31.

150.8 (b) A grant recipient must use the money appropriated under this section for remediation
 150.9 costs, including disaster recovery, infrastructure, reimbursement for emergency personnel
 150.10 costs, reimbursement for equipment costs, and reimbursements for property tax abatements,
 150.11 incurred by public or private entities as a result of the fires. This is a onetime appropriation
 150.12 and is available until June 30, 2021.

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

150.14 **ARTICLE 6**
 150.15 **LOCAL TAXES**

150.16 Section 1. Minnesota Statutes 2018, section 297A.99, subdivision 1, is amended to read:

150.17 Subdivision 1. **Authorization; scope.** (a) A political subdivision of this state may impose
 150.18 a general sales tax (1) under section 297A.992, (2) under section 297A.993, (3) if permitted
 150.19 by special law, or (4) if the political subdivision enacted and imposed the tax before January
 150.20 1, 1982, and its predecessor provision.

150.21 (b) This section governs the imposition of a general sales tax by the political subdivision.
 150.22 The provisions of this section preempt the provisions of any special law:

150.23 (1) enacted before June 2, 1997, or

150.24 (2) enacted on or after June 2, 1997, that does not explicitly exempt the special law
 150.25 provision from this section's rules by reference.

150.26 (c) This section does not apply to or preempt a sales tax on motor vehicles ~~or~~ Beginning
 150.27 July 1, 2019, no political subdivision may impose a special excise tax on motor vehicles
 150.28 unless it is imposed under section 297A.993.

150.29 (d) A political subdivision may not advertise or expend funds for the promotion of a
 150.30 referendum to support imposing a local ~~option sales tax;~~ and may only spend funds related
 150.31 to imposing a local sales tax to:

151.1 ~~(e) Notwithstanding paragraph (d), a political subdivision may expend funds to:~~

151.2 (1) conduct the referendum;

151.3 (2) disseminate information included in the resolution adopted under subdivision 2, but
151.4 only if the disseminated information includes a list of specific projects and the cost of each
151.5 individual project;

151.6 (3) provide notice of, and conduct public forums at which proponents and opponents on
151.7 the merits of the referendum are given equal time to express their opinions on the merits of
151.8 the referendum;

151.9 (4) provide facts and data on the impact of the proposed local sales tax on consumer
151.10 purchases; and

151.11 (5) provide facts and data related to the individual programs and projects to be funded
151.12 with the local sales tax.

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

151.14 Sec. 2. Minnesota Statutes 2018, section 297A.99, is amended by adding a subdivision to
151.15 read:

151.16 Subd. 1a. **Requirements.** Local sales taxes are to be used instead of traditional local
151.17 revenues only for construction and rehabilitation of capital projects when a clear regional
151.18 benefit beyond the taxing jurisdiction can be demonstrated. Use of local sales tax revenues
151.19 for local projects decreases the benefits to taxpayers of the deductibility of local property
151.20 taxes and the state assistance provided through the property tax refund system and increases
151.21 the fiscal inequities between similar communities.

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

151.23 Sec. 3. Minnesota Statutes 2018, section 297A.99, subdivision 2, is amended to read:

151.24 Subd. 2. **Local resolution before application for authority.** (a) Before the governing
151.25 body of a political subdivision requests legislative approval ~~of~~ to impose a local sales tax
151.26 authorized by a special law for a local sales tax that is administered under this section, it
151.27 shall adopt a resolution indicating its approval of the tax. The resolution must include, ~~at a~~
151.28 ~~minimum,~~ the following information on:

151.29 (1) the proposed tax rate, ~~how the revenues will be used;~~

151.30 (2) a detailed description of no more than five capital projects that will be funded with
151.31 revenue from the tax;

152.1 (3) documentation of the regional significance of each project, including the share of
 152.2 the economic benefit to or use of each project by persons residing, or businesses located,
 152.3 outside of the jurisdiction;

152.4 (4) the amount of local sales tax revenue that would be used for each project and the
 152.5 estimated time needed to raise that amount of revenue; and

152.6 (5) the total revenue that will be raised for all projects before the tax expires, and the
 152.7 estimated length of time that the tax will be in effect. This subdivision applies to local laws
 152.8 enacted after June 30, 1998 if all proposed projects are funded.

152.9 (b) The jurisdiction seeking authority to impose a local sales tax by special law must
 152.10 submit the resolution in paragraph (a) along with underlying documentation indicating how
 152.11 the benefits under paragraph (a), clause (3), were determined, to the chairs and ranking
 152.12 minority members of the legislative committees with jurisdiction over taxes no later than
 152.13 January 31 of the year in which the jurisdiction is seeking a special law authorizing the tax.

152.14 (c) The special legislation granting local sales tax authority is not required to allow
 152.15 funding for all projects listed in the resolution with the revenue from the local sales tax, but
 152.16 must not include any projects not contained in the resolution.

152.17 **EFFECTIVE DATE.** This section is effective the day following final enactment and
 152.18 applies to all local sales taxes not authorized by the legislature before July 1, 2019.

152.19 Sec. 4. Minnesota Statutes 2018, section 297A.99, subdivision 3, is amended to read:

152.20 Subd. 3. **Legislative authority required before voter approval; requirements for**
 152.21 **adoption, use, termination.** (a) A political subdivision must receive legislative authority
 152.22 to impose a local sales tax before submitting the tax for approval by voters of the political
 152.23 subdivision. Imposition of a local sales tax is subject to approval by voters of the political
 152.24 subdivision at a general election. The election must be conducted before at a general election
 152.25 within the two-year period after the governing body of the political subdivision requests
 152.26 legislative approval of has received authority to impose the tax. If the authorizing legislation
 152.27 allows the tax to be imposed for more than one project, there must be a separate question
 152.28 approving the use of the tax revenue for each project. Notwithstanding the authorizing
 152.29 legislation, a project that is not approved by the voters may not be funded with the local
 152.30 sales tax revenue and the termination date of the tax set in the authorizing legislation must
 152.31 be reduced proportionately based on the share of that project's cost to the total costs of all
 152.32 projects included in the authorizing legislation.

153.1 (b) The proceeds of the tax must be dedicated exclusively to payment of the ~~cost of a~~
 153.2 construction and rehabilitation costs and associated bonding costs related to the specific
 153.3 capital improvement which is designated at least 90 days before the referendum on imposition
 153.4 of the tax is conducted projects that were approved by the voters under paragraph (a).

153.5 (c) The tax must terminate after ~~the improvement designated under paragraph (b) has~~
 153.6 been completed the revenues raised are sufficient to fund the projects approved by the voters
 153.7 under paragraph (a).

153.8 (d) After a sales tax imposed by a political subdivision has expired or been terminated,
 153.9 the political subdivision is prohibited from imposing a local sales tax for a period of one
 153.10 year. ~~Notwithstanding subdivision 13, this paragraph applies to all local sales taxes in effect~~
 153.11 ~~at the time of or imposed after May 26, 1999.~~

153.12 (e) Notwithstanding paragraph (a), if a political subdivision received voter approval to
 153.13 seek authority for a local sales tax at the November 6, 2018, general election and is granted
 153.14 authority to impose a local sales tax before January 1, 2021, the tax may be imposed without
 153.15 an additional referendum provided that it meets the requirements of subdivision 2 and the
 153.16 list of specific projects contained in the resolution does not conflict with the projects listed
 153.17 in the approving referendum.

153.18 (f) If a tax is terminated because sufficient revenues have been raised, any amount of
 153.19 tax collected under subdivision 9, after sufficient revenues have been raised and before the
 153.20 quarterly termination required under subdivision 12, paragraph (a), that is greater than the
 153.21 average quarterly revenues collected over the immediately preceding 12 calendar months
 153.22 must be retained by the commissioner for deposit in the general fund.

153.23 **EFFECTIVE DATE.** (a) The amendments to paragraphs (a) to (d) and adding paragraph
 153.24 (e) are effective the day following final enactment and apply to all local sales taxes not
 153.25 authorized by the legislature before July 1, 2019.

153.26 (b) The amendment adding paragraph (f) is effective the day following final enactment
 153.27 and applies retroactively to all currently imposed local sales taxes.

153.28 Sec. 5. Laws 1986, chapter 396, section 5, as amended by Laws 2001, First Special Session
 153.29 chapter 5, article 12, section 87, and Laws 2012, chapter 299, article 3, section 3, is amended
 153.30 to read:

153.31 **Sec. 5. LIQUOR, LODGING, AND RESTAURANT TAXES.**

153.32 The city may, by resolution, levy in addition to taxes authorized by other law:

154.1 (1) a sales tax of not more than three percent on the gross receipts on retail on-sales of
 154.2 intoxicating liquor and fermented malt beverages when sold at licensed on-sale liquor
 154.3 establishments located within the downtown taxing area, provided that this tax may not be
 154.4 imposed if sales of intoxicating liquor and fermented malt beverages are exempt from
 154.5 taxation under chapter 297A;

154.6 (2) a sales tax of not more than three percent on the gross receipts from the furnishing
 154.7 for consideration of lodging for a period of less than 30 days at a hotel, motel, rooming
 154.8 house, tourist court, or trailer camp located within the city by a hotel or motel which has
 154.9 more than 50 rooms available for lodging; the tax imposed under this clause shall be at a
 154.10 rate that, when added to the sum of the rate of the sales tax imposed under Minnesota
 154.11 Statutes, chapter 297A, the rate of the sales tax imposed under section 4, and the rate of any
 154.12 of all other city taxes on lodging in the city of Minneapolis, equals ~~13~~ 6.5 percent; and

154.13 (3) a sales tax of not more than three percent on the gross receipts on all sales of food
 154.14 primarily for consumption on or off the premises by restaurants and places of refreshment
 154.15 as defined by resolution of the city that occur within the downtown taxing area.

154.16 The taxes authorized by this section must not be terminated before January 1, 2047. The
 154.17 taxes shall be imposed and may be adjusted periodically by the city council such that the
 154.18 rates imposed produce revenue sufficient, together with the tax imposed under section 4,
 154.19 to finance the purposes described in Minnesota Statutes, section 297A.994, and section 4,
 154.20 subdivisions 3 and 4. These taxes shall be applied, first, as provided in Minnesota Statutes,
 154.21 section 297A.994, subdivision 3, clauses (1) to (3), and then, solely to pay, secure, maintain,
 154.22 and fund the payment of any principal of, premium on, and interest on any bonds or any
 154.23 other purposes in section 4, subdivision 3 or 4. The commissioner of revenue may enter
 154.24 into appropriate agreements with the city to provide for the collection of these taxes by the
 154.25 state on behalf of the city. These taxes shall be subject to the same interest, penalties, and
 154.26 enforcement provisions as the taxes imposed under Minnesota Statutes, chapter 297A.

154.27 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 154.28 September 30, 2019.

154.29 Sec. 6. Laws 1986, chapter 462, section 31, as amended by Laws 1991, chapter 291, article
 154.30 8, section 24, and Laws 2011, chapter 112, article 4, section 6, is amended to read:

154.31 **Sec. 31. AUTHORITY FOR TAXATION.**

154.32 Notwithstanding Minnesota Statutes, section 477A.016, or any other law, and
 154.33 supplemental to the tax imposed by Laws 1982, chapter 523, article 25, section 1, the city

155.1 of St. Paul may impose, by ordinance, a tax, at a rate not greater than ~~three~~ four percent, on
 155.2 the gross receipts from the furnishing for consideration of lodging and related services at a
 155.3 hotel, rooming house, tourist court, motel, or resort, other than the renting or leasing of
 155.4 space for a continuous period of 30 days or more. The tax does not apply to the furnishing
 155.5 of lodging and related services by a business having less than 50 lodging rooms. The tax
 155.6 shall be collected by and its proceeds paid to the city. Ninety-five percent of the revenues
 155.7 generated by this tax shall be used to fund a convention bureau to market and promote the
 155.8 city as a tourist or convention center.

155.9 **EFFECTIVE DATE.** This section is effective the first day of the calendar quarter
 155.10 beginning at least 30 days after the governing body of the city of St. Paul and its chief
 155.11 clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

155.12 Sec. 7. Laws 1994, chapter 587, article 9, section 11, is amended to read:

155.13 Sec. 11. **TWO HARBORS LODGING TAX.**

155.14 Notwithstanding Minnesota Statutes, section 477A.016, or other law, in addition to a
 155.15 tax authorized in Minnesota Statutes, section 469.190, the city of Two Harbors may impose,
 155.16 by ordinance, a tax of up to one percent on the gross receipts subject to the lodging tax
 155.17 under Minnesota Statutes, section 469.190. The proceeds of the tax shall be dedicated and
 155.18 used to provide preservation, display, and interpretation of the tug boat Edna G. The total
 155.19 tax imposed by the city under this section, by Lake County under section 22, and under
 155.20 Minnesota Statutes, section 469.190, shall not exceed ~~three~~ five percent.

155.21 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 155.22 city of Two Harbors and its chief clerical officer comply with Minnesota Statutes, section
 155.23 645.021, subdivisions 2 and 3.

155.24 Sec. 8. Laws 1998, chapter 389, article 8, section 45, subdivision 1, is amended to read:

155.25 Subdivision 1. **Sales and use taxes.** (a) Notwithstanding Minnesota Statutes, section
 155.26 477A.016, or any other provision of law, ordinance, or city charter, if approved by the voters
 155.27 of the city at the next general election held after the date of final enactment of this act, the
 155.28 city of Two Harbors may impose by ordinance, a sales and use tax at a rate of up to one-half
 155.29 of one percent for the purposes specified in subdivision 3, paragraph (a).

155.30 (b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes,
 155.31 sections 297A.99 and 477A.016, or any other law, ordinance, or city charter, and as approved
 155.32 by the voters at the November 6, 2018, general election, the city of Two Harbors may, by

156.1 ordinance, impose an additional sales and use tax at a rate of one-half of one percent for
156.2 the purposes specified in subdivision 3, paragraph (b). The tax may not be imposed until
156.3 the city complies with the provisions of section 34.

156.4 (c) The provisions of Minnesota Statutes, section ~~297A.48~~ 297A.99, govern the
156.5 imposition, administration, collection, and enforcement of the tax authorized under this
156.6 subdivision.

156.7 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
156.8 city of Two Harbors and its chief clerical officer comply with Minnesota Statutes, section
156.9 645.021, subdivisions 2 and 3.

156.10 Sec. 9. Laws 1998, chapter 389, article 8, section 45, subdivision 3, as amended by Laws
156.11 2008, chapter 366, article 7, section 11, is amended to read:

156.12 Subd. 3. **Use of revenues.** (a) Revenues received from the taxes authorized under
156.13 subdivision 1, paragraph (a), must be used for sanitary sewer separation, wastewater
156.14 treatment, water system improvements, and harbor refuge development projects.

156.15 (b) Revenues from the tax authorized under subdivision 1, paragraph (b), must be used
156.16 by the city of Two Harbors to pay the costs of collecting and administering the tax and to
156.17 finance the capital and administrative costs of water and sewer infrastructure projects
156.18 including gravity-fed sewer mains, water mains, drain tile, service lines, street patching,
156.19 acquiring property, related engineering, and construction expenses.

156.20 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
156.21 city of Two Harbors and its chief clerical officer comply with Minnesota Statutes, section
156.22 645.021, subdivisions 2 and 3.

156.23 Sec. 10. Laws 1998, chapter 389, article 8, section 45, subdivision 4, is amended to read:

156.24 Subd. 4. **Bonding authority.** (a) The city may issue bonds under Minnesota Statutes,
156.25 chapter 475, to finance the capital expenditure and improvement projects under subdivision
156.26 1, paragraph (a). An election to approve the bonds under Minnesota Statutes, section 475.58,
156.27 may be held in combination with the election to authorize imposition of the tax under
156.28 subdivision 1, paragraph (a). Whether to permit imposition of the tax and issuance of bonds
156.29 may be posed to the voters as a single question. The question must state that the sales tax
156.30 revenues are pledged to pay the bonds, but that the bonds are general obligations and will
156.31 be guaranteed by the city's property taxes.

157.1 (b) The city may issue bonds under Minnesota Statutes, chapter 475, to pay capital and
 157.2 administrative expenses for the projects described in subdivision 3, paragraph (b), in an
 157.3 amount that does not exceed \$30,000,000. An election to approve the bonds under Minnesota
 157.4 Statutes, section 475.58, is not required.

157.5 (c) The issuance of bonds under this subdivision is not subject to Minnesota Statutes,
 157.6 section 275.60.

157.7 ~~(e)~~ (d) The bonds are not included in computing any debt limitation applicable to the
 157.8 city, and the levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and
 157.9 interest on the bonds is not subject to any levy limitation.

157.10 The aggregate principal amount of bonds, plus the aggregate of the taxes used directly to
 157.11 pay eligible capital expenditures and improvements under subdivision 3, paragraph (a), may
 157.12 not exceed \$20,000,000, plus an amount equal to the costs related to issuance of the bonds.

157.13 ~~(d)~~ (e) The taxes may be pledged to and used for the payment of the bonds and any bonds
 157.14 issued to refund them, only if the bonds and any refunding bonds are general obligations
 157.15 of the city.

157.16 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 157.17 city of Two Harbors and its chief clerical officer comply with Minnesota Statutes, section
 157.18 645.021, subdivisions 2 and 3.

157.19 Sec. 11. Laws 1998, chapter 389, article 8, section 45, subdivision 5, is amended to read:

157.20 **Subd. 5. Termination of taxes.** (a) The authority granted under subdivision 1, paragraph
 157.21 (a), to the city of Two Harbors to impose sales and use taxes expires when the costs of the
 157.22 projects described in subdivision 3, paragraph (a), have been paid.

157.23 (b) The authority granted under subdivision 1, paragraph (b), expires at the earlier of:
 157.24 (1) 25 years after the tax is first imposed; or (2) when the city council determines that the
 157.25 amount of revenues received from the taxes first equals or exceeds \$30,000,000, plus the
 157.26 additional amount needed to pay the costs related to issuance of bonds under subdivision
 157.27 4, paragraph (b), including interest on the bonds. Any funds remaining after completion of
 157.28 the project and retirement or redemption of the bonds may be placed in the general fund of
 157.29 the city. The taxes imposed under subdivision 1, paragraph (b), may expire at an earlier
 157.30 time if the city so determines by ordinance.

157.31 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 157.32 city of Two Harbors and its chief clerical officer comply with Minnesota Statutes, section
 157.33 645.021, subdivisions 2 and 3.

158.1 Sec. 12. Laws 2011, First Special Session chapter 7, article 4, section 10, subdivision 3,
158.2 is amended to read:

158.3 Subd. 3. **Use of revenues.** Revenues received from taxes authorized by subdivisions 1
158.4 and 2 must be used by the city to pay the cost of collecting the taxes and to pay for the
158.5 following projects:

158.6 (1) \$4,500,000 for construction and completion of park improvement projects, including
158.7 St. Louis River riverfront improvements; Veteran's Park construction and improvements;
158.8 improvements to the Hilltop Park soccer complex and Braun Park baseball complex; capital
158.9 equipment and building and grounds improvements at the Pine Valley Park/Pine Valley
158.10 Hockey Arena/Cloquet Area Recreation Center; and development of pedestrian trails within
158.11 the city;

158.12 (2) \$5,800,00 for extension of utilities and the construction of all improvements associated
158.13 with the development of property adjacent to Highway 33 and Interstate Highway 35,
158.14 including payment of all debt service on bonds issued for these; and

158.15 (3) \$6,200,000 for engineering and construction of infrastructure improvements,
158.16 including, but not limited to, storm sewer, sanitary sewer, and water in areas identified as
158.17 part of the city's comprehensive land use plan.

158.18 Authorized expenses include, but are not limited to, acquiring property and paying
158.19 construction expenses related to these improvements, and paying debt service on bonds or
158.20 other obligations issued to finance acquisition and construction of these improvements.
158.21 Notwithstanding the revenue allocations in clauses (1) and (3), if the amount spent for the
158.22 improvements under clause (2) are less than the \$5,800,000 allowed under that clause, the
158.23 total amount spent for the purposes listed in clauses (1) and (3) may be increased by the
158.24 difference between \$5,800,000 and the amount actually spent under clause (2). However,
158.25 the total expenditures for projects under this subdivision may not exceed \$16,500,000,
158.26 excluding any costs related to issuance of bonds under subdivision 4.

158.27 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
158.28 city of Cloquet and its chief clerical officer comply with the provisions of section 645.021,
158.29 subdivisions 2 and 3.

158.30 Sec. 13. **CITY OF AVON; TAXES AUTHORIZED.**

158.31 Subdivision 1. **Sales and use tax; authorization.** Notwithstanding Minnesota Statutes,
158.32 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city
158.33 charter, the city of Avon, pursuant to approval by the voters at the general election on

159.1 November 6, 2018, may impose by ordinance a sales and use tax of up to one-half of one
159.2 percent for the purposes specified in subdivision 2. Except as otherwise provided in this
159.3 section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition,
159.4 administration, collection, and enforcement of the tax authorized under this subdivision.
159.5 The tax may not be imposed until the city complies with the provisions of section 34.

159.6 Subd. 2. **Use of revenues.** Revenues received from taxes authorized by subdivision 1
159.7 must be used by the city to:

159.8 (1) pay the costs of collecting and administering the tax;

159.9 (2) pay the capital and administrative costs of transportation improvement projects as
159.10 adopted in the city of Avon's street priority improvement plan; and

159.11 (3) pay debt service on bonds issued under subdivision 3 or other obligations issued to
159.12 finance the improvements listed in this subdivision in the city.

159.13 Subd. 3. **Bonding authority.** (a) The city may issue bonds under Minnesota Statutes,
159.14 chapter 475, to pay the costs of the projects authorized in subdivision 2. The aggregate
159.15 principal amount of bonds issued under this subdivision may not exceed \$1,500,000 plus
159.16 an amount to be applied to the payment of the costs of issuing the bonds. The bonds may
159.17 be paid from or secured by any funds available to the city, including the tax authorized
159.18 under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota
159.19 Statutes, sections 275.60 and 275.61.

159.20 (b) The bonds are not included in computing any debt limitation applicable to the city,
159.21 and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest
159.22 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
159.23 under Minnesota Statutes, section 475.58, is not required.

159.24 Subd. 4. **Termination of taxes.** (a) The tax imposed under subdivision 1 expires at the
159.25 earlier of: (1) December 31, 2045; or (2) when the city council determines that \$1,500,000
159.26 has been received from the tax to pay for the cost of the projects authorized under subdivision
159.27 2, plus an amount sufficient to pay the costs related to issuance of the bonds authorized
159.28 under subdivision 3, including interest on the bonds.

159.29 (b) Any funds remaining after payment of all such costs and retirement or redemption
159.30 of the bonds shall be placed in the general fund of the city. The tax imposed under subdivision
159.31 1 may expire at an earlier time if the city so determines by ordinance.

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

160.4 Sec. 14. **CITY OF BLUE EARTH; LOCAL TAX AUTHORIZED.**

160.5 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
160.6 section 477A.016, or any other law, ordinance, or city charter, and as approved by the voters
160.7 at the general election of November 6, 2018, the city of Blue Earth may impose by ordinance
160.8 a sales and use tax of one-half of one percent for the purposes specified in subdivision 2.
160.9 Except as otherwise provided in this section, the provisions of Minnesota Statutes, section
160.10 297A.99, govern the imposition, administration, collection, and enforcement of the tax
160.11 authorized under this subdivision. The tax may not be imposed until the city complies with
160.12 the provisions of section 34.

160.13 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
160.14 under subdivision 1 must be used by the city of Blue Earth to pay the costs of collecting
160.15 and administering the tax and to finance the capital and administrative costs of constructing
160.16 and funding sewer plant improvements, street reconstruction projects, and recreational
160.17 amenities. The total that may be raised from the tax to pay for these projects is limited to
160.18 \$5,000,000, plus the costs related to the issuance and paying debt service on bonds for these
160.19 projects.

160.20 Subd. 3. **Bonding authority.** (a) The city of Blue Earth may issue bonds under Minnesota
160.21 Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in
160.22 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may
160.23 not exceed \$5,000,000, plus an amount to be applied to the payment of the costs of issuing
160.24 the bonds. The bonds may be paid from or secured by any funds available to the city of
160.25 Blue Earth, including the tax authorized under subdivision 1. The issuance of bonds under
160.26 this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

160.27 (b) The bonds are not included in computing any debt limitation applicable to the city
160.28 of Blue Earth, and any levy of taxes under Minnesota Statutes, section 475.61, to pay
160.29 principal and interest on the bonds is not subject to any levy limitation. A separate election
160.30 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

160.31 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
160.32 earlier of: (1) 25 years after the tax is first imposed; or (2) when the city council determines
160.33 that \$5,000,000, plus an amount sufficient to pay the costs related to issuing the bonds
160.34 authorized under subdivision 3, including interest on the bonds, has been received from the

161.1 tax to pay for the cost of the projects authorized under subdivision 2. Any funds remaining
 161.2 after payment of all such costs and retirement or redemption of the bonds due to timing of
 161.3 the termination under Minnesota Statutes, section 297A.99, shall be placed in the general
 161.4 fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the
 161.5 city so determines by ordinance.

161.6 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 161.7 city of Blue Earth and its chief clerical officer comply with Minnesota Statutes, section
 161.8 645.021, subdivisions 2 and 3.

161.9 Sec. 15. **CITY OF CAMBRIDGE; TAX AUTHORIZED.**

161.10 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
 161.11 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
 161.12 and as approved by the voters at the November 6, 2018, general election, the city of
 161.13 Cambridge may impose, by ordinance, a sales and use tax of one-half of one percent for
 161.14 the purposes specified in subdivision 2. Except as otherwise provided in this section, the
 161.15 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
 161.16 collection, and enforcement of the tax authorized under this subdivision. The tax may not
 161.17 be imposed until the city complies with the provisions of section 34 as it relates to funding
 161.18 of the street improvements in subdivision 2, clause (2).

161.19 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
 161.20 under subdivision 1 must be used by the city of Cambridge to pay the costs of collecting
 161.21 and administering the tax and paying for the following infrastructure projects in the city,
 161.22 including securing and paying debt service on bonds issued to finance all or part of the
 161.23 following projects:

161.24 (1) \$8,000,000 plus associated bonding costs for construction of a new facility to house
 161.25 the Cambridge Public Library and the East Central Regional Library Headquarters; and

161.26 (2) \$14,000,000 plus associated bonding costs for street improvements outlined in the
 161.27 Street Capital Improvement Program approved by the city council as of January 22, 2019,
 161.28 and outdoor park improvements described in the park master plan as of January 22, 2019.

161.29 Subd. 3. **Bonding authority.** (a) The city of Cambridge may issue bonds under Minnesota
 161.30 Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in
 161.31 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may
 161.32 not exceed: (1) \$8,000,000 for the project listed in subdivision 2, clause (1), plus an amount
 161.33 applied to the payment of costs of issuing the bonds; and (2) \$14,000,000 for the projects

162.1 listed in subdivision 2, clause (2), plus an amount applied to the payment of costs of issuing
 162.2 the bonds. The bonds may be paid from or secured by any funds available to the city of
 162.3 Cambridge, including the tax authorized under subdivision 1. The issuance of bonds under
 162.4 this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

162.5 (b) The bonds are not included in computing any debt limitation applicable to the city.
 162.6 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest
 162.7 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
 162.8 under Minnesota Statutes, section 475.58, is not required.

162.9 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
 162.10 earlier of: (1) December 31, 2043; or (2) when the city council determines that the city has
 162.11 received from this tax \$22,000,000 to fund the projects listed in subdivision 2 plus an amount
 162.12 sufficient to pay costs, including interest costs, related to the issuance of the bonds authorized
 162.13 in subdivision 3. Any funds remaining after payment of the allowed costs due to timing of
 162.14 the termination under Minnesota Statutes, section 297A.99, shall be placed in the city's
 162.15 general fund. The tax imposed under subdivision 1 may expire at an earlier time if the city
 162.16 so determines by ordinance.

162.17 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 162.18 city of Cambridge and its chief clerical officer comply with Minnesota Statutes, section
 162.19 645.021, subdivisions 2 and 3.

162.20 Sec. 16. **CITY OF DETROIT LAKES; LOCAL SALES AND USE TAX**
 162.21 **AUTHORIZED.**

162.22 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
 162.23 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
 162.24 and as approved by the voters at the November 6, 2018, general election, the city of Detroit
 162.25 Lakes may impose, by ordinance, a sales and use tax of one-half of one percent for the
 162.26 purposes specified in subdivision 2. Except as otherwise provided in this section, the
 162.27 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
 162.28 collection, and enforcement of the tax authorized under this subdivision.

162.29 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
 162.30 under subdivision 1 must be used by the city of Detroit Lakes to pay the costs of collecting
 162.31 and administering the tax, and construction of a new police department facility in the city,
 162.32 including securing and paying debt service on bonds issued to finance all or part of this
 162.33 project. The total amount of the police department facility to be funded with the tax imposed
 162.34 under subdivision 1 shall not exceed \$6,700,000, excluding associated debt service costs.

163.1 Subd. 3. **Bonding authority.** (a) The city of Detroit Lakes may issue bonds under
163.2 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the project
163.3 authorized in subdivision 2. The aggregate principal amount of bonds issued under this
163.4 subdivision may not exceed \$6,700,000, plus an amount applied to the payment of costs of
163.5 issuing the bonds. The bonds may be paid from or secured by any funds available to the
163.6 city of Detroit Lakes, including the tax authorized under subdivision 1. The issuance of
163.7 bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and
163.8 275.61.

163.9 (b) The bonds are not subject to any provisions of the home rule charter of the city of
163.10 Detroit Lakes and are not included in computing any debt limitation applicable to the city.
163.11 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest
163.12 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
163.13 under Minnesota Statutes, section 475.58, is not required.

163.14 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
163.15 earlier of: (1) ten years after the tax is first imposed; or (2) when the city council determines
163.16 that the city has received \$6,700,000 from this tax to fund the projects listed in subdivision
163.17 2 plus an amount sufficient to pay costs, including interest costs, related to the issuance of
163.18 the bonds authorized in subdivision 3. Any funds remaining after payment of the allowed
163.19 costs due to timing of the termination under Minnesota Statutes, section 297A.99, shall be
163.20 placed in the city's general fund. The tax imposed under subdivision 1 may expire at an
163.21 earlier time if the city so determines by ordinance.

163.22 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
163.23 city of Detroit Lakes and its chief clerical officer comply with Minnesota Statutes, section
163.24 645.021, subdivisions 2 and 3.

163.25 Sec. 17. **CITY OF ELK RIVER; TAX AUTHORIZED.**

163.26 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
163.27 section 297A.99, subdivision 1, or 477A.016, or any other law or ordinance, and as approved
163.28 by the voters at the November 6, 2018, general election, the city of Elk River may impose,
163.29 by ordinance, a sales and use tax of one-half of one percent for the purposes specified in
163.30 subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota
163.31 Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement
163.32 of the tax authorized under this subdivision.

163.33 Subd. 2. **Use of sales and use tax revenues.** (a) The revenues derived from the tax
163.34 authorized under subdivision 1 must be used by the city of Elk River to:

164.1 (1) pay the costs of collecting and administering the tax;

164.2 (2) pay the capital and administrative costs of various recreational facility and park
164.3 improvements including any or all of the following: a multipurpose recreational facility
164.4 such as an ice arena, a community meeting and activity space, and a synthetic turf field
164.5 house; senior center facility improvements; Lion John Weicht Park improvements, Lions
164.6 Park Center space improvements, and a community picnic pavilion addition; youth athletic
164.7 complex improvements; Orono Park improvements; dredging Lake Orono; and citywide
164.8 trail connection improvements; and

164.9 (3) secure and pay debt service on bonds issued to finance all or part of the projects
164.10 listed in clause (2).

164.11 (b) The total that may be raised from the tax to pay for these projects is limited to
164.12 \$35,000,000, plus the costs related to the issuance and paying debt service on bonds for
164.13 these projects.

164.14 Subd. 3. **Bonding authority.** (a) The city of Elk River may issue bonds under Minnesota
164.15 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in
164.16 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may
164.17 not exceed \$35,000,000, plus an amount applied to the payment of costs of issuing the
164.18 bonds. The bonds may be paid from or secured by any funds available to the city of Elk
164.19 River, including the tax authorized under subdivision 1. The issuance of bonds under this
164.20 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

164.21 (b) The bonds are not included in computing any debt limitation applicable to the city.
164.22 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest
164.23 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
164.24 under Minnesota Statutes, section 475.58, is not required.

164.25 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
164.26 earlier of: (1) 25 years after the tax is first imposed; or (2) when the city council determines
164.27 that the city has received \$35,000,000 from this tax to fund the projects listed in subdivision
164.28 2 plus an amount sufficient to pay costs, including interest costs, related to the issuance of
164.29 the bonds authorized in subdivision 3. Any funds remaining after payment of the allowed
164.30 costs due to timing of the termination under section 297A.99 shall be placed in the city's
164.31 general fund. The tax imposed under subdivision 1 may expire at an earlier time if the city
164.32 so determines by ordinance.

165.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
165.2 city of Elk River and its chief clerical officer comply with Minnesota Statutes, section
165.3 645.021, subdivisions 2 and 3.

165.4 Sec. 18. **CITY OF EXCELSIOR; LOCAL SALES AND USE TAX AUTHORIZED.**

165.5 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
165.6 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city
165.7 charter, the city of Excelsior may impose, by ordinance, a sales and use tax of up to one-half
165.8 of one percent for the purposes specified in subdivision 2, as approved by the voters at the
165.9 November 4, 2014, general election. Except as otherwise provided in this section, the
165.10 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
165.11 collection, and enforcement of the tax authorized under this subdivision.

165.12 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
165.13 under subdivision 1 must be used by the city of Excelsior to pay the costs of collecting and
165.14 administering the tax and to finance the capital and administrative costs of improvements
165.15 to the commons as indicated in the Commons Master Plan as adopted by the city council
165.16 on November 20, 2017. Authorized expenses include, but are not limited to, improvements
165.17 for walkability and accessibility, enhancement of beach area and facilities, prevention and
165.18 management of shoreline erosion, redesign of the port and band shell, improvement of
165.19 playground equipment, and securing and paying debt service on bonds issued under
165.20 subdivision 3 or other obligations issued to the improvements listed in this subdivision in
165.21 the city of Excelsior.

165.22 Subd. 3. **Bonding authority.** (a) If the imposition of the tax is approved by the voters
165.23 under subdivision 1, the city of Excelsior may issue bonds under Minnesota Statutes, chapter
165.24 475, to finance all or a portion of the costs of the projects authorized in subdivision 2,
165.25 without a second vote. The aggregate principal amount of bonds issued under this subdivision
165.26 may not exceed \$7,000,000, plus an amount to be applied to the payment of the costs of
165.27 issuing the bonds. The bonds may be paid from or secured by any funds available to the
165.28 city of Excelsior, including the tax authorized under subdivision 1. The issuance of bonds
165.29 under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

165.30 (b) The bonds are not included in computing any debt limitation applicable to the city
165.31 of Excelsior, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal
165.32 and interest on the bonds is not subject to any levy limitation. A separate election to approve
165.33 the bonds under Minnesota Statutes, section 475.58, is not required.

166.1 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
 166.2 earlier of: (1) 25 years after the tax is first imposed; or (2) when the city council determines
 166.3 that \$7,000,000 has been received from the tax to pay for the cost of the projects authorized
 166.4 under subdivision 2, plus an amount sufficient to pay the costs related to issuance of the
 166.5 bonds authorized under subdivision 3, including interest on the bonds. Any funds remaining
 166.6 after payment of all such costs and retirement or redemption of the bonds shall be placed
 166.7 in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier
 166.8 time if the city so determines by ordinance.

166.9 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 166.10 city of Excelsior and its chief clerical officer comply with Minnesota Statutes, section
 166.11 645.021, subdivisions 2 and 3.

166.12 Sec. 19. **CITY OF GLENWOOD; TAX AUTHORIZED.**

166.13 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
 166.14 section 477A.016, or any other law, ordinance, or city charter, and as approved by the voters
 166.15 at the November 6, 2018, general election, the city of Glenwood may impose, by ordinance,
 166.16 a sales and use tax of up to one-half of one percent for the purposes specified in subdivision
 166.17 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section
 166.18 297A.99, govern the imposition, administration, collection, and enforcement of the tax
 166.19 authorized under this subdivision. The tax may not be imposed until the city complies with
 166.20 the provisions of section 34.

166.21 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
 166.22 under subdivision 1 must be used by the city of Glenwood to pay the costs of collecting and
 166.23 administering the tax and to finance, including securing and paying debt service on, all or
 166.24 part of the following projects:

166.25 (1) the capital costs of the Phases II and III improvements to 2nd Street SE as set forth
 166.26 in the city's capital improvement plan;

166.27 (2) the development and expansion of, and improvements to, city parks, trails, and
 166.28 recreational facilities; and

166.29 (3) improvements to Glenwood City Hall and police station.

166.30 Subd. 3. **Bonding authority.** (a) The city of Glenwood may issue bonds under Minnesota
 166.31 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in
 166.32 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may
 166.33 not exceed \$2,800,000, plus an amount applied to the payment of costs of issuing the bonds.

167.1 The bonds may be paid from or secured by any funds available to the city of Glenwood,
167.2 including the tax authorized under subdivision 1. The issuance of bonds under this
167.3 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

167.4 (b) The bonds are not subject to any provisions of the home rule charter of the city of
167.5 Glenwood and are not included in computing any debt limitation applicable to the city. Any
167.6 levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on
167.7 the bonds is not subject to any levy limitation. A separate election to approve the bonds
167.8 under Minnesota Statutes, section 475.58, is not required.

167.9 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
167.10 earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines
167.11 that the city has received \$2,800,000 from this tax to fund the projects listed in subdivision
167.12 2 plus an amount sufficient to pay costs, including interest costs, related to the issuance of
167.13 the bonds authorized in subdivision 3. Any funds remaining after payment of the allowed
167.14 costs due to timing of the termination under Minnesota Statutes, section 297A.99, shall be
167.15 placed in the city's general fund. The tax imposed under subdivision 1 may expire at an
167.16 earlier time if the city so determines by ordinance.

167.17 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
167.18 city of Glenwood and its chief clerical officer comply with Minnesota Statutes, section
167.19 645.021, subdivisions 2 and 3.

167.20 Sec. 20. **CITY OF INTERNATIONAL FALLS; TAX AUTHORIZED.**

167.21 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
167.22 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
167.23 and as approved by the voters at the November 6, 2018, general election, the city of
167.24 International Falls may impose, by ordinance, a sales and use tax of up to one percent for
167.25 the purposes specified in subdivision 2. Except as otherwise provided in this section, the
167.26 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
167.27 collection, and enforcement of the tax authorized under this subdivision. The tax may not
167.28 be imposed until the city complies with the provisions of section 34.

167.29 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
167.30 under subdivision 1 must be used by the city of International Falls to pay the costs of
167.31 collecting and administering the tax, and paying for transportation and other public
167.32 infrastructure projects in the city, including securing and paying debt service on bonds
167.33 issued to finance all or part of these projects. The total amount of transportation and other

168.1 public infrastructure projects to be funded with the tax imposed under subdivision 1 shall
168.2 not exceed \$30,000,000, excluding associated debt service costs.

168.3 Subd. 3. **Bonding authority.** (a) The city of International Falls may issue bonds under
168.4 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the project
168.5 authorized in subdivision 2. The aggregate principal amount of bonds issued under this
168.6 subdivision may not exceed \$30,000,000, plus an amount applied to the payment of costs
168.7 of issuing the bonds. The bonds may be paid from or secured by any funds available to the
168.8 city of International Falls, including the tax authorized under subdivision 1. The issuance
168.9 of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and
168.10 275.61.

168.11 (b) The bonds are not subject to any provisions of the home rule charter of the city of
168.12 International Falls and are not included in computing any debt limitation applicable to the
168.13 city. Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and
168.14 interest on the bonds is not subject to any levy limitation. A separate election to approve
168.15 the bonds under Minnesota Statutes, section 475.58, is not required.

168.16 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
168.17 earlier of: (1) 30 years after the tax is first imposed; or (2) when the city council determines
168.18 that the city has received \$30,000,000 from this tax to fund the projects listed in subdivision
168.19 2 plus an amount sufficient to pay costs, including interest costs, related to the issuance of
168.20 the bonds authorized in subdivision 3. Any funds remaining after payment of the allowed
168.21 costs due to timing of the termination under section 297A.99 shall be placed in the general
168.22 fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the
168.23 city so determines by ordinance.

168.24 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
168.25 city of International Falls and its chief clerical officer comply with Minnesota Statutes,
168.26 section 645.021, subdivisions 2 and 3.

168.27 Sec. 21. **CITY OF LA CRESCENT; LOCAL LODGING TAX AUTHORIZED.**

168.28 Notwithstanding Minnesota Statutes, section 477A.016, or other law, in addition to a
168.29 tax authorized in Minnesota Statutes, section 469.190, the city of La Crescent may impose
168.30 by ordinance a tax of up to two percent on the gross receipts subject to the lodging tax under
168.31 Minnesota Statutes, section 469.190. The proceeds of the tax must be used for the same
168.32 purposes as required under Minnesota Statutes, section 469.190. The total tax imposed
168.33 under this section, and under Minnesota Statutes, section 469.190, must not exceed five
168.34 percent.

169.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
169.2 city of La Crescent and its chief clerical officer comply with Minnesota Statutes, section
169.3 645.021, subdivisions 2 and 3.

169.4 Sec. 22. **LAKE COUNTY; LOCAL LODGING TAX AUTHORIZED.**

169.5 Subdivision 1. **Lodging tax.** (a) Notwithstanding Minnesota Statutes, section 477A.016,
169.6 or any other provision of law, ordinance, or city charter, the Board of Commissioners of
169.7 Lake County may impose, by ordinance, a tax of up to four percent on the gross receipts
169.8 subject to the lodging tax under Minnesota Statutes, section 469.190. This tax is in addition
169.9 to any tax imposed under Minnesota Statutes, section 469.190. The total tax imposed by
169.10 the county under this section, by the city of Two Harbors under Laws 1994, chapter 587,
169.11 article 9, section 11, and under Minnesota Statutes, section 469.190, must not exceed seven
169.12 percent.

169.13 (b) No other city or town located in Lake County that did not impose a local lodging tax
169.14 under Minnesota Statutes, section 469.190, prior to May 1, 2019, may impose a tax under
169.15 Minnesota Statutes, section 469.190, while a tax is in effect under this section.

169.16 Subd. 2. **Allowed use of revenues.** The revenues derived from the taxes imposed in
169.17 subdivision 1 must be used to fund a new Lake County Event and Visitors Bureau as
169.18 established by or contracted with the Board of Commissioners of Lake County. The Board
169.19 of Commissioners must use 75 percent of revenues for marketing the county and 25 percent
169.20 of revenues to fund and promote community events and festivals in the county. The Board
169.21 of Commissioners of Lake County must annually review the budget of the Lake County
169.22 Event and Visitors Bureau. The event and visitors bureau may not receive revenues raised
169.23 from the taxes imposed in subdivision 1 until the Board of Commissioners approves the
169.24 annual budget.

169.25 **EFFECTIVE DATE.** This section is effective the day after the governing body of Lake
169.26 County and its chief clerical officer comply with Minnesota Statutes, section 645.021,
169.27 subdivisions 2 and 3.

169.28 Sec. 23. **CITY OF NORTH MANKATO; LOCAL FOOD AND BEVERAGE TAX**
169.29 **AUTHORIZED.**

169.30 Subdivision 1. **Food and beverage tax authorized.** Notwithstanding Minnesota Statutes,
169.31 section 477A.016, or any ordinance, city charter, or other provision of law, the city of North
169.32 Mankato may, by ordinance, impose a sales tax of up to one percent on the gross receipts
169.33 on all sales of food and beverages by a restaurant or place of refreshment, as defined by

170.1 resolution of the city, that are located within the city. For purposes of this section, "food
 170.2 and beverages" includes retail on-sale of intoxicating liquor and fermented malt beverages.

170.3 Subd. 2. Use of proceeds from tax. (a) The proceeds of any tax imposed under
 170.4 subdivision 1 shall be used by the city to pay all or a portion of the expenses of:

170.5 (1) operation, maintenance, and capital expenses for the Caswell Park Regional Sporting
 170.6 Complex; and

170.7 (2) for costs related to regional tourism events.

170.8 (b) Authorized capital expenses include securing or paying debt service on bonds or
 170.9 other obligations issued to finance the construction of the Caswell Park Regional Sporting
 170.10 Complex facilities.

170.11 Subd. 3. Collection, administration, and enforcement. If the city desires, it may enter
 170.12 into an agreement with the commissioner of revenue to administer, collect, and enforce the
 170.13 taxes authorized under subdivisions 1 and 2. If the commissioner agrees to collect the tax,
 170.14 the provisions of Minnesota Statutes, section 297A.99, related to collection, administration,
 170.15 and enforcement apply.

170.16 EFFECTIVE DATE. This section is effective the day after the governing body of the
 170.17 city of North Mankato and its chief clerical officer comply with Minnesota Statutes, section
 170.18 645.021, subdivisions 2 and 3.

170.19 Sec. 24. CITY OF PERHAM; LOCAL SALES AND USE TAX AUTHORIZED.

170.20 Subdivision 1. Sales and use tax authorization. Notwithstanding Minnesota Statutes,
 170.21 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law or ordinance, and
 170.22 based on the approval by the voters at the November 6, 2018, election, the city of Perham
 170.23 may impose by ordinance a sales and use tax of up to one-half of one percent for the purposes
 170.24 specified in subdivision 2. Except as otherwise provided in this section, the provisions of
 170.25 Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and
 170.26 enforcement of the tax authorized under this subdivision.

170.27 Subd. 2. Use of revenues. The revenues derived from the tax authorized under subdivision
 170.28 1 must be used by the city of Perham to:

170.29 (1) pay the costs of collecting and administering the tax;

170.30 (2) finance the capital costs of site preparation, redevelopment, renovation, and
 170.31 construction of buildings, land, and infrastructure at the site of the Perham Area Community
 170.32 Center; and

171.1 (3) pay debt service on bonds issued under subdivision 3 or other obligations issued to
171.2 the improvements listed in this subdivision in the city of Perham.

171.3 Subd. 3. **Bonding authority.** (a) The city of Perham may issue bonds under Minnesota
171.4 Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in
171.5 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may
171.6 not exceed \$5,200,000, plus an amount to be applied to the payment of the costs of issuing
171.7 the bonds. The bonds may be paid from or secured by any funds available to the city of
171.8 Perham, including the tax authorized under subdivision 1. The issuance of bonds under this
171.9 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

171.10 (b) The bonds are not included in computing any debt limitation applicable to the city
171.11 of Perham, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal
171.12 and interest on the bonds is not subject to any levy limitation. A separate election to approve
171.13 the bonds under Minnesota Statutes, section 475.58, is not required.

171.14 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
171.15 earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines
171.16 that \$5,200,000 has been received from the tax to pay for the cost of the projects authorized
171.17 under subdivision 2, plus an amount sufficient to pay the costs related to issuance of the
171.18 bonds authorized under subdivision 3, including interest on the bonds. Any funds remaining
171.19 after payment of all such costs and retirement or redemption of the bonds shall be placed
171.20 in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier
171.21 time if the city so determines by ordinance.

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

171.25 Sec. 25. **CITY OF PLYMOUTH; LOCAL LODGING TAX AUTHORIZED.**

171.26 (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of
171.27 law, ordinance, or city charter, the city council for the city of Plymouth may impose by
171.28 ordinance a tax of up to three percent on the gross receipts subject to the lodging tax under
171.29 Minnesota Statutes, section 469.190. This tax is in addition to any tax imposed under
171.30 Minnesota Statutes, section 469.190, and the total tax imposed under that section and this
171.31 provision must not exceed six percent.

171.32 (b) Two-thirds of the revenue from the tax imposed under this section must be dedicated
171.33 and used for capital improvements to public recreational facilities and marketing and

172.1 promotion of the community, and the remaining one-third of the revenue must be used for
172.2 the same purposes as a tax imposed under Minnesota Statutes, section 469.190.

172.3 (c) The tax imposed under this authority terminates at the earlier of: (1) ten years after
172.4 the tax is first imposed; or (2) December 31, 2030.

172.5 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
172.6 city of Plymouth and its chief clerical officer comply with Minnesota Statutes, section
172.7 645.021, subdivisions 2 and 3.

172.8 Sec. 26. **CITY OF ROGERS; LOCAL TAXES AUTHORIZED.**

172.9 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
172.10 sections 297A.99 and 477A.016, or any other law or ordinance, and as approved by the
172.11 voters at the general election of November 6, 2018, the city of Rogers may impose, by
172.12 ordinance, a sales and use tax of one-quarter of one percent for the purposes specified in
172.13 subdivision 3. Except as otherwise provided in this section, the provisions of Minnesota
172.14 Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement
172.15 of the taxes authorized under this subdivision.

172.16 Subd. 2. **Excise tax authorized.** Notwithstanding Minnesota Statutes, section 477A.016,
172.17 or any other contrary provision of law, or ordinance, the city of Rogers may impose by
172.18 ordinance, for the purposes specified in subdivision 3, an excise tax of up to \$20 per motor
172.19 vehicle, as defined by ordinance, purchased or acquired from any person engaged within
172.20 the city of Rogers in the business of selling motor vehicles at retail.

172.21 Subd. 3. **Use of sales and use tax and excise tax revenues.** (a) The revenues derived
172.22 from the taxes authorized under subdivisions 1 and 2 must be used by the city of Rogers to
172.23 pay the costs of collecting and administering the taxes and the capital and administrative
172.24 costs of any or all of the following projects:

172.25 (1) trail and pedestrian facilities including an I-94 pedestrian crossing, a County Road
172.26 144 pedestrian tunnel, and other new trails and trail connections;

172.27 (2) aquatics facilities consisting of either or both of a splash pad and any contribution
172.28 toward the community portion of a school pool; and

172.29 (3) community athletic facilities including construction of South Community park, site
172.30 improvements for future recreation facilities, and a multipurpose indoor turf facility.

173.1 (b) The total that may be raised from the taxes to pay for these projects is limited to
173.2 \$16,500,000, plus the costs related to the issuance and paying debt service on bonds for
173.3 these projects.

173.4 Subd. 4. **Bonding authority.** (a) The city of Rogers may issue bonds under Minnesota
173.5 Statutes, chapter 475, pursuant to approval by the voters at the general election of November
173.6 6, 2018, to finance all or a portion of the costs of the projects authorized in subdivision 3.
173.7 The aggregate principal amount of bonds issued under this subdivision may not exceed
173.8 \$16,500,000, minus an amount equal to any state grant authorized before October 1, 2019,
173.9 to fund any of the projects listed in subdivision 3, and plus an amount equal to interest on
173.10 and the costs of issuing the bonds. The bonds may be paid from or secured by any funds
173.11 available to the city of Rogers, including the taxes authorized under subdivisions 1 and 2.

173.12 (b) The bonds are not included in computing any debt limitation applicable to the city
173.13 of Rogers, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal
173.14 and interest on the bonds is not subject to any levy limitation. A separate election to approve
173.15 the bonds under Minnesota Statutes, section 475.58, is not required.

173.16 Subd. 5. **Termination of taxes.** The taxes imposed under subdivisions 1 and 2 expire
173.17 at the earlier of: (1) 20 years after the taxes are first imposed; or (2) when the city council
173.18 determines that \$16,500,000, minus an amount equal to any state grant authorized before
173.19 October 1, 2019, to fund any of the projects listed in subdivision 3, and plus an amount
173.20 sufficient to pay interest on and the costs of issuing the bonds authorized under subdivision
173.21 4, has been received from the taxes to pay for the cost of the projects authorized under
173.22 subdivision 3. Any funds remaining after payment of all such costs and payment of the
173.23 bonds in full shall be placed in the general fund of the city. The taxes imposed under
173.24 subdivisions 1 and 2 may expire at an earlier time if the city so determines by ordinance.

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

173.28 Sec. 27. **CITY OF SARTELL; LOCAL TAXES AUTHORIZED.**

173.29 Subdivision 1. **Food and beverage tax authorized.** Notwithstanding Minnesota Statutes,
173.30 section 297A.99 or 477A.016, or any ordinance or other provision of law, and if approved
173.31 by voters at the November 3, 2020, general election, or at a special election held before
173.32 November 3, 2020, the city of Sartell may, by ordinance, impose a sales tax of up to 1-1/2
173.33 percent on the gross receipts of all food and beverages sold by a restaurant or place of
173.34 refreshment, as defined by ordinance of the city, that is located within the city. For purposes

174.1 of this section, "food and beverages" include retail on-sale of intoxicating liquor and
174.2 fermented malt beverages.

174.3 Subd. 2. Use of proceeds from authorized taxes. The proceeds of the taxes imposed
174.4 under subdivision 1 must be used by the city to fund capital or operational costs for new
174.5 and existing recreational facilities and related amenities within the city. Authorized expenses
174.6 include securing or paying debt service on bonds or other obligations issued to finance
174.7 construction and improvement projects.

174.8 Subd. 3. Termination of taxes. The tax imposed under subdivision 1 expires five years
174.9 after the tax is first imposed.

174.10 Subd. 4. Collection, administration, and enforcement. The city may enter into an
174.11 agreement with the commissioner of revenue to administer, collect, and enforce the taxes
174.12 under subdivision 1. If the commissioner agrees to collect the tax, the provisions of Minnesota
174.13 Statutes, sections 270C.171 and 297A.99, related to collection, administration, and
174.14 enforcement apply.

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

174.18 **Sec. 28. CITY OF SAUK CENTRE; TAXES AUTHORIZED.**

174.19 Subdivision 1. Sales and use tax authorization. Notwithstanding Minnesota Statutes,
174.20 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city
174.21 charter, the city of Sauk Centre, pursuant to approval by the voters at the general election
174.22 on November 6, 2018, may impose by ordinance a sales and use tax of up to one-half of
174.23 one percent and a \$20 motor vehicle excise tax for the purposes specified in subdivision 2.
174.24 Except as otherwise provided in this section, the provisions of Minnesota Statutes, section
174.25 297A.99, govern the imposition, administration, collection, and enforcement of the tax
174.26 authorized under this subdivision.

174.27 Subd. 2. Use of revenues. Revenues received from taxes authorized by subdivision 1
174.28 must be used by the city to:

174.29 (1) pay the costs of collecting and administering the tax;

174.30 (2) pay the capital costs of city infrastructure improvement projects directly related to
174.31 the reconstruction of Trunk Highway 71; and

175.1 (3) pay debt service on bonds issued under subdivision 3 or other obligations issued to
175.2 finance the improvements listed in this subdivision in the city.

175.3 Subd. 3. **Bonding authority.** (a) The city may issue bonds under Minnesota Statutes,
175.4 chapter 475, to pay the costs of the projects authorized in subdivision 2. The aggregate
175.5 principal amount of bonds issued under this subdivision may not exceed \$10,000,000 plus
175.6 an amount to be applied to the payment of the costs of issuing the bonds. The bonds may
175.7 be paid from or secured by any funds available to the city, including the tax authorized
175.8 under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota
175.9 Statutes, sections 275.60 and 275.61.

175.10 (b) The bonds are not included in computing any debt limitation applicable to the city,
175.11 and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest
175.12 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
175.13 under Minnesota Statutes, section 475.58, is not required.

175.14 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
175.15 earlier of: (1) December 31, 2045; or (2) when the city council determines that \$10,000,000
175.16 has been received from the tax to pay for the cost of the projects authorized under subdivision
175.17 2, plus an amount sufficient to pay the costs related to issuance of the bonds authorized
175.18 under subdivision 3, including interest on the bonds. Any funds remaining after payment
175.19 of all such costs and retirement or redemption of the bonds shall be placed in the general
175.20 fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the
175.21 city so determines by ordinance.

175.22 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
175.23 city of Sauk Centre and its chief clerical officer comply with Minnesota Statutes, section
175.24 645.021, subdivisions 2 and 3.

175.25 Sec. 29. **CITY OF SCANLON; TAXES AUTHORIZED.**

175.26 Subdivision 1. **Sales and use tax; authorization.** Notwithstanding Minnesota Statutes,
175.27 section 297A.99, subdivision 3, paragraph (b), or 477A.016, or any other law or ordinance,
175.28 the city of Scanlon, pursuant to approval by the voters at the general election on November
175.29 6, 2018, may impose by ordinance a sales and use tax of up to one-half of one percent for
175.30 the purposes specified in subdivision 2. Except as otherwise provided in this section, the
175.31 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
175.32 collection, and enforcement of the tax authorized under this subdivision.

176.1 Subd. 2. Use of revenues. Revenues received from taxes authorized by subdivision 1
 176.2 must be used by the city to:

176.3 (1) pay the costs of collecting and administering the tax;

176.4 (2) pay the capital and administrative costs of city street improvements and utility
 176.5 infrastructure, including storm sewer and sanitary sewer improvements; and

176.6 (3) pay debt service on bonds issued under subdivision 3 or other obligations issued to
 176.7 finance the improvements listed in this subdivision in the city.

176.8 Subd. 3. Bonding authority. (a) The city may issue bonds under Minnesota Statutes,
 176.9 chapter 475, to pay the costs of the projects authorized in subdivision 2. The aggregate
 176.10 principal amount of bonds issued under this subdivision may not exceed \$400,000 plus an
 176.11 amount to be applied to the payment of the costs of issuing the bonds. The bonds may be
 176.12 paid from or secured by any funds available to the city, including the tax authorized under
 176.13 subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota
 176.14 Statutes, sections 275.60 and 275.61.

176.15 (b) The bonds are not included in computing any debt limitation applicable to the city,
 176.16 and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest
 176.17 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
 176.18 under Minnesota Statutes, section 475.58, is not required.

176.19 Subd. 4. Termination of taxes. (a) The tax imposed under subdivision 1 expires at the
 176.20 earlier of: (1) ten years after the tax is first imposed; or (2) when the city council determines
 176.21 that \$400,000 has been received from the tax to pay for the cost of the projects authorized
 176.22 under subdivision 2, plus an amount sufficient to pay the costs related to issuance of the
 176.23 bonds authorized under subdivision 3, including interest on the bonds.

176.24 (b) Any funds remaining after payment of all such costs and retirement or redemption
 176.25 of the bonds shall be placed in the general fund of the city. The tax imposed under subdivision
 176.26 1 may expire at an earlier time if the city so determines by ordinance.

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

176.30 Sec. 30. CITY OF VIRGINIA; LOCAL SALES AND USE TAX AUTHORIZED.

176.31 Subdivision 1. Sales and use tax authorization. Notwithstanding Minnesota Statutes,
 176.32 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,

177.1 and as approved by the voters at the November 6, 2018, general election, the city of Virginia
177.2 may impose, by ordinance, a sales and use tax of up to one percent for the purposes specified
177.3 in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota
177.4 Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement
177.5 of the tax authorized under this subdivision.

177.6 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
177.7 under subdivision 1 must be used by the city of Virginia to pay the costs of collecting and
177.8 administering the tax, and to finance the costs of renovation, reconstruction, expansion, and
177.9 improvements of the Miner's Memorial recreation complex and convention center. Authorized
177.10 costs include engineering and construction costs and associated bond issuance costs.

177.11 Subd. 3. **Bonding authority.** (a) The city of Virginia may issue bonds under Minnesota
177.12 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in
177.13 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may
177.14 not exceed \$30,000,000, plus an amount applied to the payment of costs of issuing the
177.15 bonds. The bonds may be paid from or secured by any funds available to the city of Virginia,
177.16 including the tax authorized under subdivision 1. The issuance of bonds under this
177.17 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

177.18 (b) The bonds are not subject to any provisions of the home rule charter of the city of
177.19 Virginia and are not included in computing any debt limitation applicable to the city. Any
177.20 levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on
177.21 the bonds is not subject to any levy limitation. A separate election to approve the bonds
177.22 under Minnesota Statutes, section 475.58, is not required.

177.23 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
177.24 earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines
177.25 that the city has received \$30,000,000 from this tax to fund the projects listed in subdivision
177.26 2 plus an amount sufficient to pay costs, including interest costs, related to the issuance of
177.27 the bonds authorized in subdivision 3. Any funds remaining after payment of the allowed
177.28 costs due to timing of the termination under section 297A.99 shall be placed in the city's
177.29 general fund. The tax imposed under subdivision 1 may expire at an earlier time if the city
177.30 so determines by ordinance.

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

178.1 **Sec. 31. CITY OF WEST ST. PAUL; LOCAL TAX AUTHORIZED.**

178.2 **Subdivision 1. Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
178.3 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city
178.4 charter, and as approved by the voters at the general election of November 6, 2018, the city
178.5 of West St. Paul may impose, by ordinance, a sales and use tax of one-half of one percent
178.6 for the purposes specified in subdivision 2. Except as otherwise provided in this section,
178.7 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
178.8 collection, and enforcement of the tax authorized under this subdivision.

178.9 **Subd. 2. Use of sales and use tax revenues.** The revenues derived from the tax authorized
178.10 under subdivision 1 must be used by the city of West St. Paul to pay the costs of collecting
178.11 and administering the tax and to finance the capital and administrative costs of rebuilding
178.12 and repair of essential transportation corridors and related ancillary roads within the city,
178.13 including but not limited to Annapolis Street which borders both Ramsey and Dakota County,
178.14 the cultural corridor of Smith Avenue, historic Dodd Road, and other essential corridors.
178.15 The total that may be raised from the tax to pay for these projects is limited to \$28,000,000,
178.16 plus the costs related to the issuance and paying debt service on bonds for these projects.

178.17 **Subd. 3. Bonding authority.** (a) The city of West St. Paul may issue bonds under
178.18 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities
178.19 authorized in subdivision 2. The aggregate principal amount of bonds issued under this
178.20 subdivision may not exceed \$28,000,000, plus an amount to be applied to the payment of
178.21 the costs of issuing the bonds. The bonds may be paid from or secured by any funds available
178.22 to the city of West St. Paul, including the tax authorized under subdivision 1. The issuance
178.23 of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and
178.24 275.61.

178.25 (b) The bonds are not included in computing any debt limitation applicable to the city
178.26 of West St. Paul, and any levy of taxes under Minnesota Statutes, section 475.61, to pay
178.27 principal and interest on the bonds is not subject to any levy limitation. A separate election
178.28 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

178.29 **Subd. 4. Termination of taxes.** The tax imposed under subdivision 1 expires at the
178.30 earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines
178.31 that \$28,000,000, plus an amount sufficient to pay the costs related to issuing the bonds
178.32 authorized under subdivision 3, including interest on the bonds, has been received from the
178.33 tax to pay for the cost of the projects authorized under subdivision 2. Any funds remaining
178.34 after payment of all such costs and retirement or redemption of the bonds shall be placed

179.1 in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier
179.2 time if the city so determines by ordinance.

179.3 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
179.4 city of West St. Paul and its chief clerical officer comply with Minnesota Statutes, section
179.5 645.021, subdivisions 2 and 3.

179.6 **Sec. 32. CITY OF WILLMAR; TAX AUTHORIZED.**

179.7 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
179.8 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
179.9 and as approved by the voters at the November 6, 2018, general election, the city of Willmar
179.10 may impose, by ordinance, a sales and use tax of up to one-half of one percent for the
179.11 purposes specified in subdivision 3. Except as otherwise provided in this section, the
179.12 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
179.13 collection, and enforcement of the tax authorized under this subdivision.

179.14 Subd. 2. **Excise tax authorized.** Notwithstanding Minnesota Statutes, section 477A.016,
179.15 or any other contrary provision of law, ordinance, or city charter, the city of Willmar may
179.16 impose by ordinance, for the purposes specified in subdivision 3, an excise tax of up to \$20
179.17 per motor vehicle, as defined by ordinance, purchased or acquired from any person engaged
179.18 within the city of Willmar in the business of selling motor vehicles at retail.

179.19 Subd. 3. **Use of revenues.** (a) The revenues derived from the taxes authorized under
179.20 subdivisions 1 and 2 must be used by the city of Willmar to pay the costs of collecting and
179.21 administering the taxes, and to pay for the projects listed in this subdivision, including
179.22 securing and paying debt service on bonds issued to finance all or part of these projects.
179.23 The total amount of projects to be funded with the taxes imposed under subdivisions 1 and
179.24 2 shall not exceed \$30,000,000 plus the costs related to the issuance and paying debt service
179.25 on bonds for these projects. The amount that may be spent on each project is limited to:

179.26 (1) \$2,000,000 for a community center replacement;

179.27 (2) \$6,000,000 for new athletic fields;

179.28 (3) \$3,000,000 for infrastructure improvements at Robins Island Regional Park;

179.29 (4) \$2,000,000 for a new playground and spectator amenities at Swansson Field Regional
179.30 Park;

179.31 (5) \$7,000,000 for storm water management infrastructure improvements; and

179.32 (6) \$10,000,000 for a new recreation and event center.

180.1 (b) Notwithstanding the limits listed in paragraph (a) the city may by ordinance reallocate
180.2 up to ten percent of the funds designated for one or more projects listed in that paragraph
180.3 to other projects listed in that paragraph.

180.4 Subd. 4. **Bonding authority.** (a) The city of Willmar may issue bonds under Minnesota
180.5 Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in
180.6 subdivision 3. The aggregate principal amount of bonds issued under this subdivision may
180.7 not exceed \$30,000,000, plus an amount applied to the payment of costs of issuing the
180.8 bonds. The bonds may be paid from or secured by any funds available to the city of Willmar,
180.9 including the taxes authorized under subdivisions 1 and 2. The issuance of bonds under this
180.10 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

180.11 (b) The bonds are not subject to any provisions of the home rule charter of the city of
180.12 Willmar and are not included in computing any debt limitation applicable to the city. Any
180.13 levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on
180.14 the bonds is not subject to any levy limitation. A separate election to approve the bonds
180.15 under Minnesota Statutes, section 475.58, is not required.

180.16 Subd. 5. **Termination of taxes.** The taxes imposed under subdivisions 1 and 2 expire
180.17 at the earlier of: (1) 13 years after the taxes are first imposed; or (2) when the city council
180.18 determines that the city has received \$30,000,000 from this tax to fund the projects listed
180.19 in subdivision 3 plus an amount sufficient to pay interest on and the costs of the issuance
180.20 of the bonds authorized in subdivision 4. Any funds remaining after payment of the allowed
180.21 costs due to timing of the termination under Minnesota Statutes, section 297A.99, shall be
180.22 placed in the city's general fund. The taxes imposed under subdivisions 1 and 2 may expire
180.23 at an earlier time if the city so determines by ordinance.

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

180.27 Sec. 33. **CITY OF WORTHINGTON; TAX AUTHORIZED.**

180.28 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
180.29 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
180.30 and as approved by the voters at the November 6, 2018, general election, the city of
180.31 Worthington may impose, by ordinance, a sales and use tax of one-half of one percent for
180.32 the purposes specified in subdivision 3. Except as otherwise provided in this section, the
180.33 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,

181.1 collection, and enforcement of the tax authorized under this subdivision. The tax under this
181.2 subdivision may not be imposed until the city complies with the provisions of section 34.

181.3 Subd. 2. **Use of tax revenues.** (a) The revenues derived from the taxes authorized under
181.4 subdivision 1 must be used by the city of Worthington to pay the costs of collecting and
181.5 administering the tax and paying for the projects listed in this subdivision, including securing
181.6 and paying debt service on bonds issued to finance all or part of the following projects:

181.7 (1) improvements to the aquatic center;

181.8 (2) improvements to the field house;

181.9 (3) improvements to the ice arena;

181.10 (4) other park and recreation capital projects and improvements;

181.11 (5) lake quality improvement; and

181.12 (6) improvements to the 10th Street plaza.

181.13 (b) The total amount of projects to be funded with the taxes imposed under subdivisions
181.14 1 and 2 shall not exceed \$25,000,000 plus the costs related to the issuance of and paying
181.15 debt service on bonds for these projects.

181.16 Subd. 3. **Bonding authority.** (a) The city of Worthington may issue bonds under
181.17 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the projects
181.18 authorized in subdivision 3. The aggregate principal amount of bonds issued under this
181.19 subdivision may not exceed \$25,000,000 plus an amount applied to the payment of costs
181.20 of issuing the bonds. The bonds may be paid from or secured by any funds available to the
181.21 city of Worthington, including the taxes authorized under subdivisions 1 and 2. The issuance
181.22 of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and
181.23 275.61.

181.24 (b) The bonds are not subject to any provisions of the home rule charter of the city of
181.25 Worthington and are not included in computing any debt limitation applicable to the city.
181.26 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest
181.27 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
181.28 under Minnesota Statutes, section 475.58, is not required.

181.29 Subd. 4. **Termination of taxes.** The taxes imposed under subdivisions 1 and 2 expire
181.30 at the earlier of: (1) 15 years after the taxes are first imposed; or (2) when the city council
181.31 determines that the city has received \$25,000,000 from this tax to fund the projects listed
181.32 in subdivision 3 plus an amount sufficient to pay interest on and the costs of the issuance

182.1 of the bonds authorized in subdivision 4. Any funds remaining after payment of the allowed
182.2 costs due to timing of the termination under Minnesota Statutes, section 297A.99, shall be
182.3 placed in the city's general fund. The taxes imposed under subdivisions 1 and 2 may expire
182.4 at an earlier time if the city so determines by ordinance.

182.5 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
182.6 city of Worthington and its chief clerical officer comply with Minnesota Statutes, section
182.7 645.021, subdivisions 2 and 3.

182.8 Sec. 34. **RESOLUTION AND PUBLIC NOTICE OF SPECIFIC PROJECTS TO**
182.9 **BE FUNDED WITH A LOCAL SALES TAX.**

182.10 (a) A city authorized to impose a local sales tax based on voter approval at the November
182.11 2018 general election that is subject to this provision must meet the requirements in this
182.12 section before imposing the tax. The city must pass a resolution at a regularly scheduled
182.13 city council meeting outlining each of the specific capital projects that will be funded by
182.14 the tax and the anticipated amount of the revenues to be raised from the tax that will be used
182.15 for each project. Within allowed funding areas listed in the authorized uses of the tax revenue,
182.16 the city must give priority to funding projects of regional significance. For purposes of this
182.17 section a "specific capital project" means:

182.18 (1) a single building or structure including associated infrastructure needed to safely
182.19 access or use the building or structure;

182.20 (2) improvements within a single park or named recreation area;

182.21 (3) a contiguous trail;

182.22 (4) a contiguous segment of roadway, or two or more contiguous segments of roadway
182.23 provided that all segments of the roadway are listed, and including city infrastructure beneath
182.24 the roadway provided the infrastructure is explicitly listed; and

182.25 (5) a sanitary sewer, storm sewer, or water project in a contiguous geographic area served
182.26 by the project that is specifically described in the resolution.

182.27 (b) The chief clerical officer of the city must file with the commissioner of revenue (1)
182.28 an affidavit indicating compliance with this section, and (2) a copy of the resolution, before
182.29 the tax may be imposed. The resolution must also be published on the city's website in a
182.30 manner easily accessible to the public either through a link displayed on the city's home
182.31 page or by publishing it directly on the city's home page. The resolution must remain on
182.32 the website until the tax terminates. Only projects listed in the resolution may be funded by
182.33 the local sales tax.

183.1 (c) The authority to impose a local sales tax that is subject to this section expires on
 183.2 January 1, 2021, if the city has not met the requirements of this section by the last business
 183.3 day before December 31, 2020.

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

183.5 **ARTICLE 7**

183.6 **TAX INCREMENT FINANCING**

183.7 Section 1. Laws 2003, chapter 127, article 10, section 31, subdivision 1, as amended by
 183.8 Laws 2008, chapter 366, article 5, section 21, is amended to read:

183.9 Subdivision 1. **District extension.** (a) The governing body of the city of Hopkins may
 183.10 elect to extend the duration of its redevelopment tax increment financing district 2-11 by
 183.11 up to four additional years.

183.12 (b) Notwithstanding ~~any law to the contrary~~ Minnesota Statutes, section 469.1763,
 183.13 subdivision 2, effective upon approval of this subdivision, no increments may be spent on
 183.14 activities located outside of the area of the district, other than:

183.15 (1) to pay administrative expenses, not to exceed ten percent of the total tax increments
 183.16 from the district; or

183.17 (2) to pay the costs of housing or redevelopment activities that are consistent with
 183.18 Minnesota Statutes, section 469.176, subdivision 4j, provided that expenditures under this
 183.19 clause may not exceed 20 percent of the total tax increments from the district.

183.20 The total amount of increment that may be spent on activities located outside the area of
 183.21 the district under this section shall be limited to 25 percent.

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

183.25 Sec. 2. Laws 2008, chapter 366, article 5, section 26, as amended by Laws 2013, chapter
 183.26 143, article 9, section 11, is amended to read:

183.27 **Sec. 26. BLOOMINGTON TAX INCREMENT FINANCING; FIVE-YEAR RULE.**

183.28 (a) The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that
 183.29 activities must be undertaken within a five-year period from the date of certification of a
 183.30 tax increment financing district, are increased to a ~~15-year~~ 21-year period for the Port

184.1 Authority of the City of Bloomington's Tax Increment Financing District No. 1-I,
184.2 Bloomington Central Station.

184.3 (b) Notwithstanding the provisions of Minnesota Statutes, section 469.176, or any other
184.4 law to the contrary, the city of Bloomington and its port authority may extend the duration
184.5 limits of the district for a period through December 31, 2039.

184.6 (c) Effective for taxes payable in 2014, tax increment for the district must be computed
184.7 using the current local tax rate, notwithstanding the provisions of Minnesota Statutes, section
184.8 469.177, subdivision 1a.

184.9 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
184.10 city of Bloomington and its chief clerical officer comply with Minnesota Statutes, section
184.11 645.021, subdivisions 2 and 3.

184.12 Sec. 3. Laws 2014, chapter 308, article 6, section 8, subdivision 1, as amended by Laws
184.13 2017, First Special Session chapter 1, article 6, section 11, is amended to read:

184.14 Subdivision 1. **Authority to create districts.** (a) The governing body of the city of
184.15 Edina or its development authority may establish one or more tax increment financing
184.16 housing districts in the Southeast Edina Redevelopment Project Area, as the boundaries
184.17 exist on March 31, 2014.

184.18 (b) The authority to request certification of districts under this section expires on
184.19 December 31, ~~2019~~ 2021.

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

184.23 Sec. 4. **CITY OF ALEXANDRIA; TIF DISTRICT NO. 50; FIVE-YEAR RULE**
184.24 **EXTENSION.**

184.25 The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities
184.26 must be undertaken within a five-year period from the date of certification of a tax increment
184.27 financing district, is considered to be met for TIF District No. 50, administered by the city
184.28 of Alexandria, or its economic development authority, if the activities are undertaken prior
184.29 to July 16, 2023.

184.30 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
184.31 city of Alexandria and its chief clerical officer comply with Minnesota Statutes, section
184.32 645.021, subdivisions 2 and 3.

185.1 **Sec. 5. CITY OF ANOKA; COMMUTER RAIL TRANSIT VILLAGE TIF**
 185.2 **DISTRICT; FIVE-YEAR RULE EXTENSION.**

185.3 The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities
 185.4 must be undertaken within a five-year period from the date of certification of a tax increment
 185.5 financing district, is considered to be met for the Commuter Rail Transit Village tax
 185.6 increment financing district, administered by the city of Anoka, if the activities are undertaken
 185.7 prior to April 7, 2023.

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

185.11 **Sec. 6. CITY OF CHAMPLIN; MISSISSIPPI CROSSINGS TIF DISTRICT;**
 185.12 **FIVE-YEAR RULE EXTENSION; DURATION EXTENSION.**

185.13 Subdivision 1. **Five-year rule.** The requirement of Minnesota Statutes, section 469.1763,
 185.14 subdivision 3, that activities must be undertaken within a five-year period from the date of
 185.15 certification of a tax increment financing district, is extended to a ten-year period for the
 185.16 Mississippi Crossings Tax Increment Financing District administered by the city of Champlin.

185.17 Subd. 2. **Duration.** Notwithstanding Minnesota Statutes, section 469.176, subdivision
 185.18 1b, or any other law to the contrary, the city of Champlin may elect to extend the duration
 185.19 of the Mississippi Crossings Tax Increment Financing District by five years.

185.20 **EFFECTIVE DATE.** This section is effective upon compliance by the governing bodies
 185.21 of the city of Champlin, Hennepin County, and Independent School District No. 11
 185.22 (Anoka-Hennepin), with the requirements of Minnesota Statutes, sections 469.1782,
 185.23 subdivision 2; and 645.021, subdivisions 2 and 3.

185.24 **Sec. 7. CITY OF DULUTH; TAX INCREMENT FINANCING DISTRICT; SPECIAL**
 185.25 **RULES AUTHORIZATION.**

185.26 Subdivision 1. **Establishment.** The city of Duluth or the Duluth Economic Development
 185.27 Authority may establish, by resolution, one redevelopment tax increment financing district
 185.28 located in the city of Duluth, St. Louis County, Minnesota, within the area bordered on the
 185.29 northeast by Slip 3 and the Pier B Resort property line extended northwest to Interstate 35,
 185.30 on the southeast by the Duluth Harbor, on the southwest by the Compass Minerals property
 185.31 line extended northwest to Interstate 35, and on the northwest by Interstate 35, together

186.1 with adjacent roads and rights-of-way; and such property is deemed to meet the requirements
186.2 of Minnesota Statutes, section 469.174, subdivision 10.

186.3 Subd. 2. **Eligible expenditures.** Expenditures incurred in connection with the
186.4 development of the property described in subdivision 1 are deemed to meet the requirements
186.5 of Minnesota Statutes, section 469.176, subdivision 4j. Eligible expenditures for any tax
186.6 increment financing district established in the area described in subdivision 1 include,
186.7 without limitation, seawalls and pier facings adjacent to the boundaries of such district.

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

186.11 Sec. 8. **CITY OF MINNEAPOLIS; UPPER HARBOR TERMINAL**
186.12 **REDEVELOPMENT TIF DISTRICT; SPECIAL RULES AUTHORIZATION.**

186.13 Subdivision 1. **Qualifying rules.** Notwithstanding Minnesota Statutes, section 469.174,
186.14 subdivision 10, the governing body of the city of Minneapolis may establish, by resolution,
186.15 one or more redevelopment tax increment financing districts within that portion of the North
186.16 Washington Industrial Park Redevelopment Project Area as its boundaries existed on January
186.17 1, 2019, located north of Lowry Avenue. In each resolution, the city must find that each
186.18 parcel in the district was part of property that was formerly used as a municipally owned
186.19 intermodal barge shipping facility that can no longer be used for such purpose due to the
186.20 closure of the Upper St. Anthony Falls Lock under the federal Water Resources Reform
186.21 and Development Act of 2014. Except as provided in this section, the provisions of Minnesota
186.22 Statutes, sections 469.174 to 469.1794, apply to each district created under this section.

186.23 Subd. 2. **Use of increments.** Minnesota Statutes, section 469.176, subdivision 4j, does
186.24 not apply to any district established under this section.

186.25 Subd. 3. **Pooling authority.** Notwithstanding Minnesota Statutes, section 469.1763,
186.26 subdivision 2, the permitted percentage of increments that may be expended on activities
186.27 outside the district, but within the project area, is increased to 35 percent for districts
186.28 established under this section.

186.29 Subd. 4. **Five-year rule.** The five-year rule period under Minnesota Statutes, section
186.30 469.1763, subdivision 3, is extended to ten years for any district established under this
186.31 section.

187.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 187.2 city of Minneapolis and its chief clerical officer comply with Minnesota Statutes, section
 187.3 645.021, subdivisions 2 and 3.

187.4 Sec. 9. **CITY OF ROSEVILLE; HAZARDOUS SUBSTANCE SUBDISTRICT NO.**
 187.5 **17A; EXPENDITURE OF TAX INCREMENT.**

187.6 Notwithstanding Minnesota Statutes, section 469.1763, or any other law to the contrary,
 187.7 the city of Roseville and the Roseville Economic Development Authority may use any or
 187.8 all increment generated from Hazardous Substance Subdistrict No. 17A for the purpose of
 187.9 financing environmental remediation pursuant to one or more response action plans on the
 187.10 parcels within the subdistrict as originally certified, regardless of the date of approval of
 187.11 the response action plan by the Pollution Control Agency.

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

187.15

ARTICLE 8

187.16

PUBLIC FINANCE

187.17 Section 1. Minnesota Statutes 2018, section 37.31, subdivision 1, is amended to read:

187.18 Subdivision 1. **Bonding authority.** The society may issue negotiable bonds in a principal
 187.19 amount that the society determines necessary to provide sufficient money for achieving its
 187.20 purposes, including the payment of interest on bonds of the society, the establishment of
 187.21 reserves to secure its bonds, the payment of fees to a third party providing credit
 187.22 enhancement, and the payment of all other expenditures of the society incident to and
 187.23 necessary or convenient to carry out its corporate purposes and powers. Bonds of the society
 187.24 may be issued as bonds or notes or in any other form authorized by law. The principal
 187.25 amount of bonds issued and outstanding under this section at any time may not exceed
 187.26 ~~\$20,000,000~~ \$30,000,000, excluding bonds for which refunding bonds or crossover refunding
 187.27 bonds have been issued.

187.28 Sec. 2. Minnesota Statutes 2018, section 103E.611, subdivision 2, is amended to read:

187.29 Subd. 2. **Interest.** (a) Interest is an additional drainage lien on all property until paid.
 187.30 The interest rate on the drainage lien principal from the date the drainage lien statement is
 187.31 recorded must be set by the board but may not exceed the rate determined by the state court
 187.32 administrator for judgments under section 549.09, or six percent, whichever is greater.

188.1 (b) Before the tax lists for the year are given to the county treasurer, the auditor shall
188.2 compute the interest on the unpaid balance of the drainage lien at the rate set by the board.
188.3 The amount of interest must be computed on the entire unpaid principal from the date the
188.4 drainage lien was recorded to August 15 of the next calendar year, and afterwards from
188.5 August 15 to August 15 of each year.

188.6 (c) Interest is due and payable after November 1 of each year the drainage lien principal
188.7 or interest is due and unpaid.

188.8 Sec. 3. Minnesota Statutes 2018, section 123B.595, subdivision 5, is amended to read:

188.9 Subd. 5. **Bond authorization.** (a) A school district may issue general obligation bonds
188.10 under this section to finance facilities plans approved by its board and the commissioner.
188.11 Chapter 475, except sections 475.58 and 475.59, must be complied with. The authority to
188.12 issue bonds under this section is in addition to any bonding authority authorized by this
188.13 chapter or other law. The amount of bonding authority authorized under this section must
188.14 be disregarded in calculating the bonding or net debt limits of this chapter, or any other law
188.15 other than section 475.53, subdivision 4.

188.16 (b) At least 20 days before the earliest of ~~solicitation of bids~~, the issuance of bonds; or
188.17 the final certification of levies under subdivision 6, the district must publish notice of the
188.18 intended projects, the amount of the bond issue, and the total amount of district indebtedness.

188.19 (c) The portion of revenue under this section for bonded debt must be recognized in the
188.20 debt service fund.

188.21 Sec. 4. Minnesota Statutes 2018, section 297A.993, subdivision 1, is amended to read:

188.22 Subdivision 1. **Authorization; rates.** Notwithstanding section 297A.99, subdivisions
188.23 1, 2, 3, 5, and 13, or 477A.016, or any other law, the board of a county ~~outside the~~
188.24 ~~metropolitan transportation area, as defined under section 297A.992, subdivision 1,~~ or more
188.25 than one county ~~outside the metropolitan transportation area~~ acting under a joint powers
188.26 agreement, may by resolution of the county board, or each of the county boards, following
188.27 a public hearing impose (1) a transportation sales tax at a rate of up to one-half of one percent
188.28 on retail sales and uses taxable under this chapter, and (2) an excise tax of \$20 per motor
188.29 vehicle, as defined in section 297B.01, subdivision 11, purchased or acquired from any
188.30 person engaged in the business of selling motor vehicles at retail, occurring within the
188.31 jurisdiction of the taxing authority.

189.1 Sec. 5. Minnesota Statutes 2018, section 297A.993, subdivision 2, is amended to read:

189.2 Subd. 2. **Allocation; termination.** The proceeds of the taxes must be dedicated
189.3 exclusively to: (1) payment of the capital cost of a specific transportation project or
189.4 improvement; (2) payment of the costs, which may include both capital and operating costs,
189.5 of a specific transit project or improvement; (3) payment of the capital costs of a safe routes
189.6 to school program under section 174.40; or (4) payment of transit operating costs. The
189.7 transportation or transit project or improvement must be designated by the board of the
189.8 county, or more than one county acting under a joint powers agreement. Except for taxes
189.9 for operating costs of a transit project or improvement, or for transit operations, the taxes
189.10 must terminate when revenues raised are sufficient to finance the project. Nothing in this
189.11 subdivision prohibits the exclusive dedication of the proceeds of the taxes to payments for
189.12 more than one project or improvement. After a public hearing a county may, by resolution,
189.13 dedicate the proceeds of the tax for a new enumerated project.

189.14 Sec. 6. Minnesota Statutes 2018, section 297A.993, is amended by adding a subdivision
189.15 to read:

189.16 Subd. 4. **Bonds.** (a) A county may, by resolution, authorize, issue, and sell its bonds,
189.17 notes, or other obligations for the purposes specified in subdivision 2. The county may also,
189.18 by resolution, issue bonds to refund the bonds issued pursuant to this subdivision.

189.19 (b) The bonds may be limited obligations, payable solely from or secured by taxes levied
189.20 under this section, and the county may also pledge its full faith, credit, and taxing power as
189.21 additional security for the bonds. A regional railroad authority within the county may also
189.22 pledge its taxing powers as additional security for the bonds.

189.23 (c) A county may issue and sell bonds in one or more series and without an election.
189.24 The county may determine how the bonds shall be secured; how the bonds will bear interest,
189.25 and the rate or rates, or variable rate; the rank or priority; how the bonds will be executed
189.26 and be payable, and how they will mature; and how the bonds will be subject to any defaults,
189.27 redemptions, repurchases, tender options, or other terms. The county may also determine
189.28 how the bonds shall be sold.

189.29 (d) The county may enter into and perform all contracts deemed necessary or desirable
189.30 by it to issue and secure the bonds, including an indenture of trust with a trustee located
189.31 within or outside of the state.

189.32 (e) Before issuing bonds qualifying under this section, the county must publish a notice
189.33 of its intention to issue the bonds and the date and time of a hearing to obtain public comment

190.1 on the matter. The notice must be published in the official newspaper of the county or in a
 190.2 newspaper of general circulation in the county. The notice must be published at least 14,
 190.3 but not more than 28, days before the date of the hearing.

190.4 (f) Any project financed with bonds issued under this section must be included in a
 190.5 capital improvement plan as defined in section 373.40, subdivision 3. For purposes of this
 190.6 paragraph, "project" means any project described in subdivision 2, notwithstanding section
 190.7 373.40, subdivision 1, paragraph (b).

190.8 (g) Except as otherwise provided in this subdivision, the bonds must be issued and sold
 190.9 in the manner provided under chapter 475.

190.10 Sec. 7. Minnesota Statutes 2018, section 471.831, is amended to read:

190.11 **471.831 MUNICIPALITY MAY FILE BANKRUPTCY PETITION.**

190.12 Subdivision 1. **Any relief under bankruptcy code.** A municipality, as defined in
 190.13 subdivision 2, may file a petition and seek any relief available to it under United States
 190.14 Code, title 11, as amended ~~through December 31, 1996.~~

190.15 Subd. 2. **Municipality defined.** In this section, "municipality" means a municipality as
 190.16 defined in United States Code, title 11, section 101, as amended ~~through December 31,~~
 190.17 ~~1996,~~ but limited to a county, statutory or home rule charter city, or town; or a housing and
 190.18 redevelopment authority, economic development authority, or rural development financing
 190.19 authority established under chapter 469, a home rule charter, or special law.

190.20 Sec. 8. Minnesota Statutes 2018, section 474A.02, subdivision 22b, is amended to read:

190.21 Subd. 22b. **Public facilities project.** "Public facilities project" means any publicly owned
 190.22 facility, or ~~a facility owned by a nonprofit organization~~ that is used for district heating or
 190.23 cooling, whether publicly or privately owned, that is eligible to be financed with the proceeds
 190.24 of public facilities bonds as defined under section 474A.02, subdivision 23a.

190.25 Sec. 9. Minnesota Statutes 2018, section 475.521, subdivision 1, is amended to read:

190.26 Subdivision 1. **Definitions.** For purposes of this section, the following terms have the
 190.27 meanings given.

190.28 (a) "Bonds" mean an obligation defined under section 475.51.

190.29 (b) "Capital improvement" means acquisition or betterment of public lands, buildings
 190.30 or other improvements for the purpose of a city hall, town hall, library, public safety facility,
 190.31 and public works facility. An improvement must have an expected useful life of five years

191.1 or more to qualify. Capital improvement does not include light rail transit or any activity
 191.2 related to it, or a park, road, bridge, administrative building other than a city or town hall,
 191.3 or land for any of those facilities. For purposes of this section, "capital improvement"
 191.4 includes expenditures for purposes described in this paragraph that have been incurred by
 191.5 a municipality before approval of a capital improvement plan, if such expenditures are
 191.6 included in a capital improvement plan approved on or before the date of the public hearing
 191.7 under subdivision 2 regarding issuance of bonds for such expenditures.

191.8 (c) "Municipality" means a home rule charter or statutory city or a town ~~described in~~
 191.9 ~~section 368.01, subdivision 1 or 1a.~~

191.10 Sec. 10. **REPEALER.**

191.11 Minnesota Statutes 2018, section 37.31, subdivision 8, is repealed.

191.12 Sec. 11. **EFFECTIVE DATE.**

191.13 Sections 1 to 10 are effective July 1, 2019.

191.14 **ARTICLE 9**

191.15 **MINNESOTACARE TAXES**

191.16 Section 1. Minnesota Statutes 2018, section 295.51, subdivision 1a, is amended to read:

191.17 Subd. 1a. **Nexus in Minnesota.** (a) To the extent allowed by the United States
 191.18 Constitution and the laws of the United States, a person who is a wholesale drug distributor
 191.19 ~~has nexus in Minnesota if its contacts with or presence in Minnesota is sufficient to satisfy~~
 191.20 ~~the requirements of the United States Constitution.~~ a person subject to tax under section
 191.21 295.52, subdivision 4, or a person who sells or repairs hearing aids and related equipment
 191.22 or prescription eyewear is subject to the taxes imposed by this chapter if the person:

191.23 (1) has or maintains within this state, directly or by a subsidiary or an affiliate, an office,
 191.24 place of distribution, sales, storage, or sample room or place, warehouse, or other place of
 191.25 business, including the employment of a resident of this state who works from a home office
 191.26 in this state;

191.27 (2) has a representative, including but not limited to an employee, affiliate, agent,
 191.28 salesperson, canvasser, solicitor, independent contractor, or other third party operating in
 191.29 this state under the person's authority or the authority of the person's subsidiary, for any
 191.30 purpose, including the repairing, selling, delivering, installing, facilitating sales, processing
 191.31 sales, or soliciting of orders for the person's goods or services, or the leasing of tangible

192.1 personal property located in this state, whether the place of business or the agent,
192.2 representative, affiliate, salesperson, canvasser, or solicitor is located in the state permanently
192.3 or temporarily, or whether or not the person, subsidiary, or affiliate is authorized to do
192.4 business in this state;

192.5 (3) owns or leases real property that is located in this state; or

192.6 (4) owns or leases tangible personal property that is present in this state, including but
192.7 not limited to mobile property.

192.8 (b) To the extent allowed by the United States Constitution and the laws of the United
192.9 States, a person who is a wholesale drug distributor, or a person who is subject to tax under
192.10 section 295.52, subdivision 4, is subject to the taxes imposed by this chapter if the person:

192.11 (1) conducts a trade or business not described in paragraph (a) and sells, delivers, or
192.12 distributes legend drugs from outside this state to a destination within this state by common
192.13 carrier or otherwise; and

192.14 (2) meets one of the following thresholds:

192.15 (i) makes 200 or more sales, deliveries, or distributions described in clause (1) during
192.16 any taxable year;

192.17 (ii) the gross revenues of a wholesale drug distributor that sells, delivers, or distributes
192.18 legend drugs as described in clause (1) totals more than \$100,000 during any taxable year;

192.19 or

192.20 (iii) the price paid by a person who is subject to tax under section 295.52, subdivision
192.21 4, totals more than \$100,000 for legend drugs that the person sells, delivers, or distributes
192.22 as described in clause (1) during any taxable year.

192.23 (c) To the extent allowed by the United States Constitution and the laws of the United
192.24 States, a person who sells or repairs hearing aids and related equipment or prescription
192.25 eyewear is subject to the taxes imposed by this chapter if the person:

192.26 (1) conducts a trade or business not described in paragraph (a) and:

192.27 (i) sells, delivers, or distributes hearing aids and related equipment or prescription
192.28 eyewear from outside of this state to a destination within this state by common carrier or
192.29 otherwise; or

192.30 (ii) repairs hearing aids and related equipment or prescription eyewear outside of this
192.31 state and delivers or distributes the hearing aids and related equipment or prescription
192.32 eyewear to a destination within this state by common carrier or otherwise; and

193.1 (2) meets one of the following thresholds:

193.2 (i) makes 200 or more sales, deliveries, distributions, or repairs described in clause (1)
 193.3 during any taxable year; or

193.4 (ii) the gross revenues of the person who sells, delivers, distributes, or repairs hearing
 193.5 aids and related equipment or prescription eyewear described in clause (1) totals more than
 193.6 \$100,000 during any taxable year.

193.7 (d) Once a taxpayer has established nexus with Minnesota under paragraph (b) or (c),
 193.8 the taxpayer must continue to file an annual return and remit taxes for subsequent years. A
 193.9 taxpayer who has established nexus under paragraph (b) or (c) is no longer required to file
 193.10 an annual return and remit taxes if the taxpayer:

193.11 (1) ceases to engage in the activities or no longer meets any of the applicable thresholds
 193.12 in paragraph (b) or (c) for an entire taxable year; and

193.13 (2) notifies the commissioner by March 15 of the following calendar year, in a manner
 193.14 prescribed by the commissioner, that the taxpayer no longer engages in any of the activities
 193.15 or no longer meets any of the applicable thresholds in paragraph (b) or (c).

193.16 (e) If, after notifying the commissioner pursuant to paragraph (d), the taxpayer
 193.17 subsequently engages in any of the activities and meets any of the applicable thresholds in
 193.18 paragraph (b) or (c), the taxpayer shall again comply with the applicable requirements of
 193.19 paragraphs (b) to (d).

193.20 **EFFECTIVE DATE; APPLICATION.** (a) This section is effective the day following
 193.21 final enactment.

193.22 (b) In enacting this section, the legislature confirms that the United States Supreme Court
 193.23 decision in South Dakota v. Wayfair, Inc. et al., Dkt. No. 17-494 (June 21, 2018); 138 S.
 193.24 Ct. 2080 (2018), applied upon the date of that decision to provide Minnesota with jurisdiction
 193.25 over persons described in Minnesota Statutes, section 295.51, subdivision 1a, paragraphs
 193.26 (b) and (c), for purposes of imposing tax under Minnesota Statutes, chapter 295, to the
 193.27 extent allowed by the United States Constitution and the laws of the United States.

193.28 Sec. 2. Minnesota Statutes 2018, section 295.52, subdivision 1, is amended to read:

193.29 Subdivision 1. **Hospital tax.** A tax is imposed on each hospital equal to ~~two~~ 1.8 percent
 193.30 of its gross revenues.

193.31 **EFFECTIVE DATE.** This section is effective for gross revenues received after
 193.32 December 31, 2019.

194.1 Sec. 3. Minnesota Statutes 2018, section 295.52, subdivision 1a, is amended to read:

194.2 Subd. 1a. **Surgical center tax.** A tax is imposed on each surgical center equal to ~~two~~
194.3 1.8 percent of its gross revenues.

194.4 **EFFECTIVE DATE.** This section is effective for gross revenues received after
194.5 December 31, 2019.

194.6 Sec. 4. Minnesota Statutes 2018, section 295.52, subdivision 2, is amended to read:

194.7 Subd. 2. **Provider tax.** A tax is imposed on each health care provider equal to ~~two~~ 1.8
194.8 percent of its gross revenues.

194.9 **EFFECTIVE DATE.** This section is effective for gross revenues received after
194.10 December 31, 2019.

194.11 Sec. 5. Minnesota Statutes 2018, section 295.52, subdivision 3, is amended to read:

194.12 Subd. 3. **Wholesale drug distributor tax.** A tax is imposed on each wholesale drug
194.13 distributor equal to ~~two~~ 1.8 percent of its gross revenues.

194.14 **EFFECTIVE DATE.** This section is effective for gross revenues received after
194.15 December 31, 2019.

194.16 Sec. 6. Minnesota Statutes 2018, section 295.52, subdivision 4, is amended to read:

194.17 Subd. 4. **Use tax; legend drugs.** (a) A person that receives legend drugs for resale or
194.18 use in Minnesota, other than from a wholesale drug distributor that is subject to tax under
194.19 subdivision 3, is subject to a tax equal to the price paid for the legend drugs multiplied by
194.20 ~~the tax percentage specified in this section~~ 1.8 percent. Liability for the tax is incurred when
194.21 legend drugs are received or delivered in Minnesota by the person.

194.22 (b) A tax imposed under this subdivision does not apply to purchases by an individual
194.23 for personal consumption.

194.24 **EFFECTIVE DATE.** This section is effective for legend drugs received or delivered
194.25 in Minnesota after December 31, 2019.

194.26 Sec. 7. Minnesota Statutes 2018, section 295.52, subdivision 8, is amended to read:

194.27 Subd. 8. **Contingent reduction in tax rate.** (a) By December 1 of each year, beginning
194.28 in 2011, the commissioner of management and budget shall determine the projected balance
194.29 in the health care access fund for the biennium.

195.1 (b) If the commissioner of management and budget determines that the projected balance
 195.2 in the health care access fund for the biennium reflects a ratio of revenues to expenditures
 195.3 and transfers greater than 125 percent, and if the actual cash balance in the fund is adequate,
 195.4 as determined by the commissioner of management and budget, the commissioner, in
 195.5 consultation with the commissioner of revenue, shall reduce the tax rates levied under
 195.6 subdivisions 1, 1a, 2, 3, and 4, for the subsequent calendar year sufficient to reduce the
 195.7 structural balance in the fund. The rate may be reduced to the extent that the projected
 195.8 revenues for the biennium do not exceed 125 percent of expenditures and transfers. The
 195.9 new rate shall be rounded to the nearest one-tenth of one percent. The rate reduction under
 195.10 this paragraph expires at the end of each calendar year and is subject to an annual
 195.11 redetermination by the commissioner of management and budget.

195.12 (c) For purposes of the analysis defined in paragraph (b), the commissioner of
 195.13 management and budget shall include projected revenues, ~~notwithstanding the repeal of the~~
 195.14 ~~tax imposed under this section effective January 1, 2020.~~

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

195.16 Sec. 8. Minnesota Statutes 2018, section 295.57, subdivision 3, is amended to read:

195.17 Subd. 3. **Interest on overpayments.** Interest must be paid on an overpayment refunded
 195.18 or credited to the taxpayer ~~from the date of payment of the tax until the date the refund is~~
 195.19 ~~paid or credited. For purposes of this subdivision, the date of payment is the due date of the~~
 195.20 ~~return or the date of actual payment of the tax, whichever is later~~ in the manner provided
 195.21 in section 289A.56, subdivision 2.

195.22 **EFFECTIVE DATE.** This section is effective for overpayments made on or after
 195.23 January 1, 2020.

195.24 Sec. 9. Laws 2003, First Special Session chapter 14, article 13C, section 2, subdivision
 195.25 6, as amended by Laws 2004, chapter 272, article 2, section 4; Laws 2005, First Special
 195.26 Session chapter 4, article 5, section 18; and Laws 2005, First Special Session chapter 4,
 195.27 article 9, section 11, is amended to read:

195.28 Subd. 6. **Basic Health Care Grants**

| | | | |
|--------|--------------------|---------------|---------------|
| 195.29 | Summary by Fund | | |
| 195.30 | General | 1,290,454,000 | 1,475,996,000 |
| 195.31 | Health Care Access | 254,121,000 | 282,689,000 |

196.1 **UPDATING FEDERAL POVERTY**

196.2 **GUIDELINES.** Annual updates to the federal
196.3 poverty guidelines are effective each July 1,
196.4 following publication by the United States
196.5 Department of Health and Human Services
196.6 for health care programs under Minnesota
196.7 Statutes, chapters 256, 256B, 256D, and 256L.

196.8 The amounts that may be spent from this
196.9 appropriation for each purpose are as follows:

196.10 (a) MinnesotaCare Grants

196.11 Health Care Access 253,371,000 281,939,000

196.12 **MINNESOTACARE FEDERAL**

196.13 **RECEIPTS.** Receipts received as a result of
196.14 federal participation pertaining to
196.15 administrative costs of the Minnesota health
196.16 care reform waiver shall be deposited as
196.17 nondedicated revenue in the health care access
196.18 fund. Receipts received as a result of federal
196.19 participation pertaining to grants shall be
196.20 deposited in the federal fund and shall offset
196.21 health care access funds for payments to
196.22 providers.

196.23 **MINNESOTACARE FUNDING.** The

196.24 commissioner may expend money
196.25 appropriated from the health care access fund
196.26 for MinnesotaCare in either fiscal year of the
196.27 biennium.

196.28 (b) MA Basic Health Care Grants - Families

196.29 and Children

196.30 General 427,769,000 489,545,000

196.31 **SERVICES TO PREGNANT WOMEN.**

196.32 The commissioner shall use available federal
196.33 money for the State-Children's Health

197.1 Insurance Program for medical assistance
197.2 services provided to pregnant women who are
197.3 not otherwise eligible for federal financial
197.4 participation beginning in fiscal year 2003.
197.5 This federal money shall be deposited in the
197.6 federal fund and shall offset general funds for
197.7 payments to providers. Notwithstanding
197.8 section 14, this paragraph shall not expire.

197.9 **MANAGED CARE RATE INCREASE. (a)**
197.10 ~~Effective January 1, 2004, the commissioner~~
197.11 ~~of human services shall increase the total~~
197.12 ~~payments to managed care plans under~~
197.13 ~~Minnesota Statutes, section 256B.69, by an~~
197.14 ~~amount equal to the cost increases to the~~
197.15 ~~managed care plans from by the elimination~~
197.16 ~~of: (1) the exemption from the taxes imposed~~
197.17 ~~under Minnesota Statutes, section 297I.05,~~
197.18 ~~subdivision 5, for premiums paid by the state~~
197.19 ~~for medical assistance, general assistance~~
197.20 ~~medical care, and the MinnesotaCare program;~~
197.21 ~~and (2) the exemption of gross revenues~~
197.22 ~~subject to the taxes imposed under Minnesota~~
197.23 ~~Statutes, sections 295.50 to 295.57, for~~
197.24 ~~payments paid by the state for services~~
197.25 ~~provided under medical assistance, general~~
197.26 ~~assistance medical care, and the~~
197.27 ~~MinnesotaCare program. Any increase based~~
197.28 ~~on clause (2) must be reflected in provider~~
197.29 ~~rates paid by the managed care plan unless the~~
197.30 ~~managed care plan is a staff model health plan~~
197.31 ~~company.~~

197.32 ~~(b) The commissioner of human services shall~~
197.33 ~~increase by the applicable tax rate in effect~~
197.34 ~~under Minnesota Statutes, section 295.52, the~~
197.35 ~~fee for service payments under medical~~

198.1 ~~assistance, general assistance medical care,~~
 198.2 ~~and the MinnesotaCare program for services~~
 198.3 ~~subject to the hospital, surgical center, or~~
 198.4 ~~health care provider taxes under Minnesota~~
 198.5 ~~Statutes, sections 295.50 to 295.57, effective~~
 198.6 ~~for services rendered on or after January 1,~~
 198.7 ~~2004.~~

198.8 (c) The commissioner of finance shall transfer
 198.9 from the health care access fund to the general
 198.10 fund the following amounts in the fiscal years
 198.11 indicated: 2004, \$16,587,000; 2005,
 198.12 \$46,322,000; 2006, \$49,413,000; and 2007,
 198.13 \$58,695,000.

198.14 (d) Notwithstanding section 14, these
 198.15 provisions shall not expire.

198.16 (c) MA Basic Health Care Grants - Elderly
 198.17 and Disabled

| | | | |
|--------|---------|-------------|-------------|
| 198.18 | General | 610,518,000 | 743,858,000 |
|--------|---------|-------------|-------------|

198.19 **DELAY MEDICAL ASSISTANCE**

198.20 **FEE-FOR-SERVICE - ACUTE CARE.** The
 198.21 following payments in fiscal year 2005 from
 198.22 the Medicaid Management Information
 198.23 System that would otherwise have been made
 198.24 to providers for medical assistance and general
 198.25 assistance medical care services shall be
 198.26 delayed and included in the first payment in
 198.27 fiscal year 2006:

198.28 (1) for hospitals, the last two payments; and
 198.29 (2) for nonhospital providers, the last payment.

198.30 This payment delay shall not include payments
 198.31 to skilled nursing facilities, intermediate care
 198.32 facilities for mental retardation, prepaid health
 198.33 plans, home health agencies, personal care

199.1 nursing providers, and providers of only
 199.2 waiver services. The provisions of Minnesota
 199.3 Statutes, section 16A.124, shall not apply to
 199.4 these delayed payments. Notwithstanding
 199.5 section 14, this provision shall not expire.

199.6 **DEAF AND HARD-OF-HEARING**

199.7 **SERVICES.** If, after making reasonable
 199.8 efforts, the service provider for mental health
 199.9 services to persons who are deaf or hearing
 199.10 impaired is not able to earn \$227,000 through
 199.11 participation in medical assistance intensive
 199.12 rehabilitation services in fiscal year 2005, the
 199.13 commissioner shall transfer \$227,000 minus
 199.14 medical assistance earnings achieved by the
 199.15 grantee to deaf and hard-of-hearing grants to
 199.16 enable the provider to continue providing
 199.17 services to eligible persons.

199.18 (d) General Assistance Medical Care Grants

| | | |
|----------------|-------------|-------------|
| 199.19 General | 239,861,000 | 229,960,000 |
|----------------|-------------|-------------|

199.20 (e) Health Care Grants - Other Assistance

| | | |
|---------------------------|-----------|-----------|
| 199.21 General | 3,067,000 | 3,407,000 |
| 199.22 Health Care Access | 750,000 | 750,000 |

199.23 **MINNESOTA PRESCRIPTION DRUG**

199.24 **DEDICATED FUND.** Of the general fund
 199.25 appropriation, \$284,000 in fiscal year 2005 is
 199.26 appropriated to the commissioner for the
 199.27 prescription drug dedicated fund established
 199.28 under the prescription drug discount program.

199.29 **DENTAL ACCESS GRANTS**

199.30 **CARRYOVER AUTHORITY.** Any unspent
 199.31 portion of the appropriation from the health
 199.32 care access fund in fiscal years 2002 and 2003
 199.33 for dental access grants under Minnesota
 199.34 Statutes, section 256B.53, shall not cancel but

200.1 shall be allowed to carry forward to be spent
 200.2 in the biennium beginning July 1, 2003, for
 200.3 these purposes.

200.4 **STOP-LOSS FUND ACCOUNT.** The
 200.5 appropriation to the purchasing alliance
 200.6 stop-loss fund account established under
 200.7 Minnesota Statutes, section 256.956,
 200.8 subdivision 2, for fiscal years 2004 and 2005
 200.9 shall only be available for claim
 200.10 reimbursements for qualifying enrollees who
 200.11 are members of purchasing alliances that meet
 200.12 the requirements described under Minnesota
 200.13 Statutes, section 256.956, subdivision 1,
 200.14 paragraph (f), clauses (1), (2), and (3).

200.15 (f) Prescription Drug Program

| | | | |
|--------|---------|-----------|-----------|
| 200.16 | General | 9,239,000 | 9,226,000 |
|--------|---------|-----------|-----------|

200.17 **PRESCRIPTION DRUG ASSISTANCE**
 200.18 **PROGRAM.** Of the general fund
 200.19 appropriation, \$702,000 in fiscal year 2004
 200.20 and \$887,000 in fiscal year 2005 are for the
 200.21 commissioner to establish and administer the
 200.22 prescription drug assistance program through
 200.23 the Minnesota board on aging.

200.24 **REBATE REVENUE RECAPTURE.** Any
 200.25 funds received by the state from a drug
 200.26 manufacturer due to errors in the
 200.27 pharmaceutical pricing used by the
 200.28 manufacturer in determining the prescription
 200.29 drug rebate are appropriated to the
 200.30 commissioner to augment funding of the
 200.31 prescription drug program established in
 200.32 Minnesota Statutes, section 256.955.

201.1 Sec. 10. **REPEALER.**

201.2 Laws 2011, First Special Session chapter 9, article 6, section 97, subdivision 6, is repealed
201.3 effective the day following final enactment.

201.4 **ARTICLE 10**

201.5 **DULUTH REGIONAL EXCHANGE DISTRICT**

201.6 Section 1. **[16A.968] DULUTH REGIONAL EXCHANGE DISTRICT**

201.7 **APPROPRIATION BONDS.**

201.8 Subdivision 1. **Definitions.** (a) The definitions in this subdivision and in section 469.50
201.9 apply to this section.

201.10 (b) "Appropriation bond" or "bond" means a bond, note, or other similar instrument of
201.11 the state payable during a biennium from one or more of the following sources:

201.12 (1) money appropriated by law from the general fund in any biennium for debt service
201.13 due with respect to obligations described in subdivision 3;

201.14 (2) proceeds of the sale of obligations described in subdivision 3;

201.15 (3) payments received for that purpose under agreements and ancillary arrangements
201.16 described in subdivision 2, paragraph (d); and

201.17 (4) investment earnings on amounts in clauses (1) to (3).

201.18 (c) "Debt service" means the amount payable in any biennium of principal, premium, if
201.19 any, and interest on appropriation bonds, and the fees, charges, and expenses related to the
201.20 bonds.

201.21 Subd. 2. **Authorization to issue appropriation bonds.** (a) Subject to the limitations of
201.22 this subdivision, and upon request by the governing body of the city of Duluth as provided
201.23 in section 469.54, subdivision 3, paragraph (f), the commissioner may sell and issue
201.24 appropriation bonds of the state under this section for public purposes as provided by law.

201.25 (b) Proceeds of the appropriation bonds must be credited to a special appropriation
201.26 Duluth regional exchange district bond proceeds fund in the state treasury. All income from
201.27 investment of the bond proceeds, as estimated by the commissioner, is appropriated to the
201.28 commissioner for the payment of principal and interest on the appropriation bonds.

201.29 (c) Appropriation bonds may be issued in one or more issues or series on the terms and
201.30 conditions the commissioner determines to be in the best interests of the state, but the term
201.31 on any series of appropriation bonds may not exceed 25 years. The appropriation bonds of

202.1 each issue and series thereof shall be dated and bear interest and may be includable in or
202.2 excludable from the gross income of the owners for federal income tax purposes.

202.3 (d) At the time of or in anticipation of issuing the appropriation bonds, and at any time
202.4 thereafter, so long as the appropriation bonds are outstanding, the commissioner may enter
202.5 into agreements and ancillary arrangements relating to the appropriation bonds, including
202.6 but not limited to trust indentures, grant agreements, lease or use agreements, operating
202.7 agreements, management agreements, liquidity facilities, remarketing or dealer agreements,
202.8 letter of credit agreements, insurance policies, guaranty agreements, reimbursement
202.9 agreements, indexing agreements, or interest exchange agreements. Any payments made
202.10 or received according to the agreement or ancillary arrangement shall be made from or
202.11 deposited as provided in the agreement or ancillary arrangement. The determination of the
202.12 commissioner included in an interest exchange agreement that the agreement relates to an
202.13 appropriation bond shall be conclusive.

202.14 (e) The commissioner may enter into written agreements or contracts relating to the
202.15 continuing disclosure of information necessary to comply with or facilitate the issuance of
202.16 appropriation bonds in accordance with federal securities laws, rules, and regulations,
202.17 including Securities and Exchange Commission rules and regulations in Code of Federal
202.18 Regulations, title 17, section 240.15c2-12. An agreement may be in the form of covenants
202.19 with purchasers and holders of appropriation bonds set forth in the order or resolution
202.20 authorizing the issuance of the appropriation bonds or a separate document authorized by
202.21 the order or resolution.

202.22 (f) The appropriation bonds are not subject to chapter 16C.

202.23 Subd. 3. **Appropriation bonds authorization.** (a) Appropriation bonds may be sold
202.24 and issued in amounts that, in the opinion of the commissioner, are necessary to provide
202.25 sufficient funds to the commissioner of employment and economic development under
202.26 subdivision 8, not to exceed \$97,720,000 net of costs of issuance, for the purposes as
202.27 provided under this subdivision, and pay debt service including capitalized interest, costs
202.28 of issuance, costs of credit enhancement, or make payments under other agreements entered
202.29 into under subdivision 2, paragraph (d).

202.30 (b) The bonds authorized by this subdivision are for the purposes of financing public
202.31 infrastructure projects authorized and approved by the city of Duluth under sections 469.50
202.32 to 469.54. No bonds shall be sold under this subdivision until: (1) there has been a request
202.33 pursuant to subdivision 2, paragraph (a); and (2) for any parking structure the requirements
202.34 in section 469.54, subdivisions 2 and 3, paragraph (a), have been met. Upon certification

203.1 of the required qualified expenditures under section 469.54, subdivision 3, paragraph (a),
203.2 by a medical business entity, bonds may be sold for a parking structure or structures
203.3 benefiting that medical business entity, notwithstanding the status of certified qualified
203.4 expenditures for another medical business entity.

203.5 Subd. 4. **Form; procedure.** (a) Appropriation bonds may be issued in the form of bonds,
203.6 notes, or other similar instruments and in the manner provided in section 16A.672. In the
203.7 event that any provision of section 16A.672 conflicts with this section, this section shall
203.8 control.

203.9 (b) Every appropriation bond shall include a conspicuous statement of the limitation
203.10 established in subdivision 7.

203.11 (c) Appropriation bonds may be sold at either public or private sale upon terms as the
203.12 commissioner shall determine are not inconsistent with this section and may be sold at any
203.13 price or percentage of par value. Any bid received may be rejected.

203.14 (d) Appropriation bonds must bear interest at a fixed or variable rate.

203.15 (e) Notwithstanding any other law, appropriation bonds issued under this section shall
203.16 be fully negotiable.

203.17 Subd. 5. **Refunding bonds.** The commissioner may issue appropriation bonds for the
203.18 purpose of refunding any appropriation bonds then outstanding, including the payment of
203.19 any redemption premiums on the bonds, any interest accrued or to accrue to the redemption
203.20 date, and costs related to the issuance and sale of the refunding bonds. The proceeds of any
203.21 refunding bonds may, in the discretion of the commissioner, be applied to the purchase or
203.22 payment at maturity of the appropriation bonds to be refunded, to the redemption of the
203.23 outstanding appropriation bonds on any redemption date, or to pay interest on the refunding
203.24 bonds and may, pending application, be placed in escrow to be applied to the purchase,
203.25 payment, retirement, or redemption. Any escrowed proceeds pending use may be invested
203.26 and reinvested in obligations that are authorized investments under section 11A.24. The
203.27 income earned or realized on the investment may also be applied to the payment of the
203.28 appropriation bonds to be refunded or interest or premiums on the refunded appropriation
203.29 bonds, or to pay interest on the refunding bonds. After the terms of the escrow have been
203.30 fully satisfied, any balance of the proceeds and any investment income may be returned to
203.31 the general fund or, if applicable, the special appropriation Duluth regional exchange district
203.32 bond proceeds fund for use in any lawful manner. All refunding bonds issued under this
203.33 subdivision must be prepared, executed, delivered, and secured by appropriations in the
203.34 same manner as the appropriation bonds to be refunded.

204.1 Subd. 6. Appropriation bonds as legal investments. Any of the following entities may
204.2 legally invest any sinking funds, money, or other funds belonging to them or under their
204.3 control in any appropriation bonds issued under this section:

204.4 (1) the state, the investment board, public officers, municipal corporations, political
204.5 subdivisions, and public bodies;

204.6 (2) banks and bankers, savings and loan associations, credit unions, trust companies,
204.7 savings banks and institutions, investment companies, insurance companies, insurance
204.8 associations, and other persons carrying on a banking or insurance business; and

204.9 (3) personal representatives, guardians, trustees, and other fiduciaries.

204.10 Subd. 7. No full faith and credit; state not required to make appropriations. The
204.11 appropriation bonds are not public debt of the state, and the full faith, credit, and taxing
204.12 powers of the state are not pledged to the payment of the appropriation bonds or to any
204.13 payment that the state agrees to make under this section. Appropriation bonds shall not be
204.14 obligations paid directly, in whole or in part, from a tax of statewide application on any
204.15 class of property, income, transaction, or privilege. Appropriation bonds shall be payable
204.16 in each fiscal year only from amounts that the legislature may appropriate for debt service
204.17 for any fiscal year, provided that nothing in this section shall be construed to require the
204.18 state to appropriate money sufficient to make debt service payments with respect to the
204.19 appropriation bonds in any fiscal year. Appropriation bonds shall be canceled and shall no
204.20 longer be outstanding on the earlier of (1) the first day of a fiscal year for which the
204.21 legislature shall not have appropriated amounts sufficient for debt service, or (2) the date
204.22 of final payment of the principal of and interest on the appropriation bonds.

204.23 Subd. 8. Appropriation of proceeds. The proceeds of appropriation bonds issued under
204.24 subdivision 3 and interest credited to the special appropriation Duluth regional exchange
204.25 district bond proceeds fund are appropriated as follows:

204.26 (1) to the commissioner of employment and economic development for a grant or grants
204.27 to the city of Duluth for public infrastructure projects as specified in subdivision 3, upon
204.28 other terms and conditions that the commissioner of employment and economic development
204.29 in the commissioner's sole discretion determines are warranted, with the agreement being
204.30 exempt from sections 16B.97 to 16B.991; and

204.31 (2) to the commissioner for accrued and capitalized interest, nonsalary costs of issuance
204.32 of the bonds, costs of credit enhancement of the bonds, and payments under any agreements
204.33 entered into under subdivision 2, paragraph (d), each as permitted by state and federal law.

205.1 Subd. 9. **Appropriation for debt service and other purposes.** An amount up to
205.2 \$8,100,000 needed to pay principal and interest on appropriation bonds issued under
205.3 subdivision 3 is appropriated each fiscal year from the general fund to the commissioner,
205.4 subject to the city of Duluth's entitlement to receive appropriation support payments under
205.5 section 469.54, subdivision 3, and further subject to repeal, unallotment under section
205.6 16A.152, or cancellation, otherwise as provided in subdivision 7, for deposit into the bond
205.7 payments account established for this purpose in the special Duluth regional exchange
205.8 district bond proceeds fund. The appropriation is available beginning in fiscal year 2022
205.9 and through fiscal year 2055.

205.10 Subd. 10. **Waiver of immunity.** The waiver of immunity by the state provided for by
205.11 section 3.751, subdivision 1, shall be applicable to the appropriation bonds and any ancillary
205.12 contracts to which the commissioner is a party.

205.13 Sec. 2. **[469.50] DEFINITIONS.**

205.14 Subdivision 1. **Application.** For the purposes of sections 469.50 to 469.54, the terms
205.15 defined in this section have the meanings given them.

205.16 Subd. 2. **City.** "City" means the city of Duluth.

205.17 Subd. 3. **Commissioner.** "Commissioner" means the commissioner of employment and
205.18 economic development.

205.19 Subd. 4. **County.** "County" means St. Louis County.

205.20 Subd. 5. **District.** "District" means the regional exchange district established under
205.21 section 469.51.

205.22 Subd. 6. **Medical business entity west.** "Medical business entity west" means a nonprofit
205.23 integrated health system with two hospitals located within the district.

205.24 Subd. 7. **Medical business entity east.** "Medical business entity east" means a nonprofit
205.25 health system operating one hospital within the district.

205.26 Subd. 8. **Public infrastructure project.** (a) "Public infrastructure project" means a
205.27 project identified in section 469.53.

205.28 (b) A public infrastructure project is not a business subsidy under section 116J.993.

205.29 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
205.30 city of Duluth and its chief clerical clerk officer timely comply with Minnesota Statutes,
205.31 section 645.021, subdivisions 2 and 3.

206.1 Sec. 3. **[469.51] REGIONAL EXCHANGE DISTRICT.**

206.2 Subdivision 1. **Establishment.** There is established in the city a regional exchange
206.3 district. The regional exchange district is bounded by: East 6th Street from North 3rd Avenue
206.4 East to North 7th Avenue East; North 7th Avenue East from East 6th Street to East 3rd
206.5 Street; East 3rd Street from North 7th Avenue East to North 12th Avenue East; North 12th
206.6 Avenue East from East 3rd Street straight through the Duluth Rose Garden to the Lake
206.7 Superior waterfront; the Lake Superior waterfront from the Duluth Rose Garden at North
206.8 12th Avenue East to Lake Place Park at North 3rd Avenue East; North 3rd Avenue East
206.9 from Lake Place Park at the Lake Superior waterfront to East 6th Street, excluding any
206.10 property operated as a hotel on the corner of Superior Street and North 3rd Avenue East.

206.11 Subd. 2. **Purpose; findings.** The public purposes of the district are to facilitate:

206.12 (1) repurposing vacant or underutilized private land, or unutilized property interests such
206.13 as air rights, for development or redevelopment and to incent significant private investment;

206.14 (2) redeveloping vacant or underutilized private land to increase its tax-generating and
206.15 job-creating potential or to provide housing or meet community needs; and

206.16 (3) development by the anchoring institutions in the community, such as health care
206.17 organizations and institutions of higher education, to create opportunities to improve the
206.18 economy of the city and greater Minnesota regions and attract and retain workforce.

206.19 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
206.20 city of Duluth and its chief clerical clerk officer timely comply with Minnesota Statutes,
206.21 section 645.021, subdivisions 2 and 3.

206.22 Sec. 4. **[469.52] CITY POWERS; DUTIES.**

206.23 Subdivision 1. **Port authority powers.** The city may exercise the powers of a port
206.24 authority under sections 469.048 to 469.068 for purposes of implementing sections 469.50
206.25 to 469.54.

206.26 Subd. 2. **Steel products.** The city must require that a public infrastructure project use
206.27 steel products made from iron ore mined from the taconite assistance area as defined in
206.28 section 273.1341 to the extent practicable. In determining whether it is practicable, the city
206.29 may consider the exceptions to the requirement by Public Law 111-5, section 1605.

206.30 Subd. 3. **City contracts; construction requirements.** For all public infrastructure
206.31 projects, the city must make reasonable efforts to hire and cause the construction manager
206.32 and any subcontractors to employ women and members of minority communities. Goals

207.1 for construction contracts must be established in the manner required under the city's
 207.2 disadvantaged business enterprises plan.

207.3 Subd. 4. **Public bidding exemption.** Notwithstanding section 469.068 or any other law
 207.4 to the contrary, the city need not require competitive bidding with respect to a parking
 207.5 facility or other public improvements constructed in conjunction with, and directly above
 207.6 or below, or adjacent and integrally related to, a private development within a district.

207.7 Subd. 5. **Parking structure revenue.** Parking facilities or structures constructed must
 207.8 charge market rate parking fees, except for use separately negotiated between the city and
 207.9 a church whose parking facility is removed to accommodate construction of a parking ramp.

207.10 Subd. 6. **City utility fund contribution.** The city must use the city utility fund to finance
 207.11 improvements made within the district for sanitary sewer, storm sewer, and water systems
 207.12 and other related utility improvements. The improvements must be approved by the city.
 207.13 The total expenditures required under this subdivision and under Laws 1980, chapter 511,
 207.14 section 1, subdivision 1, paragraph (d), as added by section 7, must equal at least
 207.15 \$10,000,000.

207.16 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 207.17 city of Duluth and its chief clerical officer timely comply with Minnesota Statutes, section
 207.18 645.021, subdivisions 2 and 3.

207.19 Sec. 5. **[469.53] REGIONAL EXCHANGE DISTRICT PUBLIC INFRASTRUCTURE**
 207.20 **PROJECTS.**

207.21 (a) The following projects shall be eligible for state appropriation support payments
 207.22 upon approval by the Duluth City Council. Costs may be reimbursed for eligible projects
 207.23 that begin construction prior to September 30, 2020, but in no case may the total state
 207.24 payment per project exceed the amount established in this section. Eligible projects include:

207.25 (1) two levels of expansion to an existing medical district parking ramp and skywalk
 207.26 replacement in an amount not to exceed \$13,010,000, including any land acquisition;

207.27 (2) a ramp with up to 1,400 new parking stalls and a skywalk to serve medical entity
 207.28 west in an amount not to exceed \$36,400,000, including any land acquisition;

207.29 (3) extension of 6th Avenue East from 2nd Street to 1st Street in an amount not to exceed
 207.30 \$5,900,000, including any land acquisition;

207.31 (4) demolition of existing hospital structure for site reuse, to accomplish the purposes
 207.32 in section 469.51, subdivision 2, in an amount not to exceed \$10,000,000;

208.1 (5) roadway, utility, and site improvements and capacity upgrades to support medical
208.2 entity west hospital construction in an amount not to exceed \$11,410,000;

208.3 (6) district energy connections, capacity enhancement, and a pressure pump station in
208.4 an amount not to exceed \$7,000,000; and

208.5 (7) a ramp with up to 400 new parking stall to serve medical entity east in an amount
208.6 not to exceed \$14,000,000.

208.7 (b) For any public infrastructure project that will not be let by the city for which state
208.8 support is sought, the project must proceed and comply with any state and local contracting
208.9 requirements otherwise applicable to the city had the city let the project. The city shall have
208.10 the right to inspect, upon reasonable notice, the construction contracts and related
208.11 documentation for any public infrastructure project for which state support is sought.

208.12 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
208.13 city of Duluth and its chief clerical officer timely comply with Minnesota Statutes, section
208.14 645.021, subdivisions 2 and 3.

208.15 **Sec. 6. [469.54] STATE VALUE CAPTURE.**

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

208.18 (b) "Appropriation support payments" means payment from the state to the city pursuant
208.19 to subdivision 3.

208.20 (c) "Construction projects" means expenditures for the constructing, furnishing,
208.21 commissioning, and equipping of buildings, ancillary facilities, utilities, parking, and other
208.22 improvements that are located within the district.

208.23 (d) "Expenditures" means expenditures made by a private entity on construction projects,
208.24 including, but not limited to:

208.25 (1) planning, predesign, and design, including architectural, engineering, project
208.26 management, and similar services;

208.27 (2) legal, regulatory, and other compliance costs of the project;

208.28 (3) land acquisition, demolition of existing improvements, and other site preparation
208.29 costs;

208.30 (4) construction costs, including all materials and supplies of the project; and

208.31 (5) equipment, furnishings, and fixtures.

209.1 Expenditures excludes supplies and other items with a useful life of less than a year that
209.2 are not used or consumed in constructing improvements to real property or are otherwise
209.3 chargeable to capital costs.

209.4 (e) "Qualified expenditures" means the total expenditures under paragraph (d) since
209.5 January 1, 2019, and certified under subdivision 2, and excludes any expenditures for which
209.6 reimbursement is or will be sought under section 469.53.

209.7 Subd. 2. **Certification of expenditures.** By May 1 of any year, the city must certify to
209.8 the commissioner the amount of qualified expenditures, required under subdivision 3,
209.9 paragraph (a). The certification must be made in the form that the commissioner prescribes
209.10 and include any documentation of and supporting information regarding the qualified
209.11 expenditures that the commissioner requires. By September 1 of the year in which a
209.12 certification was submitted, the commissioner must confirm or revise the amount of the
209.13 qualified expenditures.

209.14 Subd. 3. **Appropriation support payments.** (a) Public financing for the construction
209.15 of a parking structure for a medical business entity is not available until the commissioner
209.16 determines that the medical business entity that would benefit from the parking structure
209.17 to be financed has made at least \$50,000,000 in qualified expenditures. The requirements
209.18 of this paragraph apply to each medical entity individually. Upon certification of the required
209.19 amount by either medical business entity, public financing for the construction of parking
209.20 structures benefiting that entity is available.

209.21 (b) No appropriation support payments shall be paid before July 1, 2021. The maximum
209.22 appropriation support payment paid in fiscal year 2022 is \$3,660,000. The maximum
209.23 appropriation support payment in any subsequent fiscal year is limited to no more than
209.24 \$8,100,000, each subject to paragraph (e). The total amount of appropriation support
209.25 payments made under this subdivision is limited to an amount sufficient to finance
209.26 \$97,720,000 of public infrastructure projects.

209.27 (c) The city must use the appropriation support payments it receives under this subdivision
209.28 for public infrastructure projects, including the cost to finance such projects. The city must
209.29 maintain appropriate records to document the use of the funds under this requirement.

209.30 (d) The commissioner must pay to the city the amount of appropriation support payments
209.31 determined under this section for the year by September 1.

209.32 (e) In lieu of directly receiving the appropriation support payments, the city may elect
209.33 to have the state issue appropriation bonds as provided in section 16A.968 to finance up to
209.34 \$97,720,000 of public infrastructure projects. In the event the state issues appropriation

210.1 bonds for these purposes, the amount of appropriation support payments in any year is
 210.2 reduced by an amount equal to the amount needed from the general fund under section
 210.3 16A.968, subdivision 8.

210.4 Subd. 4. **Credit for parking revenue.** (a) By March 1 of the year following the year in
 210.5 which the parking facilities or structures are constructed within the district, the city must
 210.6 certify to the commissioner:

210.7 (1) the total amount of revenue generated by the parking facilities and structures in the
 210.8 preceding year; and

210.9 (2) the total amount necessary for operational and maintenance expenses of the facilities
 210.10 or structures in the current year.

210.11 (b) By July 1 of each year thereafter, for a period of 25 years, the commissioner must
 210.12 confirm or revise the amounts as reported. An amount equal to 50 percent of the amount of
 210.13 revenue received by the city by the parking structures and facilities in the previous year that
 210.14 is greater than the amount necessary for operational and maintenance expenses of the
 210.15 facilities or structures in the current year must be paid by the city to the commissioner of
 210.16 employment and economic development by September 1 for deposit into the general fund.

210.17 Subd. 5. **Prevailing wage requirement.** During the construction, installation, remodeling,
 210.18 and repairs of any public infrastructure project funded by appropriation support payments,
 210.19 laborers and mechanics at the site must be paid the prevailing wage rate as defined in section
 210.20 177.42, subdivision 6, and the public infrastructure project is subject to the requirements
 210.21 of sections 177.30 and 177.41 to 177.44.

210.22 Subd. 6. **Termination.** No aid may be paid under this section after fiscal year 2055.

210.23 Subd. 7. **Appropriation.** An amount sufficient to pay the appropriation support payments
 210.24 authorized under this section to the city is appropriated to the commissioner from the general
 210.25 fund.

210.26 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 210.27 city of Duluth and its chief clerical officer timely comply with Minnesota Statutes, section
 210.28 645.021, subdivisions 2 and 3.

210.29 Sec. 7. Laws 1980, chapter 511, section 1, subdivision 1, is amended to read:

210.30 Section 1. **CITY OF DULUTH; SALES AND USE TAX.** Subdivision 1. (a) Minnesota
 210.31 Statutes, Section ~~477A.01, Subdivision 18~~ 477A.016, shall not be deemed to prohibit the
 210.32 city of Duluth from amending its sales and use tax ordinances so as to impose a sales or

211.1 and use tax at the rate of one percent upon any or all sales or uses which are taxed by the
211.2 state of Minnesota pursuant to Minnesota Statutes, Chapter 297A ~~or 297B~~.

211.3 (b) Notwithstanding Minnesota Statutes, section 477A.016, or any ordinance, city charter,
211.4 or other provision of law, pursuant to the approval of the voters at the election on November
211.5 7, 2017, the city of Duluth may impose by ordinance an additional sales and use tax of
211.6 one-half of one percent for the purposes specified in paragraphs (c) and (d). The provisions
211.7 of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection,
211.8 and enforcement of the taxes authorized under this paragraph. The tax may not be imposed
211.9 until the city complies with the provisions of article 6, section 34.

211.10 (c) Revenues received from the tax authorized by paragraph (b) must be used to pay all
211.11 or part of the capital and administrative costs of street, curb, gutter, sidewalk, and bridge
211.12 improvements, including related lighting and signals in the city of Duluth as outlined in the
211.13 Duluth Street Improvement program 2017 as designated August 8, 2017.

211.14 (d) Revenues from the tax authorized by paragraph (b) must be used to pay all or part
211.15 of the improvements listed in paragraph (c) that are located within the district established
211.16 under Minnesota Statutes, section 469.51. The total expenditures required under this
211.17 paragraph and under Minnesota Statutes, section 469.52, subdivision 6, must equal at least
211.18 \$10,000,000. The allocation required under this paragraph expires ten years after the date
211.19 of initial imposition of the tax.

211.20 (e) The city of Duluth, pursuant to the approval of the voters at the November 7, 2017,
211.21 referendum authorizing the imposition of the taxes in this section, may issue bonds under
211.22 Minnesota Statutes, chapter 475, to pay capital and administrative expenses for the projects
211.23 described in paragraphs (c) and (d), until the tax terminates as provided in paragraph (f). A
211.24 separate election to approve the bonds under Minnesota Statutes, section 475.58, is not
211.25 required.

211.26 (f) The tax authorized under paragraph (b) terminates at the earlier of: (1) 25 years after
211.27 the date of initial imposition of the tax; or (2) when the city council determines that sufficient
211.28 funds have been raised from the tax to finance the capital and administrative costs of the
211.29 improvements described in paragraphs (c) and (d), plus the additional amount needed to
211.30 pay the costs related to issuance of bonds under paragraph (e), including interest bonds.
211.31 Any funds remaining after completion of the projects specified in paragraphs (c) and (d)
211.32 and retirement or redemption of bonds in paragraph (e) shall be placed in the general fund
211.33 of the city. The tax imposed under paragraph (b) may expire at an earlier time if the city so
211.34 determines by ordinance.

212.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 212.2 city of Duluth and its chief clerical officer timely comply with Minnesota Statutes, section
 212.3 645.021, subdivisions 2 and 3.

212.4 **ARTICLE 11**

212.5 **MISCELLANEOUS**

212.6 Section 1. **[270B.162] DISCLOSURE; MINIMUM WAGE STUDY.**

212.7 (a) The commissioner may disclose return information to the Federal Reserve Bank of
 212.8 Minneapolis to be used only for the purpose of conducting and publishing economic research
 212.9 studies regarding the impact of minimum wage ordinances adopted by Minneapolis, St.
 212.10 Paul, and other Minnesota cities.

212.11 (b) For purposes of this section, the scope of the return information disclosed is limited
 212.12 to return information for returns filed under chapter 290 and does not include a name,
 212.13 address, Social Security number, taxpayer identification number, or a federal employer
 212.14 identification number.

212.15 (c) The commissioner may enter into a data-sharing agreement only if the agreement
 212.16 includes the following:

212.17 (1) the rationale, purpose, and legal authority for the data sharing;

212.18 (2) a description of the data that may be shared;

212.19 (3) procedures governing the use of the data;

212.20 (4) procedures for transmitting the data;

212.21 (5) procedures for ensuring the security of the data, including protecting the data from
 212.22 unauthorized access or use;

212.23 (6) prohibitions on duplication and redisclosure of the data;

212.24 (7) a requirement that access to the data be limited to persons whose work assignment
 212.25 requires access to the data;

212.26 (8) a requirement that published studies must not include the identity of a taxpayer or
 212.27 any data where the identity of a taxpayer could be associated with any of the data derived
 212.28 from the taxpayer's return;

212.29 (9) procedures for retention and destruction of data shared and created, including
 212.30 requirements that all data must be destroyed following the final publication of any research

213.1 studies and that the Federal Reserve Bank of Minneapolis must provide the commissioner
 213.2 with a certificate of destruction;

213.3 (10) a requirement that the Federal Reserve Bank of Minneapolis maintain a data audit
 213.4 trail that records all instances of access and all actions in which data are entered, updated,
 213.5 or disseminated and identify all persons with access to the data;

213.6 (11) procedures for arranging and providing for an independent annual audit to verify
 213.7 the Federal Reserve Bank of Minneapolis's compliance with the data-sharing agreement,
 213.8 including a requirement that the results of each independent annual audit be submitted to
 213.9 the chairs and ranking minority members of the legislative committees with jurisdiction
 213.10 over civil law and data practices by June 30 each year; and

213.11 (12) a requirement that the results of the minimum wage study be submitted to the chairs
 213.12 and ranking minority members of the legislative committees with jurisdiction over jobs.

213.13 (d) The results of an audit are public to the extent the data are not otherwise classified
 213.14 by law.

213.15 (e) The commissioner's authority to disclose return information under this section expires
 213.16 on December 31, 2033.

213.17 **EFFECTIVE DATE.** This section is effective the day following final enactment, except
 213.18 that the first independent annual audit report, as specified in paragraph (c), clause (11), is
 213.19 not due until June 30, 2020.

213.20 Sec. 2. Minnesota Statutes 2018, section 270C.57, is amended to read:

213.21 **270C.57 SUCCESSOR LIABILITY OF BUSINESSES.**

213.22 Subdivision 1. **Definitions.** (a) The following terms used in this section have the following
 213.23 meanings.

213.24 (b) "Successor" means a person who directly or indirectly purchases, acquires, is gifted,
 213.25 or succeeds to the business or stock of goods of any person quitting, selling, or otherwise
 213.26 disposing of a business or stock of goods. Successor does not include a personal
 213.27 representative or beneficiary of an estate, a trustee in bankruptcy, a debtor in possession, a
 213.28 receiver, a secured party, a mortgagee, an assignee of rents, or any other lienholder.

213.29 (c) "Person" means an individual, partnership, corporation, sole proprietorship, joint
 213.30 venture, limited liability company, or any other type of business entity or association.

214.1 (d) "Withhold" means setting aside money or dealing with the payment of consideration
214.2 in a manner that denies a transferring business the benefit of the transfer in an amount equal
214.3 to the ~~sales and withholding~~ tax liability of the transferring business.

214.4 (e) "Purchase price" means the consideration paid or to be paid for the transfer by the
214.5 successor to the transferring business, and includes amounts paid for tangible property or
214.6 intangibles such as leases, licenses, or goodwill. Purchase price also includes debts assumed
214.7 or forgiven by the successor, or real or personal property conveyed or to be conveyed by
214.8 the successor to the transferring business.

214.9 (f) "Arm's-length transaction" means a transfer for adequate consideration between
214.10 independent parties both acting in their own best interests. If the parties are related to each
214.11 other, a rebuttable presumption arises that the transaction is not at arm's length.

214.12 (g) "Transfer" means every mode, direct or indirect, absolute or conditional, voluntary
214.13 or involuntary, of disposing of or parting with a business or an interest in a business, or a
214.14 stock of goods, whether by gift or for consideration. Transfer includes a change in the type
214.15 of business entity or the name of the business, where one business is discontinued and a
214.16 new one started. Transfer also includes the acquisition by a new corporation of the assets
214.17 of a prior business in exchange for the stock of the new corporation. Transfer does not
214.18 include an assignment for the benefit of creditors, foreclosure or enforcement of a mortgage,
214.19 assignment of rents, security interest or lien, sale or disposition in a bankruptcy proceeding,
214.20 or sale or disposition by a receiver.

214.21 (h) "Transfer in bulk" means a transfer, other than in the ordinary course of the transferor's
214.22 trade or business, of more than one-half of all the property of a business at all locations
214.23 combined, as measured by the value of the property at the time of the transfer.

214.24 (i) For purposes of this section, "tax" means sales, withholding, and any tax imposed by
214.25 chapter 296A.

214.26 Subd. 2. **Bulk transfers; liability of successor; lien.** (a) Whenever a business transfers
214.27 in bulk to a successor the business assets, and an enforceable lien for unpaid ~~sales and~~
214.28 ~~withholding~~ taxes has been filed against the business by the commissioner under section
214.29 270C.63, at least 20 days before taking possession of the assets or paying the purchase price,
214.30 the successor shall notify the commissioner of the transfer and the terms and conditions
214.31 related to it. The notice must include the tax identification number of the transferring
214.32 business. If an agreement to transfer has been entered into, this notice requirement only
214.33 applies: (1) if a lien described under this paragraph has been filed prior to the date of the
214.34 agreement; or (2) if the date of the transfer is more than 30 days after the date of the

215.1 agreement, and a lien described under this paragraph is filed at least 30 days prior to the
215.2 date of transfer.

215.3 (b) If the successor fails to give the notice required in paragraph (a), the successor is
215.4 liable for any unpaid ~~sales and withholding~~ taxes, interest, and penalties due from the
215.5 transferring business to the extent of the purchase price. If the successor provides the notice
215.6 required in paragraph (a) and, within 20 days after receipt of the notice, the commissioner
215.7 notifies the successor that tax liabilities exist in addition to those included on the lien or
215.8 there are ~~sales and withholding~~ tax returns due but not filed, the successor is, in addition to
215.9 being liable for the amounts included on the lien, liable for all other uncontested ~~sales and~~
215.10 ~~withholding~~ taxes, interest, and penalties as stated in the commissioner's notice from the
215.11 transferring business to the extent of the purchase price if the successor pays the purchase
215.12 price or takes possession of the assets without withholding and remitting the liability to the
215.13 commissioner. The successor is liable whether the purchase price is paid or the assets are
215.14 transferred prior to or after notification from the commissioner. The commissioner may
215.15 also notify the successor that there are ~~no sales or withholding~~ tax liabilities or tax returns
215.16 due from the transferring business other than the liabilities included on the lien, and of the
215.17 current balance due to satisfy the lien.

215.18 (c) If, based upon the information available, the commissioner determines that a transfer
215.19 was not at arm's length or was a gift, the successor's liability under this section equals the
215.20 value of the assets transferred. For purposes of imposing the liability, the value of the
215.21 property transferred is presumed, subject to rebuttal, to equal the unpaid ~~sales and withholding~~
215.22 taxes, interest, and penalties of the transferring business.

215.23 (d) In the case of a gift resulting in successor liability under this section, return of the
215.24 gifted property by the donee to the donor releases the donee's successor liability.

215.25 (e) A successor who complies with the requirements of paragraphs (a) and (b) is not
215.26 liable for any assessments of ~~sales and withholding~~ taxes of the transferring business made
215.27 after the commissioner provides notice to the successor under paragraph (b), except for
215.28 taxes assessed on returns filed to comply with the notice. If the commissioner fails to provide
215.29 the notice and the 20-day period expires, the successor is not liable for any ~~sales and~~
215.30 ~~withholding~~ taxes of the transferring business other than those included on the lien.

215.31 Subd. 3. **Assessment; abatement; review.** The commissioner may assess liability against
215.32 a successor business under this section within the time prescribed for collecting the
215.33 underlying ~~sales and withholding~~ taxes, interest, and penalties. The assessment is presumed
215.34 to be valid, and the burden is upon the successor to show it is incorrect or invalid. An order

216.1 assessing successor liability is reviewable administratively under section 270C.35 and is
 216.2 appealable to Tax Court under chapter 271. The commissioner may abate an assessment if
 216.3 the successor's failure to give the notice required under this section is due to reasonable
 216.4 cause. The procedural and appeal provisions under section 270C.34 apply to abatement
 216.5 requests under this subdivision. Collection remedies available against the transferring
 216.6 business are available against the successor from the date of assessment of successor liability.

216.7 Subd. 4. **Disclosure.** Notification by the commissioner to the successor under subdivision
 216.8 2, paragraph (b), that the transferring business owes ~~sales and withholding~~ taxes, interest,
 216.9 and penalties or has returns that are due, or that there are no outstanding liabilities or returns
 216.10 other than the liabilities included on the lien, or of the current balance due to satisfy the
 216.11 lien, is not a disclosure violation under chapter 270B.

216.12 **EFFECTIVE DATE.** This section is effective for all transfers in bulk that take place
 216.13 after July 31, 2019.

216.14 Sec. 3. Minnesota Statutes 2018, section 296A.03, subdivision 2, is amended to read:

216.15 Subd. 2. **Qualifications.** (a) A distributor's license shall be issued to any responsible
 216.16 person who applies and qualifies as a distributor.

216.17 (b) Upon application to the commissioner, the commissioner must issue a distributor's
 216.18 license to any person who:

216.19 (1) receives petroleum products in this state for bulk storage and subsequent distribution
 216.20 by tank truck;

216.21 (2) produces, manufactures, or refines petroleum products in this state;

216.22 ~~(3) holds an unrevoked license as a distributor as of July 1, 1994;~~

216.23 ~~(4)~~ (3) imports petroleum products into this state via boat, barge, or pipeline for storage
 216.24 and subsequent delivery at or further transportation from boat, barge, or pipeline terminals
 216.25 in this state; or

216.26 ~~(5)~~ (4) holds a license and performs a function under the motor fuel tax law of an
 216.27 adjoining state equivalent to that of a distributor under this chapter, who desires to ship or
 216.28 deliver petroleum products from that state to persons in this state not licensed as distributors
 216.29 in this state and who agrees to assume with respect to all petroleum products so shipped or
 216.30 delivered the liabilities of a distributor receiving petroleum products in this state; provided,
 216.31 however, that any such license shall be issued only for the purpose of permitting such person
 216.32 to receive in this state the petroleum products so shipped or delivered. Except as herein

217.1 provided, all persons licensed as distributors under this clause shall have the same rights
217.2 and privileges and be subject to the same duties, requirements, and penalties as other licensed
217.3 distributors.

217.4 (c) The commissioner shall not issue or renew a license to a person otherwise eligible
217.5 under this subdivision if the person:

217.6 (1) has unpaid tax due under this chapter;

217.7 (2) has unfiled tax returns or reports due under this chapter;

217.8 (3) has had a license issued pursuant to chapter 296A revoked within the last five years;

217.9 or

217.10 (4) has had an equivalent license issued by another state or Canadian province revoked
217.11 within the last five years for failure to pay a tax or file a tax return or report.

217.12 **EFFECTIVE DATE.** This section is effective for all licenses with an effective date
217.13 after June 30, 2019.

217.14 Sec. 4. Minnesota Statutes 2018, section 296A.04, is amended by adding a subdivision to
217.15 read:

217.16 Subd. 1a. **Issuance and renewal of license.** The provisions of section 296A.03,
217.17 subdivision 2, paragraph (c), apply to special fuel dealers.

217.18 **EFFECTIVE DATE.** This section is effective for all licenses with an effective date
217.19 after June 30, 2019.

217.20 Sec. 5. Minnesota Statutes 2018, section 296A.05, is amended by adding a subdivision to
217.21 read:

217.22 Subd. 1a. **Issuance and renewal of license.** The provisions of section 296A.03,
217.23 subdivision 2, paragraph (c), apply to bulk purchasers.

217.24 **EFFECTIVE DATE.** This section is effective for all licenses with an effective date
217.25 after June 30, 2019.

217.26 Sec. 6. Minnesota Statutes 2018, section 296A.06, is amended to read:

217.27 **296A.06 REVOCATION OF LICENSE, PERMIT, OR CERTIFICATE;**
217.28 **SUSPENSION OF LICENSE.**

217.29 Subd. 1. **Revocation of license, permit, or certificate.** If any person fails to comply
217.30 with this chapter or the rules adopted under this chapter, without reasonable cause, the

218.1 commissioner may give the person 30 days' notice in writing, specifying the violations, and
 218.2 stating that based upon such violations the commissioner intends to revoke the person's
 218.3 license, permit, or certificate. The notice shall also advise the person of the person's right
 218.4 to contest the revocation under this section and the general procedures for a contested case
 218.5 hearing under chapter 14. The notice may be served personally or by mail in the manner
 218.6 prescribed for service of an order of assessment. A license, permit, or certificate is revoked
 218.7 when the commissioner serves a notice of revocation upon the person after 30 days have
 218.8 passed following the date of the notice of intent to revoke without the person requesting a
 218.9 hearing. If a hearing is timely requested and held, the license, permit, or certificate is revoked
 218.10 after the commissioner serves an order of revocation under section 14.62, subdivision 1.

218.11 Subd. 2. **Suspension of license.** (a) Notwithstanding subdivision 1, the license of a
 218.12 distributor, fuel dealer, or bulk purchaser that has not filed a tax return or report or paid a
 218.13 delinquent tax or fee within five days after notice and demand by the commissioner is
 218.14 suspended. The suspension remains in effect until the demanded tax return or report has
 218.15 been filed and the tax and fees shown on that return or report have been paid. If the
 218.16 commissioner determines that the failure to file or failure to pay is due to reasonable cause,
 218.17 then a license must not be suspended, or if suspended, must be reinstated.

218.18 (b) A licensee whose license is suspended under this subdivision may request a contested
 218.19 case hearing under chapter 14. Any such hearing must be held within 20 days of the issuance
 218.20 of the notice and demand issued under paragraph (a), unless the parties agree to a later
 218.21 hearing date. The administrative law judge's report must be issued within 20 days after the
 218.22 close of the hearing record, unless the parties agree to a later report issuance date. The
 218.23 commissioner must issue a final decision within 30 days after receipt of the report of the
 218.24 administrative law judge and subsequent exceptions and argument under section 14.61. The
 218.25 suspension imposed under paragraph (a) remains in effect during any contest case hearing
 218.26 process requested pursuant to this paragraph.

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

218.28 Sec. 7. Minnesota Statutes 2018, section 297F.08, subdivision 8, is amended to read:

218.29 **Subd. 8. Sale of stamps.** The commissioner may sell stamps on a credit basis under
 218.30 conditions prescribed by the commissioner. The commissioner shall sell the stamps at a
 218.31 price which includes the tax ~~after giving effect to the discount provided in subdivision 7.~~
 218.32 The commissioner shall recover the actual costs of the stamps from the distributor. The
 218.33 commissioner shall annually establish the maximum amount of stamps that may be purchased
 218.34 each month.

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

219.2 Sec. 8. Minnesota Statutes 2018, section 297F.08, subdivision 9, is amended to read:

219.3 Subd. 9. **Tax stamping machines.** The commissioner shall require any person licensed
 219.4 as a distributor to stamp packages with a tax stamping machine, approved by the
 219.5 commissioner, which shall be provided by the distributor. The commissioner shall also
 219.6 supervise and check the operation of the machines and shall provide for the payment of the
 219.7 tax on any package so stamped, ~~subject to the discount provided in subdivision 7.~~ If the
 219.8 commissioner finds that a stamping machine is not affixing a legible stamp on the package,
 219.9 the commissioner may order the distributor to immediately cease the stamping process until
 219.10 the machine is functioning properly.

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

219.12 Sec. 9. Minnesota Statutes 2018, section 298.225, subdivision 1, is amended to read:

219.13 Subdivision 1. **Guaranteed distribution.** (a) Except as provided under paragraph (c),
 219.14 the distribution of the taconite production tax as provided in section 298.28, subdivisions
 219.15 3 to 5, 6, paragraph (b), 7, and 8, shall equal the lesser of the following amounts:

219.16 (1) the amount distributed pursuant to this section and section 298.28, with respect to
 219.17 1983 production if the production for the year prior to the distribution year is no less than
 219.18 42,000,000 taxable tons. If the production is less than 42,000,000 taxable tons, the amount
 219.19 of the distributions shall be reduced proportionately at the rate of two percent for each
 219.20 1,000,000 tons, or part of 1,000,000 tons by which the production is less than 42,000,000
 219.21 tons; or

219.22 (2)(i) for the distributions made pursuant to section 298.28, subdivisions 4, paragraphs
 219.23 (b) and (c), and 6, paragraph (c), 31.2 percent of the amount distributed pursuant to this
 219.24 section and section 298.28, with respect to 1983 production;

219.25 (ii) for the distributions made pursuant to section 298.28, subdivision 5, paragraphs (b)
 219.26 and (d), 75 percent of the amount distributed pursuant to this section and section 298.28,
 219.27 with respect to 1983 production provided that the aid guarantee for distributions under
 219.28 section 298.28, subdivision 5, paragraph (b), shall be reduced by five cents per taxable ton
 219.29 for production years 2014 and thereafter.

219.30 (b) The distribution of the taconite production tax as provided in section 298.28,
 219.31 subdivision 2, shall equal the following amount:

220.1 (1) if the production for the year prior to the distribution year is at least 42,000,000
 220.2 taxable tons, the amount distributed pursuant to this section and section 298.28 with respect
 220.3 to 1999 production; or

220.4 (2) if the production for the year prior to the distribution year is less than 42,000,000
 220.5 taxable tons, the amount distributed pursuant to this section and section 298.28 with respect
 220.6 to 1999 production, reduced proportionately at the rate of two percent for each 1,000,000
 220.7 tons or part of 1,000,000 tons by which the production is less than 42,000,000 tons.

220.8 (c) The distribution of the taconite production tax under section 298.28, subdivision 3,
 220.9 paragraph (a), must equal the amount distributed under 298.28, with respect to 1983
 220.10 production.

220.11 **EFFECTIVE DATE.** This section is effective for distributions in 2020 and thereafter.

220.12 Sec. 10. Minnesota Statutes 2018, section 298.28, subdivision 3, is amended to read:

220.13 Subd. 3. **Cities; towns.** (a) 12.5 cents per taxable ton, less any amount distributed under
 220.14 subdivision 8, and paragraph (b), must be allocated to the taconite municipal aid account
 220.15 to be distributed as provided in section 298.282. The amount allocated to the taconite
 220.16 municipal aid account must be annually increased in the same proportion as the increase in
 220.17 the implicit price deflator as provided in section 298.24, subdivision 1.

220.18 (b) An amount must be allocated to towns or cities that is annually certified by the county
 220.19 auditor of a county containing a taconite tax relief area as defined in section 273.134,
 220.20 paragraph (b), within which there is (1) an organized township if, as of January 2, 1982,
 220.21 more than 75 percent of the assessed valuation of the township consists of iron ore or (2) a
 220.22 city if, as of January 2, 1980, more than 75 percent of the assessed valuation of the city
 220.23 consists of iron ore.

220.24 (c) The amount allocated under paragraph (b) will be the portion of a township's or city's
 220.25 certified levy equal to the proportion of (1) the difference between 50 percent of January
 220.26 2, 1982, assessed value in the case of a township and 50 percent of the January 2, 1980,
 220.27 assessed value in the case of a city and its current assessed value to (2) the sum of its current
 220.28 assessed value plus the difference determined in (1), provided that the amount distributed
 220.29 shall not exceed \$55 per capita in the case of a township or \$75 per capita in the case of a
 220.30 city. For purposes of this limitation, population will be determined according to the 1980
 220.31 decennial census conducted by the United States Bureau of the Census. If the current assessed
 220.32 value of the township exceeds 50 percent of the township's January 2, 1982, assessed value,
 220.33 or if the current assessed value of the city exceeds 50 percent of the city's January 2, 1980,

221.1 assessed value, this paragraph shall not apply. For purposes of this paragraph, "assessed
221.2 value," when used in reference to years other than 1980 or 1982, means the appropriate net
221.3 tax capacities multiplied by 10.2.

221.4 (d) In addition to other distributions under this subdivision, three cents per taxable ton
221.5 for distributions in 2009 must be allocated for distribution to towns that are entirely located
221.6 within the taconite tax relief area defined in section 273.134, paragraph (b). For distribution
221.7 in 2010 through 2014 and for distribution in 2018 and subsequent years, the three-cent
221.8 amount must be annually increased in the same proportion as the increase in the implicit
221.9 price deflator as provided in section 298.24, subdivision 1. The amount available under this
221.10 paragraph will be distributed to eligible towns on a per capita basis, provided that no town
221.11 may receive more than \$50,000 in any year under this paragraph. Any amount of the
221.12 distribution that exceeds the \$50,000 limitation for a town under this paragraph must be
221.13 redistributed on a per capita basis among the other eligible towns, to whose distributions
221.14 do not exceed \$50,000.

221.15 **EFFECTIVE DATE.** This section is effective for distributions in 2020 and thereafter.

221.16 Sec. 11. Minnesota Statutes 2018, section 298.28, subdivision 11, is amended to read:

221.17 Subd. 11. **Remainder.** (a) The proceeds of the tax imposed by section 298.24 which
221.18 remain after the distributions and payments in subdivisions 2 to 10a, as certified by the
221.19 commissioner of revenue, and paragraphs (b), (c), and (d) have been made, together with
221.20 interest earned on all money distributed under this section prior to distribution, shall be
221.21 divided between the taconite environmental protection fund created in section 298.223 and
221.22 the Douglas J. Johnson economic protection trust fund created in section 298.292 as follows:
221.23 Two-thirds to the taconite environmental protection fund and one-third to the Douglas J.
221.24 Johnson economic protection trust fund. The proceeds shall be placed in the respective
221.25 special accounts.

221.26 (b) There shall be distributed to each city, town, and county the amount that it received
221.27 under Minnesota Statutes 1978, section 294.26, in calendar year 1977; provided, however,
221.28 that (1) the amount distributed in 1981 to the unorganized territory number 2 of Lake County
221.29 and the town of Beaver Bay based on the between-terminal trackage of Erie Mining Company
221.30 will be distributed in 1982 and subsequent years to the unorganized territory number 2 of
221.31 Lake County and the towns of Beaver Bay and Stony River based on the miles of track of
221.32 Erie Mining Company in each taxing district; and (2) a city located within six miles of five
221.33 other cities qualifying for a distribution under section 298.282 shall receive a distribution
221.34 equal to \$5,000 under this paragraph in calendar year 2020 and subsequent years. The

222.1 distribution to all other cities and towns receiving a distribution under this paragraph shall
 222.2 be reduced by the ratio that \$5,000 bears to the total aid distribution received by all cities
 222.3 and towns under this paragraph.

222.4 (c) There shall be distributed to the Iron Range resources and rehabilitation account the
 222.5 amounts it received in 1977 under Minnesota Statutes 1978, section 298.22. The amount
 222.6 distributed under this paragraph shall be expended within or for the benefit of the taconite
 222.7 assistance area defined in section 273.1341.

222.8 (d) There shall be distributed to each school district 62 percent of the amount that it
 222.9 received under Minnesota Statutes 1978, section 294.26, in calendar year 1977.

222.10 **EFFECTIVE DATE.** This section is effective for aid distributions in 2020 and
 222.11 subsequent years.

222.12 Sec. 12. Minnesota Statutes 2018, section 298.282, subdivision 1, is amended to read:

222.13 Subdivision 1. **Distribution of taconite municipal aid account.** The amount deposited
 222.14 with the county as provided in section 298.28, subdivision 3, must be distributed as provided
 222.15 by this section among: (1) the municipalities ~~comprising~~ located within a taconite assistance
 222.16 area under section 273.1341 that meet the criteria of section 273.1341, clause (1) or (2); (2)
 222.17 a township that contains a state park consisting primarily of an underground iron ore mine;
 222.18 ~~and~~ (3) a city located within five miles of that state park; and (4) Breitung Township in St.
 222.19 Louis County, each being referred to in this section as a qualifying municipality. The
 222.20 distribution to Breitung Township under this subdivision shall be \$15,000 annually.

222.21 **EFFECTIVE DATE.** This section is effective beginning with distributions in 2020.

222.22 Sec. 13. Minnesota Statutes 2018, section 353.27, subdivision 3c, is amended to read:

222.23 Subd. 3c. **Former MERF members; member and employer contributions.** (a) For
 222.24 the period July 1, ~~2015~~ 2019, through December 31, 2031, the member contributions for
 222.25 former members of the Minneapolis Employees Retirement Fund and by the former
 222.26 Minneapolis Employees Retirement Fund-covered employing units are governed by this
 222.27 subdivision.

222.28 (b) The member contribution for a public employee who was a member of the former
 222.29 Minneapolis Employees Retirement Fund on June 29, 2010, is 9.75 percent of the salary of
 222.30 the employee.

223.1 (c) The employer regular contribution with respect to a public employee who was a
 223.2 member of the former Minneapolis Employees Retirement Fund on June 29, 2010, is 9.75
 223.3 percent of the salary of the employee.

223.4 (d) The annual employer supplemental contribution is the employing unit's share of
 223.5 ~~\$31,000,000. For calendar years 2017 and 2018, the employer supplemental contribution~~
 223.6 ~~is the employing unit's share of \$21,000,000.~~

223.7 (e) Each employing unit's share under paragraph (d) is the amount determined from an
 223.8 allocation between each employing unit in the portion equal to the unit's employer
 223.9 supplemental contribution paid or payable under Minnesota Statutes 2012, section 353.50,
 223.10 during calendar year 2014.

223.11 (f) The employer supplemental contribution amount under paragraph (d) for calendar
 223.12 year ~~2015~~ 2019 must be invoiced by the executive director of the Public Employees
 223.13 Retirement Association by July 1, ~~2015~~. ~~The calendar year 2015 payment is payable in a~~
 223.14 ~~single amount on or before September 30, 2015~~ 2019. For subsequent calendar years, the
 223.15 employer supplemental contribution under paragraph (d) must be invoiced on January 31
 223.16 of each year ~~and~~. The employer supplemental contribution is payable in two parts, with the
 223.17 first half payable on or before July 31 and with the second half payable on or before
 223.18 December 15. Late payments are payable with interest, compounded annually, at the
 223.19 applicable rate or rates specified in section 356.59, subdivision 3, per month for each month
 223.20 or portion of a month that has elapsed after the due date.

223.21 (g) The employer supplemental contribution under paragraph (d) terminates on December
 223.22 31, 2031.

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

223.24 Sec. 14. Minnesota Statutes 2018, section 353.505, is amended to read:

223.25 **353.505 STATE CONTRIBUTIONS; FORMER MERF DIVISION.**

223.26 (a) On September 15, 2019, and annually thereafter, the state shall pay to the general
 223.27 employees retirement plan of the Public Employees Retirement Association, with respect
 223.28 to the former MERF division, ~~\$6,000,000~~ \$16,000,000.

223.29 ~~(b) On September 15, 2017, and September 15, 2018, the state shall pay to the general~~
 223.30 ~~employees retirement plan of the Public Employees Retirement Association, with respect~~
 223.31 ~~to the former MERF division, \$16,000,000.~~

223.32 ~~(e)~~ (b) State contributions under this section end on September 15, 2031.

224.1 (c) The commissioner of management and budget shall pay the contribution specified
 224.2 in this section. The amount required is appropriated annually from the general fund to the
 224.3 commissioner of management and budget.

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

224.5 Sec. 15. Laws 2009, chapter 122, section 3, subdivision 1, is amended to read:

224.6 Subdivision 1. **Establishment.** Any two or more of the following municipalities in St.
 224.7 Louis County may establish, by resolution of their respective governing bodies, the Central
 224.8 Iron Range Sanitary Sewer District: the cities of Buhl, Chisholm, and Kinney, and the ~~towns~~
 224.9 town of Balkan and Great Scott. Instead of adopting a resolution, a municipality may hold
 224.10 a referendum on the question of whether to join the district at a general or special election.
 224.11 After a municipality has adopted a resolution or held a referendum in which the voters
 224.12 approved joining the district, the municipality must provide notice to the chief clerical
 224.13 officer of other municipalities listed. The district is established when the first two
 224.14 municipalities have notified the other municipalities. Other municipalities may join without
 224.15 the consent of the member municipalities within 60 days after the district is established. If
 224.16 the district is established, it also includes the territory occupied by the Minnesota Discovery
 224.17 Center, formerly Ironworld. The sewer district is under the control and management of the
 224.18 Central Iron Range Sanitary Sewer Board. The district is established as a public corporation
 224.19 and political subdivision of the state with perpetual succession and all the rights, powers,
 224.20 privileges, immunities, and duties granted to or imposed upon a municipal corporation, as
 224.21 provided in this act.

224.22 **EFFECTIVE DATE; LOCAL APPROVAL.** This section is effective the day after
 224.23 the governing body and chief clerical officer of each municipality that is part of the Central
 224.24 Iron Range Sanitary Sewer District timely complete their compliance with Minnesota
 224.25 Statutes, section 645.021, subdivisions 2 and 3.

224.26 Sec. 16. Laws 2009, chapter 122, section 3, subdivision 2, is amended to read:

224.27 Subd. 2. **Members and selection.** The board is composed of members selected as
 224.28 provided in this subdivision. The town board of each township that joins the district shall
 224.29 appoint one ~~resident~~ member to the sewer board. The city council of each city that joins the
 224.30 district shall appoint members to the sewer board as follows: three members for the city of
 224.31 Chisholm, two members for the city of Buhl, and one member for the city of Kinney. One
 224.32 member must be selected by the Iron Range Resources and Rehabilitation Board (IRRRB)
 224.33 on behalf of ~~Ironworld~~ the Minnesota Discovery Center. Each member of the sewer board:

225.1 (1) must be a resident of the municipality the member represents, except the member
225.2 appointed by the IRRRB;

225.3 (2) may be a member of the governing body of the municipality appointing the member;
225.4 and

225.5 (3) has one vote.

225.6 The first terms are as follows: one-third of the members for one year, one-third for two
225.7 years, and the remainder for three years, fixed by lot at the district's first meeting; thereafter,
225.8 all terms are for three years.

225.9 **EFFECTIVE DATE; LOCAL APPROVAL.** This section is effective retroactively
225.10 from December 27, 2003, and all appointments of sewer board members made since such
225.11 date are ratified and confirmed, the day after the governing body and chief clerical officer
225.12 of each municipality that is part of the Central Iron Range Sanitary Sewer District comply
225.13 with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

225.14 Sec. 17. **BUDGET RESERVE REDUCTION.**

225.15 On July 1, 2021, the balance of the budget reserve account established in Minnesota
225.16 Statutes, section 16A.152, subdivision 1a, is reduced by \$491,369,000.

225.17 Sec. 18. **APPROPRIATION; TAXPAYER ASSISTANCE GRANTS.**

225.18 (a) \$200,000 in fiscal year 2020 and \$200,000 in fiscal year 2021 are appropriated from
225.19 the general fund to the commissioner of revenue to make grants to one or more nonprofit
225.20 organizations, qualifying under section 501(c)(3) of the Internal Revenue Code of 1986, to
225.21 coordinate, facilitate, encourage, and aid in the provision of taxpayer assistance services.
225.22 These amounts are in addition to any other amounts appropriated by law. Of the amount
225.23 appropriated, up to five percent may be used for the administration of the taxpayer assistance
225.24 grants program.

225.25 (b) For purposes of this section, "taxpayer assistance services" means accounting and
225.26 tax preparation services provided by volunteers to low-income, elderly, and disadvantaged
225.27 Minnesota residents to help them file federal and state income tax returns and Minnesota
225.28 property tax refund claims and to provide personal representation before the Department
225.29 of Revenue and Internal Revenue Service.

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

226.1 Sec. 19. APPROPRIATION.

226.2 \$3,000,000 in fiscal year 2020 and \$3,000,000 in fiscal year 2021 are appropriated to
 226.3 the commissioner of revenue to administer this act.

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

226.5 Sec. 20. REPEALER.

226.6 (a) Minnesota Statutes 2018, section 297F.08, subdivision 5, is repealed.

226.7 (b) Minnesota Statutes 2018, sections 296A.03, subdivision 5; 296A.04, subdivision 2;
 226.8 and 296A.05, subdivision 2, and Minnesota Rules, part 8125.0410, subpart 1, are repealed.

226.9 EFFECTIVE DATE. Paragraph (a) is effective the day following final enactment.

226.10 Paragraph (b) is effective for all licenses with an effective date after June 30, 2019.

226.11 **ARTICLE 12**

226.12 **DEPARTMENT OF REVENUE INDIVIDUAL INCOME AND CORPORATE**
 226.13 **FRANCHISE TAXES; POLICY CHANGES**

226.14 Section 1. Minnesota Statutes 2018, section 290.0137, is amended to read:

226.15 **290.0137 ACCELERATED RECOGNITION OF CERTAIN INSTALLMENT**
 226.16 **SALE GAINS.**

226.17 (a) In the case of a nonresident individual or a person who becomes a nonresident
 226.18 individual during the tax year, taxable net income shall include the ~~allocable~~ amount realized
 226.19 upon a sale of the assets of, or any interest in, an S corporation or partnership that operated
 226.20 in Minnesota during the year of sale, including any income or gain to be recognized in future
 226.21 years pursuant to an installment sale method of reporting under the Internal Revenue Code.

226.22 (1) For the purposes of this paragraph, an individual who becomes a nonresident of
 226.23 Minnesota in any year after an installment sale is required to recognize the full amount of
 226.24 any income or gain described in this paragraph on the individual's final Minnesota resident
 226.25 tax return to the extent that such income has not been recognized in a prior year.

226.26 (2) For the purposes of this section, "realized" has the meaning given in section 1001(b)
 226.27 of the Internal Revenue Code.

226.28 (3) For the purposes of this section, "installment sale" means any installment sale under
 226.29 section 453 of the Internal Revenue Code and any other sale that is reported utilizing a
 226.30 method of accounting authorized under subchapter E of the Internal Revenue Code that
 226.31 allows taxpayers to delay reporting or recognizing a realized gain until a future year.

227.1 ~~(4) For the purposes of this section, "allocable amount" means the full amount to be~~
 227.2 ~~apportioned to Minnesota under section 290.191 or 290.20, or the full amount to be assigned~~
 227.3 ~~to Minnesota under section 290.17.~~

227.4 (b) Notwithstanding paragraph (a), nonresident taxpayers may elect to defer recognizing
 227.5 unrecognized installment sale gains by making an election under this paragraph. The election
 227.6 must be filed on a form to be determined or prescribed by the commissioner and must be
 227.7 filed by the due date of the individual income tax return, including any extension. Electing
 227.8 taxpayers must make an irrevocable agreement to:

227.9 (1) file Minnesota tax returns in all subsequent years when gains from the installment
 227.10 sales are recognized and reported to the Internal Revenue Service;

227.11 (2) allocate gains to the state of Minnesota as though the gains were realized in the year
 227.12 of sale under section 290.17, 290.191, or 290.20; and

227.13 (3) include all relevant federal tax documents reporting the installment sale with
 227.14 subsequent Minnesota tax returns.

227.15 (c) Income or gain recognized for Minnesota purposes pursuant to paragraph (a) must
 227.16 be excluded from taxable net income in any future year that the taxpayer files a Minnesota
 227.17 tax return to the extent that the income or gain has already been subject to tax pursuant to
 227.18 paragraph (a).

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

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

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

227.25 (1) On the first \$35,480, 5.35 percent;

227.26 (2) On all over \$35,480, but not over \$140,960, 7.05 percent;

227.27 (3) On all over \$140,960, but not over \$250,000, 7.85 percent;

227.28 (4) On all over \$250,000, 9.85 percent.

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

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

228.3 (1) On the first \$24,270, 5.35 percent;

228.4 (2) On all over \$24,270, but not over \$79,730, 7.05 percent;

228.5 (3) On all over \$79,730, but not over \$150,000, 7.85 percent;

228.6 (4) On all over \$150,000, 9.85 percent.

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

228.10 (1) On the first \$29,880, 5.35 percent;

228.11 (2) On all over \$29,880, but not over \$120,070, 7.05 percent;

228.12 (3) On all over \$120,070, but not over \$200,000, 7.85 percent;

228.13 (4) On all over \$200,000, 9.85 percent.

228.14 (d) In lieu of a tax computed according to the rates set forth in this subdivision, the tax
228.15 of any individual taxpayer whose taxable net income for the taxable year is less than an
228.16 amount determined by the commissioner must be computed in accordance with tables
228.17 prepared and issued by the commissioner of revenue based on income brackets of not more
228.18 than \$100. The amount of tax for each bracket shall be computed at the rates set forth in
228.19 this subdivision, provided that the commissioner may disregard a fractional part of a dollar
228.20 unless it amounts to 50 cents or more, in which case it may be increased to \$1.

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

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

228.27 (i) the additions required under ~~section~~ sections 290.0131, subdivisions 2 and 6 to 11,
228.28 and 290.0137, paragraph (a); and reduced by

228.29 (ii) the Minnesota assignable portion of the subtraction for United States government
228.30 interest under section 290.0132, subdivision 2, ~~and~~ the subtractions under ~~section~~ sections

229.1 290.0132, subdivisions 9, 10, 14, 15, 17, and 18, and 290.0137, paragraph (c), after applying
229.2 the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

229.3 (2) the denominator is the individual's federal adjusted gross income as defined in section
229.4 62 of the Internal Revenue Code, increased by:

229.5 (i) ~~the amounts specified in section~~ additions required under sections 290.0131,
229.6 subdivisions 2 and 6 to 11, and 290.0137, paragraph (a); and reduced by

229.7 (ii) ~~the amounts specified in section~~ subtractions under sections 290.0132, subdivisions
229.8 2, 9, 10, 14, 15, 17, and 18, and 290.0137, paragraph (c).

229.9 **EFFECTIVE DATE.** The amendment to paragraph (a) is effective for taxable years
229.10 beginning after December 31, 2018. The amendment to paragraph (e) is effective the day
229.11 following final enactment.

229.12 Sec. 3. Minnesota Statutes 2018, section 290.06, subdivision 2d, is amended to read:

229.13 Subd. 2d. **Inflation adjustment of brackets.** (a) For taxable years beginning after
229.14 December 31, 2013, the minimum and maximum dollar amounts for each rate bracket for
229.15 which a tax is imposed in subdivision 2c shall be adjusted for inflation by the percentage
229.16 determined under paragraph (b). For the purpose of making the adjustment as provided in
229.17 this subdivision all of the rate brackets provided in subdivision 2c shall be the rate brackets
229.18 as they existed for taxable years beginning after December 31, 2012, and before January 1,
229.19 2014. The rate applicable to any rate bracket must not be changed. The dollar amounts
229.20 setting forth the tax shall be adjusted to reflect the changes in the rate brackets. The rate
229.21 brackets as adjusted must be rounded to the nearest \$10 amount. If the rate bracket ends in
229.22 \$5, it must be rounded up to the nearest \$10 amount.

229.23 (b) The commissioner shall adjust the rate brackets and by the percentage determined
229.24 pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section
229.25 1(f)(3)(B) the word "2012" shall be substituted for the word "1992." For 2014, the
229.26 commissioner shall then determine the percent change from the 12 months ending on August
229.27 31, 2012, to the 12 months ending on August 31, 2013, and in each subsequent year, from
229.28 the 12 months ending on August 31, 2012, to the 12 months ending on August 31 of the
229.29 year preceding the taxable year. The commissioner shall determine the rate bracket for
229.30 married filing separate returns after this adjustment is done. The rate bracket for married
229.31 filing separate must be one-half of the rate bracket for married filing joint. The determination
229.32 of the commissioner pursuant to this subdivision shall not be considered a "rule" and shall
229.33 not be subject to the Administrative Procedure Act contained in chapter 14.

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

230.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
230.4 31, 2018.

230.5 **ARTICLE 13**

230.6 **DEPARTMENT OF REVENUE INDIVIDUAL INCOME AND CORPORATE** 230.7 **FRANCHISE TAXES; TECHNICAL CHANGES**

230.8 Section 1. Minnesota Statutes 2018, section 289A.38, subdivision 7, is amended to read:

230.9 Subd. 7. **Federal tax changes.** (a) If the amount of income, items of tax preference,
230.10 deductions, or credits for any year of a taxpayer, or the wages paid by a taxpayer for any
230.11 period, as reported to the Internal Revenue Service is changed or corrected by the
230.12 commissioner of Internal Revenue or other officer of the United States or other competent
230.13 authority, or where a renegotiation of a contract or subcontract with the United States results
230.14 in a change in income, items of tax preference, deductions, credits, or withholding tax, or,
230.15 in the case of estate tax, where there are adjustments to the taxable estate, the taxpayer shall
230.16 report the change or correction or renegotiation results in writing to the commissioner. The
230.17 report must be submitted within 180 days after the final determination and must be in the
230.18 form of either an amended Minnesota estate, withholding tax, corporate franchise tax, or
230.19 income tax return conceding the accuracy of the federal determination or a letter detailing
230.20 how the federal determination is incorrect or does not change the Minnesota tax. An amended
230.21 Minnesota income tax return must be accompanied by an amended property tax refund
230.22 return, if necessary. A taxpayer filing an amended federal tax return must also file a copy
230.23 of the amended return with the commissioner of revenue within 180 days after filing the
230.24 amended return.

230.25 (b) For the purposes of paragraph (a), a change or correction includes any case where a
230.26 taxpayer reaches a closing agreement or compromise with the Internal Revenue Service
230.27 under section 7121 or 7122 of the Internal Revenue Code.

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

230.29 Sec. 2. Minnesota Statutes 2018, section 290.92, subdivision 28, is amended to read:

230.30 Subd. 28. **Payments to horse racing license holders.** Effective with payments made
230.31 after April 1, 1988, any holder of a license issued by the Minnesota Racing Commission
230.32 who makes a payment for personal or professional services to a holder of a class C license
230.33 issued by the commission, except an amount paid as a purse, shall deduct from the payment

231.1 and withhold 6.25 percent of the amount as Minnesota withholding tax when the amount
231.2 paid to that individual by the same person during the calendar year exceeds \$600. For
231.3 purposes of the provisions of this section, a payment to any person which is subject to
231.4 withholding under this subdivision must be treated as if the payment was a wage paid by
231.5 an employer to an employee. Every individual who is to receive a payment which is subject
231.6 to withholding under this subdivision shall furnish the license holder with a statement, made
231.7 under the penalties of perjury, containing the name, address, and Social Security account
231.8 number of the person receiving the payment. No withholding is required if the individual
231.9 presents a signed certificate from the individual's employer which states that the individual
231.10 is an employee of that employer. A nonresident individual who holds a class C license must
231.11 be treated as an athlete for purposes of applying the provisions of subdivision 4a and section
231.12 290.17, subdivision ~~2(1)(b)(ii)~~(a)(2)(ii).

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

231.14 Sec. 3. Minnesota Statutes 2018, section 462D.03, subdivision 2, is amended to read:

231.15 Subd. 2. **Designation of qualified beneficiary.** (a) The account holder must designate
231.16 a first-time home buyer as the qualified beneficiary of the account ~~by April 15 of the year~~
231.17 in a form and manner prescribed by the commissioner following the taxable year in which
231.18 the account was established. The account holder may be the qualified beneficiary. The
231.19 account holder may change the designated qualified beneficiary at any time, but no more
231.20 than one qualified beneficiary may be designated for an account at any one time. For purposes
231.21 of the one beneficiary restriction, a married couple qualifies as one beneficiary. Changing
231.22 the designated qualified beneficiary of an account does not affect computation of the ten-year
231.23 period under section 462D.06, subdivision 2.

231.24 (b) The commissioner shall establish a process for account holders to notify the state
231.25 that permits recording of the account, the account holder or holders, any transfers under
231.26 section 462D.04, subdivision 2, and the designated qualified beneficiary for each account.
231.27 This may be done upon filing the account holder's income tax return or in any other way
231.28 the commissioner determines to be appropriate.

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

232.1 **ARTICLE 14**

232.2 **DEPARTMENT OF REVENUE; SALES AND USE TAXES; TECHNICAL CHANGES**

232.3 Section 1. Minnesota Statutes 2018, section 297A.68, subdivision 17, is amended to read:

232.4 Subd. 17. **Ships used in interstate commerce; other vessels.** Repair, replacement, and
232.5 rebuilding parts and materials, and lubricants, for the following are exempt:

232.6 (1) ships or vessels used or to be used principally in interstate or foreign commerce ~~are~~
232.7 ~~exempt;~~ and

232.8 (2) vessels with a gross registered tonnage of at least 3,000 tons ~~are exempt.~~

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

232.10 Sec. 2. Minnesota Statutes 2018, section 297A.68, subdivision 42, is amended to read:

232.11 Subd. 42. **Qualified data centers.** (a) Purchases of enterprise information technology
232.12 equipment and computer software for use in a qualified data center, or a qualified refurbished
232.13 data center, are exempt, except that computer software maintenance agreements are exempt
232.14 for purchases made after June 30, 2013. The tax on purchases exempt under this paragraph
232.15 must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied,
232.16 and then refunded after June 30, 2013, in the manner provided in section 297A.75. This
232.17 exemption includes enterprise information technology equipment and computer software
232.18 purchased to replace or upgrade enterprise information technology equipment and computer
232.19 software in a qualified data center, or a qualified refurbished data center.

232.20 (b) Electricity used or consumed in the operation of a qualified data center or qualified
232.21 refurbished data center is exempt.

232.22 (c) For purposes of this subdivision, "qualified data center" means a facility in Minnesota:

232.23 (1) that is comprised of one or more buildings that consist in the aggregate of at least
232.24 25,000 square feet, and that are located on a single parcel or on contiguous parcels, where
232.25 the total cost of construction or refurbishment, investment in enterprise information
232.26 technology equipment, and computer software is at least \$30,000,000 within a 48-month
232.27 period. The 48-month period begins no sooner than July 1, 2012, except that costs for
232.28 computer software maintenance agreements purchased before July 1, 2013, are not included
232.29 in determining if the \$30,000,000 threshold has been met;

232.30 (2) that is constructed or substantially refurbished after June 30, 2012, where
232.31 "substantially refurbished" means that at least 25,000 square feet have been rebuilt or
232.32 modified, including:

233.1 (i) installation of enterprise information technology equipment; environmental control,
233.2 computer software, and energy efficiency improvements; and

233.3 (ii) building improvements; and

233.4 (3) that is used to house enterprise information technology equipment, where the facility
233.5 has the following characteristics:

233.6 (i) uninterruptible power supplies, generator backup power, or both;

233.7 (ii) sophisticated fire suppression and prevention systems; and

233.8 (iii) enhanced security. A facility will be considered to have enhanced security if it has
233.9 restricted access to the facility to selected personnel; permanent security guards; video
233.10 camera surveillance; an electronic system requiring pass codes, keycards, or biometric scans,
233.11 such as hand scans and retinal or fingerprint recognition; or similar security features.

233.12 In determining whether the facility has the required square footage, the square footage
233.13 of the following spaces shall be included if the spaces support the operation of enterprise
233.14 information technology equipment: office space, meeting space, and mechanical and other
233.15 support facilities. For purposes of this subdivision, "computer software" includes, but is not
233.16 limited to, software utilized or loaded at a qualified data center or qualified refurbished data
233.17 center, including maintenance, licensing, and software customization.

233.18 (d) For purposes of this subdivision, a "qualified refurbished data center" means an
233.19 existing facility that qualifies as a data center under paragraph (c), clauses (2) and (3), but
233.20 that is comprised of one or more buildings that consist in the aggregate of at least 25,000
233.21 square feet, and that are located on a single parcel or contiguous parcels, where the total
233.22 cost of construction or refurbishment, investment in enterprise information technology
233.23 equipment, and computer software is at least \$50,000,000 within a 24-month period.

233.24 (e) For purposes of this subdivision, "enterprise information technology equipment"
233.25 means computers and equipment supporting computing, networking, or data storage,
233.26 including servers and routers. It includes, but is not limited to: cooling systems, cooling
233.27 towers, and other temperature control infrastructure; power infrastructure for transformation,
233.28 distribution, or management of electricity used for the maintenance and operation of a
233.29 qualified data center or qualified refurbished data center, including but not limited to exterior
233.30 dedicated business-owned substations, backup power generation systems, battery systems,
233.31 and related infrastructure; and racking systems, cabling, and trays, which are necessary for
233.32 the maintenance and operation of the qualified data center or qualified refurbished data
233.33 center.

234.1 (f) A qualified data center or qualified refurbished data center may claim the exemptions
 234.2 in this subdivision for purchases made either within 20 years of the date of its first purchase
 234.3 qualifying for the exemption under paragraph (a), or by June 30, 2042, whichever is earlier.

234.4 (g) The purpose of this exemption is to create jobs in the construction and data center
 234.5 industries.

234.6 (h) This subdivision is effective for sales and purchases made before July 1, 2042.

234.7 (i) The commissioner of employment and economic development must certify to the
 234.8 commissioner of revenue, in a format approved by the commissioner of revenue, when a
 234.9 qualified data center has met the requirements under paragraph (c) or a qualified refurbished
 234.10 data center has met the requirements under paragraph (d). The certification must provide
 234.11 the following information regarding each qualified data center or qualified refurbished data
 234.12 center:

234.13 (1) the total square footage amount;

234.14 (2) the total amount of construction or refurbishment costs and the total amount of
 234.15 qualifying investments in enterprise information technology equipment and computer
 234.16 software; ~~and~~

234.17 (3) the beginning and ending of the applicable period under either paragraph (c) or (d)
 234.18 in which the qualifying expenditures and purchases under clause (2) were made, but in no
 234.19 case shall the period begin before July 1, 2012; and

234.20 (4) the date upon which the qualified data center first met the requirements under
 234.21 paragraph (c) or a qualified refurbished data center first met the requirements under paragraph
 234.22 (d).

234.23 (j) Any refund for sales tax paid on qualifying purchases under this subdivision must
 234.24 not be issued unless the commissioner of revenue has received the certification required
 234.25 under paragraph (i) ~~either from~~ issued by the commissioner of employment and economic
 234.26 development ~~or the qualified data center or qualified refurbished data center claiming the~~
 234.27 ~~refund; and.~~

234.28 (k) The commissioner of employment and economic development must annually notify
 234.29 the commissioner of revenue of the qualified data centers that are projected to meet the
 234.30 requirements under paragraph (c) and the qualified refurbished data centers that are projected
 234.31 to meet the requirements under paragraph (d) in each of the next four years. The notification
 234.32 must provide the information required under paragraph (i), clauses (1) to ~~(3)~~ (4), for each
 234.33 qualified data center or qualified refurbished data center.

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

235.2 Sec. 3. Minnesota Statutes 2018, section 297A.68, subdivision 44, is amended to read:

235.3 Subd. 44. **Greater Minnesota business expansions.** (a) Purchases and use of tangible
235.4 personal property or taxable services by a qualified business, ~~as defined in section 116J.8738,~~
235.5 are exempt if:

235.6 (1) the commissioner of employment and economic development certifies to the
235.7 commissioner of revenue, in a format approved by the commissioner of revenue, that the
235.8 qualified business meets the requirements under section 116J.8738;

235.9 (2) the business subsidy agreement provides that the exemption under this subdivision
235.10 applies;

235.11 ~~(2)~~ (3) the property or services are primarily used or consumed at the facility in greater
235.12 Minnesota identified in the business subsidy agreement; and

235.13 ~~(3)~~ (4) the purchase was made and delivery received during the duration of the
235.14 certification of the business as a qualified business under section 116J.8738 business subsidy
235.15 agreement.

235.16 (b) Purchase and use of construction materials and supplies used or consumed in, and
235.17 equipment incorporated into, the construction of improvements to real property in greater
235.18 Minnesota are exempt if the improvements after completion of construction are to be used
235.19 in the conduct of the trade or business of the qualified business, ~~as defined in section~~
235.20 ~~116J.8738~~ and the commissioner of employment and economic development certifies to
235.21 the commissioner of revenue, in a format approved by the commissioner of revenue, that
235.22 the qualified business meets the requirements under section 116J.8738. This exemption
235.23 applies regardless of whether the purchases are made by the business or a contractor.

235.24 (c) The exemptions under this subdivision apply to a local sales and use tax.

235.25 (d) The tax on purchases imposed under this subdivision must be imposed and collected
235.26 as if the rate under section 297A.62 applied, and then refunded in the manner provided in
235.27 section 297A.75. The total amount refunded for a facility over the certification period is
235.28 limited to the amount listed in the business subsidy agreement. No more than \$7,000,000
235.29 may be refunded in a fiscal year for all purchases under this subdivision. Refunds must be
235.30 allocated on a first-come, first-served basis. If more than \$7,000,000 of eligible claims are
235.31 made in a fiscal year, claims by qualified businesses carry over to the next fiscal year, and
235.32 the commissioner of revenue must first allocate refunds to qualified businesses eligible for
235.33 a refund in the preceding fiscal year. Any portion of the balance of funds allocated for

236.1 refunds under this paragraph does not cancel and shall be carried forward to and available
236.2 for refunds in subsequent fiscal years. Notwithstanding section 297A.75, subdivision 4, for
236.3 an eligible refund claim that carries over to a subsequent fiscal year, the interest on the
236.4 amount carried over must be paid on the refund no sooner than from 90 days after July 1
236.5 of the fiscal year in which funds are available for the eligible claim.

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

236.7 Sec. 4. Minnesota Statutes 2018, section 297A.71, subdivision 45, is amended to read:

236.8 Subd. 45. **Biopharmaceutical manufacturing facility.** (a) Materials and supplies used
236.9 or consumed in, capital equipment incorporated into, and privately owned infrastructure in
236.10 support of the construction, improvement, or expansion of a biopharmaceutical manufacturing
236.11 facility in the state are exempt if the commissioner of employment and economic
236.12 development certifies to the commissioner of revenue that the following criteria are met:

236.13 (1) the facility is used for the manufacturing of biologics;

236.14 (2) the total capital investment made at the facility exceeds \$50,000,000; and

236.15 (3) the facility creates and maintains at least 190 full-time equivalent positions at the
236.16 facility. These positions must be new jobs in Minnesota and not the result of relocating jobs
236.17 that currently exist in Minnesota.

236.18 (b) The tax must be imposed and collected as if the rate under section 297A.62 applied,
236.19 and refunded in the manner provided in section 297A.75.

236.20 (c) To be eligible for a refund, the owner of the biopharmaceutical manufacturing facility
236.21 must:

236.22 (1) initially apply to the ~~Department~~ commissioner of employment and economic
236.23 development for certification no later than one year from the final completion date of
236.24 construction, improvement, or expansion of the facility; and

236.25 (2) for each year that the owner of the biopharmaceutical manufacturing facility applies
236.26 for a refund, the ~~owner~~ commissioner of revenue must have received written certification
236.27 from the ~~Department~~ commissioner of employment and economic development that the
236.28 facility has met the criteria of paragraph (a).

236.29 (d) The refund is to be paid annually at a rate of 25 percent of the total allowable refund
236.30 payable to date, with the commissioner making annual payments of the remaining refund
236.31 until all of the refund has been paid.

237.1 (e) For purposes of this subdivision, "biopharmaceutical" and "biologics" are
237.2 interchangeable and mean medical drugs or medicinal preparations produced using
237.3 technology that uses biological systems, living organisms, or derivatives of living organisms
237.4 to make or modify products or processes for specific use. The medical drugs or medicinal
237.5 preparations include but are not limited to proteins, antibodies, nucleic acids, and vaccines.

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

237.7 Sec. 5. Minnesota Statutes 2018, section 297A.77, is amended by adding a subdivision to
237.8 read:

237.9 Subd. 5. **Records must be kept.** Every person liable for any tax imposed by this chapter,
237.10 or for the collection thereof, shall keep such records, render such statements, make such
237.11 returns, and comply with such rules, as the commissioner may from time to time prescribe.

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

237.13

ARTICLE 15

237.14 **DEPARTMENT OF REVENUE; TOBACCO TAXES; TECHNICAL CHANGES**

237.15 Section 1. Minnesota Statutes 2018, section 297F.01, subdivision 19, is amended to read:

237.16 Subd. 19. **Tobacco products.** (a) "Tobacco products" means any product containing,
237.17 made, or derived from tobacco that is intended for human consumption, whether chewed,
237.18 smoked, absorbed, dissolved, inhaled, snorted, sniffed, or ingested by any other means, or
237.19 any component, part, or accessory of a tobacco product, including, but not limited to, cigars;
237.20 cheroots; stogies; periques; granulated, plug cut, crimp cut, ready rubbed, and other smoking
237.21 tobacco; snuff; snuff flour; cavendish; plug and twist tobacco; fine-cut and other chewing
237.22 tobacco; shorts; refuse scraps, clippings, cuttings and sweepings of tobacco, and other kinds
237.23 and forms of tobacco; but does not include cigarettes as defined in this section. Tobacco
237.24 products includes nicotine solution products. Tobacco products excludes any tobacco product
237.25 that has been approved by the United States Food and Drug Administration for sale as a
237.26 tobacco cessation product, as a tobacco dependence product, or for other medical purposes,
237.27 and is being marketed and sold solely for such an approved purpose.

237.28 (b) Except for the imposition of tax under section 297F.05, subdivisions 3 and 4, tobacco
237.29 products includes a premium cigar, as defined in subdivision 13a.

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

238.1 Sec. 2. Minnesota Statutes 2018, section 297F.01, is amended by adding a subdivision to
238.2 read:

238.3 Subd. 22b. **Nicotine solution products.** (a) "Nicotine solution products" means any
238.4 cartridge, bottle, or other package that contains nicotine made or derived from tobacco, that
238.5 is in a solution that is consumed, or meant to be consumed, through the use of a heating
238.6 element, power source, electronic circuit, or other electronic, chemical, or mechanical means
238.7 that produces vapor or aerosol. This paragraph expires December 31, 2019.

238.8 (b) Beginning January 1, 2020, "nicotine solution products" means any cartridge, bottle,
238.9 or other package that contains nicotine, including nicotine made or derived from tobacco
238.10 or sources other than tobacco, that is in a solution that is consumed, or meant to be consumed,
238.11 through the use of a heating element, power source, electronic circuit, or other electronic,
238.12 chemical, or mechanical means that produces vapor or aerosol.

238.13 (c) Nicotine solution products includes any electronic cigarette, electronic cigar, electronic
238.14 cigarillo, electronic pipe, or similar product or device, and any batteries, heating elements,
238.15 or other components, parts, or accessories sold with and meant to be used in the consumption
238.16 of a solution containing nicotine.

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

238.18 Sec. 3. Minnesota Statutes 2018, section 297F.01, subdivision 23, is amended to read:

238.19 Subd. 23. **Wholesale sales price.** (a) "Wholesale sales price" means the price at which
238.20 a distributor purchases a tobacco product.

238.21 (b) When a distributor sells a cartridge, bottle, or other package of a solution containing
238.22 nicotine that is part of a kit that also includes a product, device, component, part, or accessory
238.23 described in subdivision 22b:

238.24 (1) the wholesale sales price is the price at which the distributor purchases the kit; except
238.25 that

238.26 (2) if the distributor also separately sells the same package of solution containing nicotine
238.27 that is sold with the kit and can isolate the cost of the package of solution containing nicotine,
238.28 then the wholesale sales price includes only the price at which the distributor separately
238.29 purchases the package of the solution containing nicotine and any taxes, charges, and costs
238.30 listed in paragraph (c).

238.31 (c) Wholesale sales price includes the applicable federal excise tax, freight charges, or
238.32 packaging costs, regardless of whether they were included in the purchase price.

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

239.2 **ARTICLE 16**

239.3 **MINNESOTACARE; TECHNICAL CHANGES**

239.4 Section 1. Minnesota Statutes 2018, section 295.50, is amended by adding a subdivision
239.5 to read:

239.6 Subd. 2b. **Emergency medical reasons.** "Emergency medical reasons" means a public
239.7 health emergency declaration pursuant to United States Code, title 42, section 247d; a
239.8 national security or peacetime emergency declared by the governor pursuant to section
239.9 12.31; or a situation involving an action by the commissioner of health pursuant to section
239.10 144.4197, 144.4198, or 151.37, subdivisions 2, paragraph (b), and 10, except that, for
239.11 purposes of this subdivision, a drug shortage not caused by a public health emergency shall
239.12 not constitute an emergency medical reason.

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

239.14 Sec. 2. Minnesota Statutes 2018, section 295.50, subdivision 3, is amended to read:

239.15 Subd. 3. **Gross revenues.** "Gross revenues" are total amounts received in money or
239.16 otherwise by:

239.17 (1) a hospital for patient services;

239.18 (2) a surgical center for patient services;

239.19 (3) a health care provider, other than a staff model health ~~carrier~~ plan company, for
239.20 patient services;

239.21 (4) a wholesale drug distributor for sale or distribution of legend drugs that are delivered
239.22 in Minnesota by the wholesale drug distributor, by common carrier, or by mail, unless the
239.23 legend drugs are delivered to another wholesale drug distributor who sells legend drugs
239.24 exclusively at wholesale. ~~Legend drugs do not include nutritional products as defined in~~
239.25 ~~Minnesota Rules, part 9505.0325, and blood and blood components; and~~

239.26 (5) a staff model health plan company as gross premiums for enrollees, co-payments,
239.27 deductibles, coinsurance, and fees for patient services.

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

239.29 Sec. 3. Minnesota Statutes 2018, section 295.50, subdivision 4, is amended to read:

239.30 Subd. 4. **Health care provider.** (a) "Health care provider" means:

240.1 (1) a person whose health care occupation is regulated or required to be regulated by
 240.2 the state of Minnesota furnishing any or all of the following goods or services directly to a
 240.3 patient or consumer: medical, surgical, optical, visual, dental, hearing, nursing services,
 240.4 drugs, laboratory, diagnostic or therapeutic services;

240.5 (2) a person who provides goods and services not listed in clause (1) that qualify for
 240.6 reimbursement under the medical assistance program provided under chapter 256B;

240.7 (3) a staff model health plan company;

240.8 (4) an ambulance service required to be licensed; ~~or~~

240.9 (5) a person who sells or repairs hearing aids and related equipment or prescription
 240.10 eyewear; or

240.11 (6) a person providing patient services, who does not otherwise meet the definition of
 240.12 health care provider and is not specifically excluded in clause (b), who employs or contracts
 240.13 with a health care provider as defined in clauses (1) to (5) to perform, supervise, otherwise
 240.14 oversee, or consult with regarding patient services.

240.15 (b) Health care provider does not include:

240.16 (1) hospitals; medical supplies distributors, except as specified under paragraph (a),
 240.17 clause (5); nursing homes licensed under chapter 144A or licensed in any other jurisdiction;
 240.18 wholesale drug distributors; pharmacies; surgical centers; bus and taxicab transportation,
 240.19 or any other providers of transportation services other than ambulance services required to
 240.20 be licensed; supervised living facilities for persons with developmental disabilities, licensed
 240.21 under Minnesota Rules, parts 4665.0100 to 4665.9900; housing with services establishments
 240.22 required to be registered under chapter 144D; board and lodging establishments providing
 240.23 only custodial services that are licensed under chapter 157 and registered under section
 240.24 157.17 to provide supportive services or health supervision services; adult foster homes as
 240.25 defined in Minnesota Rules, part 9555.5105; day training and habilitation services for adults
 240.26 with developmental disabilities as defined in section 252.41, subdivision 3; boarding care
 240.27 homes, as defined in Minnesota Rules, part 4655.0100; and adult day care centers as defined
 240.28 in Minnesota Rules, part 9555.9600;

240.29 (2) home health agencies as defined in Minnesota Rules, part 9505.0175, subpart 15; a
 240.30 person providing personal care services and supervision of personal care services as defined
 240.31 in Minnesota Rules, part 9505.0335; a person providing home care nursing services as
 240.32 defined in Minnesota Rules, part 9505.0360; and home care providers required to be licensed
 240.33 under chapter 144A for home care services provided under chapter 144A;

241.1 (3) a person who employs health care providers solely for the purpose of providing
241.2 patient services to its employees;

241.3 (4) an educational institution that employs health care providers solely for the purpose
241.4 of providing patient services to its students if the institution does not receive fee for service
241.5 payments or payments for extended coverage; and

241.6 (5) a person who receives all payments for patient services from health care providers,
241.7 surgical centers, or hospitals for goods and services that are taxable to the paying health
241.8 care providers, surgical centers, or hospitals, as provided under section 295.53, subdivision
241.9 1, paragraph (b), clause (3) or (4), or from a source of funds that is exempt from tax under
241.10 this chapter.

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

241.12 Sec. 4. Minnesota Statutes 2018, section 295.50, is amended by adding a subdivision to
241.13 read:

241.14 Subd. 7a. **Manufacturer.** "Manufacturer" has the meaning provided in section 151.01,
241.15 subdivision 14a.

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

241.17 Sec. 5. Minnesota Statutes 2018, section 295.50, subdivision 9b, is amended to read:

241.18 Subd. 9b. **Patient services.** (a) "Patient services" means inpatient and outpatient services
241.19 and other goods and services provided by hospitals, surgical centers, or health care providers.
241.20 They include the following health care goods and services provided to a patient or consumer:

241.21 (1) bed and board;

241.22 (2) nursing services and other related services;

241.23 (3) use of hospitals, surgical centers, or health care provider facilities;

241.24 (4) medical social services;

241.25 (5) drugs, biologicals, supplies, appliances, and equipment;

241.26 (6) other diagnostic or therapeutic items or services;

241.27 (7) medical or surgical services;

241.28 (8) items and services furnished to ambulatory patients not requiring emergency care;

241.29 and

242.1 (9) emergency services.

242.2 (b) "Patient services" does not include:

242.3 (1) services provided to nursing homes licensed under chapter 144A;

242.4 (2) examinations for purposes of utilization reviews, insurance claims or eligibility,
242.5 litigation, and employment, including reviews of medical records for those purposes;

242.6 (3) services provided to and by community residential mental health facilities licensed
242.7 under Minnesota Rules, parts 9520.0500 to 9520.0670, and to and by residential treatment
242.8 programs for children with severe emotional disturbance licensed or certified under chapter
242.9 245A;

242.10 (4) ~~services provided to and by community support programs and family community~~
242.11 ~~support programs approved under Minnesota Rules, parts 9535.1700 to 9535.1760, or~~
242.12 ~~certified as mental health rehabilitative services under chapter 256B; under the following~~
242.13 programs: day treatment services as defined in section 245.462, subdivision 8; assertive
242.14 community treatment as described in section 256B.0622; adult rehabilitative mental health
242.15 services as described in section 256B.0623; adult crisis response services as described in
242.16 section 256B.0624; children's therapeutic services and supports as described in section
242.17 256B.0943; and children's mental health crisis response services as described in section
242.18 256B.0944;

242.19 (5) services provided to and by community mental health centers as defined in section
242.20 245.62, subdivision 2;

242.21 (6) services provided to and by assisted living programs and congregate housing
242.22 programs;

242.23 (7) hospice care services;

242.24 (8) home and community-based waived services under sections 256B.0915, 256B.49,
242.25 and 256B.501;

242.26 (9) targeted case management services under sections 256B.0621; 256B.0625,
242.27 subdivisions 20, 20a, 33, and 44; and 256B.094; and

242.28 (10) services provided to the following: supervised living facilities for persons with
242.29 developmental disabilities licensed under Minnesota Rules, parts 4665.0100 to 4665.9900;
242.30 housing with services establishments required to be registered under chapter 144D; board
242.31 and lodging establishments providing only custodial services that are licensed under chapter
242.32 157 and registered under section 157.17 to provide supportive services or health supervision

243.1 services; adult foster homes as defined in Minnesota Rules, part 9555.5105; day training
243.2 and habilitation services for adults with developmental disabilities as defined in section
243.3 252.41, subdivision 3; boarding care homes as defined in Minnesota Rules, part 4655.0100;
243.4 adult day care services as defined in section 245A.02, subdivision 2a; and home health
243.5 agencies as defined in Minnesota Rules, part 9505.0175, subpart 15, or licensed under
243.6 chapter 144A.

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

243.8 Sec. 6. Minnesota Statutes 2018, section 295.50, is amended by adding a subdivision to
243.9 read:

243.10 **Subd. 10c. Pharmacy benefits manager.** "Pharmacy benefits manager" means an entity
243.11 that performs pharmacy benefits management.

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

243.13 Sec. 7. Minnesota Statutes 2018, section 295.50, is amended by adding a subdivision to
243.14 read:

243.15 **Subd. 13a. Third-party purchaser of health care services.** "Third-party purchaser of
243.16 health care services" includes but is not limited to a health carrier or community integrated
243.17 service network that pays for health care services on behalf of patients or that reimburses,
243.18 indemnifies, compensates, or otherwise insures patients for health care services.

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

243.20 Sec. 8. Minnesota Statutes 2018, section 295.50, subdivision 14, is amended to read:

243.21 **Subd. 14. Wholesale drug distributor.** "Wholesale drug distributor" means a wholesale
243.22 drug distributor required to be licensed under sections 151.42 to 151.51. any person engaged
243.23 in wholesale drug distribution including but not limited to manufacturers; repackagers;
243.24 own-label distributors; jobbers; brokers; warehouses, including manufacturers' and
243.25 distributors' warehouses, chain drug warehouses, and wholesale drug warehouses;
243.26 independent wholesale drug traders; and pharmacies that conduct wholesale drug distribution.
243.27 A wholesale drug distributor does not include a common carrier or individual hired primarily
243.28 to transport legend drugs.

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

244.1 Sec. 9. Minnesota Statutes 2018, section 295.50, subdivision 15, is amended to read:

244.2 Subd. 15. **Legend drug.** "Legend drug" means a drug that is required by federal law to
244.3 bear one of the following statements: "Caution: Federal law prohibits dispensing without
244.4 prescription" or "Rx only." Legend drugs do not include nutritional products as defined in
244.5 Minnesota Rules, part 9505.0325, subpart 1, and blood and blood components.

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

244.7 Sec. 10. Minnesota Statutes 2018, section 295.50, is amended by adding a subdivision to
244.8 read:

244.9 Subd. 16. **Wholesale drug distribution.** "Wholesale drug distribution" means the sale
244.10 or distribution of legend drugs to a person other than a consumer or patient, but does not
244.11 include:

244.12 (1) a sale between a division, subsidiary, parent, affiliated, or related company under
244.13 the common ownership and control of a corporate entity;

244.14 (2) the purchase or other acquisition, by a hospital or other health care entity that is a
244.15 member of a group purchasing organization, of a legend drug for its own use from the
244.16 organization or from other hospitals or health care entities that are members of such
244.17 organizations;

244.18 (3) the sale, purchase, or trade of a legend drug by a charitable organization described
244.19 in section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December
244.20 31, 1988, to a nonprofit affiliate of the organization to the extent otherwise permitted by
244.21 law;

244.22 (4) the sale, purchase, or trade of a legend drug among hospitals or other health care
244.23 entities that are under common control;

244.24 (5) the sale, purchase, or trade of a legend drug for emergency medical reasons;

244.25 (6) the transfer of legend drugs by a retail pharmacy to another retail pharmacy to alleviate
244.26 a temporary shortage; or

244.27 (7) the distribution of legend drug samples by manufacturer representatives.

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

245.1 Sec. 11. Minnesota Statutes 2018, section 295.53, subdivision 1, is amended to read:

245.2 Subdivision 1. **Exclusions and Exemptions.** (a) The following payments are excluded
245.3 from the gross revenues subject to the hospital, surgical center, or health care provider taxes
245.4 under sections 295.50 to 295.59:

245.5 ~~(1) payments received for services provided under the Medicare program, including~~
245.6 ~~payments received from the government, and organizations governed by sections 1833 and~~
245.7 ~~1876 of title XVIII of the federal Social Security Act, United States Code, title 42, section~~
245.8 ~~1395, and enrollee deductibles, coinsurance, and co-payments, whether paid by the Medicare~~
245.9 ~~enrollee or by a Medicare supplemental coverage as defined in section 62A.011, subdivision~~
245.10 ~~3, clause (10), or by Medicaid payments under title XIX of the federal Social Security Act.~~
245.11 ~~Payments for services not covered by Medicare are taxable;~~

245.12 ~~(2) payments received for home health care services;~~

245.13 ~~(3) payments received from hospitals or surgical centers for goods and services on which~~
245.14 ~~liability for tax is imposed under section 295.52 or the source of funds for the payment is~~
245.15 ~~exempt under clause (1), (7), (10), or (14);~~

245.16 ~~(4) payments received from health care providers for goods and services on which~~
245.17 ~~liability for tax is imposed under this chapter or the source of funds for the payment is~~
245.18 ~~exempt under clause (1), (7), (10), or (14);~~

245.19 ~~(5) amounts paid for legend drugs, other than nutritional products and blood and blood~~
245.20 ~~components, to a wholesale drug distributor who is subject to tax under section 295.52,~~
245.21 ~~subdivision 3, reduced by reimbursements received for legend drugs otherwise exempt~~
245.22 ~~under this chapter;~~

245.23 ~~(6)~~ (1) payments received by a health care provider or the wholly owned subsidiary of
245.24 a health care provider for care provided outside Minnesota;

245.25 ~~(7) payments received from the chemical dependency fund under chapter 254B;~~

245.26 ~~(8) payments received in the nature of charitable donations that are not designated for~~
245.27 ~~providing patient services to a specific individual or group;~~

245.28 (9) payments received for providing patient services incurred through a formal program
245.29 of health care research conducted in conformity with federal regulations governing research
245.30 on human subjects. Payments received from patients or from other persons paying on behalf
245.31 of the patients are subject to tax;

246.1 ~~(10) payments received from any governmental agency for services benefiting the public;~~
 246.2 ~~not including payments made by the government in its capacity as an employer or insurer~~
 246.3 ~~or payments made by the government for services provided under the MinnesotaCare~~
 246.4 ~~program or the medical assistance program governed by title XIX of the federal Social~~
 246.5 ~~Security Act, United States Code, title 42, sections 1396 to 1396v;~~

246.6 ~~(11) (2)~~ government payments received by the commissioner of human services for
 246.7 state-operated services;

246.8 ~~(12) (3)~~ payments received by a health care provider for hearing aids and related
 246.9 equipment or prescription eyewear delivered outside of Minnesota; and

246.10 ~~(13) (4)~~ payments received by an educational institution from student tuition, student
 246.11 activity fees, health care service fees, government appropriations, donations, or grants, and
 246.12 for services identified in and provided under an individualized education program as defined
 246.13 in section 256B.0625 or Code of Federal Regulations, chapter 34, section 300.340(a). Fee
 246.14 for service payments and payments for extended coverage are taxable;.

246.15 ~~(14) payments received under the federal Employees Health Benefits Act, United States~~
 246.16 ~~Code, title 5, section 8909(f), as amended by the Omnibus Reconciliation Act of 1990.~~
 246.17 ~~Enrollee deductibles, coinsurance, and co-payments are subject to tax; and~~

246.18 ~~(15) payments received under the federal Tricare program, Code of Federal Regulations,~~
 246.19 ~~title 32, section 199.17(a)(7). Enrollee deductibles, coinsurance, and co-payments are subject~~
 246.20 ~~to tax.~~

246.21 (b) The following payments are exempted from the gross revenues subject to hospital,
 246.22 surgical center, or health care provider taxes under sections 295.50 to 295.59:

246.23 (1) payments received for services provided under the Medicare program, including
 246.24 payments received from the government and organizations governed by sections 1833,
 246.25 1853, and 1876 of title XVIII of the federal Social Security Act, United States Code, title
 246.26 42, section 1395; and enrollee deductibles, co-insurance, and co-payments, whether paid
 246.27 by the Medicare enrollee, by Medicare supplemental coverage as described in section
 246.28 62A.011, subdivision 3, clause (10), or by Medicaid payments under title XIX of the federal
 246.29 Social Security Act. Payments for services not covered by Medicare are taxable;

246.30 (2) payments received for home health care services;

246.31 (3) payments received from hospitals or surgical centers for goods and services on which
 246.32 liability for tax is imposed under section 295.52 or the source of funds for the payment is
 246.33 exempt under clauses (1), (6), (9), (10), or (11);

247.1 (4) payments received from the health care providers for goods and services on which
 247.2 liability for tax is imposed under this chapter or the source of funds for the payment is
 247.3 exempt under clause (1), (6), (9), (10), or (11);

247.4 (5) amounts paid for legend drugs to a wholesale drug distributor who is subject to tax
 247.5 under section 295.52, subdivision 3, reduced by reimbursement received for legend drugs
 247.6 otherwise exempt under this chapter;

247.7 (6) payments received from the chemical dependency fund under chapter 254B;

247.8 (7) payments received in the nature of charitable donations that are not designated for
 247.9 providing patient services to a specific individual or group;

247.10 (8) payments received for providing patient services incurred through a formal program
 247.11 of health care research conducted in conformity with federal regulations governing research
 247.12 on human subjects. Payments received from patients or from other persons paying on behalf
 247.13 of the patients are subject to tax;

247.14 (9) payments received from any governmental agency for services benefiting the public,
 247.15 not including payments made by the government in its capacity as an employer or insurer
 247.16 or payments made by the government for services provided under the MinnesotaCare
 247.17 program or the medical assistance program governed by title XIX of the federal Social
 247.18 Security Act, United States Code, title 42, section 1396 to 1396v;

247.19 (10) payments received under the federal Employees Health Benefits Act, United States
 247.20 Code, title 5, section 8909(f), as amended by the Omnibus Reconciliation Act of 1990.
 247.21 Enrollee deductibles, co-insurance, and co-payments are subject to tax;

247.22 (11) payments received under the federal Tricare program, Code of Federal Regulations,
 247.23 title 32, section 199.17(a)(7). Enrollee deductibles, co-insurance, and co-payments are
 247.24 subject to tax; and

247.25 (12) supplemental or enhanced payments authorized under section 256B.196 or 256B.197.

247.26 ~~(b)~~ (c) Payments received by wholesale drug distributors for legend drugs sold directly
 247.27 to veterinarians or veterinary bulk purchasing organizations are excluded from the gross
 247.28 revenues subject to the wholesale drug distributor tax under sections 295.50 to 295.59.

247.29 ~~(e) Supplemental or enhanced payments authorized under section 256B.19, subdivision~~
 247.30 ~~1e, 256B.196, or 256B.197 are excluded from gross revenues subject to the tax under sections~~
 247.31 ~~295.50 to 295.59.~~

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

248.1 Sec. 12. Minnesota Statutes 2018, section 295.57, subdivision 5, is amended to read:

248.2 Subd. 5. **Exemption for amounts paid for legend drugs.** If a hospital, surgical center,
248.3 or health care provider cannot determine the actual cost or reimbursement of legend drugs
248.4 under the exemption provided in section 295.53, subdivision 1, paragraph ~~(a)~~ (b), clause
248.5 (5), the following method must be used:

248.6 A hospital, surgical center, or health care provider must determine the amount paid for
248.7 legend drugs used during the month or quarter and multiply that amount by a ratio, the
248.8 numerator of which is the total amount received for taxable patient services, and the
248.9 denominator of which is the total amount received for all patient services, including amounts
248.10 exempt under section 295.53, subdivision 1, paragraph (b). The result represents the allowable
248.11 exemption for the monthly or quarterly cost of drugs.

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

248.13 Sec. 13. Minnesota Statutes 2018, section 295.582, subdivision 1, is amended to read:

248.14 Subdivision 1. **Tax expense transfer.** ~~(a) A hospital, surgical center, or health care~~
248.15 ~~provider that is subject to a tax under section 295.52, or a pharmacy that has paid additional~~
248.16 ~~expense transferred under this section by a wholesale drug distributor, may transfer additional~~
248.17 ~~expense generated by section 295.52 obligations on to all third-party contracts for the~~
248.18 ~~purchase of health care services on behalf of a patient or consumer. Nothing shall prohibit~~
248.19 ~~a pharmacy from transferring the additional expense generated under section 295.52 to a~~
248.20 ~~pharmacy benefits manager. The additional expense transferred to the third-party purchaser~~
248.21 ~~or a pharmacy benefits manager must not exceed the tax percentage specified in section~~
248.22 ~~295.52 multiplied against the gross revenues received under the third-party contract, and~~
248.23 ~~the tax percentage specified in section 295.52 multiplied against co-payments and deductibles~~
248.24 ~~paid by the individual patient or consumer. The expense must not be generated on revenues~~
248.25 ~~derived from payments that are excluded from the tax under section 295.53. All third-party~~
248.26 ~~purchasers of health care services including, but not limited to, third-party purchasers~~
248.27 ~~regulated under chapter 60A, 62A, 62C, 62D, 62H, 62N, 64B, 65A, 65B, 79, or 79A, or~~
248.28 ~~under section 471.61 or 471.617, and pharmacy benefits managers must pay the transferred~~
248.29 ~~expense in addition to any payments due under existing contracts with the hospital, surgical~~
248.30 ~~center, pharmacy, or health care provider, to the extent allowed under federal law. A~~
248.31 ~~third-party purchaser of health care services includes, but is not limited to, a health carrier~~
248.32 ~~or community integrated service network that pays for health care services on behalf of~~
248.33 ~~patients or that reimburses, indemnifies, compensates, or otherwise insures patients for~~
248.34 ~~health care services. For purposes of this section, a pharmacy benefits manager means an~~

249.1 ~~entity that performs pharmacy benefits management. A third-party purchaser or pharmacy~~
249.2 ~~benefits manager shall comply with this section regardless of whether the third-party~~
249.3 ~~purchaser or pharmacy benefits manager is a for-profit, not-for-profit, or nonprofit entity.~~
249.4 ~~A wholesale drug distributor may transfer additional expense generated by section 295.52~~
249.5 ~~obligations to entities that purchase from the wholesaler, and the entities must pay the~~
249.6 ~~additional expense. Nothing in this section limits the ability of a hospital, surgical center,~~
249.7 ~~pharmacy, wholesale drug distributor, or health care provider to recover all or part of the~~
249.8 ~~section 295.52 obligation by other methods, including increasing fees or charges.~~

249.9 (a) The tax expense generated by section 295.52 may be transferred as follows:

249.10 (1) a hospital, surgical center, or health care provider subject to the tax under section
249.11 295.52 may transfer the tax expense to all third-party contracts for the purchase of health
249.12 care services on behalf of a patient or consumer;

249.13 (2) a wholesale drug distributor subject to the tax under section 295.52 may transfer the
249.14 tax expense to entities that purchase legend drugs from the wholesale drug distributor; and

249.15 (3) a pharmacy that has paid the tax expense transferred by a wholesale drug distributor
249.16 may transfer the tax expense to all third-party contracts for the purchase of health care
249.17 services on behalf of a patient or consumer. Nothing shall prohibit a pharmacy from
249.18 transferring the tax expense generated under section 295.52 to a pharmacy benefits manager.

249.19 (b) The transfer of the tax expense under paragraph (a) must comply with the following:

249.20 (1) the tax expense transferred to the third-party purchaser or a pharmacy benefits
249.21 manager must not exceed the tax percentage specified in section 295.52 multiplied against:

249.22 (i) gross revenues received under the third-party contract; and

249.23 (ii) co-payments and deductibles paid by the individual patient or consumer; and

249.24 (2) the tax expense must not be generated on revenues derived from payments that are
249.25 excluded or exempted from the tax under section 295.53.

249.26 (c) Payment of the transferred tax expense is required as follows:

249.27 (1) all third-party purchasers of health care services, including but not limited to
249.28 third-party purchasers regulated under chapter 60A, 62A, 62C, 62D, 62H, 62N, 64B, 65A,
249.29 65B, 79, or 79A, or under section 471.61 or 471.617, and pharmacy benefits managers must
249.30 pay the transferred expense. This is in addition to any payments due under existing contracts
249.31 with the hospital, surgical center, pharmacy, or health care provider, to the extent allowed
249.32 under federal law; and

250.1 (2) all entities that purchase legend drugs from a wholesale drug distributor must pay
 250.2 the transferred expense.

250.3 (d) A third-party purchaser or pharmacy benefits manager must comply with this section
 250.4 regardless of whether the third-party purchaser or pharmacy benefits manager is a for-profit,
 250.5 not-for-profit, or nonprofit entity.

250.6 (e) Nothing in this section limits the ability of a hospital, surgical center, health care
 250.7 provider, pharmacy, or wholesale drug distributor to recover all or part of the section 295.52
 250.8 obligation by other methods, including increasing fees or charges.

250.9 ~~(b)~~ (f) Any hospital, surgical center, or health care provider subject to a tax under section
 250.10 295.52 or a pharmacy that has paid the additional expense transferred under this section by
 250.11 a wholesale drug distributor may file a complaint with the commissioner responsible for
 250.12 regulating the third-party purchaser if at any time the third-party purchaser fails to comply
 250.13 with ~~paragraph (a)~~ this section.

250.14 ~~(e)~~ (g) If the commissioner responsible for regulating the third-party purchaser finds at
 250.15 any time that the third-party purchaser has not complied with ~~paragraph (a)~~ this section, the
 250.16 commissioner may take enforcement action against a third-party purchaser which is subject
 250.17 to the commissioner's regulatory jurisdiction and which does not allow a hospital, surgical
 250.18 center, pharmacy, or provider to pass-through the tax expense. The commissioner may by
 250.19 order fine or censure the third-party purchaser or revoke or suspend the certificate of authority
 250.20 or license of the third-party purchaser to do business in this state if the commissioner finds
 250.21 that the third-party purchaser has not complied with this section. The third-party purchaser
 250.22 may appeal the commissioner's order through a contested case hearing in accordance with
 250.23 chapter 14.

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

250.25 **ARTICLE 17**

250.26 **DEPARTMENT OF REVENUE; PROPERTY TAX; POLICY**

250.27 Section 1. Minnesota Statutes 2018, section 162.145, subdivision 3, is amended to read:

250.28 Subd. 3. **Administration.** (a) Subject to funds made available by law, the commissioner
 250.29 shall allocate all funds as provided in subdivision 4 and shall ~~notify~~, by June 1, certify to
 250.30 the commissioner of revenue the amounts to be paid.

250.31 (b) Following ~~notification~~ certification from the commissioner ~~of transportation~~, the
 250.32 commissioner of revenue shall distribute the specified funds to cities in the same manner

251.1 as local government aid under chapter 477A. An appropriation to the commissioner of
 251.2 ~~transportation~~ under this section is available to the commissioner of revenue for the purposes
 251.3 specified in this paragraph.

251.4 (c) Notwithstanding other law to the contrary, in order to receive distributions under
 251.5 this section, a city must conform to the standards in section 477A.017, subdivision 2. A city
 251.6 that receives funds under this section must make and preserve records necessary to show
 251.7 that the funds are spent in compliance with subdivision 4.

251.8 **EFFECTIVE DATE.** This section is effective for aids payable in 2019 and thereafter.

251.9 Sec. 2. Minnesota Statutes 2018, section 273.124, subdivision 13, is amended to read:

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

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

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

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

251.29 Owners or spouses occupying residences owned by their spouses and previously occupied
 251.30 with the other spouse, either of whom fail to include the other spouse's name and Social
 251.31 Security number on the homestead application or provide the affidavits or other proof
 251.32 requested, will be deemed to have elected to receive only partial homestead treatment of
 251.33 their residence. The remainder of the residence will be classified as nonhomestead residential.

252.1 When an owner or spouse's name and Social Security number appear on homestead
252.2 applications for two separate residences and only one application is signed, the owner or
252.3 spouse will be deemed to have elected to homestead the residence for which the application
252.4 was signed.

252.5 (d) If residential real estate is occupied and used for purposes of a homestead by a relative
252.6 of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for
252.7 the property to receive homestead status, a homestead application must be filed with the
252.8 assessor. The Social Security number of each relative occupying the property and the name
252.9 and Social Security number of the spouse of a relative occupying the property shall be
252.10 required on the homestead application filed under this subdivision. If a different relative of
252.11 the owner subsequently occupies the property, the owner of the property must notify the
252.12 assessor within 30 days of the change in occupancy. The Social Security number of a relative
252.13 occupying the property or the spouse of a relative occupying the property is private data on
252.14 individuals as defined by section 13.02, subdivision 12, but may be disclosed to the
252.15 commissioner of revenue, or, for the purposes of proceeding under the Revenue Recapture
252.16 Act to recover personal property taxes owing, to the county treasurer.

252.17 (e) The homestead application shall also notify the property owners that if the property
252.18 is granted homestead status for any assessment year, that same property shall remain
252.19 classified as homestead until the property is sold or transferred to another person, or the
252.20 owners, the spouse of the owner, or the relatives no longer use the property as their
252.21 homestead. Upon the sale or transfer of the homestead property, a certificate of value must
252.22 be timely filed with the county auditor as provided under section 272.115. Failure to notify
252.23 the assessor within 30 days that the property has been sold, transferred, or that the owner,
252.24 the spouse of the owner, or the relative is no longer occupying the property as a homestead,
252.25 shall result in the penalty provided under this subdivision and the property will lose its
252.26 current homestead status.

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

252.31 **EFFECTIVE DATE.** This section is effective for applications for homestead filed in
252.32 2020 and thereafter.

253.1 **ARTICLE 18**

253.2 **DEPARTMENT OF REVENUE; PROPERTY TAXES; TECHNICAL**

253.3 Section 1. Minnesota Statutes 2018, section 270C.85, subdivision 2, is amended to read:

253.4 Subd. 2. **Powers and duties.** The commissioner shall have and exercise the following
253.5 powers and duties in administering the property tax laws:

253.6 ~~(a)~~ (1) confer with, advise, and give the necessary instructions and directions to local
253.7 assessors and local boards of review throughout the state as to their duties under the laws
253.8 of the state;

253.9 ~~(b)~~ (2) direct proceedings, actions, and prosecutions to be instituted to enforce the laws
253.10 relating to the liability and punishment of public officers and officers and agents of
253.11 corporations for failure or negligence to comply with the provisions of the property tax
253.12 laws, and cause complaints to be made against local assessors, members of boards of
253.13 equalization, members of boards of review, or any other assessing or taxing officer, to the
253.14 proper authority, for their removal from office for misconduct or negligence of duty;

253.15 ~~(c)~~ (3) require county attorneys to assist in the commencement of prosecutions in actions
253.16 or proceedings for removal, forfeiture, and punishment, for violation of the property tax
253.17 laws in their respective districts or counties;

253.18 ~~(d)~~ (4) require town, city, county, and other public officers to report and certify
253.19 information, at the parcel level or in the aggregate, as to the assessment and taxation of real
253.20 and personal property, and such other information as may be needful in the work of the
253.21 commissioner, in such form as the commissioner may prescribe. The commissioner shall
253.22 prescribe the content, format, manner, and time of filing of all required reports and
253.23 certifications;

253.24 ~~(e)~~ (5) transmit to the governor, on or before the third Monday in December of each
253.25 even-numbered year, and to each member of the legislature, on or before November 15 of
253.26 each even-numbered year, the report of the department for the preceding years, showing all
253.27 the taxable property subject to the property tax laws and the value of the same, in tabulated
253.28 form;

253.29 ~~(f)~~ (6) inquire into the methods of assessment and taxation and ascertain whether the
253.30 assessors faithfully discharge their duties; and

253.31 ~~(g)~~ (7) assist local assessors in determining the estimated market value of industrial
253.32 special-use property. For purposes of this ~~paragraph~~ clause, "industrial special-use property"
253.33 means property that:

- 254.1 ~~(1)~~ (i) is designed and equipped for a particular type of industry;
- 254.2 ~~(2)~~ (ii) is not easily adapted to some other use due to the unique nature of the facilities;
- 254.3 ~~(3)~~ (iii) has facilities totaling at least 75,000 square feet in size; and
- 254.4 ~~(4)~~ (iv) has a total estimated market value of \$10,000,000 or greater based on the
- 254.5 assessor's preliminary determination.

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

254.7 Sec. 2. Minnesota Statutes 2018, section 270C.89, subdivision 1, is amended to read:

254.8 Subdivision 1. **Initial report.** Each county assessor shall file by ~~April 1~~ with the

254.9 commissioner a copy of ~~the abstract~~ preliminary assessment information that the

254.10 commissioner may require under section 270C.85, subdivision 2, clause (4), that will be

254.11 acted upon by the local and county boards of review. ~~The abstract must list the real and~~

254.12 personal property in the county itemized by assessment districts. The assessor of each county

254.13 in the state shall file with the commissioner, within ten working days following final action

254.14 of the local board of review or equalization and within five days following final action of

254.15 the county board of equalization, any changes made by the local or county board. ~~The~~

254.16 ~~information must be filed in the manner prescribed by the commissioner.~~

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

254.18 Sec. 3. Minnesota Statutes 2018, section 270C.89, subdivision 2, is amended to read:

254.19 Subd. 2. **Final report.** The final ~~abstract of assessments~~ assessment information after

254.20 adjustments by the State Board of Equalization and inclusion of any omitted property shall

254.21 be ~~submitted~~ reported to the commissioner ~~on or before September 1 of each calendar year~~

254.22 under section 270C.85, subdivision 2, clause (4). ~~The final abstract must separately report~~

254.23 ~~the captured tax capacity of tax increment financing districts under section 469.177,~~

254.24 ~~subdivision 2, the areawide net tax capacity contribution values determined under sections~~

254.25 ~~276A.05, subdivision 1, and 473F.07, subdivision 1, and the value subject to the power line~~

254.26 ~~credit under section 273.42.~~

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

255.1 Sec. 4. Minnesota Statutes 2018, section 270C.91, is amended to read:

255.2 **270C.91 RECORD OF PROCEEDINGS CHANGING NET TAX CAPACITY;**
 255.3 **DUTIES OF COUNTY AUDITOR.**

255.4 A record of all proceedings of the commissioner affecting any change in the net tax
 255.5 capacity of any property, as revised by the State Board of Equalization, shall be kept by the
 255.6 commissioner and a copy thereof, duly certified, shall be mailed each year to the auditor of
 255.7 each county wherein such property is situated, on or before June 30 ~~or 30 days after~~
 255.8 ~~submission of the abstract required by section 270C.89, whichever is later.~~ This record shall
 255.9 specify the amounts or amount, or both, added to or deducted from the net tax capacity of
 255.10 the real property of each of the several towns and cities, and of the real property not in towns
 255.11 or cities, also the percent or amount of both, added to or deducted from the several classes
 255.12 of personal property in each of the towns and cities, and also the amount added to or deducted
 255.13 from the assessment of any person. The county auditor shall add to or deduct from such
 255.14 tract or lot, or portion thereof, of any real property in the county the required percent or
 255.15 amount, or both, on the net tax capacity thereof as it stood after equalized by the county
 255.16 board, adding in each case a fractional sum of 50 cents or more, and deducting in each case
 255.17 any fractional sum of less than 50 cents, so that no net tax capacity of any separate tract or
 255.18 lot shall contain any fraction of a dollar; and add to, or deduct from, the several classes of
 255.19 personal property in the county the required percent or amount, or both, on the net tax
 255.20 capacity thereof as it stood after equalized by the county board, adding or deducting in
 255.21 manner aforesaid any fractional sum so that no net tax capacity of any separate class of
 255.22 personal property shall contain a fraction of a dollar, and add to or deduct from assessment
 255.23 of any person, as they stood after equalization by the county board, the required amounts
 255.24 to agree with the assessments as returned by the commissioner.

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

255.26 Sec. 5. Minnesota Statutes 2018, section 273.061, subdivision 9, is amended to read:

255.27 Subd. 9. **Additional general duties.** Additional duties of the county assessor ~~shall be~~
 255.28 are as follows:

255.29 (1) to make all assessments, based upon the appraised values reported by the local
 255.30 assessors or assistants and the county assessor's own knowledge of the value of the property
 255.31 assessed;

255.32 (2) to personally view and determine the value of any property ~~which~~ that because of
 255.33 its type or character may be difficult for the local assessor to appraise;

256.1 (3) to make all changes ordered by the local boards of review, relative to the net tax
 256.2 capacity of the property of any individual, firm or corporation after notice has been given
 256.3 and hearings held as provided by law;

256.4 (4) to enter all assessments in the assessment books, furnished by the county auditor,
 256.5 with each book and the tabular statements for each book in correct balance;

256.6 (5) to prepare all assessment cards, charts, maps and any other forms prescribed by the
 256.7 commissioner of revenue;

256.8 (6) to attend the meeting of the county board of equalization; to investigate and report
 256.9 on any assessment ordered by said board; to enter all changes made by said board in the
 256.10 assessment books and prepare ~~the abstract of assessments for the commissioner of revenue~~
 256.11 information reported to the commissioner under section 270C.85, subdivision 2, clause (4);
 256.12 to enter all changes made by the State Board of Equalization in the assessment books; to
 256.13 deduct all exemptions authorized by law from each assessment and certify to the county
 256.14 auditor the taxable value of each parcel of land, as described and listed in the assessment
 256.15 books by the county auditor, and the taxable value of the personal property of each person,
 256.16 firm, or corporation assessed;

256.17 (7) to investigate and make recommendations relative to all applications for the abatement
 256.18 of taxes or applications for the reduction of the net tax capacity of any property; and

256.19 (8) to perform all other duties relating to the assessment of property for the purpose of
 256.20 taxation which may be required by the commissioner of revenue.

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

256.22 Sec. 6. Minnesota Statutes 2018, section 273.0755, is amended to read:

256.23 **273.0755 TRAINING AND EDUCATION OF PROPERTY TAX PERSONNEL.**

256.24 (a) Beginning with the four-year period starting on July 1, 2000, every person licensed
 256.25 by the state Board of Assessors at the Accredited Minnesota Assessor level or higher, shall
 256.26 successfully complete a weeklong Minnesota laws course sponsored by the Department of
 256.27 Revenue at least once in every four-year period. An assessor need not attend the course if
 256.28 they successfully pass the test for the course.

256.29 (b) The commissioner of revenue may require that each county, and each city for which
 256.30 the city assessor performs the duties of county assessor, have ~~(i)~~ (1) a person on the assessor's
 256.31 staff who is certified by the Department of Revenue in sales ratio calculations, ~~(ii)~~ (2) an
 256.32 officer or employee who is certified by the Department of Revenue in tax calculations, and

257.1 ~~(iii) (3)~~ an officer or employee who is certified by the Department of Revenue in the proper
 257.2 preparation of ~~abstracts of assessment. The commissioner of revenue may require that each~~
 257.3 ~~county have an officer or employee who is certified by the Department of Revenue in the~~
 257.4 ~~proper preparation of abstracts of tax lists~~ information reported to the commissioner under
 257.5 section 270C.85, subdivision 2, clause (4). Certifications under this paragraph expire after
 257.6 four years.

257.7 (c) Beginning with the four-year educational licensing period starting on July 1, 2004,
 257.8 every Minnesota assessor licensed by the State Board of Assessors must attend and participate
 257.9 in a seminar that focuses on ethics, professional conduct and the need for standardized
 257.10 assessment practices developed and presented by the commissioner of revenue. This
 257.11 requirement must be met at least once in every subsequent four-year period. This requirement
 257.12 applies to all assessors licensed for one year or more in the four-year period.

257.13 (d) When the commissioner of revenue determines that an individual or board that
 257.14 performs functions related to property tax administration has performed those functions in
 257.15 a manner that is not uniform or equitable, the commissioner may require that the individual
 257.16 or members of the board complete supplemental training. The commissioner may not require
 257.17 that an individual complete more than 32 hours of supplemental training pursuant to this
 257.18 paragraph. If the individual is required to complete supplemental training due to that
 257.19 individual's membership on a local or county board of appeal and equalization, the
 257.20 commissioner may not require that the individual complete more than two hours of
 257.21 supplemental training.

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

257.23 Sec. 7. Minnesota Statutes 2018, section 273.113, subdivision 3, is amended to read:

257.24 Subd. 3. **Reimbursement for lost revenue.** The county auditor shall certify to the
 257.25 commissioner of revenue, ~~as part of the abstracts of tax lists required to be filed with the~~
 257.26 ~~commissioner~~ under section ~~275.29~~ 270C.85, subdivision 2, clause (4), the amount of tax
 257.27 lost to the county from the property tax credit under subdivision 2. Any prior year adjustments
 257.28 must also be certified ~~in the abstracts of tax lists.~~ The commissioner of revenue shall review
 257.29 the certifications to determine their accuracy. The commissioner may make the changes in
 257.30 the certification that are considered necessary or return a certification to the county auditor
 257.31 for corrections. The commissioner shall reimburse each taxing district, other than school
 257.32 districts, for the taxes lost. The payments must be made at the time provided in section
 257.33 473H.10 for payment to taxing jurisdictions in the same proportion that the ad valorem tax
 257.34 is distributed. Reimbursements to school districts must be made as provided in section

258.1 273.1392. The amount necessary to make the reimbursements under this section is annually
 258.2 appropriated from the general fund to the commissioner of revenue.

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

258.4 Sec. 8. Minnesota Statutes 2018, section 273.119, subdivision 2, is amended to read:

258.5 Subd. 2. **Reimbursement for lost revenue.** The county may transfer money from the
 258.6 county conservation account created in section 40A.152 to the county revenue fund to
 258.7 reimburse the fund for the cost of the property tax credit. The county auditor shall certify
 258.8 to the commissioner of revenue, ~~as part of the abstracts of tax lists required to be filed with~~
 258.9 ~~the commissioner~~ under section ~~275.29~~ 270C.85, subdivision 2, clause (4), the amount of
 258.10 tax lost to the county from the property tax credit under subdivision 1 and the extent that
 258.11 the tax lost exceeds funds available in the county conservation account. Any prior year
 258.12 adjustments must also be certified ~~in the abstracts of tax lists~~. The commissioner of revenue
 258.13 shall review the certifications to determine their accuracy. The commissioner may make
 258.14 the changes in the certification that are considered necessary or return a certification to the
 258.15 county auditor for corrections. The commissioner shall reimburse each taxing district, other
 258.16 than school districts, from the Minnesota conservation fund under section 40A.151 for the
 258.17 taxes lost in excess of the county account. The payments must be made at the time provided
 258.18 in section 473H.10, subdivision 3, for payment to taxing jurisdictions in the same proportion
 258.19 that the ad valorem tax is distributed.

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

258.21 Sec. 9. Minnesota Statutes 2018, section 273.1231, subdivision 3, is amended to read:

258.22 Subd. 3. **Disaster or emergency area.** (a) "Disaster or emergency area" means a
 258.23 geographic area for which:

258.24 (1)(i) the president of the United States, the secretary of agriculture, or the administrator
 258.25 of the Small Business Administration has determined that a disaster exists pursuant to federal
 258.26 law, or

258.27 (ii) a local emergency has been declared pursuant to section 12.29; and

258.28 (2) an application by the local unit of government requesting property tax relief under
 258.29 this section has been received by the governor and approved by the executive council.

258.30 (b) The executive council must not approve an application unless:

258.31 (1) a completed disaster survey is included; and

259.1 (2) within the boundaries of the applicant, (i) the average damage for the buildings that
 259.2 are damaged is at least \$5,000, and (ii) either at least 25 taxable buildings were damaged,
 259.3 or the total dollar amount of damage to all taxable buildings equals or exceeds one percent
 259.4 of the total taxable market value of buildings for the applicant as reported to the commissioner
 259.5 of revenue under section ~~270C.89, subdivision 2~~ 270C.85, subdivision 2, clause (4), for the
 259.6 assessment in the year prior to the year of the damage.

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

259.8 Sec. 10. Minnesota Statutes 2018, section 273.136, subdivision 2, is amended to read:

259.9 Subd. 2. **Reduction amounts submitted to county.** The commissioner of revenue shall
 259.10 determine, not later than April 1 of each year, the amount of reduction resulting from section
 259.11 273.135 in each county containing a tax relief area as defined by section 273.134, paragraph
 259.12 (b), basing determinations on a review of ~~abstracts of tax lists submitted by the county~~
 259.13 ~~auditors pursuant to section 275.29~~ information reported to the commissioner under section
 259.14 270C.85, subdivision 2, clause (4). The commissioner may make changes ~~in the abstracts~~
 259.15 ~~of tax lists~~ as deemed necessary. The commissioner of revenue, after such review, shall
 259.16 submit to the St. Louis County auditor, on or before April 15, the amount of the first half
 259.17 payment payable hereunder and on or before September 15 the amount of the second half
 259.18 payment.

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

259.20 Sec. 11. Minnesota Statutes 2018, section 273.1384, subdivision 3, is amended to read:

259.21 Subd. 3. **Credit reimbursements.** The county auditor shall determine the tax reductions
 259.22 allowed under subdivision 2 within the county for each taxes payable year and shall certify
 259.23 that amount to the commissioner of revenue ~~as a part of the abstracts of tax lists submitted~~
 259.24 ~~by the county auditors under section 275.29~~ under section 270C.85, subdivision 2, clause
 259.25 (4). Any prior year adjustments shall also be certified ~~on the abstracts of tax lists~~. The
 259.26 commissioner shall review the certifications for accuracy, and may make such changes as
 259.27 are deemed necessary, or return the certification to the county auditor for correction. The
 259.28 credit under this section must be used to proportionately reduce the net tax capacity-based
 259.29 property tax payable to each local taxing jurisdiction as provided in section 273.1393.

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

260.1 Sec. 12. Minnesota Statutes 2018, section 273.1387, subdivision 3, is amended to read:

260.2 Subd. 3. **Credit reimbursements.** The county auditor shall determine the tax reductions
 260.3 allowed under this section within the county for each taxes payable year and shall certify
 260.4 that amount to the commissioner of revenue ~~as a part of the abstracts of tax lists submitted~~
 260.5 ~~under section 275.29~~ under section 270C.85, subdivision 2, clause (4). Any prior year
 260.6 adjustments shall also be certified ~~on the abstracts of tax lists.~~ The commissioner shall
 260.7 review the certifications for accuracy, and may make such changes as are deemed necessary,
 260.8 or return the certification to the county auditor for correction. The credit under this section
 260.9 must be used to reduce the school district net tax capacity-based property tax as provided
 260.10 in section 273.1393.

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

260.12 Sec. 13. Minnesota Statutes 2018, section 273.18, is amended to read:

260.13 **273.18 LISTING, VALUATION, AND ASSESSMENT OF EXEMPT PROPERTY**
 260.14 **BY COUNTY AUDITORS.**

260.15 (a) In every sixth year after the year 2010, the county auditor shall enter the description
 260.16 of each tract of real property exempt by law from taxation, with the name of the owner, and
 260.17 the assessor shall value and assess the same in the same manner that other real property is
 260.18 valued and assessed, and shall designate in each case the purpose for which the property is
 260.19 used.

260.20 (b) ~~For purposes of the apportionment of fire state aid under section 69.021, subdivision~~
 260.21 ~~7,~~ The county auditor shall include ~~on the abstract of assessment of exempt real property~~
 260.22 ~~filed under this section~~ in the exempt property information that the commissioner may
 260.23 require under section 270C.85, subdivision 2, clause (4), the total number of acres of all
 260.24 natural resources lands for which in lieu payments are made under sections 477A.11 to
 260.25 477A.14. The assessor shall estimate its market value, provided that if the assessor is not
 260.26 able to estimate the market value of the land on a per parcel basis, the assessor shall furnish
 260.27 the commissioner of revenue with an estimate of the average value per acre of this land
 260.28 within the county.

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

261.1 Sec. 14. Minnesota Statutes 2018, section 274.14, is amended to read:

261.2 **274.14 LENGTH OF SESSION; RECORD.**

261.3 The board must meet after the second Friday in June on at least one meeting day and
 261.4 may meet for up to ten consecutive meeting days. The actual meeting dates must be contained
 261.5 on the valuation notices mailed to each property owner in the county as provided in section
 261.6 273.121. For this purpose, "meeting days" is defined as any day of the week excluding
 261.7 Sunday. At the board's discretion, "meeting days" may include Saturday. No action taken
 261.8 by the county board of review after June 30 is valid, except for corrections permitted in
 261.9 sections 273.01 and 274.01. The county auditor shall keep an accurate record of the
 261.10 proceedings and orders of the board. The record must be published like other proceedings
 261.11 of county commissioners. A copy of the published record must be sent to the commissioner
 261.12 of revenue, ~~with the abstract of assessment required by section 274.16~~ within five days
 261.13 following final action of the county board of equalization.

261.14 For counties that conduct either regular board of review meetings or open book meetings,
 261.15 at least one of the meeting days must include a meeting that does not end before 7:00 p.m.
 261.16 For counties that require taxpayer appointments for the board of review, appointments must
 261.17 include some available times that extend until at least 7:00 p.m. The county may have a
 261.18 Saturday meeting in lieu of, or in addition to, the extended meeting times under this
 261.19 paragraph.

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

261.21 Sec. 15. Minnesota Statutes 2018, section 274.16, is amended to read:

261.22 **274.16 CORRECTED LISTS, ~~ABSTRACTS.~~**

261.23 The county assessor or, in Ramsey County, the official designated by the board of county
 261.24 commissioners shall calculate the changes of the assessment lists determined by the county
 261.25 board of equalization, and make corrections accordingly, in the real or personal lists, or
 261.26 both, and shall make ~~duplicate abstracts~~ duplicates of them. One must be filed in the assessor's
 261.27 office, and one must be forwarded to the commissioner of revenue as provided in section
 261.28 270C.89.

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

261.30 Sec. 16. Minnesota Statutes 2018, section 275.025, subdivision 1, is amended to read:

261.31 Subdivision 1. **Levy amount.** The state general levy is levied against
 261.32 commercial-industrial property and seasonal residential recreational property, as defined

262.1 in this section. The state general levy for commercial-industrial property is \$784,590,000
 262.2 for taxes payable in 2018 and thereafter. The state general levy for seasonal-recreational
 262.3 property is \$44,190,000 for taxes payable in 2018 and thereafter. The tax under this section
 262.4 is not treated as a local tax rate under section 469.177 and is not the levy of a governmental
 262.5 unit under chapters 276A and 473F.

262.6 The commissioner shall increase or decrease the preliminary or final rate for a year as
 262.7 necessary to account for errors and tax base changes that affected a preliminary or final rate
 262.8 for either of the two preceding years. Adjustments are allowed to the extent that the necessary
 262.9 information is available to the commissioner at the time the rates for a year must be certified,
 262.10 and for the following reasons:

262.11 (1) an erroneous report of taxable value by a local official;

262.12 (2) an erroneous calculation by the commissioner; and

262.13 (3) an increase or decrease in taxable value for commercial-industrial or seasonal
 262.14 residential recreational property reported ~~on the abstracts of tax lists submitted under section~~
 262.15 ~~275.29 that was not reported on the abstracts of assessment submitted under section 270C.89~~
 262.16 to the commissioner under section 270C.85, subdivision 2, clause (4), for the same year.

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

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

262.20 Sec. 17. Minnesota Statutes 2018, section 290B.09, subdivision 1, is amended to read:

262.21 Subdivision 1. **Determination; payment.** The county auditor shall determine the total
 262.22 current year's deferred amount of property tax under this chapter in the county, and ~~submit~~
 262.23 report those amounts ~~as part of the abstracts of tax lists submitted by the county auditors~~
 262.24 ~~under section 275.29~~ to the commissioner under section 270C.85, subdivision 2, clause (4).
 262.25 The commissioner may make changes ~~in the abstracts of tax lists~~ as deemed necessary. The
 262.26 commissioner of revenue, after such review, shall pay the deferred amount of property tax
 262.27 to each county treasurer on or before August 31.

262.28 The county treasurer shall distribute as part of the October settlement the funds received
 262.29 as if they had been collected as a part of the property tax.

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

263.1 Sec. 18. Minnesota Statutes 2018, section 469.177, subdivision 1, is amended to read:

263.2 Subdivision 1. **Original net tax capacity.** (a) Upon or after adoption of a tax increment
263.3 financing plan, the auditor of any county in which the district is situated shall, upon request
263.4 of the authority, certify the original net tax capacity of the tax increment financing district
263.5 and that portion of the district overlying any subdistrict as described in the tax increment
263.6 financing plan and shall certify in each year thereafter the amount by which the original net
263.7 tax capacity has increased or decreased as a result of a change in tax exempt status of
263.8 property within the district and any subdistrict, reduction or enlargement of the district or
263.9 changes pursuant to subdivision 4. The auditor shall certify the amount within 30 days after
263.10 receipt of the request and sufficient information to identify the parcels included in the district.
263.11 The certification relates to the taxes payable year as provided in subdivision 6.

263.12 (b) If the classification under section 273.13 of property located in a district changes to
263.13 a classification that has a different assessment ratio, the original net tax capacity of that
263.14 property must be redetermined at the time when its use is changed as if the property had
263.15 originally been classified in the same class in which it is classified after its use is changed.

263.16 (c) The amount to be added to the original net tax capacity of the district as a result of
263.17 previously tax exempt real property within the district becoming taxable equals the net tax
263.18 capacity of the real property as most recently assessed pursuant to ~~section 273.18~~ information
263.19 reported to the commissioner under section 270C.85, subdivision 2, clause (4), or, if that
263.20 assessment was made more than one year prior to the date of title transfer rendering the
263.21 property taxable, the net tax capacity assessed by the assessor at the time of the transfer. If
263.22 improvements are made to tax exempt property after the municipality approves the district
263.23 and before the parcel becomes taxable, the assessor shall, at the request of the authority,
263.24 separately assess the estimated market value of the improvements. If the property becomes
263.25 taxable, the county auditor shall add to original net tax capacity, the net tax capacity of the
263.26 parcel, excluding the separately assessed improvements. If substantial taxable improvements
263.27 were made to a parcel after certification of the district and if the property later becomes tax
263.28 exempt, in whole or part, as a result of the authority acquiring the property through
263.29 foreclosure or exercise of remedies under a lease or other revenue agreement or as a result
263.30 of tax forfeiture, the amount to be added to the original net tax capacity of the district as a
263.31 result of the property again becoming taxable is the amount of the parcel's value that was
263.32 included in original net tax capacity when the parcel was first certified. The amount to be
263.33 added to the original net tax capacity of the district as a result of enlargements equals the
263.34 net tax capacity of the added real property as most recently certified by the commissioner

264.1 of revenue as of the date of modification of the tax increment financing plan pursuant to
264.2 section 469.175, subdivision 4.

264.3 (d) If the net tax capacity of a property increases because the property no longer qualifies
264.4 under the Minnesota Agricultural Property Tax Law, section 273.111; the Minnesota Open
264.5 Space Property Tax Law, section 273.112; or the Metropolitan Agricultural Preserves Act,
264.6 chapter 473H, the Rural Preserve Property Tax Program under section 273.114, or because
264.7 platted, unimproved property is improved or market value is increased after approval of the
264.8 plat under section 273.11, subdivision 14a or 14b, the increase in net tax capacity must be
264.9 added to the original net tax capacity. If the net tax capacity of a property increases because
264.10 the property no longer qualifies for the homestead market value exclusion under section
264.11 273.13, subdivision 35, the increase in net tax capacity must be added to original net tax
264.12 capacity if the original construction of the affected home was completed before the date the
264.13 assessor certified the original net tax capacity of the district.

264.14 (e) The amount to be subtracted from the original net tax capacity of the district as a
264.15 result of previously taxable real property within the district becoming tax exempt or
264.16 qualifying in whole or part for an exclusion from taxable market value, or a reduction in
264.17 the geographic area of the district, shall be the amount of original net tax capacity initially
264.18 attributed to the property becoming tax exempt, being excluded from taxable market value,
264.19 or being removed from the district. If the net tax capacity of property located within the tax
264.20 increment financing district is reduced by reason of a court-ordered abatement, stipulation
264.21 agreement, voluntary abatement made by the assessor or auditor or by order of the
264.22 commissioner of revenue, the reduction shall be applied to the original net tax capacity of
264.23 the district when the property upon which the abatement is made has not been improved
264.24 since the date of certification of the district and to the captured net tax capacity of the district
264.25 in each year thereafter when the abatement relates to improvements made after the date of
264.26 certification. The county auditor may specify reasonable form and content of the request
264.27 for certification of the authority and any modification thereof pursuant to section 469.175,
264.28 subdivision 4.

264.29 (f) If a parcel of property contained a substandard building or improvements described
264.30 in section 469.174, subdivision 10, paragraph (e), that were demolished or removed and if
264.31 the authority elects to treat the parcel as occupied by a substandard building under section
264.32 469.174, subdivision 10, paragraph (b), or by improvements under section 469.174,
264.33 subdivision 10, paragraph (e), the auditor shall certify the original net tax capacity of the
264.34 parcel using the greater of (1) the current net tax capacity of the parcel, or (2) the estimated

265.1 market value of the parcel for the year in which the building or other improvements were
265.2 demolished or removed, but applying the classification rates for the current year.

265.3 (g) For a redevelopment district qualifying under section 469.174, subdivision 10,
265.4 paragraph (a), clause (4), as a qualified disaster area, the auditor shall certify the value of
265.5 the land as the original tax capacity for any parcel in the district that contains a building
265.6 that suffered substantial damage as a result of the disaster or emergency.

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

265.8 Sec. 19. **REPEALER.**

265.9 Minnesota Statutes 2018, section 275.29, is repealed.

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

265.11 **ARTICLE 19**

265.12 **FIRE STATE AID; TECHNICAL CHANGES**

265.13 Section 1. **[477B.01] DEFINITIONS.**

265.14 Subdivision 1. **Scope.** Unless the language or context clearly indicates that a different
265.15 meaning is intended, the following words and terms, for the purposes of this chapter and
265.16 chapters 423A and 424A, have the meanings given to them.

265.17 Subd. 2. **Commissioner.** "Commissioner" means the commissioner of revenue.

265.18 Subd. 3. **Company or insurance company.** "Company" or "insurance company" has
265.19 the meaning given in section 60A.02, subdivision 4.

265.20 Subd. 4. **Estimated market value.** "Estimated market value" has the meaning given in
265.21 section 272.03, subdivision 14.

265.22 Subd. 5. **Fire department.** "Fire department" includes a municipal fire department and
265.23 an independent nonprofit firefighting corporation.

265.24 Subd. 6. **Fire department service area.** "Fire department service area" means the area
265.25 serviced by a qualifying fire department that meets the requirements of section 477B.02.

265.26 Subd. 7. **Independent nonprofit firefighting corporation.** "Independent nonprofit
265.27 firefighting corporation" means an independent nonprofit firefighting corporation that meets
265.28 the criteria in section 424A.094, subdivision 1, paragraph (a).

265.29 Subd. 8. **Minnesota Fire Premium Report.** "Minnesota Fire Premium Report" means
265.30 a form for reporting by insurance companies of (1) gross direct fire, lightning, sprinkler

266.1 leakage, and extended coverage premiums received upon risks located or to be performed
266.2 in this state less return premiums and dividends, and (2) other facts that the commissioner
266.3 may require.

266.4 Subd. 9. **Municipal clerk.** "Municipal clerk" means the person elected or appointed to
266.5 the position of municipal clerk or, if there is no such person, the chief financial official, the
266.6 chief administrative official, or the person primarily responsible for managing the finances
266.7 of a municipality.

266.8 Subd. 10. **Municipality.** (a) "Municipality" means:

266.9 (1) a home rule charter or statutory city;

266.10 (2) an organized town;

266.11 (3) a park district subject to chapter 398;

266.12 (4) the University of Minnesota; and

266.13 (5) an American Indian tribal government entity located within a federally recognized
266.14 American Indian reservation.

266.15 (b) This subdivision only applies to chapter 477B.

266.16 Subd. 11. **Secretary.** "Secretary" means the secretary of an independent nonprofit
266.17 firefighting corporation that has a subsidiary incorporated firefighters' relief association or
266.18 whose firefighters participate in the voluntary statewide volunteer firefighter retirement
266.19 plan.

266.20 Subd. 12. **Voluntary statewide volunteer firefighter retirement plan.** "Voluntary
266.21 statewide volunteer firefighter retirement plan" means the retirement plan established under
266.22 chapter 353G.

266.23 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

266.24 Sec. 2. **[477B.02] QUALIFYING FOR FIRE STATE AID.**

266.25 Subdivision 1. **Qualifications for fire state aid.** A municipality or independent nonprofit
266.26 firefighting corporation qualifies to receive fire state aid if all the requirements of this section
266.27 are met.

266.28 Subd. 2. **Establishment of fire department.** (a) An independent nonprofit firefighting
266.29 corporation must be created under the nonprofit corporation act of this state operating for
266.30 the exclusive purpose of firefighting, or the governing body of a municipality must officially
266.31 establish a fire department.

267.1 (b) The fire department must have provided firefighting services for at least one calendar
267.2 year.

267.3 Subd. 3. **Personnel and benefits requirements.** (a) A fire department must have a
267.4 minimum of ten paid or volunteer firefighters, including a fire chief and assistant fire chief.

267.5 (b) The fire department must have regular scheduled meetings and frequent drills that
267.6 include instructions in firefighting tactics and in the use, care, and operation of all fire
267.7 apparatus and equipment.

267.8 (c) The fire department must have a separate subsidiary incorporated firefighters' relief
267.9 association that provides retirement benefits or must participate in the voluntary statewide
267.10 volunteer firefighter retirement plan; or if the municipality solely employs full-time
267.11 firefighters as defined in section 299N.03, subdivision 5, retirement coverage must be
267.12 provided by the public employees police and fire retirement plan.

267.13 (d) Notwithstanding paragraph (c), a municipality without a relief association as described
267.14 under section 424A.08, paragraph (a), may still qualify to receive fire state aid if all other
267.15 requirements of this section are met.

267.16 Subd. 4. **Equipment requirements.** The fire department must have all of the following
267.17 equipment, or the equivalent as determined by the state fire marshal, by December 31 of
267.18 the year preceding the certification required in subdivision 8:

267.19 (1) a motorized fire truck equipped with:

267.20 (i) a motorized pump;

267.21 (ii) a 250-gallon or larger water tank;

267.22 (iii) 300 feet of one inch or larger fire hose in two lines with combination spray and
267.23 straight stream nozzles;

267.24 (iv) five-gallon hand pumps - tank extinguisher or equivalent;

267.25 (v) a dry chemical extinguisher or equivalent;

267.26 (vi) ladders;

267.27 (vii) extension ladders;

267.28 (viii) pike poles;

267.29 (ix) crowbars;

267.30 (x) axes;

268.1 (xi) lanterns; and

268.2 (xii) fire coats, helmets, and boots;

268.3 (2) the items in clause (1) suitably housed in a building of good construction with facilities
 268.4 for care of hoses and equipment;

268.5 (3) a reliable and adequate method of receiving fire alarms by telephone or with electric
 268.6 siren and suitable means of sounding an alarm; and

268.7 (4) if response is to be provided outside the corporate limits of the municipality where
 268.8 the fire department is located, another piece of motorized apparatus to make the response.

268.9 **Subd. 5. Fire service contract or agreement; apportionment agreement filing**
 268.10 **requirement.** (a) Every municipality or independent nonprofit firefighting corporation must
 268.11 file a copy of any duly executed and valid fire service contract or agreement with the
 268.12 commissioner.

268.13 (b) If more than one fire department provides service to a municipality, the fire
 268.14 departments furnishing service must enter into an agreement apportioning among themselves
 268.15 the percentage of the population and the percentage of the estimated market value of each
 268.16 shared service fire department service area. The agreement must be in writing and must be
 268.17 filed with the commissioner.

268.18 **Subd. 6. Compliance with rules.** The fire department must meet all other requirements
 268.19 that the commissioner establishes by rule.

268.20 **Subd. 7. Financial reporting requirements.** The financial reporting requirements of
 268.21 section 424A.014 must be satisfied.

268.22 **Subd. 8. PERA certification to commissioner.** On or before February 1 each year, if
 268.23 retirement coverage for a fire department is provided by the voluntary statewide volunteer
 268.24 firefighter retirement plan, the executive director of the Public Employees Retirement
 268.25 Association must certify the existence of retirement coverage.

268.26 **Subd. 9. Fire department certification to commissioner.** On or before March 15 of
 268.27 each year, the municipal clerk or the secretary, and the fire chief, must jointly certify to the
 268.28 commissioner that the fire department exists and meets the qualification requirements of
 268.29 this section. The certification must be on a form prescribed by the commissioner and must
 268.30 include all other information that the commissioner requires.

268.31 **Subd. 10. Penalty for failure to file certification.** (a) If the certification under
 268.32 subdivision 9 is not filed with the commissioner on or before March 15, the commissioner

269.1 must notify the municipal clerk or the secretary that a penalty equal to a portion or all of
269.2 the current year aid will apply if the certification is not received within ten days of the
269.3 postmark date of the notification.

269.4 (b) The penalty for failure to file the certification under subdivision 9 is equal to the
269.5 amount of fire state aid determined for the municipality or the independent nonprofit
269.6 firefighting corporation for the current year, multiplied by five percent for each week or
269.7 fraction of a week that the certification is late. The penalty must be computed beginning
269.8 ten days after the postmark date of the commissioner's notification. Aid amounts forfeited
269.9 as a result of the penalty revert to the state general fund. Failure to receive the certification
269.10 form is not a defense for a failure to file.

269.11 Subd. 11. **Determination by commissioner.** The commissioner must determine which
269.12 municipalities and independent nonprofit firefighting corporations are qualified to receive
269.13 fire state aid directly or are qualified to receive the benefit of fire state aid paid to the
269.14 voluntary statewide volunteer firefighter retirement plan based on compliance with the
269.15 requirements of this section and the financial compliance report required under section
269.16 6.495, subdivision 3, if applicable. The commissioner may take into account any other
269.17 relevant information that comes to the attention of the commissioner when making the
269.18 determination.

269.19 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

269.20 Sec. 3. **[477B.03] CALCULATION OF FIRE STATE AID; APPEAL.**

269.21 Subdivision 1. **Certification and calculation of fire state aid.** (a) On or before October
269.22 1, the commissioner must calculate the amount of fire state aid that each municipality or
269.23 independent nonprofit firefighting corporation is to receive.

269.24 (b) The commissioner must calculate an initial fire state aid allocation amount for each
269.25 municipality or independent nonprofit firefighting corporation under subdivision 4 and, if
269.26 applicable, a minimum fire state aid allocation amount for each municipality or independent
269.27 nonprofit firefighting corporation under subdivision 5. The municipality or independent
269.28 nonprofit firefighting corporation must be apportioned the greater of the amounts calculated
269.29 under subdivisions 4 and 5.

269.30 Subd. 2. **Apportionment of fire state aid.** (a) The amount of fire state aid available for
269.31 apportionment, before the addition of the minimum fire state aid allocation amount under
269.32 subdivision 5, is equal to 107 percent of the amount of premium taxes paid to the state upon
269.33 the fire, lightning, sprinkler leakage, and extended coverage premiums reported to the

270.1 commissioner by companies or insurance companies on the Minnesota Fire Premium Report.
 270.2 This amount must be reduced by the amount required to pay the state auditor's costs and
 270.3 expenses of the audits or exams of the firefighters' relief associations.

270.4 (b) The total amount available for apportionment must not be less than two percent of
 270.5 the premiums less return premiums reported to the commissioner by companies or insurance
 270.6 companies on the Minnesota Fire Premium Report after subtracting the following amounts:

270.7 (1) the amount required to pay the state auditor's costs and expenses of the audits or
 270.8 exams of the firefighters' relief associations; and

270.9 (2) one percent of the premiums reported by township mutual insurance companies and
 270.10 mutual property and casualty companies with total assets of \$5,000,000 or less.

270.11 (c) The commissioner must apportion the fire state aid to each municipality or independent
 270.12 nonprofit firefighting corporation qualified under section 477B.02 relative to the premiums
 270.13 reported on the Minnesota Fire Premium Reports filed under this chapter.

270.14 (d) The commissioner must calculate the percentage of increase or decrease reflected in
 270.15 the apportionment over or under the previous year's available state aid using the same
 270.16 premiums as a basis for comparison.

270.17 Subd. 3. **Population and estimated market value.** (a) Official statewide federal census
 270.18 figures must be used in calculations requiring the use of population figures under this chapter.
 270.19 Increases or decreases in population disclosed by reason of any special census must not be
 270.20 taken into consideration.

270.21 (b) The latest available estimated market value property figures must be used in
 270.22 calculations requiring the use of estimated market value property figures under this chapter.

270.23 Subd. 4. **Initial fire state aid allocation amount.** (a) The initial fire state aid allocation
 270.24 amount is the amount available for apportionment as fire state aid under subdivision 2,
 270.25 without the inclusion of any additional funding amount to support a minimum fire state aid
 270.26 amount under section 423A.02, subdivision 3. The initial fire state aid allocation amount
 270.27 is allocated one-half in proportion to the population for each fire department service area
 270.28 and one-half in proportion to the estimated market value of each fire department service
 270.29 area, including (1) the estimated market value of tax-exempt property, and (2) the estimated
 270.30 market value of natural resources lands receiving in lieu payments under sections 477A.11
 270.31 to 477A.14 and 477A.17. The estimated market value of minerals is excluded.

270.32 (b) In the case of a municipality or independent nonprofit firefighting corporation
 270.33 furnishing fire protection to other municipalities as evidenced by valid fire service contracts

271.1 filed with the commissioner under section 477B.02, subdivision 5, the distribution must be
271.2 adjusted proportionately to take into consideration the crossover fire protection service.
271.3 Necessary adjustments must be made to subsequent apportionments.

271.4 (c) In the case of municipalities or independent nonprofit firefighting corporations
271.5 qualifying for aid, the commissioner must calculate the state aid for the municipality or
271.6 independent nonprofit firefighting corporation on the basis of the population and the estimated
271.7 market value of the area furnished fire protection service by the fire department as evidenced
271.8 by fire service agreements filed with the commissioner under section 477B.02, subdivision
271.9 5.

271.10 (d) In the case of more than one fire department furnishing contracted fire service to a
271.11 municipality, the population and estimated market value in the apportionment agreement
271.12 filed with the commissioner under section 477B.02, subdivision 5, must be used in calculating
271.13 the state aid.

271.14 Subd. 5. **Minimum fire state aid allocation amount.** (a) The minimum fire state aid
271.15 allocation amount is the amount derived from any additional funding amount to support a
271.16 minimum fire state aid amount under section 423A.02, subdivision 3. The minimum fire
271.17 state aid allocation amount is allocated to municipalities or independent nonprofit firefighting
271.18 corporations with volunteer firefighters' relief associations or covered by the voluntary
271.19 statewide volunteer firefighter retirement plan. The amount is based on the number of active
271.20 volunteer firefighters who are (1) members of the relief association as reported to the Office
271.21 of the State Auditor in a specific annual financial reporting year as specified in paragraphs
271.22 (b) to (d), or (2) covered by the voluntary statewide volunteer firefighter retirement plan as
271.23 specified in paragraph (e).

271.24 (b) For relief associations established in calendar year 1993 or a prior year, the number
271.25 of active volunteer firefighters equals the number of active volunteer firefighters who were
271.26 members of the relief association as reported in the annual financial reporting for calendar
271.27 year 1993, but not to exceed 30 active volunteer firefighters.

271.28 (c) For relief associations established in calendar year 1994 through calendar year 1999,
271.29 the number of active volunteer firefighters equals the number of active volunteer firefighters
271.30 who were members of the relief association as reported in the annual financial reporting for
271.31 calendar year 1998 to the Office of the State Auditor, but not to exceed 30 active volunteer
271.32 firefighters.

271.33 (d) For relief associations established after calendar year 1999, the number of active
271.34 volunteer firefighters equals the number of active volunteer firefighters who are members

272.1 of the relief association as reported in the first annual financial reporting submitted to the
272.2 Office of the State Auditor, but not to exceed 20 active volunteer firefighters.

272.3 (e) If a relief association is terminated as a result of providing retirement coverage for
272.4 volunteer firefighters by the voluntary statewide volunteer firefighter retirement plan under
272.5 chapter 353G, the number of active volunteer firefighters equals the number of active
272.6 volunteer firefighters of the municipality or independent nonprofit firefighting corporation
272.7 covered by the statewide plan as certified by the executive director of the Public Employees
272.8 Retirement Association to the commissioner and the state auditor, but not to exceed 30
272.9 active firefighters.

272.10 Subd. 6. **Corrective aid adjustments.** Any adjustments needed to correct prior
272.11 misallocations must be made to subsequent fire state aid apportionments.

272.12 Subd. 7. **Appeal.** A municipality, an independent nonprofit firefighting corporation, a
272.13 fire relief association, or the voluntary statewide volunteer firefighter retirement plan may
272.14 object to the amount of fire state aid apportioned to it by filing a written request with the
272.15 commissioner to review and adjust the apportionment of funds within the state. The decision
272.16 of the commissioner is subject to appeal, review, and adjustment by the district court in the
272.17 county in which the applicable municipality or independent nonprofit firefighting corporation
272.18 is located or by the Ramsey County District Court with respect to the voluntary statewide
272.19 volunteer firefighter retirement plan.

272.20 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

272.21 Sec. 4. **[477B.04] APPROPRIATION, PAYMENT, AND ADMINISTRATION.**

272.22 Subdivision 1. **Payments.** (a) The commissioner must make payments to the Public
272.23 Employees Retirement Association for deposit in the voluntary statewide volunteer firefighter
272.24 retirement fund on behalf of a municipality or independent nonprofit firefighting corporation
272.25 that is a member of the voluntary statewide volunteer firefighter retirement plan under
272.26 chapter 353G, or directly to a municipality or county designated by an independent nonprofit
272.27 firefighting corporation. The payment is equal to the amount of fire state aid apportioned
272.28 to the applicable fire state aid recipient under section 477B.03.

272.29 (b) Fire state aid is payable on October 1 annually. The amount of state aid due and not
272.30 paid by October 1 accrues interest payable to the recipient at the rate of one percent for each
272.31 month or part of a month that the amount remains unpaid after October 1.

272.32 (c) The interest under paragraph (b) does not apply when payment has not been made
272.33 by October 1 due to noncompliance with sections 424A.014 and 477B.02, subdivision 7.

273.1 Subd. 2. **Appropriation.** The amount necessary to make the payments under this section
 273.2 and section 477B.03 is annually appropriated to the commissioner from the general fund.

273.3 Subd. 3. **Deposit of state aid.** (a) If the municipality or the independent nonprofit
 273.4 firefighting corporation is covered by the voluntary statewide volunteer firefighter retirement
 273.5 plan under chapter 353G, the executive director of the Public Employees Retirement
 273.6 Association must credit the fire state aid against future municipal contribution requirements
 273.7 under section 353G.08 and must notify the municipality or the independent nonprofit
 273.8 firefighting corporation of the fire state aid so credited at least annually.

273.9 (b) If the municipality or the independent nonprofit firefighting corporation is not covered
 273.10 by the voluntary statewide volunteer firefighter retirement plan, the treasurer of the
 273.11 municipality must, within 30 days after receipt, transmit the fire state aid to the treasurer
 273.12 of the duly incorporated firefighters' relief association if there is one organized and the
 273.13 association has filed a financial report with the municipality pursuant to section 424A.014,
 273.14 subdivision 1 or 2, whichever applies. If the relief association has not filed a financial report
 273.15 with the municipality, the treasurer of the municipality must delay transmission of the fire
 273.16 state aid to the relief association until the complete financial report is filed.

273.17 (c) The treasurer of the municipality must deposit the fire state aid money in the municipal
 273.18 treasury if (1) the municipality or independent nonprofit firefighting corporation is not
 273.19 covered by the voluntary statewide volunteer firefighter retirement plan, (2) there is no
 273.20 relief association organized, (3) the association has dissolved, or (4) the association has
 273.21 been removed as trustees of state aid. The money may be disbursed from the municipal
 273.22 treasury only for the purposes and in the manner set forth in section 424A.08 or for the
 273.23 payment of the employer contribution requirement with respect to firefighters covered by
 273.24 the public employees police and fire retirement plan under section 353.65, subdivision 3.

273.25 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

273.26 Sec. 5. **[477B.05] SHORTFALL FROM GENERAL FUND.**

273.27 (a) If the annual funding requirements of fire relief associations or consolidation accounts
 273.28 under sections 424A.091 to 424A.095 or Laws 2013, chapter 111, article 5, sections 31 to
 273.29 42, exceed all applicable revenue sources of a given year, including the insurance premium
 273.30 taxes funding fire state aid under this chapter as set under section 297I.05, subdivisions 2,
 273.31 3, and 4, the shortfall in the annual funding requirements must be paid from the general
 273.32 fund to the extent appropriated by the legislature.

274.1 (b) Nothing in this section relieves any municipality from its obligation to a relief
 274.2 association or consolidation account under law.

274.3 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

274.4 Sec. 6. **PURPOSE.**

274.5 It is the intent of the legislature to make Minnesota's fire and police state aid laws more
 274.6 understandable by separating and recodifying disparate administration and compliance
 274.7 provisions currently contained in chapter 69 of Minnesota Statutes. Due to the complexity
 274.8 of the recodification, prior provisions are repealed on the effective date of the new provisions.

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

274.10 Sec. 7. **REPEALER.**

274.11 Minnesota Statutes 2018, sections 69.011, subdivisions 1, 2, 2b, 2c, 3, and 4; 69.021,
 274.12 subdivisions 1, 2, 3, 4, 5, 7, 7a, 8, 9, 10, and 11; 69.031, subdivisions 1, 3, and 5; and 69.041,
 274.13 are repealed.

274.14 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

274.15 **ARTICLE 20**

274.16 **POLICE STATE AID; TECHNICAL CHANGES**

274.17 Section 1. **[477C.01] DEFINITIONS.**

274.18 Subdivision 1. **Scope.** Unless the language or context clearly indicates that a different
 274.19 meaning is intended, the following words and terms, for the purposes of this chapter and
 274.20 chapter 423A have the meanings given to them.

274.21 Subd. 2. **Commissioner.** "Commissioner" means the commissioner of revenue.

274.22 Subd. 3. **Company or insurance company.** "Company" or "insurance company" has
 274.23 the meaning given in section 60A.02, subdivision 4.

274.24 Subd. 4. **Minnesota Aid to Police Premium Report.** "Minnesota Aid to Police Premium
 274.25 Report" means a form for reporting the total gross premiums, less return premiums and
 274.26 dividends, on all direct business received by an insurance company in this state during the
 274.27 preceding calendar year, with reference to insurance written for perils contained in auto
 274.28 insurance coverages as reported to the National Association of Insurance Commissioners
 274.29 and the commissioner of commerce.

275.1 Subd. 5. **Municipal clerk, municipal clerk-treasurer, or county auditor.** "Municipal
275.2 clerk," "municipal clerk-treasurer," or "county auditor" means:

275.3 (1) the person elected or appointed to the position of municipal clerk, municipal
275.4 clerk-treasurer, or county auditor or, if there is no such person, the chief financial official
275.5 or the person primarily responsible for managing the finances of a municipality;

275.6 (2) for a park district, the secretary of the board of park district commissioners;

275.7 (3) for the University of Minnesota, the official designated by the Board of Regents;

275.8 (4) for the Metropolitan Airports Commission, the person designated by the commission;

275.9 (5) for the Departments of Natural Resources and Public Safety, the respective
275.10 commissioner of the agency; and

275.11 (6) for a tribal police department that exercises state arrest powers under section 626.90,
275.12 626.91, 626.92, or 626.93, the person designated by the applicable American Indian tribal
275.13 government.

275.14 Subd. 6. **Municipality.** (a) "Municipality" means:

275.15 (1) a home rule charter or statutory city;

275.16 (2) an organized town;

275.17 (3) a county;

275.18 (4) a park district subject to chapter 398;

275.19 (5) the University of Minnesota;

275.20 (6) an American Indian tribal government with a tribal police department that exercises
275.21 state arrest powers under section 626.90, 626.91, 626.92, or 626.93;

275.22 (7) the Metropolitan Airports Commission; and

275.23 (8) the Departments of Natural Resources and Public Safety with respect to peace officers
275.24 covered under chapter 352B.

275.25 (b) This subdivision only applies to chapter 477C.

275.26 Subd. 7. **Peace officer.** "Peace officer" means any person:

275.27 (1) whose primary source of income derived from wages is from direct employment by
275.28 a municipality as a law enforcement officer on a full-time basis of not less than 30 hours
275.29 per week;

276.1 (2) who has been employed for a minimum of six months before December 31 preceding
276.2 the date of the current year's certification under section 477C.02, subdivision 1;

276.3 (3) who is sworn to enforce the general criminal laws of the state and local ordinances;

276.4 (4) who is licensed by the Peace Officers Standards and Training Board and is authorized
276.5 to arrest with a warrant; and

276.6 (5) who is a member of the State Patrol retirement plan or the public employees police
276.7 and fire fund.

276.8 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

276.9 **Sec. 2. [477C.02] QUALIFYING FOR POLICE STATE AID.**

276.10 Subdivision 1. **Certification to commissioner.** (a) A certification made under this
276.11 section must be filed with the commissioner on a form prescribed by the commissioner and
276.12 must include all other facts that the commissioner requires.

276.13 (b) Except as provided in subdivision 2, on or before March 15 annually, the municipal
276.14 clerk, municipal clerk-treasurer, or county auditor of each municipality employing one or
276.15 more peace officers must certify to the commissioner the number of peace officers employed
276.16 during the previous calendar year. No peace officer may be included in the certification by
276.17 more than one municipality for the same month.

276.18 (c) Credit for peace officers employed less than a full year must be apportioned. Each
276.19 full month of employment of a qualifying officer during the calendar year entitles the
276.20 employing municipality to credit for 1/12 of the payment for employment of a peace officer
276.21 for the entire year. For purposes of this chapter, employment of a peace officer begins when
276.22 the peace officer is entered on the payroll of the employing municipality.

276.23 Subd. 2. **Departments of Natural Resources and Public Safety.** On or before March
276.24 15 annually, the commissioner of natural resources must certify the number of peace officers
276.25 employed by the Enforcement Division and the commissioner of public safety must certify
276.26 the number of peace officers employed by the Bureau of Criminal Apprehension, the
276.27 Gambling Enforcement Division, and the State Patrol Division. The certification must be
276.28 on the form described in subdivision 1, paragraph (a). Peace officers certified under this
276.29 subdivision must be included in the total certifications under subdivision 1.

276.30 Subd. 3. **Ineligibility of certain peace officers.** A peace officer employed by the
276.31 University of Minnesota who is required by the Board of Regents to be a member of the

277.1 University of Minnesota faculty retirement plan is not eligible to be included in any police
277.2 state aid certification under this section.

277.3 Subd. 4. **Penalty for failure to file certification.** (a) If a certification under subdivision
277.4 1 or 2 is not filed with the commissioner on or before March 15, the commissioner must
277.5 notify the municipal clerk, municipal clerk-treasurer, or county auditor that a penalty equal
277.6 to a portion or all of its current year aid will apply if the certification is not received within
277.7 ten days.

277.8 (b) The penalty for failure to file the certification under subdivision 1 or 2 is equal to
277.9 the amount of police state aid determined for the municipality for the current year, multiplied
277.10 by five percent for each week or fraction of a week that the certification is late. The penalty
277.11 must be computed beginning ten days after the postmark date of the commissioner's
277.12 notification as required under this subdivision. All aid amounts forfeited as a result of the
277.13 penalty revert to the state general fund. Failure to receive the certification form may not be
277.14 used as a defense for a failure to file.

277.15 Subd. 5. **Determination by commissioner.** The commissioner must determine which
277.16 municipalities are qualified to receive police state aid based on compliance with the
277.17 requirements of this section. The commissioner may take into account any other relevant
277.18 information that comes to the attention of the commissioner when making the determination.

277.19 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

277.20 Sec. 3. **[477C.03] CALCULATION OF POLICE STATE AID; APPEAL.**

277.21 Subdivision 1. **Certification and calculation of police state aid.** (a) On or before
277.22 October 1, the commissioner must calculate the amount of police state aid that each
277.23 municipality is to receive.

277.24 (b) The commissioner must calculate an excess police state aid amount for each
277.25 municipality under subdivision 3 and must reduce the apportionment amount for each
277.26 municipality based on the calculation.

277.27 Subd. 2. **Apportionment of police state aid.** (a) The total amount available for
277.28 apportionment as police state aid is equal to 104 percent of the amount of premium taxes
277.29 paid to the state on the premiums reported to the commissioner by companies or insurance
277.30 companies on the Minnesota Aid to Police Premium Report. The total amount for
277.31 apportionment for the police state aid program must not be less than two percent of the
277.32 amount of premiums reported to the commissioner by companies or insurance companies
277.33 on the Minnesota Aid to Police Premium Report.

278.1 (b) The commissioner must calculate the percentage of increase or decrease reflected in
278.2 the apportionment over or under the previous year's available state aid using the same
278.3 premiums as a basis for comparison.

278.4 (c) In addition to the amount for apportionment of police state aid under paragraph (a),
278.5 each year \$100,000 must be apportioned for police state aid. An amount sufficient to pay
278.6 this increase is annually appropriated from the general fund.

278.7 (d) The commissioner must apportion police state aid to all municipalities in proportion
278.8 to the relationship that the total number of peace officers employed by that municipality for
278.9 the prior calendar year and the proportional or fractional number who were employed less
278.10 than a calendar year as credited under section 477C.02, subdivision 1, paragraph (c), bears
278.11 to the total number of peace officers employed by all municipalities subject to any reduction
278.12 under subdivision 3.

278.13 (e) Any necessary additional adjustments must be made to subsequent police state aid
278.14 apportionments.

278.15 Subd. 3. **Apportionment reduction; excess police state aid.** (a) The commissioner
278.16 must reduce the apportionment of police state aid under this section for eligible municipalities
278.17 by the amount of any excess police state aid calculated under this subdivision.

278.18 (b) The commissioner must calculate the amount of excess police state aid for each
278.19 municipality as follows:

278.20 (1) for municipalities in which police retirement coverage is provided wholly by the
278.21 public employees police and fire fund and all peace officers are members of the plan governed
278.22 by sections 353.63 to 353.657, the excess police state aid amount equals the amount of
278.23 police state aid apportioned under subdivision 2 that exceeds the employer's total prior
278.24 calendar year obligation as defined in paragraph (c), as certified by the executive director
278.25 of the Public Employees Retirement Association;

278.26 (2) for the Metropolitan Airports Commission, the excess police state aid amount equals
278.27 the amount of apportioned police aid calculated under subdivision 2 that exceeds the
278.28 commission's total prior calendar year obligation as defined in paragraph (c), as certified
278.29 by the executive director of the Public Employees Retirement Association; and

278.30 (3) for the Departments of Natural Resources and Public Safety, the excess police state
278.31 aid amount equals the amount of apportioned police aid calculated under subdivision 2 that
278.32 exceeds the employer's total prior calendar year obligation under section 352B.02, subdivision

279.1 1c, for plan members who are peace officers, as certified by the executive director of the
 279.2 Minnesota State Retirement System.

279.3 (c) The municipality's total prior calendar year obligation with respect to the public
 279.4 employees police and fire plan under paragraph (b), clause (1), is the total prior calendar
 279.5 year obligation under section 353.65, subdivision 3, for police officers as defined in section
 279.6 353.64, subdivisions 1, 1a, and 2, and the actual total prior calendar year obligation under
 279.7 section 353.65, subdivision 3, for firefighters, as defined in section 353.64, subdivisions 1,
 279.8 1a, and 2, but not to exceed for those firefighters the applicable following employer calendar
 279.9 year amount:

| 279.10 | <u>Municipality</u> | <u>Maximum Amount</u> |
|--------|----------------------------|-----------------------|
| 279.11 | <u>Albert Lea</u> | <u>\$54,157.01</u> |
| 279.12 | <u>Anoka</u> | <u>10,399.31</u> |
| 279.13 | <u>Apple Valley</u> | <u>5,442.44</u> |
| 279.14 | <u>Austin</u> | <u>49,864.73</u> |
| 279.15 | <u>Bemidji</u> | <u>27,671.38</u> |
| 279.16 | <u>Brooklyn Center</u> | <u>6,605.92</u> |
| 279.17 | <u>Brooklyn Park</u> | <u>24,002.26</u> |
| 279.18 | <u>Burnsville</u> | <u>15,956.00</u> |
| 279.19 | <u>Cloquet</u> | <u>4,260.49</u> |
| 279.20 | <u>Coon Rapids</u> | <u>39,920.00</u> |
| 279.21 | <u>Cottage Grove</u> | <u>8,588.48</u> |
| 279.22 | <u>Crystal</u> | <u>5,855.00</u> |
| 279.23 | <u>East Grand Forks</u> | <u>51,009.88</u> |
| 279.24 | <u>Edina</u> | <u>32,251.00</u> |
| 279.25 | <u>Elk River</u> | <u>5,216.55</u> |
| 279.26 | <u>Ely</u> | <u>13,584.16</u> |
| 279.27 | <u>Eveleth</u> | <u>16,288.27</u> |
| 279.28 | <u>Fergus Falls</u> | <u>6,742.00</u> |
| 279.29 | <u>Fridley</u> | <u>33,420.64</u> |
| 279.30 | <u>Golden Valley</u> | <u>11,744.61</u> |
| 279.31 | <u>Hastings</u> | <u>16,561.00</u> |
| 279.32 | <u>Hopkins</u> | <u>4,324.23</u> |
| 279.33 | <u>International Falls</u> | <u>14,400.69</u> |
| 279.34 | <u>Lakeville</u> | <u>782.35</u> |
| 279.35 | <u>Lino Lakes</u> | <u>5,324.00</u> |
| 279.36 | <u>Little Falls</u> | <u>7,889.41</u> |
| 279.37 | <u>Maple Grove</u> | <u>6,707.54</u> |

| | | |
|--------|-------------------------------|------------------|
| 280.1 | <u>Maplewood</u> | <u>8,476.69</u> |
| 280.2 | <u>Minnetonka</u> | <u>10,403.00</u> |
| 280.3 | <u>Montevideo</u> | <u>1,307.66</u> |
| 280.4 | <u>Moorhead</u> | <u>68,069.26</u> |
| 280.5 | <u>New Hope</u> | <u>6,739.72</u> |
| 280.6 | <u>North St. Paul</u> | <u>4,241.14</u> |
| 280.7 | <u>Northfield</u> | <u>770.63</u> |
| 280.8 | <u>Owatonna</u> | <u>37,292.67</u> |
| 280.9 | <u>Plymouth</u> | <u>6,754.71</u> |
| 280.10 | <u>Red Wing</u> | <u>3,504.01</u> |
| 280.11 | <u>Richfield</u> | <u>53,757.96</u> |
| 280.12 | <u>Rosemount</u> | <u>1,712.55</u> |
| 280.13 | <u>Roseville</u> | <u>9,854.51</u> |
| 280.14 | <u>St. Anthony</u> | <u>33,055.00</u> |
| 280.15 | <u>St. Louis Park</u> | <u>53,643.11</u> |
| 280.16 | <u>Thief River Falls</u> | <u>28,365.04</u> |
| 280.17 | <u>Virginia</u> | <u>31,164.46</u> |
| 280.18 | <u>Waseca</u> | <u>11,135.17</u> |
| 280.19 | <u>West St. Paul</u> | <u>15,707.20</u> |
| 280.20 | <u>White Bear Lake</u> | <u>6,521.04</u> |
| 280.21 | <u>Woodbury</u> | <u>3,613.00</u> |
| 280.22 | <u>any other municipality</u> | <u>0.00</u> |

280.23 (d) The total amount of excess police state aid must be deposited in the excess police
 280.24 state aid account in the general fund, and administered and distributed as provided in
 280.25 subdivision 4.

280.26 Subd. 4. Excess police state aid holding account. (a) The excess police state aid holding
 280.27 account is established in the general fund. The excess police state aid holding account is
 280.28 administered by the commissioner.

280.29 (b) Excess police state aid determined under subdivision 3 must be deposited annually
 280.30 in the excess police state aid holding account.

280.31 (c) From the balance in the excess police state aid holding account, \$900,000 must be
 280.32 canceled annually to the general fund.

280.33 (d) On October 1 annually, one-half of the balance of the excess police state aid holding
 280.34 account remaining after the deduction under paragraph (c) is appropriated for additional
 280.35 amortization aid under section 423A.02, subdivision 1b.

281.1 (e) The remaining balance in the excess police state aid holding account, after the
281.2 deductions under paragraphs (c) and (d), must be canceled annually to the general fund.

281.3 Subd. 5. **Appeal.** A municipality may object to the amount of police state aid apportioned
281.4 to it by filing a written request with the commissioner to review and adjust the apportionment
281.5 of funds to the municipality. The decision of the commissioner is subject to appeal, review,
281.6 and adjustment by the district court in the county in which the applicable municipality is
281.7 located or by the Ramsey County District Court with respect to the Departments of Natural
281.8 Resources or Public Safety.

281.9 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

281.10 Sec. 4. **[477C.04] APPROPRIATION, PAYMENT, AND ADMINISTRATION.**

281.11 Subdivision 1. **Payments.** (a) The commissioner must make payments to the municipality
281.12 equal to the amount of police state aid apportioned to the applicable state aid recipient under
281.13 section 477C.03.

281.14 (b) Police state aid is payable on October 1 annually. The amount of state aid due and
281.15 not paid by October 1 accrues interest payable to the recipient at the rate of one percent for
281.16 each month or part of a month that the amount remains unpaid after October 1.

281.17 Subd. 2. **Appropriation.** (a) The amount necessary to make the payments under this
281.18 section and section 477C.03 is annually appropriated to the commissioner from the general
281.19 fund.

281.20 (b) The police state aid apportioned to the Departments of Public Safety and Natural
281.21 Resources under section 477C.03 is allocated to the commissioner of management and
281.22 budget for transfer to the funds and accounts from which the salaries of peace officers
281.23 certified under section 477C.02, subdivision 2, are paid. On or before October 1, the
281.24 commissioner of revenue must certify to the commissioners of public safety, natural
281.25 resources, and management and budget the amounts to be transferred from the appropriation
281.26 for police state aid. The commissioners of public safety and natural resources must certify
281.27 to the commissioner of management and budget the amounts to be credited to each of the
281.28 funds and accounts from which the peace officers employed by their respective departments
281.29 are paid.

281.30 Subd. 3. **Deposit of state aid.** (a) For a municipality in which police retirement coverage
281.31 is provided by the public employees police and fire fund and all peace officers are members
281.32 of the fund, including municipalities covered by section 353.665, the total state aid must

282.1 be applied toward the municipality's employer contribution to the public employees police
282.2 and fire fund under sections 353.65, subdivision 3, and 353.665, subdivision 8.

282.3 (b) The county treasurer, upon receipt of the police state aid for the county, must apply
282.4 the total state aid toward the county's employer contribution to the public employees police
282.5 and fire fund under section 353.65, subdivision 3.

282.6 (c) The designated Metropolitan Airports Commission official, upon receipt of the police
282.7 state aid for the Metropolitan Airports Commission, must apply the total police state aid
282.8 toward the commission's employer contribution for peace officers to the public employees
282.9 police and fire plan under section 353.65, subdivision 3.

282.10 (d) The commissioners of public safety and natural resources must allocate the police
282.11 state aid first for employer contributions funded from the general fund and then for employer
282.12 contributions funded from other funds. For peace officers employed by the Departments of
282.13 Natural Resources or Public Safety whose salaries are paid from the general fund, the
282.14 amounts transferred from the appropriation for police state aid must be canceled to the
282.15 general fund.

282.16 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

282.17 **ARTICLE 21**

282.18 **FIRE AND POLICE STATE AID; MISCELLANEOUS TECHNICAL CHANGES**

282.19 Section 1. **[2971.26] FIRE AND POLICE PREMIUM REPORTS.**

282.20 Subdivision 1. **Filing reports.** (a) Each company must file with the commissioner the
282.21 reports defined in sections 477B.01, subdivision 8, and 477C.01, subdivision 4, signed by
282.22 the authorized representative of the company, on or before March 1 annually. The fire and
282.23 extended coverage portion of multiperil package premiums and all other combination
282.24 premiums must be determined by applying percentages determined by the commissioner
282.25 or by rating bureaus recognized by the commissioner. The commissioner shall prescribe
282.26 the content, form, and manner of the reports.

282.27 (b) The commissioner must notify each company that fails to timely file the report
282.28 required under paragraph (a). The notice must demand that the company file the report
282.29 within 30 days. Where good cause exists, the commissioner may extend the period for filing
282.30 the report as long as a request for extension is filed by the company before the expiration
282.31 of the 30-day period.

283.1 Subd. 2. Penalties. (a) A company that fails to file the report on or before the due date
 283.2 in subdivision 1 is liable for a penalty equal to \$25 for each seven days, or fraction thereof,
 283.3 that the report is delinquent, but not to exceed \$200.

283.4 (b) Any person whose duty it is to file the report and who fails or refuses to file within
 283.5 30 days after the postmark of the notice in subdivision 1 must be fined an amount of no
 283.6 more than \$1,000.

283.7 (c) Any company that knowingly makes and files an inaccurate or false report is liable
 283.8 for a fine in an amount not less than \$25 nor more than \$1,000, as determined by the
 283.9 commissioner, and the commissioner of commerce may revoke the company's certificate
 283.10 of authority.

283.11 **EFFECTIVE DATE.** This section is effective for reports filed after December 31, 2019.

283.12 Sec. 2. **[424A.014] FINANCIAL REPORT; BOND; EXAMINATION.**

283.13 Subdivision 1. **Financial report and audit.** (a) The board of the Bloomington Fire
 283.14 Department Relief Association and each volunteer firefighters relief association with assets
 283.15 of at least \$500,000 or liabilities of at least \$500,000 in the prior year or in any previous
 283.16 year, according to the applicable actuarial valuation or according to the financial report if
 283.17 no valuation is required, must prepare a financial report covering the special and general
 283.18 funds of the relief association for the preceding fiscal year, file the financial report, and
 283.19 submit financial statements.

283.20 (b) The financial report must contain financial statements and disclosures that present
 283.21 the true financial condition of the relief association and the results of relief association
 283.22 operations in conformity with generally accepted accounting principles and in compliance
 283.23 with the regulatory, financing, and funding provisions of this chapter and any other applicable
 283.24 laws. The financial report must be countersigned by:

283.25 (1) the municipal clerk or clerk-treasurer of the municipality in which the relief
 283.26 association is located if the relief association is a firefighters' relief association that is directly
 283.27 associated with a municipal fire department;

283.28 (2) the municipal clerk or clerk-treasurer of the largest municipality in population that
 283.29 contracts with the independent nonprofit firefighting corporation if the volunteer firefighter
 283.30 relief association is a subsidiary of an independent nonprofit firefighting corporation, and
 283.31 by the secretary of the independent nonprofit firefighting corporation; or

284.1 (3) the chief financial official of the county in which the volunteer firefighter relief
284.2 association is located or primarily located if the relief association is associated with a fire
284.3 department that is not located in or associated with an organized municipality.

284.4 (c) The financial report must be retained in the office of the Bloomington Fire Department
284.5 Relief Association or the volunteer firefighter relief association for public inspection and
284.6 must be filed with the governing body of the government subdivision in which the associated
284.7 fire department is located after the close of the fiscal year. One copy of the financial report
284.8 must be furnished to the state auditor after the close of the fiscal year.

284.9 (d) Audited financial statements must be attested to by a certified public accountant or
284.10 by the state auditor and must be filed with the state auditor on or before June 30 after the
284.11 close of the fiscal year. The state auditor may accept this report in lieu of the report required
284.12 in paragraph (c).

284.13 Subd. 2. **Financial statement.** (a) The board of each volunteer firefighter relief
284.14 association that is not required to file a financial report and audit under subdivision 1 must
284.15 prepare a detailed statement of the financial affairs for the preceding fiscal year of the relief
284.16 association's special and general funds in the style and form prescribed by the state auditor.
284.17 The detailed statement must show:

284.18 (1) the sources and amounts of all money received;

284.19 (2) all disbursements, accounts payable, and accounts receivable;

284.20 (3) the amount of money remaining in the treasury;

284.21 (4) total assets, including a listing of all investments;

284.22 (5) the accrued liabilities; and

284.23 (6) all other items necessary to show accurately the revenues and expenditures and
284.24 financial position of the relief association.

284.25 (b) The detailed financial statement of the special and general funds required under
284.26 paragraph (a) must be certified by a certified public accountant or by the state auditor in
284.27 accordance with agreed-upon procedures and forms prescribed by the state auditor. The
284.28 accountant must have at least five years of public accounting, auditing, or similar experience
284.29 and must not be an active, inactive, or retired member of the relief association or the fire
284.30 department.

284.31 (c) The detailed financial statement required under paragraph (a) must be countersigned
284.32 by:

285.1 (1) the municipal clerk or clerk-treasurer of the municipality;

285.2 (2) where applicable, the municipal clerk or clerk-treasurer of the largest municipality
285.3 in population that contracts with the independent nonprofit firefighting corporation if the
285.4 relief association is a subsidiary of an independent nonprofit firefighting corporation, and
285.5 by the secretary of the independent nonprofit firefighting corporation; or

285.6 (3) the chief financial official of the county in which the volunteer firefighter relief
285.7 association is located or primarily located if the relief association is associated with a fire
285.8 department that is not located in or associated with an organized municipality.

285.9 (d) The volunteer firefighters relief association board must submit a copy of the detailed
285.10 financial statement required under paragraph (a) that has been certified by the governing
285.11 body of the municipality to the state auditor on or before March 31 after the close of the
285.12 fiscal year.

285.13 (e) A certified public accountant or auditor who performs the agreed-upon procedures
285.14 under paragraph (b) is subject to the reporting requirement of section 6.67.

285.15 Subd. 3. **Qualification.** The state auditor may, upon a demonstration by a relief
285.16 association of hardship or an inability to conform, extend the deadline for reports under
285.17 subdivision 1 or 2, but not beyond November 30 following the due date. If the reports are
285.18 not received by November 30, the municipality or relief association forfeits its current year
285.19 state aid, and, until the state auditor receives the required information, the relief association
285.20 or municipality is ineligible to receive any future state aid. A municipality or relief association
285.21 does not qualify initially to receive, or be entitled subsequently to retain, fire state aid and
285.22 police and firefighter retirement supplemental state aid payable under chapter 477B and
285.23 section 423A.022 if the financial reporting requirement or the applicable requirements of
285.24 this chapter or any other statute or special law have not been complied with or are not
285.25 fulfilled.

285.26 Subd. 4. **Treasurer bond.** (a) The treasurer of the Bloomington Fire Department Relief
285.27 Association may not enter upon duties without having given the association a bond in a
285.28 reasonable amount acceptable to the municipality for the faithful discharge of duties
285.29 according to law.

285.30 (b) No treasurer of a relief association governed by sections 424A.091 to 424A.096 may
285.31 enter upon the duties of the office until the treasurer has given the association a good and
285.32 sufficient bond in an amount equal to at least ten percent of the assets of the relief association;
285.33 however, the amount of the bond need not exceed \$500,000.

286.1 Subd. 5. Report by certain municipalities; exceptions. (a) The chief administrative
286.2 officer of each municipality that has a fire department but does not have a relief association
286.3 governed by sections 424A.091 to 424A.095 or Laws 2014, chapter 275, article 2, section
286.4 23, and that is not exempted under paragraph (b) or (c) must annually prepare a detailed
286.5 financial report of the receipts and disbursements by the municipality for fire protection
286.6 service during the preceding calendar year on a form prescribed by the state auditor. The
286.7 financial report must contain any information that the state auditor deems necessary to
286.8 disclose the sources of receipts and the purpose of disbursements for fire protection service.
286.9 The financial report must be signed by the municipal clerk or clerk-treasurer with the state
286.10 auditor on or before July 1 annually. The municipality does not qualify initially to receive,
286.11 and is not entitled subsequently to retain, any fire state aid and police and firefighter
286.12 retirement supplemental state aid payable under chapter 477B and section 423A.022 if the
286.13 financial reporting requirement or the applicable requirements of any other statute or special
286.14 law have not been complied with or are not fulfilled.

286.15 (b) Each municipality that has a fire department and provides retirement coverage to its
286.16 firefighters through the voluntary statewide volunteer firefighter retirement plan under
286.17 chapter 353G qualifies to have fire state aid transmitted to and retained in the statewide
286.18 volunteer firefighter retirement fund without filing a detailed financial report if the executive
286.19 director of the Public Employees Retirement Association certifies compliance by the
286.20 municipality with the requirements of sections 353G.04 and 353G.08, subdivision 1,
286.21 paragraph (e), and certifies conformity by the applicable fire chief with the requirements
286.22 of section 353G.07.

286.23 (c) Each municipality qualifies to receive fire state aid under chapter 477B without filing
286.24 a financial report under paragraph (a) if the municipality:

286.25 (1) has a fire department;

286.26 (2) does not have a volunteer firefighters relief association directly associated with its
286.27 fire department;

286.28 (3) does not participate in the statewide volunteer firefighter retirement plan under
286.29 chapter 353G;

286.30 (4) provides retirement coverage to its firefighters through the public employees police
286.31 and fire retirement plan under sections 353.63 to 353.68; and

286.32 (5) is certified by the executive director of the Public Employees Retirement Association
286.33 to the state auditor to have had an employer contribution under section 353.65, subdivision

287.1 3, for its firefighters for the immediately prior calendar year equal to or greater than its fire
287.2 state aid for the immediately prior calendar year.

287.3 Subd. 6. **Notification by commissioner of revenue and state auditor.** (a) The state
287.4 auditor, in performing an audit or examination, must notify the Legislative Commission on
287.5 Pensions and Retirement if the audit or examination reveals malfeasance, misfeasance, or
287.6 nonfeasance in office by relief association officials or municipal officials.

287.7 (b) The commissioner of revenue must notify the Legislative Commission on Pensions
287.8 and Retirement if the state auditor has not filed the required financial compliance reports
287.9 by July 1.

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

287.11 Sec. 3. Minnesota Statutes 2018, section 424A.05, is amended by adding a subdivision to
287.12 read:

287.13 Subd. 3b. **Authorized administrative expenses from special fund.** (a) Notwithstanding
287.14 any provision of law to the contrary, the payment of the following necessary, reasonable,
287.15 and direct expenses of maintaining, protecting, and administering the special fund, when
287.16 provided for in the bylaws of the association and approved by the board of trustees,
287.17 constitutes authorized administrative expenses of a volunteer firefighters relief association
287.18 organized under any law of the state or the Bloomington Fire Department Relief Association:

287.19 (1) office expenses, including but not limited to rent, utilities, equipment, supplies,
287.20 postage, periodical subscriptions, furniture, fixtures, and salaries of administrative personnel;

287.21 (2) salaries of the officers of the association or their designees, and salaries of the
287.22 members of the board of trustees of the association if the salary amounts are approved by
287.23 the governing body of the entity that is responsible for meeting any minimum obligation
287.24 under section 424A.092 or 424A.093 or Laws 2013, chapter 111, article 5, sections 31 to
287.25 42, and the itemized expenses of relief association officers and board members that are
287.26 incurred as a result of fulfilling their responsibilities as administrators of the special fund;

287.27 (3) tuition, registration fees, organizational dues, and other authorized expenses of the
287.28 officers or members of the board of trustees incurred in attending educational conferences,
287.29 seminars, or classes relating to the administration of the relief association;

287.30 (4) audit and audit-related services, accounting and accounting-related services, and
287.31 actuarial, medical, legal, and investment and performance evaluation expenses;

288.1 (5) filing and application fees payable by the relief association to federal or other
288.2 government entities;

288.3 (6) reimbursement to the officers and members of the board of trustees or their designees,
288.4 for reasonable and necessary expenses actually paid and incurred in the performance of
288.5 their duties as officers or members of the board; and

288.6 (7) premiums on fiduciary liability insurance and official bonds for the officers, members
288.7 of the board of trustees, and employees of the relief association.

288.8 (b) All other expenses of the relief association must be paid from the general fund of
288.9 the association if one exists. If a relief association has only one fund, that fund is the special
288.10 fund for purposes of this subdivision. If a relief association has a special fund and a general
288.11 fund, the payment of any expense of the relief association that is directly related to the
288.12 purposes for which both funds were established must be apportioned between the two funds
288.13 on the basis of the benefits derived by each fund.

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

288.15 Sec. 4. **REPEALER.**

288.16 (a) Minnesota Statutes 2018, sections 69.051, subdivisions 1, 1a, 1b, 2, 3, and 4; and
288.17 69.80, are repealed.

288.18 (b) Minnesota Statutes 2018, sections 69.33; and 297I.25, subdivision 2, are repealed.

288.19 **EFFECTIVE DATE.** Paragraph (a) is effective July 1, 2019. Paragraph (b) is effective
288.20 for reports filed after December 31, 2019.

288.21 **ARTICLE 22**

288.22 **FIRE AND POLICE STATE AID; CONFORMING CHANGES**

288.23 Section 1. Minnesota Statutes 2018, section 6.495, subdivision 3, is amended to read:

288.24 Subd. 3. **Report to commissioner of revenue.** The state auditor shall file with the
288.25 commissioner of revenue a financial compliance report certifying for each relief association:

288.26 (1) the completion of the annual financial report required under section ~~69.051~~ 424A.014
288.27 and the auditing or certification of those financial reports under subdivision 1; and

288.28 (2) the receipt of any actuarial valuations required under section 424A.093 or Laws
288.29 2013, chapter 111, article 5, sections 31 to 42.

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

289.1 Sec. 2. Minnesota Statutes 2018, section 144E.42, subdivision 2, is amended to read:

289.2 Subd. 2. **Trust account.** (a) There is established in the general fund the Cooper/Sams
289.3 volunteer ambulance trust account and the Cooper/Sams volunteer ambulance award and
289.4 account.

289.5 (b) The trust account must be credited with:

289.6 (1) general fund appropriations for that purpose;

289.7 (2) transfers from the Cooper/Sams volunteer ambulance award and account; and

289.8 (3) investment earnings on those accumulated proceeds. The assets and income of the
289.9 trust account must be held and managed by the commissioner of management and budget
289.10 and the State Board of Investment for the benefit of the state of Minnesota and its general
289.11 creditors.

289.12 (c) The Cooper/Sams volunteer ambulance account must be credited with transfers from
289.13 the excess police state-aid holding account established in section ~~69.021, subdivision 11~~
289.14 477C.03, subdivision 4, any per-year-of-service allocation under section 144E.45, subdivision
289.15 2, paragraph (c), that was not made for an individual, and investment earnings on those
289.16 accumulated proceeds. The Cooper/Sams volunteer ambulance account must be managed
289.17 by the commissioner of management and budget and the State Board of Investment. From
289.18 the Cooper/Sams volunteer ambulance account to the trust account there must be transferred
289.19 to the Cooper/Sams volunteer ambulance trust account, as the Cooper/Sams volunteer
289.20 ambulance account balance permits, the following amounts:

289.21 (1) an amount equal to any general fund appropriation to the Cooper/Sams volunteer
289.22 ambulance trust account for that fiscal year; and

289.23 (2) an amount equal to the percentage of the remaining balance in the account after the
289.24 deduction of the amount under clause (1), as specified for the applicable fiscal year:

| 289.25 | Fiscal year | Percentage |
|--------|---------------------|------------|
| 289.26 | 1995 | 20 |
| 289.27 | 1996 | 40 |
| 289.28 | 1997 | 50 |
| 289.29 | 1998 | 60 |
| 289.30 | 1999 | 70 |
| 289.31 | 2000 | 80 |
| 289.32 | 2001 | 90 |
| 289.33 | 2002 and thereafter | 100 |

290.1 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

290.2 Sec. 3. Minnesota Statutes 2018, section 297I.20, subdivision 3, is amended to read:

290.3 Subd. 3. **Historic structure rehabilitation credit.** An insurance company may claim
 290.4 a credit against the premiums tax imposed under this chapter equal to the amount of the
 290.5 credit certificate issued to it, or to a person who has assigned the credit to the insurance
 290.6 company, under section 290.0681. If the amount of the credit exceeds the liability for tax
 290.7 under this chapter, the commissioner shall refund the excess to the insurance company. An
 290.8 amount sufficient to pay the refunds under this section is appropriated to the commissioner
 290.9 from the general fund. This credit does not affect the calculation of ~~police and fire state aid~~
 290.10 under section ~~69.021~~ 477B.03 and police state aid under section 477C.03.

290.11 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

290.12 Sec. 4. Minnesota Statutes 2018, section 353G.01, subdivision 9, is amended to read:

290.13 Subd. 9. **Municipality.** "Municipality" means a governmental entity specified in section
 290.14 ~~69.011, subdivision 1, paragraph (b), clauses (1), (2), and (5)~~ 477B.01, subdivision 10, a
 290.15 city or township that has entered into a contract with an independent nonprofit firefighting
 290.16 corporation, or a city or township that has entered into a contract with a joint powers entity
 290.17 established under section 471.59.

290.18 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

290.19 Sec. 5. Minnesota Statutes 2018, section 353G.05, subdivision 2, is amended to read:

290.20 Subd. 2. **Election of coverage; lump sum.** (a) The process for electing coverage of
 290.21 volunteer firefighters by the lump-sum retirement division is initiated by a request to the
 290.22 executive director for a cost analysis of the prospective retirement coverage under the
 290.23 lump-sum retirement division.

290.24 (b) If the volunteer firefighters are currently covered by a lump-sum volunteer firefighter
 290.25 relief association or a defined contribution volunteer firefighter relief association governed
 290.26 by chapter 424A, the cost analysis of the prospective retirement coverage must be requested
 290.27 jointly by the secretary of the volunteer firefighter relief association, following approval of
 290.28 the request by the board of the volunteer firefighter relief association, and the chief
 290.29 administrative officer of the entity associated with the relief association, following approval
 290.30 of the request by the governing body of the entity associated with the relief association. If
 290.31 the relief association is associated with more than one entity, the chief administrative officer
 290.32 of each associated entity must execute the request. If the volunteer firefighters are not

291.1 currently covered by a volunteer firefighter relief association, the cost analysis of the
 291.2 prospective retirement coverage must be requested by the chief administrative officer of
 291.3 the entity operating the fire department. The request must be made in writing and must be
 291.4 made on a form prescribed by the executive director.

291.5 (c) The cost analysis of the prospective retirement coverage by the lump-sum retirement
 291.6 division of the statewide retirement plan must be based on the service pension amount under
 291.7 section 353G.11 closest to the service pension amount provided by the volunteer firefighter
 291.8 relief association if the relief association is a lump-sum defined benefit plan, or the amount
 291.9 equal to 95 percent of the most current average account balance per relief association member
 291.10 if the relief association is a defined contribution plan, or to the lowest service pension amount
 291.11 under section 353G.11 if there is no volunteer firefighter relief association, rounded up, and
 291.12 any other service pension amount designated by the requester or requesters. The cost analysis
 291.13 must be prepared using a mathematical procedure certified as accurate by an approved
 291.14 actuary retained by the Public Employees Retirement Association.

291.15 (d) If a cost analysis is requested and a volunteer ~~firefighters'~~ firefighters relief association
 291.16 exists that has filed the information required under section ~~69.051~~ 424A.014 in a timely
 291.17 fashion, upon request by the executive director, the state auditor shall provide the most
 291.18 recent data available on the financial condition of the volunteer firefighter relief association,
 291.19 the most recent firefighter demographic data available, and a copy of the current relief
 291.20 association bylaws. If a cost analysis is requested, but no volunteer firefighter relief
 291.21 association exists, the chief administrative officer of the entity operating the fire department
 291.22 shall provide the demographic information on the volunteer firefighters serving as members
 291.23 of the fire department requested by the executive director.

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

291.25 Sec. 6. Minnesota Statutes 2018, section 353G.08, subdivision 1, is amended to read:

291.26 Subdivision 1. **Annual funding requirements; lump-sum retirement division.** (a)
 291.27 Annually, the executive director shall determine the funding requirements of each account
 291.28 in the lump-sum retirement division of the voluntary statewide volunteer firefighter retirement
 291.29 plan on or before August 1. The funding requirements computed under this subdivision
 291.30 must be determined using a mathematical procedure developed and certified as accurate by
 291.31 the approved actuary retained by the Public Employees Retirement Association and must
 291.32 be based on present value factors using a six percent interest rate, without any decrement
 291.33 assumptions. The funding requirements must be certified to the entity or entities associated
 291.34 with the fire department whose active firefighters are covered by the retirement plan.

292.1 (b) The overall funding balance of each lump-sum account for the current calendar year
292.2 must be determined in the following manner:

292.3 (1) The total accrued liability for all active and deferred members of the account as of
292.4 December 31 of the current year must be calculated based on the good time service credit
292.5 of active and deferred members as of that date.

292.6 (2) The total present assets of the account projected to December 31 of the current year,
292.7 including receipts by and disbursements from the account anticipated to occur on or before
292.8 December 31, must be calculated. To the extent possible, the market value of assets must
292.9 be utilized in making this calculation.

292.10 (3) The amount of the total present assets calculated under clause (2) must be subtracted
292.11 from the amount of the total accrued liability calculated under clause (1). If the amount of
292.12 total present assets exceeds the amount of the total accrued liability, then the account is
292.13 considered to have a surplus over full funding. If the amount of the total present assets is
292.14 less than the amount of the total accrued liability, then the account is considered to have a
292.15 deficit from full funding. If the amount of total present assets is equal to the amount of the
292.16 total accrued liability, then the special fund is considered to be fully funded.

292.17 (c) The financial requirements of each lump-sum account for the following calendar
292.18 year must be determined in the following manner:

292.19 (1) The total accrued liability for all active and deferred members of the account as of
292.20 December 31 of the calendar year next following the current calendar year must be calculated
292.21 based on the good time service used in the calculation under paragraph (b), clause (1),
292.22 increased by one year.

292.23 (2) The increase in the total accrued liability of the account for the following calendar
292.24 year over the total accrued liability of the account for the current year must be calculated.

292.25 (3) The amount of administrative expenses of the account must be calculated by
292.26 multiplying the per-person dollar amount of the administrative expenses for the most recent
292.27 prior calendar year by the number of active and deferred firefighters reported to PERA on
292.28 the most recent good time service credit certification form for each account.

292.29 (4) If the account is fully funded, the financial requirement of the account for the
292.30 following calendar year is the total of the amounts calculated under clauses (2) and (3).

292.31 (5) If the account has a deficit from full funding, the financial requirement of the account
292.32 for the following calendar year is the total of the amounts calculated under clauses (2) and

293.1 (3) plus an amount equal to one-tenth of the amount of the deficit from full funding of the
293.2 account.

293.3 (6) If the account has a surplus over full funding, the financial requirement of the account
293.4 for the following calendar year is the financial requirement of the account calculated as
293.5 though the account was fully funded under clause (4) and, if the account has also had a
293.6 surplus over full funding during the prior two years, additionally reduced by an amount
293.7 equal to one-tenth of the amount of the surplus over full funding of the account.

293.8 (d) The required contribution of the entity or entities associated with the fire department
293.9 whose active firefighters are covered by the lump-sum retirement division is the annual
293.10 financial requirements of the lump-sum account of the retirement plan under paragraph (c)
293.11 reduced by the amount of any fire state aid payable under ~~sections 69.011 to 69.051~~ chapter
293.12 477B or police and firefighter retirement supplemental state aid payable under section
293.13 423A.022 that is reasonably anticipated to be received by the retirement plan attributable
293.14 to the entity or entities during the following calendar year, and an amount of interest on the
293.15 assets projected to be received during the following calendar year calculated at the rate of
293.16 six percent per annum. The required contribution must be allocated between the entities if
293.17 more than one entity is involved. A reasonable amount of anticipated fire state aid is an
293.18 amount that does not exceed the fire state aid actually received in the prior year multiplied
293.19 by the factor 1.035.

293.20 (e) The required contribution calculated in paragraph (d) must be paid to the retirement
293.21 plan on or before December 31 of the year for which it was calculated. If the contribution
293.22 is not received by the retirement plan by December 31, it is payable with interest at an
293.23 annual compound rate of six percent from the date due until the date payment is received
293.24 by the retirement plan. If the entity does not pay the full amount of the required contribution,
293.25 the executive director shall collect the unpaid amount under section 353.28, subdivision 6.

293.26 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

293.27 Sec. 7. Minnesota Statutes 2018, section 353G.08, subdivision 1a, is amended to read:

293.28 Subd. 1a. **Annual funding requirements; monthly benefit retirement division.** (a)
293.29 Annually, the executive director shall determine the funding requirements of each monthly
293.30 benefit account in the voluntary statewide volunteer firefighter retirement plan on or before
293.31 August 1.

293.32 (b) The executive director must determine the funding requirements of a monthly benefit
293.33 account under this subdivision from:

294.1 (1) the most recent actuarial valuation normal cost, administrative expense, including
294.2 the cost of a regular actuarial valuation, and amortization results for the account determined
294.3 by the approved actuary retained by the retirement association under sections 356.215 and
294.4 356.216; and

294.5 (2) the standards for actuarial work, utilizing a six percent interest rate actuarial
294.6 assumption and other actuarial assumptions approved under section 356.215, subdivision
294.7 18:

294.8 (i) with that portion of any unfunded actuarial accrued liability attributable to a benefit
294.9 increase to be amortized over a period of 20 years from the date of the benefit change;

294.10 (ii) with that portion of any unfunded actuarial accrued liability attributable to an
294.11 assumption change or an actuarial method change to be amortized over a period of 20 years
294.12 from the date of the assumption or method change;

294.13 (iii) with that portion of any unfunded actuarial accrued liability attributable to an
294.14 investment loss to be amortized over a period of ten years from the date of investment loss;
294.15 and

294.16 (iv) with the balance of any net unfunded actuarial accrued liability to be amortized over
294.17 a period of five years from the date of the actuarial valuation.

294.18 (c) The required contributions of the entity or entities associated with the fire department
294.19 whose active firefighters are covered by the monthly benefit retirement division are the
294.20 annual financial requirements of the monthly benefit account of the retirement plan under
294.21 paragraph (b) reduced by the amount of any fire state aid payable under ~~sections 69.011 to~~
294.22 ~~69.051~~ chapter 477B, or any police and firefighter retirement supplemental state aid payable
294.23 under section 423A.022, that is reasonably anticipated to be received by the retirement plan
294.24 attributable to the entity or entities during the following calendar year. The required
294.25 contribution must be allocated between the entities if more than one entity is involved. A
294.26 reasonable amount of anticipated fire state aid is an amount that does not exceed the fire
294.27 state aid actually received in the prior year multiplied by the factor 1.035.

294.28 (d) The required contribution calculated in paragraph (c) must be paid to the retirement
294.29 plan on or before December 31 of the year for which it was calculated. If the contribution
294.30 is not received by the retirement plan by December 31, it is payable with interest at an
294.31 annual compound rate of six percent from the date due until the date payment is received
294.32 by the retirement plan. If the entity does not pay the full amount of the required contribution,
294.33 the executive director shall collect the unpaid amount under section 353.28, subdivision 6.

295.1 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

295.2 Sec. 8. Minnesota Statutes 2018, section 353G.17, subdivision 2, is amended to read:

295.3 Subd. 2. **Approval by the relief association.** (a) Before a transfer of records, assets,
295.4 and liabilities from the retirement plan to a relief association may occur, the board of trustees
295.5 of the relief association shall adopt resolutions as follows:

295.6 (1) approving and accepting the transfer of records, assets, and liabilities from the
295.7 retirement plan; and

295.8 (2) amending the bylaws of the relief association as necessary to add the firefighters
295.9 whose benefits are being transferred from the retirement plan and to provide that each benefit
295.10 being transferred retains vesting, distribution, and other rights to which the firefighter, for
295.11 whom the benefit is being transferred, is entitled under the terms of the retirement plan to
295.12 the date of the transfer.

295.13 The board of trustees shall file a copy of the resolutions with the executive director.

295.14 (b) The board of trustees of the relief association shall file with the state auditor the
295.15 following:

295.16 (1) a copy of the resolutions required under paragraph (a);

295.17 (2) a copy of the bylaws of the relief association and any bylaw amendments;

295.18 (3) a copy of the relief association's investment policy;

295.19 (4) a statement that a board of trustees has been duly elected and each trustee's name,
295.20 address, telephone number, and e-mail address, if any;

295.21 (5) a copy of the most recent annual financial, investment, and plan administration report
295.22 filed under section ~~69.051~~ 424A.014, unless the due date for the first report has not yet
295.23 occurred; and

295.24 (6) a copy of the documentation indicating that a special fund has been established with
295.25 a financial institution to receive a transfer of assets from the retirement plan.

295.26 (c) Upon receipt of the information and documents required under paragraph (b), the
295.27 state auditor shall issue to the relief association and the executive director written
295.28 confirmation of receipt of all required information and documents.

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

296.1 Sec. 9. Minnesota Statutes 2018, section 356.20, subdivision 4a, is amended to read:

296.2 Subd. 4a. **Financial report for police or firefighters relief association.** For any police
 296.3 or firefighter's firefighters relief association referred to in subdivision 2, clause (10) or (11),
 296.4 a financial report that is duly filed and that meets the requirements of section ~~69.051~~
 296.5 424A.014 is deemed to have met the requirements of subdivision 4.

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

296.7 Sec. 10. Minnesota Statutes 2018, section 356.219, subdivision 8, is amended to read:

296.8 Subd. 8. **Timing of reports.** (a) For the Bloomington Fire Department Relief Association
 296.9 and the volunteer firefighter relief associations, the information required under this section
 296.10 must be submitted by the due date for reports required under section ~~69.051, subdivision 1~~
 296.11 ~~or 1a~~ 424A.014, subdivision 1 or 2, as applicable. If a relief association satisfies the definition
 296.12 of a fully invested plan under subdivision 1, paragraph (b), for the calendar year covered
 296.13 by the report required under section ~~69.051, subdivision 1 or 1a~~ 424A.014, subdivision 1
 296.14 or 2, as applicable, the chief administrative officer of the covered pension plan shall certify
 296.15 that compliance on a form prescribed by the state auditor. The state auditor shall transmit
 296.16 annually to the State Board of Investment a list or lists of covered pension plans which
 296.17 submitted certifications in order to facilitate reporting by the State Board of Investment
 296.18 under paragraph (c).

296.19 (b) For the St. Paul Teachers Retirement Fund Association and the University of
 296.20 Minnesota faculty supplemental retirement plan, the information required under this section
 296.21 must be submitted to the state auditor by June 1 of each year.

296.22 (c) The State Board of Investment, on behalf of pension funds specified in subdivision
 296.23 1, paragraph (c), shall report information required under this section by September 1 of each
 296.24 year.

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

296.26 Sec. 11. Minnesota Statutes 2018, section 423A.02, subdivision 1b, is amended to read:

296.27 Subd. 1b. **Additional amortization state aid.** (a) Annually, the commissioner shall
 296.28 allocate the additional amortization state aid, if any, including any state aid in excess of the
 296.29 limitation in subdivision 4, on the following basis:

296.30 (1) 47.1 percent to the city of Minneapolis to defray the employer costs associated with
 296.31 police and firefighter retirement coverage;

297.1 (2) 25.8 percent as additional funding to support the minimum fire state aid for volunteer
 297.2 firefighter relief associations under section ~~69.021, subdivision 7, paragraph (d)~~ 477B.03,
 297.3 subdivision 5;

297.4 (3) 12.9 percent to the city of Duluth to defray employer costs associated with police
 297.5 and firefighter retirement coverage;

297.6 (4) 12.9 percent to the St. Paul Teachers Retirement Fund Association if the investment
 297.7 performance requirement of paragraph (c) is met; and

297.8 (5) 1.3 percent to the city of Virginia to defray the employer contribution under section
 297.9 353.665, subdivision 8, paragraph (d).

297.10 If there is no additional employer contribution under section 353.665, subdivision 8,
 297.11 paragraph (b), certified under subdivision 1, paragraph (d), clause (2), with respect to the
 297.12 former Minneapolis Police Relief Association and the former Minneapolis Fire Department
 297.13 Relief Association, the commissioner shall allocate that 47.1 percent of the aid as follows:
 297.14 49 percent to the Teachers Retirement Association, 21 percent to the St. Paul Teachers
 297.15 Retirement Fund Association, and 30 percent as additional funding to support minimum
 297.16 fire state aid for volunteer firefighter relief associations under section ~~69.021, subdivision~~
 297.17 ~~7, paragraph (d)~~ 477B.03, subdivision 5. If there is no employer contribution by the city of
 297.18 Virginia under section 353.665, subdivision 8, paragraph (d), for the former Virginia Fire
 297.19 Department Relief Association certified on or before June 30 by the executive director of
 297.20 the Public Employees Retirement Association, the commissioner shall allocate that 1.3
 297.21 percent of the aid as follows: 49 percent to the Teachers Retirement Association, 21 percent
 297.22 to the St. Paul Teachers Retirement Fund Association, and 30 percent as additional funding
 297.23 to support minimum fire state aid for volunteer firefighter relief associations under section
 297.24 ~~69.021, subdivision 7, paragraph (d)~~ 477B.03, subdivision 5.

297.25 (b) The allocation must be made by the commissioner of revenue on October 1 annually.

297.26 (c) With respect to the St. Paul Teachers Retirement Fund Association, annually, if the
 297.27 teacher's association five-year average time-weighted rate of investment return does not
 297.28 equal or exceed the performance of a composite portfolio assumed passively managed
 297.29 (indexed) invested ten percent in cash equivalents, 60 percent in bonds and similar debt
 297.30 securities, and 30 percent in domestic stock calculated using the formula under section
 297.31 11A.04, clause (11), the aid allocation to the retirement fund under this section ceases until
 297.32 the five-year annual rate of investment return equals or exceeds the performance of that
 297.33 composite portfolio.

298.1 (d) The amounts required under this subdivision are the amounts annually appropriated
 298.2 to the commissioner of revenue under section ~~69.021, subdivision 11~~ 477B.03, subdivision
 298.3 5, paragraph (d), if any, and the aid amounts in excess of the limitation in subdivision 4.

298.4 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

298.5 Sec. 12. Minnesota Statutes 2018, section 423A.02, subdivision 3, is amended to read:

298.6 Subd. 3. **Reallocation of amortization state aid.** (a) Seventy percent of the difference
 298.7 between \$5,720,000 and the current year amortization aid distributed under subdivision 1
 298.8 that is not distributed for any reason to a municipality must be distributed by the
 298.9 commissioner of revenue according to this paragraph. The commissioner shall distribute
 298.10 60 percent of the amounts derived under this paragraph to the Teachers Retirement
 298.11 Association, and 40 percent to the St. Paul Teachers Retirement Fund Association to fund
 298.12 the unfunded actuarial accrued liabilities of the respective funds. These payments must be
 298.13 made on July 15 each fiscal year. If the St. Paul Teachers Retirement Fund Association or
 298.14 the Teachers Retirement Association satisfies subdivision 5, eligibility for its portion of this
 298.15 aid ceases. Amounts remaining in the undistributed balance account at the end of the
 298.16 biennium if aid eligibility ceases cancel to the general fund.

298.17 (b) In order to receive amortization aid under paragraph (a), before June 30 annually
 298.18 Independent School District No. 625, St. Paul, must make an additional contribution of
 298.19 \$800,000 each year to the St. Paul Teachers Retirement Fund Association.

298.20 (c) Thirty percent of the difference between \$5,720,000 and the current year amortization
 298.21 aid under subdivision 1 that is not distributed for any reason to a municipality must be
 298.22 distributed under section ~~69.021, subdivision 7, paragraph (d)~~ 477B.03, subdivision 5, as
 298.23 additional funding to support a minimum fire state aid amount for volunteer firefighter relief
 298.24 associations.

298.25 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

298.26 Sec. 13. Minnesota Statutes 2018, section 423A.022, subdivision 2, is amended to read:

298.27 Subd. 2. **Allocation.** (a) Of the total amount appropriated as supplemental state aid:

298.28 (1) 58.064 percent must be paid to the executive director of the Public Employees
 298.29 Retirement Association for deposit in the public employees police and fire retirement fund
 298.30 established by section 353.65, subdivision 1;

298.31 (2) 35.484 percent must be paid to municipalities other than municipalities solely
 298.32 employing firefighters with retirement coverage provided by the public employees police

299.1 and fire retirement plan which qualified to receive fire state aid in that calendar year, allocated
 299.2 in proportion to the most recent amount of fire state aid paid under section ~~69.021~~,
 299.3 ~~subdivision 7~~ 477B.04, for the municipality bears to the most recent total fire state aid for
 299.4 all municipalities other than the municipalities solely employing firefighters with retirement
 299.5 coverage provided by the public employees police and fire retirement plan paid under section
 299.6 ~~69.021~~, ~~subdivision 7~~ 477B.04, with the allocated amount for fire departments participating
 299.7 in the voluntary statewide lump-sum volunteer firefighter retirement plan paid to the
 299.8 executive director of the Public Employees Retirement Association for deposit in the fund
 299.9 established by section 353G.02, subdivision 3, and credited to the respective account and
 299.10 with the balance paid to the treasurer of each municipality for transmittal within 30 days of
 299.11 receipt to the treasurer of the applicable volunteer firefighter relief association for deposit
 299.12 in its special fund; and

299.13 (3) 6.452 percent must be paid to the executive director of the Minnesota State Retirement
 299.14 System for deposit in the state patrol retirement fund.

299.15 (b) For purposes of this section, the term "municipalities" includes independent nonprofit
 299.16 firefighting corporations that participate in the voluntary statewide lump-sum volunteer
 299.17 firefighter retirement plan under chapter 353G or with subsidiary volunteer firefighter relief
 299.18 associations operating under chapter 424A.

299.19 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

299.20 Sec. 14. Minnesota Statutes 2018, section 423A.022, subdivision 4, is amended to read:

299.21 Subd. 4. **Payments; conditions prerequisite.** (a) The payments under this section must
 299.22 be made on October 1 each year, with interest at one percent for each month, or portion of
 299.23 a month, that the amount remains unpaid after October 1. Any necessary adjustments must
 299.24 be made to subsequent payments.

299.25 (b) The provisions of ~~sections 69.011 to 69.051~~ chapter 477B and section 424A.014 that
 299.26 prevent municipalities and relief associations from being eligible for, or receiving fire state
 299.27 aid under ~~sections 69.011 to 69.051~~ chapter 477B and section 424A.014 until the applicable
 299.28 financial reporting requirements have been complied with, apply to the amounts payable to
 299.29 municipalities and relief associations under this section.

299.30 **EFFECTIVE DATE.** This section is effective July 1, 2019, except the references to
 299.31 Minnesota Statutes, chapter 477B, are effective for aids payable in 2020 and thereafter.

300.1 Sec. 15. Minnesota Statutes 2018, section 424A.016, subdivision 2, is amended to read:

300.2 Subd. 2. **Defined contribution service pension eligibility.** (a) A relief association,
300.3 when its articles of incorporation or bylaws so provide, may pay out of the assets of its
300.4 special fund a defined contribution service pension to each of its members who:

300.5 (1) separates from active service with the fire department;

300.6 (2) reaches age 50;

300.7 (3) completes at least five years of active service as an active member of the fire
300.8 department to which the relief association is associated;

300.9 (4) completes at least five years of active membership with the relief association before
300.10 separation from active service; and

300.11 (5) complies with any additional conditions as to age, service, and membership that are
300.12 prescribed by the bylaws of the relief association.

300.13 (b) In the case of a member who has completed at least five years of active service as
300.14 an active member of the fire department to which the relief association is associated on the
300.15 date that the relief association is established and incorporated, the requirement that the
300.16 member complete at least five years of active membership with the relief association before
300.17 separation from active service may be waived by the board of trustees of the relief association
300.18 if the member completes at least five years of inactive membership with the relief association
300.19 before the date of the payment of the service pension. During the period of inactive
300.20 membership, the member is not entitled to receive any disability benefit coverage, is not
300.21 entitled to receive additional individual account allocation of fire state aid or municipal
300.22 contribution towards a service pension, and is considered to have the status of a person
300.23 entitled to a deferred service pension.

300.24 (c) The service pension earned by a volunteer under this chapter and the articles of
300.25 incorporation and bylaws of the relief association may be paid whether or not the municipality
300.26 or independent nonprofit firefighting corporation to which the relief association is associated
300.27 qualifies for the receipt of fire state aid under chapter ~~69~~ 477B.

300.28 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

300.29 Sec. 16. Minnesota Statutes 2018, section 424A.016, subdivision 4, is amended to read:

300.30 Subd. 4. **Individual accounts.** (a) An individual account must be established for each
300.31 firefighter who is a member of the relief association.

300.32 (b) To each individual active member account must be credited an equal share of:

301.1 (1) any amounts of fire state aid and police and firefighter retirement supplemental state
301.2 aid received by the relief association;

301.3 (2) any amounts of municipal contributions to the relief association raised from levies
301.4 on real estate or from other available municipal revenue sources exclusive of fire state aid;
301.5 and

301.6 (3) any amounts equal to the share of the assets of the special fund to the credit of:

301.7 (i) any former member who terminated active service with the fire department to which
301.8 the relief association is associated before meeting the minimum service requirement provided
301.9 for in subdivision 2, paragraph (b), and has not returned to active service with the fire
301.10 department for a period no shorter than five years; or

301.11 (ii) any retired member who retired before obtaining a full nonforfeitable interest in the
301.12 amounts credited to the individual member account under subdivision 2, paragraph (b), and
301.13 any applicable provision of the bylaws of the relief association. In addition, any investment
301.14 return on the assets of the special fund must be credited in proportion to the share of the
301.15 assets of the special fund to the credit of each individual active member account.

301.16 Administrative expenses of the relief association payable from the special fund may be
301.17 deducted from individual accounts in a manner specified in the bylaws of the relief
301.18 association.

301.19 (c) If the bylaws so permit and as the bylaws define, the relief association may credit
301.20 any investment return on the assets of the special fund to the accounts of inactive members.

301.21 (d) Amounts to be credited to individual accounts must be allocated uniformly for all
301.22 years of active service and allocations must be made for all years of service, except for caps
301.23 on service credit if so provided in the bylaws of the relief association. Amounts forfeited
301.24 under paragraph (b), clause (3), before a resumption of active service and membership under
301.25 section 424A.01, subdivision 6, remain forfeited and may not be reinstated upon the
301.26 resumption of active service and membership. The allocation method may utilize monthly
301.27 proration for fractional years of service, as the bylaws or articles of incorporation of the
301.28 relief association so provide. The bylaws or articles of incorporation may define a "month,"
301.29 but the definition must require a calendar month to have at least 16 days of active service.
301.30 If the bylaws or articles of incorporation do not define a "month," a "month" is a completed
301.31 calendar month of active service measured from the member's date of entry to the same date
301.32 in the subsequent month.

301.33 (e) At the time of retirement under subdivision 2 and any applicable provision of the
301.34 bylaws of the relief association, a retiring member is entitled to that portion of the assets of

302.1 the special fund to the credit of the member in the individual member account which is
302.2 nonforfeitable under subdivision 3 and any applicable provision of the bylaws of the relief
302.3 association based on the number of years of service to the credit of the retiring member.

302.4 (f) Annually, the secretary of the relief association shall certify the individual account
302.5 allocations to the state auditor at the same time that the annual financial statement or financial
302.6 report and audit of the relief association, whichever applies, is due under section ~~69.051~~
302.7 424A.014.

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

302.9 Sec. 17. Minnesota Statutes 2018, section 424A.02, subdivision 1, is amended to read:

302.10 Subdivision 1. **Authorization.** (a) A defined benefit relief association, when its articles
302.11 of incorporation or bylaws so provide, may pay out of the assets of its special fund a defined
302.12 benefit service pension to each of its members who: (1) separates from active service with
302.13 the fire department; (2) reaches age 50; (3) completes at least five years of active service
302.14 as an active member of the fire department to which the relief association is associated; (4)
302.15 completes at least five years of active membership with the relief association before
302.16 separation from active service; and (5) complies with any additional conditions as to age,
302.17 service, and membership that are prescribed by the bylaws of the relief association. A service
302.18 pension computed under this section may be prorated monthly for fractional years of service
302.19 as the bylaws or articles of incorporation of the relief association so provide. The bylaws
302.20 or articles of incorporation may define a "month," but the definition must require a calendar
302.21 month to have at least 16 days of active service. If the bylaws or articles of incorporation
302.22 do not define a "month," a "month" is a completed calendar month of active service measured
302.23 from the member's date of entry to the same date in the subsequent month. The service
302.24 pension earned by a volunteer firefighter under this chapter and the articles of incorporation
302.25 and bylaws of the volunteer firefighters relief association may be paid whether or not the
302.26 municipality or independent nonprofit firefighting corporation to which the relief association
302.27 is associated qualifies for the receipt of fire state aid under chapter ~~69~~ 477B.

302.28 (b) In the case of a member who has completed at least five years of active service as
302.29 an active member of the fire department to which the relief association is associated on the
302.30 date that the relief association is established and incorporated, the requirement that the
302.31 member complete at least five years of active membership with the relief association before
302.32 separation from active service may be waived by the board of trustees of the relief association
302.33 if the member completes at least five years of inactive membership with the relief association
302.34 before the date of the payment of the service pension. During the period of inactive

303.1 membership, the member is not entitled to receive disability benefit coverage, is not entitled
303.2 to receive additional service credit towards computation of a service pension, and is
303.3 considered to have the status of a person entitled to a deferred service pension under
303.4 subdivision 7.

303.5 (c) No municipality, independent nonprofit firefighting corporation, or joint powers
303.6 entity may delegate the power to take final action in setting a service pension or ancillary
303.7 benefit amount or level to the board of trustees of the relief association or to approve in
303.8 advance a service pension or ancillary benefit amount or level equal to the maximum amount
303.9 or level that this chapter would allow rather than a specific dollar amount or level.

303.10 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

303.11 Sec. 18. Minnesota Statutes 2018, section 424A.02, subdivision 3a, is amended to read:

303.12 Subd. 3a. **Penalty for paying pension greater than applicable maximum.** (a) If a
303.13 defined benefit relief association pays a service pension greater than the maximum service
303.14 pension associated with the applicable average amount of available financing per active
303.15 covered firefighter under the table in subdivision 3, paragraph (c) or (d), whichever applies,
303.16 the maximum service pension under subdivision 3, paragraph (f), or the applicable maximum
303.17 service pension amount specified in subdivision 3, paragraph (g), whichever is less, the
303.18 state auditor shall:

303.19 (1) disqualify the municipality or the independent nonprofit firefighting corporation
303.20 associated with the relief association from receiving fire state aid by making the appropriate
303.21 notification to the municipality and the commissioner of revenue, with the disqualification
303.22 applicable for the next apportionment and payment of fire state aid; and

303.23 (2) order the treasurer of the applicable relief association to recover the amount of the
303.24 overpaid service pension or pensions from any retired firefighter who received an
303.25 overpayment.

303.26 (b) Fire state aid amounts from disqualified municipalities for the period of
303.27 disqualifications under paragraph (a), clause (1), must be credited to the amount of fire
303.28 insurance premium tax proceeds available for the next subsequent fire state aid
303.29 apportionment.

303.30 (c) The amount of any overpaid service pension recovered under paragraph (a), clause
303.31 (2), must be credited to the amount of fire insurance premium tax proceeds available for
303.32 the next subsequent fire state aid apportionment.

304.1 (d) The determination of the state auditor that a relief association has paid a service
 304.2 pension greater than the applicable maximum must be made on the basis of the information
 304.3 filed by the relief association and the municipality with the state auditor under ~~sections~~
 304.4 ~~69.011, subdivision 2, and 69.051, subdivision 1 or 1a, whichever applies, this chapter and~~
 304.5 any other relevant information that comes to the attention of the state auditor. The
 304.6 determination of the state auditor is final. An aggrieved municipality, relief association, or
 304.7 person may appeal the determination under section 480A.06.

304.8 (e) The state auditor may certify, upon learning that a relief association overpaid a service
 304.9 pension based on an error in the maximum service pension calculation, the municipality or
 304.10 independent nonprofit firefighting corporation associated with the relief association for fire
 304.11 state aid if (1) there is evidence that the error occurred in good faith, and (2) the relief
 304.12 association has initiated recovery of any overpayment amount. Notwithstanding paragraph
 304.13 (c), all overpayments recovered under this paragraph must be credited to the relief
 304.14 association's special fund.

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

304.16 Sec. 19. Minnesota Statutes 2018, section 424A.02, subdivision 10, is amended to read:

304.17 Subd. 10. **Local approval of bylaw amendments; filing requirements.** (a) Each defined
 304.18 benefit relief association to which this section applies must file a revised copy of its governing
 304.19 bylaws with the state auditor upon the adoption of any amendment to its governing bylaws
 304.20 by the relief association or upon the approval of any amendment to its governing bylaws
 304.21 granted by the governing body of each municipality served by the fire department to which
 304.22 the relief association is directly associated. Failure of the relief association to file a copy of
 304.23 the bylaws or any bylaw amendments with the state auditor disqualifies the municipality
 304.24 from the distribution of any future fire state aid until this filing requirement has been
 304.25 completed.

304.26 (b) If the special fund of the relief association does not have a surplus over full funding
 304.27 under section 424A.092, subdivision 3, paragraph (c), clause (5), or 424A.093, subdivision
 304.28 4, and if the municipality is required to provide financial support to the special fund of the
 304.29 relief association under section 424A.092 or 424A.093, no bylaw amendment which would
 304.30 affect the amount of, the manner of payment of, or the conditions for qualification for service
 304.31 pensions or ancillary benefits or disbursements other than administrative expenses authorized
 304.32 under section ~~69.80~~ 424A.05, subdivision 3b, payable from the special fund of the relief
 304.33 association is effective until it has been ratified as required under section 424A.092,
 304.34 subdivision 6, or 424A.093, subdivision 6. If the special fund of the relief association has

305.1 a surplus over full funding under section 424A.092, subdivision 3, or 424A.093, subdivision
 305.2 4, and if the municipality is not required to provide financial support to the special fund
 305.3 under this section, the relief association may adopt or amend without municipal ratification
 305.4 its articles of incorporation or bylaws which increase or otherwise affect the service pensions
 305.5 or ancillary benefits payable from the special fund if authorized under section 424A.092,
 305.6 subdivision 6, or 424A.093, subdivision 6.

305.7 (c) If the relief association pays only a lump-sum pension, the financial requirements
 305.8 are to be determined by the board of trustees following the preparation of an estimate of
 305.9 the expected increase in the accrued liability and annual accruing liability of the relief
 305.10 association attributable to the change. If the relief association pays a monthly benefit service
 305.11 pension, the financial requirements are to be determined by the board of trustees following
 305.12 either an updated actuarial valuation including the proposed change or an estimate of the
 305.13 expected actuarial impact of the proposed change prepared by the actuary of the relief
 305.14 association. If a relief association adopts or amends its articles of incorporation or bylaws
 305.15 without municipal ratification under this subdivision, and, subsequent to the amendment or
 305.16 adoption, the financial requirements of the special fund under this section are such so as to
 305.17 require financial support from the municipality, the provision which was implemented
 305.18 without municipal ratification is no longer effective without municipal ratification, and any
 305.19 service pensions or ancillary benefits payable after that date must be paid only in accordance
 305.20 with the articles of incorporation or bylaws as amended or adopted with municipal
 305.21 ratification.

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

305.23 Sec. 20. Minnesota Statutes 2018, section 424A.03, subdivision 2, is amended to read:

305.24 Subd. 2. **Penalties for violations.** A municipality which has a fire department associated
 305.25 with a relief association which violates the provisions of subdivision 1 is directly associated
 305.26 or which contracts with an independent nonprofit firefighting corporation associated with
 305.27 a relief association which violates the provisions of subdivision 1 is a subsidiary may not
 305.28 be included in the apportionment of fire state aid ~~to the applicable county auditor and police~~
 305.29 and firefighter retirement supplemental state aid payable under section 69.021, subdivision
 305.30 6, chapter 477B and section 423A.022 and may not be included in the apportionment of
 305.31 fire state aid ~~by the county auditor~~ to the various municipalities under section 69.021,
 305.32 ~~subdivision 7~~ 477B.03.

305.33 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

306.1 Sec. 21. Minnesota Statutes 2018, section 424A.05, subdivision 2, is amended to read:

306.2 Subd. 2. **Special fund assets and revenues.** The special fund must be credited with all
306.3 fire state aid and police and firefighter retirement supplemental state aid received under
306.4 ~~sections 69.011 to 69.051~~ chapter 477B and section 423A.022, all taxes levied by or other
306.5 revenues received from the municipality under sections 424A.091 to 424A.096 or any
306.6 applicable special law requiring municipal support for the relief association, any funds or
306.7 property donated, given, granted or devised by any person which is specified for use for the
306.8 support of the special fund and any interest or investment return earned upon the assets of
306.9 the special fund. The treasurer of the relief association is the custodian of the assets of the
306.10 special fund and must be the recipient on behalf of the special fund of all revenues payable
306.11 to the special fund. The treasurer shall maintain adequate records documenting any
306.12 transaction involving the assets or the revenues of the special fund. These records and the
306.13 bylaws of the relief association are public and must be open for inspection by any member
306.14 of the relief association, any officer or employee of the state or of the municipality, or any
306.15 member of the public, at reasonable times and places.

306.16 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

306.17 Sec. 22. Minnesota Statutes 2018, section 424A.05, subdivision 3, is amended to read:

306.18 Subd. 3. **Authorized disbursements from special fund.** (a) Disbursements from the
306.19 special fund may not be made for any purpose other than one of the following:

306.20 (1) for the payment of service pensions to retired members of the relief association if
306.21 authorized and paid under law and the bylaws governing the relief association;

306.22 (2) for the purchase of an annuity for the applicable person under section 424A.015,
306.23 subdivision 3, for the transfer of service pension or benefit amounts to the applicable person's
306.24 individual retirement account under section 424A.015, subdivision 4, or to the applicable
306.25 person's account in the Minnesota deferred compensation plan under section 424A.015,
306.26 subdivision 5;

306.27 (3) for the payment of temporary or permanent disability benefits to disabled members
306.28 of the relief association if authorized and paid under law and specified in amount in the
306.29 bylaws governing the relief association;

306.30 (4) for the payment of survivor benefits or for the payment of a death benefit to the estate
306.31 of the deceased active or deferred firefighter, if authorized and paid under law and specified
306.32 in amount in the bylaws governing the relief association;

307.1 (5) for the payment of the fees, dues and assessments to the Minnesota State Fire
 307.2 Department Association and to the Minnesota State Fire Chiefs Association in order to
 307.3 entitle relief association members to membership in and the benefits of these associations
 307.4 or organizations;

307.5 (6) for the payment of insurance premiums to the state Volunteer Firefighters Benefit
 307.6 Association, or an insurance company licensed by the state of Minnesota offering casualty
 307.7 insurance, in order to entitle relief association members to membership in and the benefits
 307.8 of the association or organization; and

307.9 (7) for the payment of administrative expenses of the relief association as authorized
 307.10 under ~~section 69.80~~ subdivision 3b.

307.11 (b) Checks or authorizations for electronic fund transfers for disbursements authorized
 307.12 by this section must be signed by the relief association treasurer and at least one other elected
 307.13 trustee who has been designated by the board of trustees to sign the checks or authorizations.
 307.14 A relief association may make disbursements authorized by this subdivision by electronic
 307.15 fund transfers only if the specific method of payment and internal control policies and
 307.16 procedures regarding the method are approved by the board of trustees.

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

307.18 Sec. 23. Minnesota Statutes 2018, section 424A.07, is amended to read:

307.19 **424A.07 NONPROFIT FIREFIGHTING CORPORATIONS; ESTABLISHMENT**
 307.20 **OF RELIEF ASSOCIATIONS.**

307.21 Before paying any service pensions or retirement benefits under section 424A.02 or
 307.22 before becoming entitled to receive any amounts of fire state aid upon transmittal from a
 307.23 contracting municipality under section ~~69.031, subdivision 5~~ 477B.04, subdivision 3, an
 307.24 independent nonprofit firefighting corporation shall establish a volunteer firefighters relief
 307.25 association governed by this chapter.

307.26 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

307.27 Sec. 24. Minnesota Statutes 2018, section 424A.091, subdivision 3, is amended to read:

307.28 Subd. 3. **Remedy for noncompliance; determination.** (a) A municipality in which
 307.29 there exists a firefighters relief association as specified in subdivision 1 which does not
 307.30 comply with the applicable provisions of sections 424A.091 to 424A.096 or the provisions
 307.31 of any applicable special law relating to the funding or financing of the association does
 307.32 not qualify initially to receive, and is not entitled subsequently to retain, fire state aid under

308.1 ~~sections 69.011 to 69.051~~ chapter 477B until the reason for the disqualification specified
308.2 by the state auditor is remedied, whereupon the municipality or relief association, if otherwise
308.3 qualified, is entitled to again receive fire state aid for the year occurring immediately
308.4 subsequent to the year in which the disqualification is remedied.

308.5 (b) The state auditor shall determine if a municipality to which a firefighters' relief
308.6 association is directly associated or a firefighters relief association fails to comply with the
308.7 provisions of sections 424A.091 to 424A.096 or the funding or financing provisions of any
308.8 applicable special law based upon the information contained in the annual financial report
308.9 of the firefighters relief association required under section ~~69.051~~ 424A.014, the actuarial
308.10 valuation of the relief association, if applicable, the relief association officers' financial
308.11 requirements of the relief association and minimum municipal obligation determination
308.12 documentation under section 424A.092, subdivisions 3 and 4; 424A.093, subdivisions 4
308.13 and 5; or 424A.094, subdivision 2, if requested to be filed by the state auditor, the applicable
308.14 municipal or independent nonprofit firefighting corporation budget, if requested to be filed
308.15 by the state auditor, and any other relevant documents or reports obtained by the state
308.16 auditor.

308.17 (c) The municipality or independent nonprofit firefighting corporation and the associated
308.18 relief association are not eligible to receive or to retain fire state aid if:

308.19 (1) the relief association fails to prepare or to file the financial report or financial
308.20 statement under section ~~69.051~~ 424A.014;

308.21 (2) the relief association treasurer is not bonded in the manner and in the amount required
308.22 by ~~section 69.051, subdivision 2~~ 424A.014, subdivision 4;

308.23 (3) the relief association officers fail to determine or improperly determine the accrued
308.24 liability and the annual accruing liability of the relief association under section 424A.092,
308.25 subdivisions 2, 2a, and 3, paragraph (c), clause (2), if applicable;

308.26 (4) if applicable, the relief association officers fail to obtain and file a required actuarial
308.27 valuation or the officers file an actuarial valuation that does not contain the special fund
308.28 actuarial liability calculated under the entry age normal actuarial cost method, the special
308.29 fund current assets, the special fund unfunded actuarial accrued liability, the special fund
308.30 normal cost under the entry age normal actuarial cost method, the amortization requirement
308.31 for the special fund unfunded actuarial accrued liability by the applicable target date, a
308.32 summary of the applicable benefit plan, a summary of the membership of the relief
308.33 association, a summary of the actuarial assumptions used in preparing the valuation, and a

309.1 signed statement by the actuary attesting to its results and certifying to the qualifications of
309.2 the actuary as an approved actuary under section 356.215, subdivision 1, paragraph (c);

309.3 (5) the municipality failed to provide a municipal contribution, or the independent
309.4 nonprofit firefighting corporation failed to provide a corporate contribution, in the amount
309.5 equal to the minimum municipal obligation if the relief association is governed under section
309.6 424A.092, or the amount necessary, when added to the fire state aid actually received in
309.7 the plan year in question, to at least equal in total the calculated annual financial requirements
309.8 of the special fund of the relief association if the relief association is governed under section
309.9 424A.093, and, if the municipal or corporate contribution is deficient, the municipality
309.10 failed to include the minimum municipal obligation certified under section 424A.092,
309.11 subdivision 3, or 424A.093, subdivision 5, in its budget and tax levy or the independent
309.12 nonprofit firefighting corporation failed to include the minimum corporate obligation certified
309.13 under section 424A.094, subdivision 2, in the corporate budget;

309.14 (6) the defined benefit relief association did not receive municipal ratification for the
309.15 most recent plan amendment when municipal ratification was required under section 424A.02,
309.16 subdivision 10; 424A.092, subdivision 6; or 424A.093, subdivision 6;

309.17 (7) the relief association invested special fund assets in an investment security that is
309.18 not authorized under section 424A.095;

309.19 (8) the relief association had an administrative expense that is not authorized under
309.20 section ~~69.80~~ or 424A.05, subdivision 3 or 3b, or the municipality had an expenditure that
309.21 is not authorized under section 424A.08;

309.22 (9) the relief association officers fail to provide a complete and accurate public pension
309.23 plan investment portfolio and performance disclosure under section 356.219;

309.24 (10) the relief association fails to obtain the acknowledgment from a broker of the
309.25 statement of investment restrictions under section 356A.06, subdivision 8b;

309.26 (11) the relief association officers permitted to occur a prohibited transaction under
309.27 section 356A.06, subdivision 9, or 424A.04, subdivision 2a, or failed to undertake correction
309.28 of a prohibited transaction that did occur; or

309.29 (12) the relief association pays a defined benefit service pension in an amount that is in
309.30 excess of the applicable service pension maximum under section 424A.02, subdivision 3.

309.31 **EFFECTIVE DATE.** This section is effective July 1, 2019, except the reference to
309.32 Minnesota Statutes, chapter 477B, is effective for aids payable in 2020 and thereafter.

310.1 Sec. 25. Minnesota Statutes 2018, section 424A.092, subdivision 3, is amended to read:

310.2 Subd. 3. **Financial requirements of relief association; minimum obligation of**
310.3 **municipality.** (a) During the month of July, the officers of the relief association shall
310.4 determine the overall funding balance of the special fund for the current calendar year, the
310.5 financial requirements of the special fund for the following calendar year and the minimum
310.6 obligation of the municipality with respect to the special fund for the following calendar
310.7 year in accordance with the requirements of this subdivision.

310.8 (b) The overall funding balance of the special fund for the current calendar year must
310.9 be determined in the following manner:

310.10 (1) The total accrued liability of the special fund for all active and deferred members of
310.11 the relief association as of December 31 of the current year must be calculated under
310.12 subdivisions 2 and 2a, if applicable.

310.13 (2) The total present assets of the special fund projected to December 31 of the current
310.14 year, including receipts by and disbursements from the special fund anticipated to occur on
310.15 or before December 31, must be calculated. To the extent possible, for those assets for which
310.16 a market value is readily ascertainable, the current market value as of the date of the
310.17 calculation for those assets must be utilized in making this calculation. For any asset for
310.18 which no market value is readily ascertainable, the cost value or the book value, whichever
310.19 is applicable, must be utilized in making this calculation.

310.20 (3) The amount of the total present assets of the special fund calculated under clause (2)
310.21 must be subtracted from the amount of the total accrued liability of the special fund calculated
310.22 under clause (1). If the amount of total present assets exceeds the amount of the total accrued
310.23 liability, then the special fund is considered to have a surplus over full funding. If the amount
310.24 of the total present assets is less than the amount of the total accrued liability, then the
310.25 special fund is considered to have a deficit from full funding. If the amount of total present
310.26 assets is equal to the amount of the total accrued liability, then the special fund is considered
310.27 to be fully funded.

310.28 (c) The financial requirements of the special fund for the following calendar year must
310.29 be determined in the following manner:

310.30 (1) The total accrued liability of the special fund for all active and deferred members of
310.31 the relief association as of December 31 of the calendar year next following the current
310.32 calendar year must be calculated under subdivisions 2 and 2a, if applicable.

311.1 (2) The increase in the total accrued liability of the special fund for the following calendar
311.2 year over the total accrued liability of the special fund for the current year must be calculated.

311.3 (3) The amount of anticipated future administrative expenses of the special fund must
311.4 be calculated by multiplying the dollar amount of the administrative expenses of the special
311.5 fund for the most recent prior calendar year by the factor of 1.035.

311.6 (4) If the special fund is fully funded, the financial requirements of the special fund for
311.7 the following calendar year are the total of the amounts calculated under clauses (2) and
311.8 (3).

311.9 (5) If the special fund has a deficit from full funding, the financial requirements of the
311.10 special fund for the following calendar year are the financial requirements of the special
311.11 fund calculated as though the special fund were fully funded under clause (4) plus an amount
311.12 equal to one-tenth of the original amount of the deficit from full funding of the special fund
311.13 as determined under clause (2) resulting either from an increase in the amount of the service
311.14 pension occurring in the last ten years or from a net annual investment loss occurring during
311.15 the last ten years until each increase in the deficit from full funding is fully retired. The
311.16 annual amortization contribution under this clause may not exceed the amount of the deficit
311.17 from full funding.

311.18 (6) If the special fund has a surplus over full funding, the financial requirements of the
311.19 special fund for the following calendar year are the financial requirements of the special
311.20 fund calculated as though the special fund were fully funded under clause (4) reduced by
311.21 an amount equal to one-tenth of the amount of the surplus over full funding of the special
311.22 fund.

311.23 (d) The minimum obligation of the municipality with respect to the special fund is the
311.24 financial requirements of the special fund reduced by the amount of any fire state aid and
311.25 police and firefighter retirement supplemental state aid payable under ~~sections 69.011 to~~
311.26 ~~69.051~~ chapter 477B and section 423A.022 reasonably anticipated to be received by the
311.27 municipality for transmittal to the special fund during the following calendar year, an amount
311.28 of interest on the assets of the special fund projected to the beginning of the following
311.29 calendar year calculated at the rate of five percent per annum, and the amount of any
311.30 contributions to the special fund required by the relief association bylaws from the active
311.31 members of the relief association reasonably anticipated to be received during the following
311.32 calendar year. A reasonable amount of anticipated fire state aid is an amount that does not
311.33 exceed the fire state aid actually received in the prior year multiplied by the factor 1.035.

311.34 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

312.1 Sec. 26. Minnesota Statutes 2018, section 424A.092, subdivision 4, is amended to read:

312.2 Subd. 4. **Certification of financial requirements and minimum municipal obligation;**
312.3 **levy.** (a) The officers of the relief association shall certify the financial requirements of the
312.4 special fund of the relief association and the minimum obligation of the municipality with
312.5 respect to the special fund of the relief association as determined under subdivision 3 on or
312.6 before August 1 of each year. The certification must be made to the entity that is responsible
312.7 for satisfying the minimum obligation with respect to the special fund of the relief association.
312.8 If the responsible entity is a joint powers entity, the certification must be made in the manner
312.9 specified in the joint powers agreement, or if the joint powers agreement is silent on this
312.10 point, the certification must be made to the chair of the joint powers board.

312.11 (b) The financial requirements of the relief association and the minimum municipal
312.12 obligation must be included in the financial report or financial statement under section
312.13 ~~69.051~~ 424A.014. The schedule forms related to the determination of the financial
312.14 requirements must be filed with the state auditor by March 31, annually, if the relief
312.15 association is required to file a financial statement under section ~~69.051, subdivision 1a~~
312.16 424A.014, subdivision 2, or by June 30, annually, if the relief association is required to file
312.17 a financial report and audit under section ~~69.051, subdivision 1~~ 424A.014, subdivision 1.

312.18 (c) The municipality shall provide for at least the minimum obligation of the municipality
312.19 with respect to the special fund of the relief association by tax levy or from any other source
312.20 of public revenue.

312.21 (d) The municipality may levy taxes for the payment of the minimum municipal obligation
312.22 without any limitation as to rate or amount and irrespective of any limitations imposed by
312.23 other provisions of law upon the rate or amount of taxation until the balance of the special
312.24 fund or any fund of the relief association has attained a specified level. In addition, any
312.25 taxes levied under this section must not cause the amount or rate of any other taxes levied
312.26 in that year or to be levied in a subsequent year by the municipality which are subject to a
312.27 limitation as to rate or amount to be reduced.

312.28 (e) If the municipality does not include the full amount of the minimum municipal
312.29 obligations in its levy for any year, the officers of the relief association shall certify that
312.30 amount to the county auditor, who shall spread a levy in the amount of the certified minimum
312.31 municipal obligation on the taxable property of the municipality.

312.32 (f) If the state auditor determines that a municipal contribution actually made in a plan
312.33 year was insufficient under section 424A.091, subdivision 3, paragraph (c), clause (5), the
312.34 state auditor may request a copy of the certifications under this subdivision from the relief

313.1 association or from the city. The relief association or the city, whichever applies, must
 313.2 provide the certifications within 14 days of the date of the request from the state auditor.

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

313.4 Sec. 27. Minnesota Statutes 2018, section 424A.093, subdivision 5, is amended to read:

313.5 Subd. 5. **Minimum municipal obligation.** (a) The officers of the relief association shall
 313.6 determine the minimum obligation of the municipality with respect to the special fund of
 313.7 the relief association for the following calendar year on or before August 1 of each year in
 313.8 accordance with the requirements of this subdivision.

313.9 (b) The minimum obligation of the municipality with respect to the special fund is an
 313.10 amount equal to the financial requirements of the special fund of the relief association
 313.11 determined under subdivision 4, reduced by the estimated amount of any fire state aid and
 313.12 police and firefighter retirement supplemental state aid payable under ~~sections 69.011 to~~
 313.13 ~~69.051~~ chapter 477B and section 423A.022 reasonably anticipated to be received by the
 313.14 municipality for transmittal to the special fund of the relief association during the following
 313.15 year and the amount of any anticipated contributions to the special fund required by the
 313.16 relief association bylaws from the active members of the relief association reasonably
 313.17 anticipated to be received during the following calendar year. A reasonable amount of
 313.18 anticipated fire state aid is an amount that does not exceed the fire state aid actually received
 313.19 in the prior year multiplied by the factor 1.035.

313.20 (c) The officers of the relief association shall certify the financial requirements of the
 313.21 special fund of the relief association and the minimum obligation of the municipality with
 313.22 respect to the special fund of the relief association as determined under subdivision 4 and
 313.23 this subdivision by August 1 of each year. The certification must be made to the entity that
 313.24 is responsible for satisfying the minimum obligation with respect to the special fund of the
 313.25 relief association. If the responsible entity is a joint powers entity, the certification must be
 313.26 made in the manner specified in the joint powers agreement, or if the joint powers agreement
 313.27 is silent on this point, the certification must be made to the chair of the joint powers board.

313.28 (d) The financial requirements of the relief association and the minimum municipal
 313.29 obligation must be included in the financial report or financial statement under section
 313.30 ~~69.051~~ 424A.014.

313.31 (e) The municipality shall provide for at least the minimum obligation of the municipality
 313.32 with respect to the special fund of the relief association by tax levy or from any other source
 313.33 of public revenue. The municipality may levy taxes for the payment of the minimum

314.1 municipal obligation without any limitation as to rate or amount and irrespective of any
 314.2 limitations imposed by other provisions of law or charter upon the rate or amount of taxation
 314.3 until the balance of the special fund or any fund of the relief association has attained a
 314.4 specified level. In addition, any taxes levied under this section must not cause the amount
 314.5 or rate of any other taxes levied in that year or to be levied in a subsequent year by the
 314.6 municipality which are subject to a limitation as to rate or amount to be reduced.

314.7 (f) If the municipality does not include the full amount of the minimum municipal
 314.8 obligation in its levy for any year, the officers of the relief association shall certify that
 314.9 amount to the county auditor, who shall spread a levy in the amount of the minimum
 314.10 municipal obligation on the taxable property of the municipality.

314.11 (g) If the state auditor determines that a municipal contribution actually made in a plan
 314.12 year was insufficient under section 424A.091, subdivision 3, paragraph (c), clause (5), the
 314.13 state auditor may request from the relief association or from the city a copy of the
 314.14 certifications under this subdivision. The relief association or the city, whichever applies,
 314.15 must provide the certifications within 14 days of the date of the request from the state auditor.

314.16 **EFFECTIVE DATE.** This section is effective July 1, 2019, except the reference to
 314.17 Minnesota Statutes, chapter 477B, is effective for aids payable in 2020 and thereafter.

314.18 Sec. 28. Minnesota Statutes 2018, section 424B.09, is amended to read:

314.19 **424B.09 ADMINISTRATIVE EXPENSES.**

314.20 The payment of authorized administrative expenses of the subsequent volunteer
 314.21 firefighters relief association must be from the special fund of the subsequent volunteer
 314.22 firefighters relief association in accordance with section ~~69.80~~ 424A.05, subdivision 3b,
 314.23 and as provided for in the bylaws of the subsequent volunteer firefighters relief association
 314.24 and approved by the board of trustees of the subsequent volunteer firefighters relief
 314.25 association. The payment of any other expenses of the subsequent volunteer firefighters
 314.26 relief association must be from the general fund of the subsequent volunteer firefighters
 314.27 relief association in accordance with section ~~69.80~~ 424A.05, subdivision 3b, and as provided
 314.28 for in the bylaws of the subsequent volunteer firefighters relief association and approved
 314.29 by the board of trustees of the subsequent volunteer firefighters relief association.

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

314.31 Sec. 29. **REPEALER.**

314.32 Minnesota Statutes 2018, section 69.022, is repealed.

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

315.2 **ARTICLE 23**

315.3 **DEPARTMENT OF REVENUE; MISCELLANEOUS; POLICY CHANGES**

315.4 Section 1. Minnesota Statutes 2018, section 270B.08, subdivision 2, is amended to read:

315.5 Subd. 2. **Revocation or cancellation.** When a taxpayer's sales tax permit has been
 315.6 revoked or canceled under section 270C.722 or 297A.84, the commissioner may disclose
 315.7 to any person data identifying the holder of the revoked or canceled permit, ~~stating~~ the basis
 315.8 for the revocation or cancellation, the date of the revocation or cancellation, and ~~stating~~
 315.9 ~~whether the~~ if a revoked or canceled permit has been reinstated, the date upon which the
 315.10 permit was reinstated.

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

315.12 Sec. 2. Minnesota Statutes 2018, section 297A.84, is amended to read:

315.13 **297A.84 PERMITS ISSUED AND NOT ISSUED; CANCELLATION.**

315.14 **Subdivision 1. Definitions.** (a) The following definitions apply for the purposes of this
 315.15 section.

315.16 (b) "Applicant" means an individual, corporation, or partnership. Applicant also includes
 315.17 any officer of a corporation or member of a partnership.

315.18 (c) "Delinquent sales tax" means tax not paid by the date the tax was due and payable
 315.19 under section 289A.20, subdivision 4, or an assessment not paid if the applicant has been
 315.20 issued an order assessing sales and use tax under section 270C.33, subdivision 4.

315.21 **Subd. 2. Permits issued.** Except as provided in subdivision 3, the commissioner shall
 315.22 must issue a permit to each applicant who has complied with section 297A.83, and with
 315.23 section 297A.92 if security is required. A person is considered to have a permit if the person
 315.24 has a Minnesota tax identification number issued by the commissioner that is currently
 315.25 active for taxes imposed by this chapter. A permit is valid until canceled or revoked. It is
 315.26 not assignable and is valid only for the person in whose name it is granted and for the
 315.27 transaction of business at the places designated on the permit.

315.28 **Subd. 3. Permits not issued.** (a) Except as provided in paragraph (b), the commissioner
 315.29 must not issue a permit to an applicant if the applicant is liable for delinquent sales tax.

315.30 (b) The commissioner must issue a permit to an applicant if an appeal period of an order
 315.31 assessing sales tax under section 270C.33, subdivision 5, has not ended. The commissioner

316.1 may cancel a permit issued under this paragraph in the manner provided in subdivision 4
 316.2 if the applicant owes delinquent sales tax after the appeal period has ended.

316.3 Subd. 4. **Nonconforming permits; cancellation; reissue.** (a) If the commissioner issues
 316.4 a permit that does not conform with the requirements of this section or applicable rules, the
 316.5 commissioner may cancel the permit upon notice to the permit holder. The notice must be
 316.6 served by first class and certified mail at the permit holder's last known address. The
 316.7 cancellation is effective immediately.

316.8 (b) If a permit holder shows that a canceled permit was issued in conformance with the
 316.9 requirements of this section and applicable rules, the commissioner must reissue the permit.

316.10 **EFFECTIVE DATE.** This section is effective for permit applications filed after
 316.11 December 31, 2019.

316.12 Sec. 3. Minnesota Statutes 2018, section 297A.85, is amended to read:

316.13 **297A.85 CANCELLATION OF PERMITS.**

316.14 The commissioner may cancel a permit if one of the following conditions occurs:

316.15 (1) the permit holder has not filed a sales or use tax return for at least one year;

316.16 (2) the permit holder has not reported any sales or use tax liability on the permit holder's
 316.17 returns for at least two years;

316.18 (3) the permit holder requests cancellation of the permit; ~~or~~

316.19 (4) the permit is subject to cancellation ~~pursuant to~~ under section 270C.722, subdivision
 316.20 2, paragraph (a); or

316.21 (5) the permit is subject to cancellation under section 297A.84.

316.22 **EFFECTIVE DATE.** This section is effective for permit applications filed after
 316.23 December 31, 2019.

316.24 Sec. 4. **REPEALER.**

316.25 Minnesota Statutes 2018, section 270C.131, is repealed.

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

317.1 **ARTICLE 24**317.2 **DEPARTMENT OF REVENUE; MISCELLANEOUS; TECHNICAL CHANGES**

317.3 Section 1. Minnesota Statutes 2018, section 272.02, subdivision 27, is amended to read:

317.4 Subd. 27. **Superior National Forest; recreational property for use by ~~disabled~~**
 317.5 **veterans with a disability**. Real and personal property is exempt if it is located in the
 317.6 Superior National Forest, and owned or leased and operated by a nonprofit organization
 317.7 that is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue
 317.8 Code and primarily used to provide recreational opportunities for ~~disabled~~ veterans with a
 317.9 disability and their families.

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

317.11 Sec. 2. Minnesota Statutes 2018, section 272.02, subdivision 81, is amended to read:

317.12 Subd. 81. **Certain recreational property for ~~disabled~~ veterans with a disability**. Real
 317.13 and personal property is exempt if it is located in a county in the metropolitan area with a
 317.14 population of less than 500,000 according to the 2000 federal census, and owned or leased
 317.15 and operated by a nonprofit organization, and primarily used to provide recreational
 317.16 opportunities for ~~disabled~~ veterans with a disability and their families.

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

317.18 Sec. 3. Minnesota Statutes 2018, section 273.032, is amended to read:

317.19 **273.032 MARKET VALUE DEFINITION.**

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

317.27 (1) the market value exclusions under:

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

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

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

- 318.1 (iv) section 273.11, subdivision 21 (homestead property damaged by mold);
- 318.2 (v) section 273.13, subdivision 34 (homestead of a ~~disabled~~ veteran with a disability or
- 318.3 family caregiver); or
- 318.4 (vi) section 273.13, subdivision 35 (homestead market value exclusion); or
- 318.5 (2) the deferment of value under:
- 318.6 (i) the Minnesota Agricultural Property Tax Law, section 273.111;
- 318.7 (ii) the Aggregate Resource Preservation Law, section 273.1115;
- 318.8 (iii) the Minnesota Open Space Property Tax Law, section 273.112;
- 318.9 (iv) the rural preserves property tax program, section 273.114; or
- 318.10 (v) the Metropolitan Agricultural Preserves Act, section 473H.10; or
- 318.11 (3) the adjustments to tax capacity for:
- 318.12 (i) tax increment financing under sections 469.174 to 469.1794;
- 318.13 (ii) fiscal disparities under chapter 276A or 473F; or
- 318.14 (iii) powerline credit under section 273.425.
- 318.15 (b) Estimated market value under paragraph (a) also includes the market value of
- 318.16 tax-exempt property if the applicable law specifically provides that the limitation,
- 318.17 qualification, or aid calculation includes tax-exempt property.
- 318.18 (c) Unless otherwise provided, "market value," "estimated market value," and "market
- 318.19 valuation" for purposes of property tax levy limitations and calculation of state aid, refer
- 318.20 to the estimated market value for the previous assessment year and for purposes of limits
- 318.21 on net debt, the issuance of bonds, certificates of indebtedness, or capital notes refer to the
- 318.22 estimated market value as last finally equalized.
- 318.23 (d) For purposes of a provision of a home rule charter or of any special law that is not
- 318.24 codified in the statutes and that imposes a levy limitation based on market value or any limit
- 318.25 on debt, the issuance of bonds, certificates of indebtedness, or capital notes based on market
- 318.26 value, the terms "market value," "taxable market value," and "market valuation," whether
- 318.27 equalized or unequalized, mean "estimated market value" as defined in paragraph (a).
- 318.28 **EFFECTIVE DATE.** This section is effective the day following final enactment.

319.1 Sec. 4. Minnesota Statutes 2018, section 273.13, subdivision 22, is amended to read:

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

319.7 The first \$500,000 of market value of class 1a property has a net classification rate of
319.8 one percent of its market value; and the market value of class 1a property that exceeds
319.9 \$500,000 has a classification rate of 1.25 percent of its market value.

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

319.12 (1) any person who is blind as defined in section 256D.35, or the ~~blind~~ person who is
319.13 blind and the ~~blind person's~~ spouse of the person who is blind;

319.14 (2) any person who is permanently and totally disabled or by the ~~disabled~~ person with
319.15 a disability and the ~~disabled person's~~ spouse of the person with a disability; or

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

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

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

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

319.31 (c) Class 1c property is commercial use real and personal property that abuts public
319.32 water as defined in section 103G.005, subdivision 15, or abuts a state trail administered by
319.33 the Department of Natural Resources, and is devoted to temporary and seasonal residential

320.1 occupancy for recreational purposes but not devoted to commercial purposes for more than
320.2 250 days in the year preceding the year of assessment, and that includes a portion used as
320.3 a homestead by the owner, which includes a dwelling occupied as a homestead by a
320.4 shareholder of a corporation that owns the resort, a partner in a partnership that owns the
320.5 resort, or a member of a limited liability company that owns the resort even if the title to
320.6 the homestead is held by the corporation, partnership, or limited liability company. For
320.7 purposes of this paragraph, property is devoted to a commercial purpose on a specific day
320.8 if any portion of the property, excluding the portion used exclusively as a homestead, is
320.9 used for residential occupancy and a fee is charged for residential occupancy. Class 1c
320.10 property must contain three or more rental units. A "rental unit" is defined as a cabin,
320.11 condominium, townhouse, sleeping room, or individual camping site equipped with water
320.12 and electrical hookups for recreational vehicles. Class 1c property must provide recreational
320.13 activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill
320.14 or cross-country ski equipment; provide marina services, launch services, or guide services;
320.15 or sell bait and fishing tackle. Any unit in which the right to use the property is transferred
320.16 to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies
320.17 for class 1c even though it may remain available for rent. A camping pad offered for rent
320.18 by a property that otherwise qualifies for class 1c is also class 1c, regardless of the term of
320.19 the rental agreement, as long as the use of the camping pad does not exceed 250 days. If
320.20 the same owner owns two separate parcels that are located in the same township, and one
320.21 of those properties is classified as a class 1c property and the other would be eligible to be
320.22 classified as a class 1c property if it was used as the homestead of the owner, both properties
320.23 will be assessed as a single class 1c property; for purposes of this sentence, properties are
320.24 deemed to be owned by the same owner if each of them is owned by a limited liability
320.25 company, and both limited liability companies have the same membership. The portion of
320.26 the property used as a homestead is class 1a property under paragraph (a). The remainder
320.27 of the property is classified as follows: the first \$600,000 of market value is tier I, the next
320.28 \$1,700,000 of market value is tier II, and any remaining market value is tier III. The
320.29 classification rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25
320.30 percent. Owners of real and personal property devoted to temporary and seasonal residential
320.31 occupancy for recreation purposes in which all or a portion of the property was devoted to
320.32 commercial purposes for not more than 250 days in the year preceding the year of assessment
320.33 desiring classification as class 1c, must submit a declaration to the assessor designating the
320.34 cabins or units occupied for 250 days or less in the year preceding the year of assessment
320.35 by January 15 of the assessment year. Those cabins or units and a proportionate share of
320.36 the land on which they are located must be designated as class 1c as otherwise provided.

321.1 The remainder of the cabins or units and a proportionate share of the land on which they
 321.2 are located must be designated as class 3a commercial. The owner of property desiring
 321.3 designation as class 1c property must provide guest registers or other records demonstrating
 321.4 that the units for which class 1c designation is sought were not occupied for more than 250
 321.5 days in the year preceding the assessment if so requested. The portion of a property operated
 321.6 as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5)
 321.7 other nonresidential facility operated on a commercial basis not directly related to temporary
 321.8 and seasonal residential occupancy for recreation purposes does not qualify for class 1c.

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

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

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

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

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

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

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

321.23 Sec. 5. Minnesota Statutes 2018, section 273.13, subdivision 34, is amended to read:

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

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

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

322.5 (c) If a ~~disabled~~ veteran with a disability qualifying for a valuation exclusion under
322.6 paragraph (b), clause (2), predeceases the veteran's spouse, and if upon the death of the
322.7 veteran the spouse holds the legal or beneficial title to the homestead and permanently
322.8 resides there, the exclusion shall carry over to the benefit of the veteran's spouse for the
322.9 current taxes payable year and for eight additional taxes payable years or until such time
322.10 as the spouse remarries, or sells, transfers, or otherwise disposes of the property, whichever
322.11 comes first. Qualification under this paragraph requires an application under paragraph (h),
322.12 and a spouse must notify the assessor if there is a change in the spouse's marital status,
322.13 ownership of the property, or use of the property as a permanent residence.

322.14 (d) If the spouse of a member of any branch or unit of the United States armed forces
322.15 who dies due to a service-connected cause while serving honorably in active service, as
322.16 indicated on United States Government Form DD1300 or DD2064, holds the legal or
322.17 beneficial title to a homestead and permanently resides there, the spouse is entitled to the
322.18 benefit described in paragraph (b), clause (2), for eight taxes payable years, or until such
322.19 time as the spouse remarries or sells, transfers, or otherwise disposes of the property,
322.20 whichever comes first.

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

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

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

322.31 (h) To qualify for a valuation exclusion under this subdivision a property owner must
322.32 apply to the assessor by July 1 of the first assessment year for which the exclusion is sought.
322.33 For an application received after July 1, the exclusion shall become effective for the following
322.34 assessment year. Except as provided in paragraph (c), the owner of a property that has been

323.1 accepted for a valuation exclusion must notify the assessor if there is a change in ownership
323.2 of the property or in the use of the property as a homestead.

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

323.5 (j) For purposes of this subdivision:

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

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

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

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

323.13 (k) If a veteran dying after December 31, 2011, did not apply for or receive the exclusion
323.14 under paragraph (b), clause (2), before dying, the veteran's spouse is entitled to the benefit
323.15 under paragraph (b), clause (2), for eight tax payable years or until the spouse remarries
323.16 or sells, transfers, or otherwise disposes of the property if:

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

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

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

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

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

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

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

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

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

324.2 Sec. 6. Minnesota Statutes 2018, section 289A.08, subdivision 6, is amended to read:

324.3 Subd. 6. **Returns of married persons.** ~~A husband and wife~~ Individuals who are married
324.4 to each other must file a joint Minnesota income tax return if they filed a joint federal income
324.5 tax return. If the ~~husband and wife~~ spouses have elected to file separate federal income tax
324.6 returns, they must file separate Minnesota income tax returns. This election to file a joint
324.7 or separate return must be changed if they change their election for federal purposes. In the
324.8 event taxpayers desire to change their election, the change must be done in the manner and
324.9 on the form prescribed by the commissioner.

324.10 The determination of whether an individual is married shall be made under the provisions
324.11 of section 7703 of the Internal Revenue Code.

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

324.13 Sec. 7. Minnesota Statutes 2018, section 289A.25, subdivision 1, is amended to read:

324.14 Subdivision 1. **Requirements to pay.** An individual, trust, S corporation, or partnership
324.15 must, when prescribed in subdivision 3, paragraph (b), make payments of estimated tax.
324.16 For individuals, the term "estimated tax" means the amount the taxpayer estimates is the
324.17 sum of the taxes imposed by chapter 290 for the taxable year. For trusts, S corporations,
324.18 and partnerships, the term estimated tax means the amount the taxpayer estimates is the
324.19 sum of the taxes for the taxable year imposed by chapter 290 and the composite income tax
324.20 imposed by section 289A.08, subdivision 7. If the individual is an infant or incompetent
324.21 person, the payments must be made by the individual's guardian. If joint payments on
324.22 estimated tax are made but a joint return is not made for the taxable year, the estimated tax
324.23 for that year may be treated as the estimated tax of either ~~the husband or the wife~~ spouse or
324.24 may be divided between them.

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

324.26 Sec. 8. Minnesota Statutes 2018, section 289A.31, subdivision 2, is amended to read:

324.27 Subd. 2. **Joint income tax returns.** (a) If a joint income tax return is made by ~~a husband~~
324.28 ~~and wife~~ spouses, the liability for the tax is joint and several. A spouse who qualifies for
324.29 relief from a liability attributable to an underpayment under section 6015(b) of the Internal
324.30 Revenue Code is relieved of the state income tax liability on the underpayment.

325.1 (b) In the case of individuals who were ~~a husband and wife~~ married as determined in
 325.2 section 7703 of the Internal Revenue Code prior to the dissolution of their marriage or their
 325.3 legal separation, or prior to the death of one of the individuals, for tax liabilities reported
 325.4 on a joint or combined return, the liability of each person is limited to the proportion of the
 325.5 tax due on the return that equals that person's proportion of the total tax due if ~~the husband~~
 325.6 ~~and wife~~ each spouse filed separate returns for the taxable year. This provision is effective
 325.7 only when the commissioner receives written notice of the marriage dissolution, legal
 325.8 separation, or death of a spouse from the ~~husband or wife~~ surviving spouse. No refund may
 325.9 be claimed by an ex-spouse, legally separated or widowed spouse for any taxes paid more
 325.10 than 60 days before receipt by the commissioner of the written notice.

325.11 (c) A request for calculation of separate liability pursuant to paragraph (b) for taxes
 325.12 reported on a return must be made within six years after the due date of the return. For
 325.13 calculation of separate liability for taxes assessed by the commissioner under section 289A.35
 325.14 or 289A.37, the request must be made within six years after the date of assessment. The
 325.15 commissioner is not required to calculate separate liability if the remaining unpaid liability
 325.16 for which recalculation is requested is \$100 or less.

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

325.18 Sec. 9. Minnesota Statutes 2018, section 289A.37, subdivision 6, is amended to read:

325.19 Subd. 6. **Order of assessment if joint income tax return.** If a joint income tax return
 325.20 is filed by ~~a husband and wife~~ spouses, an order of assessment may be a single joint notice.
 325.21 If the commissioner has been notified by either spouse that that spouse's address has changed
 325.22 and if that spouse requests it, then, instead of the single joint notice mailed to the last known
 325.23 address of the ~~husband and wife~~ spouses, a duplicate or original of the joint notice must be
 325.24 sent to the requesting spouse at the address designated by the requesting spouse. The other
 325.25 joint notice must be mailed to the other spouse at that spouse's last known address. An
 325.26 assessment is not invalid for failure to send it to a spouse if the spouse actually receives the
 325.27 notice in the same period as if it had been mailed to that spouse at the correct address or if
 325.28 the spouse has failed to provide an address to the commissioner other than the last known
 325.29 address.

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

325.31 Sec. 10. Minnesota Statutes 2018, section 290.0802, subdivision 2, is amended to read:

325.32 Subd. 2. **Subtraction.** (a) A qualified individual is allowed a subtraction from federal
 325.33 taxable income of the individual's subtraction base amount. The excess of the subtraction

326.1 base amount over the taxable net income computed without regard to the subtraction for
326.2 the elderly or ~~disabled~~ a person with a disability under section 290.0132, subdivision 5,
326.3 may be used to reduce the amount of a lump sum distribution subject to tax under section
326.4 290.032.

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

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

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

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

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

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

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

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

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

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

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

326.21 Sec. 11. Minnesota Statutes 2018, section 290.0802, subdivision 3, is amended to read:

326.22 Subd. 3. **Restrictions; married couples.** Except in the case of ~~a husband and wife~~
326.23 spouses who live apart at all times during the taxable year, if the taxpayer is married at the
326.24 close of the taxable year, the subtraction under subdivision 2 is allowable only if the taxpayers
326.25 file joint federal and state income tax returns for the taxable year.

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

326.27 Sec. 12. Minnesota Statutes 2018, section 290.091, subdivision 2, is amended to read:

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

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

327.3 (1) the taxpayer's federal alternative minimum taxable income as defined in section
327.4 55(b)(2) of the Internal Revenue Code;

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

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

327.8 (ii) the medical expense deduction;

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

327.10 (iv) the impairment-related work expenses of a ~~disabled~~ person with a disability;

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

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

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

327.22 (6) the amount of addition required by section 290.0131, subdivisions 9 to 11;

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

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

327.25 (ii) an overpayment of state income tax as provided by section 290.0132, subdivision
327.26 3, to the extent included in federal alternative minimum taxable income;

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

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

328.3 (v) the amount of the net operating loss allowed under section 290.095, subdivision 11,
328.4 paragraph (c).

328.5 In the case of an estate or trust, alternative minimum taxable income must be computed
328.6 as provided in section 59(c) of the Internal Revenue Code.

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

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

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

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

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

328.16 Sec. 13. Minnesota Statutes 2018, section 290A.03, subdivision 3, is amended to read:

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

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

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

328.20 (i) all nontaxable income;

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

328.24 (iii) an amount equal to the total of any discharge of qualified farm indebtedness of a
328.25 solvent individual excluded from gross income under section 108(g) of the Internal Revenue
328.26 Code;

328.27 (iv) cash public assistance and relief;

328.28 (v) any pension or annuity (including railroad retirement benefits, all payments received
328.29 under the federal Social Security Act, Supplemental Security Income, and veterans benefits),
328.30 which was not exclusively funded by the claimant or spouse, or which was funded exclusively

329.1 by the claimant or spouse and which funding payments were excluded from federal adjusted
329.2 gross income in the years when the payments were made;

329.3 (vi) interest received from the federal or a state government or any instrumentality or
329.4 political subdivision thereof;

329.5 (vii) workers' compensation;

329.6 (viii) nontaxable strike benefits;

329.7 (ix) the gross amounts of payments received in the nature of disability income or sick
329.8 pay as a result of accident, sickness, or other disability, whether funded through insurance
329.9 or otherwise;

329.10 (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of
329.11 1986, as amended through December 31, 1995;

329.12 (xi) contributions made by the claimant to an individual retirement account, including
329.13 a qualified voluntary employee contribution; simplified employee pension plan;
329.14 self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of
329.15 the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal
329.16 Revenue Code, to the extent the sum of amounts exceeds the retirement base amount for
329.17 the claimant and spouse;

329.18 (xii) to the extent not included in federal adjusted gross income, distributions received
329.19 by the claimant or spouse from a traditional or Roth style retirement account or plan;

329.20 (xiii) nontaxable scholarship or fellowship grants;

329.21 (xiv) the amount of deduction allowed under section 199 of the Internal Revenue Code;

329.22 (xv) the amount of deduction allowed under section 220 or 223 of the Internal Revenue
329.23 Code;

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

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

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

330.1 (b) "Income" does not include:

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

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

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

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

330.11 (5) relief granted under this chapter;

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

330.14 (7) restitution payments received by eligible individuals and excludable interest as
330.15 defined in section 803 of the Economic Growth and Tax Relief Reconciliation Act of 2001,
330.16 Public Law 107-16.

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

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

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

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

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

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

330.23 (6) if the claimant or claimant's spouse ~~was disabled~~ had a disability or attained the age
330.24 of 65 on or before December 31 of the year for which the taxes were levied or rent paid,
330.25 the exemption amount.

330.26 (d) For purposes of this subdivision, the "exemption amount" means the exemption
330.27 amount under section 151(d) of the Internal Revenue Code for the taxable year for which
330.28 the income is reported; "retirement base amount" means the deductible amount for the
330.29 taxable year for the claimant and spouse under section 219(b)(5)(A) of the Internal Revenue
330.30 Code, adjusted for inflation as provided in section 219(b)(5)(C) of the Internal Revenue
330.31 Code, without regard to whether the claimant or spouse claimed a deduction; and "traditional

331.1 or Roth style retirement account or plan" means retirement plans under sections 401, 403,
331.2 408, 408A, and 457 of the Internal Revenue Code.

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

331.4 Sec. 14. Minnesota Statutes 2018, section 290A.03, subdivision 4, is amended to read:

331.5 Subd. 4. **Household.** "Household" means a claimant and an individual related to the
331.6 claimant as ~~husband or wife~~ the claimant's spouse who are domiciled in the same homestead.

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

331.8 Sec. 15. Minnesota Statutes 2018, section 290A.03, subdivision 8, is amended to read:

331.9 Subd. 8. **Claimant.** (a) "Claimant" means a person, other than a dependent, as defined
331.10 under sections 151 and 152 of the Internal Revenue Code disregarding section 152(b)(3)
331.11 of the Internal Revenue Code, who filed a claim authorized by this chapter and who was a
331.12 resident of this state as provided in chapter 290 during the calendar year for which the claim
331.13 for relief was filed.

331.14 (b) In the case of a claim relating to rent constituting property taxes, the claimant shall
331.15 have resided in a rented or leased unit on which ad valorem taxes or payments made in lieu
331.16 of ad valorem taxes, including payments of special assessments imposed in lieu of ad valorem
331.17 taxes, are payable at some time during the calendar year covered by the claim.

331.18 (c) "Claimant" shall not include a resident of a nursing home, intermediate care facility,
331.19 long-term residential facility, or a facility that accepts housing support payments whose
331.20 rent constituting property taxes is paid pursuant to the Supplemental Security Income
331.21 program under title XVI of the Social Security Act, the Minnesota supplemental aid program
331.22 under sections 256D.35 to 256D.54, the medical assistance program pursuant to title XIX
331.23 of the Social Security Act, or the housing support program under chapter 256I.

331.24 If only a portion of the rent constituting property taxes is paid by these programs, the
331.25 resident shall be a claimant for purposes of this chapter, but the refund calculated pursuant
331.26 to section 290A.04 shall be multiplied by a fraction, the numerator of which is income as
331.27 defined in subdivision 3, paragraphs (a) and (b), reduced by the total amount of income
331.28 from the above sources other than vendor payments under the medical assistance program
331.29 and the denominator of which is income as defined in subdivision 3, paragraphs (a) and (b),
331.30 plus vendor payments under the medical assistance program, to determine the allowable
331.31 refund pursuant to this chapter.

332.1 (d) Notwithstanding paragraph (c), if the claimant was a resident of the nursing home,
 332.2 intermediate care facility, long-term residential facility, or facility for which the rent was
 332.3 paid for the claimant by the housing support program for only a portion of the calendar year
 332.4 covered by the claim, the claimant may compute rent constituting property taxes by
 332.5 disregarding the rent constituting property taxes from the nursing home or facility and use
 332.6 only that amount of rent constituting property taxes or property taxes payable relating to
 332.7 that portion of the year when the claimant was not in the facility. The claimant's household
 332.8 income is the income for the entire calendar year covered by the claim.

332.9 (e) In the case of a claim for rent constituting property taxes of a part-year Minnesota
 332.10 resident, the income and rental reflected in this computation shall be for the period of
 332.11 Minnesota residency only. Any rental expenses paid which may be reflected in arriving at
 332.12 federal adjusted gross income cannot be utilized for this computation. When two individuals
 332.13 of a household are able to meet the qualifications for a claimant, they may determine among
 332.14 them as to who the claimant shall be. If they are unable to agree, the matter shall be referred
 332.15 to the commissioner of revenue whose decision shall be final. If a homestead property owner
 332.16 was a part-year Minnesota resident, the income reflected in the computation made pursuant
 332.17 to section 290A.04 shall be for the entire calendar year, including income not assignable to
 332.18 Minnesota.

332.19 (f) If a homestead is occupied by two or more renters, who are not ~~husband and wife~~
 332.20 married to each other, the rent shall be deemed to be paid equally by each, and separate
 332.21 claims shall be filed by each. The income of each shall be each renter's household income
 332.22 for purposes of computing the amount of credit to be allowed.

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

332.24 Sec. 16. Minnesota Statutes 2018, section 290A.05, is amended to read:

332.25 **290A.05 COMBINED HOUSEHOLD INCOME.**

332.26 If a person occupies a homestead with another person ~~or persons~~ not related to the person
 332.27 as ~~husband and wife~~ the person's spouse, excluding dependents, roomers or boarders on
 332.28 contract, and has property tax payable with respect to the homestead, the household income
 332.29 of the claimant or claimants for the purpose of computing the refund allowed by section
 332.30 290A.04 shall include the total income received by the other persons residing in the
 332.31 homestead. For purposes of this section, "dependent" includes a parent of the claimant or
 332.32 spouse who lives in the claimant's homestead and does not have an ownership interest in
 332.33 the homestead. If a person occupies a homestead with another person or persons not related

333.1 ~~to the person as husband and wife~~ the person's spouse or as dependents, the property tax
333.2 payable or rent constituting property tax shall be reduced as follows.

333.3 If the other person or persons are residing at the homestead under rental or lease
333.4 agreement, the amount of property tax payable or rent constituting property tax shall be that
333.5 portion not covered by the rental agreement.

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

333.7 Sec. 17. Minnesota Statutes 2018, section 290A.08, is amended to read:

333.8 **290A.08 ONE CLAIMANT PER HOUSEHOLD.**

333.9 Only one claimant per household per year is entitled to relief under this chapter. Payment
333.10 of the claim for relief may be made payable to the ~~husband and wife~~ spouses as one claimant.
333.11 The commissioner, upon written request, may issue separate checks, to the ~~husband and~~
333.12 ~~wife~~ spouses for one-half of the relief provided the original check has not been issued or
333.13 has been returned. Individuals related as ~~husband and wife~~ spouses who were married during
333.14 the year may elect to file a joint claim which shall include each spouse's income, rent
333.15 constituting property taxes, and property taxes payable. ~~Husbands and wives~~ Spouses who
333.16 were married for the entire year and were domiciled in the same household for the entire
333.17 year must file a joint claim. The maximum dollar amount allowable for a joint claim shall
333.18 not exceed the amount that one person could receive.

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

333.20 Sec. 18. Minnesota Statutes 2018, section 290A.09, is amended to read:

333.21 **290A.09 PROOF OF CLAIM.**

333.22 Every claimant shall supply to the commissioner of revenue, in support of the claim,
333.23 proof of eligibility under this chapter, including but not limited to amount of rent paid or
333.24 property taxes accrued, name and address of owner or managing agent of property rented,
333.25 changes in homestead, household membership, household income, size and nature of property
333.26 claimed as a homestead.

333.27 ~~Disabled~~ Persons with a disability filing claims shall submit proof of disability in the
333.28 form and manner as the commissioner may prescribe. The department may require
333.29 examination and certification by the claimant's physician or by a physician designated by
333.30 the commissioner. The cost of any examination shall be borne by the claimant, unless the
333.31 examination proves the disability, in which case the cost of the examination shall be borne
333.32 by the commissioner.

334.1 A determination of disability of a claimant by the Social Security Administration under
334.2 Title II or Title XVI of the Social Security Act shall constitute presumptive proof of disability.

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

334.4 Sec. 19. Minnesota Statutes 2018, section 297A.61, subdivision 18, is amended to read:

334.5 Subd. 18. **Disabled Person with a disability.** "~~Disabled~~ Person with a disability" means
334.6 an individual who has a permanent and total disability as defined in section 273.13,
334.7 subdivision 22.

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

334.9 Sec. 20. Minnesota Statutes 2018, section 297A.67, subdivision 6, is amended to read:

334.10 Subd. 6. **Other exempt meals.** (a) Prepared food, candy, and soft drinks purchased for
334.11 and served exclusively to individuals who are 60 years of age or over and their spouses or
334.12 to ~~disabled~~ persons with a disability and their spouses by governmental agencies, nonprofit
334.13 organizations, or churches, or pursuant to any program funded in whole or in part through
334.14 United States Code, title 42, sections 3001 through 3045, wherever delivered, prepared, or
334.15 served, are exempt. Taxable food sold through vending machines is not exempt.

334.16 (b) Prepared food, candy, and soft drinks purchased for and served exclusively to children
334.17 who are less than 14 years of age or ~~disabled~~ children with a disability who are less than
334.18 16 years of age and who are attending a child care or early childhood education program,
334.19 are exempt if they are:

334.20 (1) purchased by a nonprofit child care facility that is exempt under section 297A.70,
334.21 subdivision 4, and that primarily serves families with income of 250 percent or less of
334.22 federal poverty guidelines; and

334.23 (2) prepared at the site of the child care facility.

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

334.25 Sec. 21. Minnesota Statutes 2018, section 297A.67, subdivision 12, is amended to read:

334.26 Subd. 12. **Parts and accessories used to make a motor vehicle ~~disabled~~ accessible**
334.27 **to a person with a disability.** Parts, accessories, and labor charges that are used solely to
334.28 modify a motor vehicle to make it ~~disabled~~ accessible to persons with a disability are exempt.

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

335.1 Sec. 22. Minnesota Statutes 2018, section 297A.70, subdivision 3, is amended to read:

335.2 Subd. 3. **Sales of certain goods and services to government.** (a) The following sales
335.3 to or use by the specified governments and political subdivisions of the state are exempt:

335.4 (1) repair and replacement parts for emergency rescue vehicles, fire trucks, and fire
335.5 apparatus to a political subdivision;

335.6 (2) machinery and equipment, except for motor vehicles, used directly for mixed
335.7 municipal solid waste management services at a solid waste disposal facility as defined in
335.8 section 115A.03, subdivision 10;

335.9 (3) chore and homemaking services to a political subdivision of the state to be provided
335.10 to elderly individuals or ~~disabled individuals~~ persons with a disability;

335.11 (4) telephone services to the Office of MN.IT Services that are used to provide
335.12 telecommunications services through the MN.IT services revolving fund;

335.13 (5) firefighter personal protective equipment as defined in paragraph (b), if purchased
335.14 or authorized by and for the use of an organized fire department, fire protection district, or
335.15 fire company regularly charged with the responsibility of providing fire protection to the
335.16 state or a political subdivision;

335.17 (6) bullet-resistant body armor that provides the wearer with ballistic and trauma
335.18 protection, if purchased by a law enforcement agency of the state or a political subdivision
335.19 of the state, or a licensed peace officer, as defined in section 626.84, subdivision 1;

335.20 (7) motor vehicles purchased or leased by political subdivisions of the state if the vehicles
335.21 are exempt from registration under section 168.012, subdivision 1, paragraph (b), exempt
335.22 from taxation under section 473.448, or exempt from the motor vehicle sales tax under
335.23 section 297B.03, clause (12);

335.24 (8) equipment designed to process, dewater, and recycle biosolids for wastewater
335.25 treatment facilities of political subdivisions, and materials incidental to installation of that
335.26 equipment;

335.27 (9) the removal of trees, bushes, or shrubs for the construction and maintenance of roads,
335.28 trails, or firebreaks when purchased by an agency of the state or a political subdivision of
335.29 the state;

335.30 (10) purchases by the Metropolitan Council or the Department of Transportation of
335.31 vehicles and repair parts to equip operations provided for in section 174.90, including, but
335.32 not limited to, the Northstar Corridor Rail project; and

336.1 (11) purchases of water used directly in providing public safety services by an organized
336.2 fire department, fire protection district, or fire company regularly charged with the
336.3 responsibility of providing fire protection to the state or a political subdivision.

336.4 (b) For purposes of this subdivision, "firefighters personal protective equipment" means
336.5 helmets, including face shields, chin straps, and neck liners; bunker coats and pants, including
336.6 pant suspenders; boots; gloves; head covers or hoods; wildfire jackets; protective coveralls;
336.7 goggles; self-contained breathing apparatus; canister filter masks; personal alert safety
336.8 systems; spanner belts; optical or thermal imaging search devices; and all safety equipment
336.9 required by the Occupational Safety and Health Administration.

336.10 (c) For purchases of items listed in paragraph (a), clause (10), the tax must be imposed
336.11 and collected as if the rate under section 297A.62, subdivision 1, applied and then refunded
336.12 in the manner provided in section 297A.75.

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

336.14 Sec. 23. Minnesota Statutes 2018, section 297A.70, subdivision 4, is amended to read:

336.15 Subd. 4. **Sales to nonprofit groups.** (a) All sales, except those listed in paragraph (b),
336.16 to the following "nonprofit organizations" are exempt:

336.17 (1) a corporation, society, association, foundation, or institution organized and operated
336.18 exclusively for charitable, religious, or educational purposes if the item purchased is used
336.19 in the performance of charitable, religious, or educational functions;

336.20 (2) any senior citizen group or association of groups that:

336.21 (i) in general limits membership to persons who are either age 55 or older, or ~~physically~~
336.22 ~~disabled~~ persons with a physical disability;

336.23 (ii) is organized and operated exclusively for pleasure, recreation, and other nonprofit
336.24 purposes, not including housing, no part of the net earnings of which inures to the benefit
336.25 of any private shareholders; and

336.26 (iii) is an exempt organization under section 501(c) of the Internal Revenue Code; and

336.27 (3) an organization that qualifies for an exemption for memberships under subdivision
336.28 12 if the item is purchased and used in the performance of the organization's mission.

336.29 For purposes of this subdivision, charitable purpose includes the maintenance of a cemetery
336.30 owned by a religious organization.

336.31 (b) This exemption does not apply to the following sales:

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

337.5 (2) construction materials purchased by tax-exempt entities or their contractors to be
337.6 used in constructing buildings or facilities that will not be used principally by the tax-exempt
337.7 entities;

337.8 (3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause (2),
337.9 and prepared food, candy, soft drinks, and alcoholic beverages as defined in section 297A.67,
337.10 subdivision 2, except wine purchased by an established religious organization for sacramental
337.11 purposes or as allowed under subdivision 9a; and

337.12 (4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except as
337.13 provided in paragraph (c).

337.14 (c) This exemption applies to the leasing of a motor vehicle as defined in section 297B.01,
337.15 subdivision 11, only if the vehicle is:

337.16 (1) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a
337.17 passenger automobile, as defined in section 168.002, if the automobile is designed and used
337.18 for carrying more than nine persons including the driver; and

337.19 (2) intended to be used primarily to transport tangible personal property or individuals,
337.20 other than employees, to whom the organization provides service in performing its charitable,
337.21 religious, or educational purpose.

337.22 (d) A limited liability company also qualifies for exemption under this subdivision if
337.23 (1) it consists of a sole member that would qualify for the exemption, and (2) the items
337.24 purchased qualify for the exemption.

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

337.26 Sec. 24. Minnesota Statutes 2018, section 297A.70, subdivision 16, is amended to read:

337.27 Subd. 16. **Camp fees.** Fees to camps or other recreation facilities are exempt for:

337.28 (1) services primarily for children, adults accompanying children, or persons with
337.29 ~~disabilities~~ a disability; or

337.30 (2) educational or religious activities;

338.1 ~~and~~ if the camp or facilities are owned and operated by an exempt organization under section
 338.2 501(c)(3) of the Internal Revenue Code.

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

338.4 Sec. 25. Minnesota Statutes 2018, section 297A.71, subdivision 22, is amended to read:

338.5 Subd. 22. **Materials used to make residential property ~~disabled~~ accessible to persons**
 338.6 **with a disability.** Building materials and equipment sold to, or stored, used, or consumed
 338.7 by, a nonprofit organization are exempt if:

338.8 (1) the materials and equipment are used or incorporated into modifying an existing
 338.9 residential structure to make it ~~disabled~~ accessible to persons with a disability; and

338.10 (2) the materials and equipment used in the modification would qualify for an exemption
 338.11 under either subdivision 11 or 12 if made by the current owner of the residence.

338.12 For purposes of this subdivision, "nonprofit organization" means any nonprofit
 338.13 corporation, society, association, foundation, or institution organized and operated exclusively
 338.14 for charitable, religious, educational, or civic purposes; or a veterans' group exempt from
 338.15 federal taxation under section 501(c), clause (19), of the Internal Revenue Code.

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

338.17 Sec. 26. Minnesota Statutes 2018, section 297A.75, subdivision 1, is amended to read:

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

338.21 (1) building materials for an agricultural processing facility exempt under section
 338.22 297A.71, subdivision 13;

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

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

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

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

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

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

339.3 (8) equipment and materials used for the generation, transmission, and distribution of
339.4 electrical energy and an aerial camera package exempt under section 297A.68, subdivision
339.5 37;

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

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

339.10 (11) materials, supplies, and equipment for construction, improvement, or expansion
339.11 of:

339.12 (i) an aerospace defense manufacturing facility exempt under Minnesota Statutes 2014,
339.13 section 297A.71, subdivision 42;

339.14 (ii) a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision
339.15 45;

339.16 (iii) a research and development facility exempt under Minnesota Statutes 2014, section
339.17 297A.71, subdivision 46; and

339.18 (iv) an industrial measurement manufacturing and controls facility exempt under
339.19 Minnesota Statutes 2014, section 297A.71, subdivision 47;

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

339.22 (13) materials, supplies, and equipment for qualifying capital projects under section
339.23 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);

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

339.26 (15) items and services purchased under a business subsidy agreement for use or
339.27 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision
339.28 44;

339.29 (16) building materials, equipment, and supplies for constructing or replacing real
339.30 property exempt under section 297A.71, subdivision 49; and

340.1 (17) building materials, equipment, and supplies for constructing or replacing real
340.2 property exempt under section 297A.71, subdivision 50, paragraph (b).

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

340.4 Sec. 27. Minnesota Statutes 2018, section 297B.01, subdivision 14, is amended to read:

340.5 Subd. 14. **Purchase price.** (a) "Purchase price" means the total consideration valued in
340.6 money for a sale, whether paid in money or otherwise. The purchase price excludes the
340.7 amount of a manufacturer's rebate paid or payable to the purchaser. If a motor vehicle is
340.8 taken in trade as a credit or as part payment on a motor vehicle taxable under this chapter,
340.9 the credit or trade-in value allowed by the person selling the motor vehicle shall be deducted
340.10 from the total selling price to establish the purchase price of the vehicle being sold and the
340.11 trade-in allowance allowed by the seller shall constitute the purchase price of the motor
340.12 vehicle accepted as a trade-in. The purchase price in those instances where the motor vehicle
340.13 is acquired by gift or by any other transfer for a nominal or no monetary consideration shall
340.14 also include the average value of similar motor vehicles, established by standards and guides
340.15 as determined by the motor vehicle registrar. The purchase price in those instances where
340.16 a motor vehicle is manufactured by a person who registers it under the laws of this state
340.17 shall mean the manufactured cost of such motor vehicle and manufactured cost shall mean
340.18 the amount expended for materials, labor, and other properly allocable costs of manufacture,
340.19 except that in the absence of actual expenditures for the manufacture of a part or all of the
340.20 motor vehicle, manufactured costs shall mean the reasonable value of the completed motor
340.21 vehicle.

340.22 (b) The term "purchase price" shall not include the portion of the value of a motor vehicle
340.23 due solely to modifications necessary to make the motor vehicle ~~disability~~ accessible to
340.24 persons with a disability.

340.25 (c) The term "purchase price" shall not include the transfer of a motor vehicle by way
340.26 of gift between a ~~husband and wife~~ spouses or parent and child, or to a nonprofit organization
340.27 as provided under subdivision 16, paragraph (c), clause (6), nor shall it include the transfer
340.28 of a motor vehicle by a guardian to a ward when there is no monetary consideration and the
340.29 title to such vehicle was registered in the name of the guardian, as guardian, only because
340.30 the ward was a minor.

340.31 (d) The term "purchase price" shall not include the transfer of a motor vehicle as a gift
340.32 between a foster parent and foster child. For purposes of this subdivision, a foster relationship
340.33 exists, regardless of the age of the child, if (1) a foster parent's home is or was licensed as

341.1 a foster family home under Minnesota Rules, parts 2960.3000 to 2960.3340, and (2) the
341.2 county verifies that the child was a state ward or in permanent foster care.

341.3 (e) There shall not be included in "purchase price" the amount of any tax imposed by
341.4 the United States upon or with respect to retail sales whether imposed upon the retailer or
341.5 the consumer.

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

341.7 Sec. 28. Minnesota Statutes 2018, section 297B.01, subdivision 16, is amended to read:

341.8 Subd. 16. **Sale, sells, selling, purchase, purchased, or acquired.** (a) "Sale," "sells,"
341.9 "selling," "purchase," "purchased," or "acquired" means any transfer of title of any motor
341.10 vehicle, whether absolutely or conditionally, for a consideration in money or by exchange
341.11 or barter for any purpose other than resale in the regular course of business.

341.12 (b) Any motor vehicle utilized by the owner only by leasing such vehicle to others or
341.13 by holding it in an effort to so lease it, and which is put to no other use by the owner other
341.14 than resale after such lease or effort to lease, shall be considered property purchased for
341.15 resale.

341.16 (c) The terms also shall include any transfer of title or ownership of a motor vehicle by
341.17 other means, for or without consideration, except that these terms shall not include:

341.18 (1) the acquisition of a motor vehicle by inheritance from or by bequest of, or
341.19 transfer-on-death of title by, a decedent who owned it;

341.20 (2) the transfer of a motor vehicle which was previously licensed in the names of two
341.21 or more joint tenants and subsequently transferred without monetary consideration to one
341.22 or more of the joint tenants;

341.23 (3) the transfer of a motor vehicle by way of gift from a limited used vehicle dealer
341.24 licensed under section 168.27, subdivision 4a, to an individual, when the transfer is with
341.25 no monetary or other consideration or expectation of consideration and the parties to the
341.26 transfer submit an affidavit to that effect at the time the title transfer is recorded;

341.27 (4) the transfer of a motor vehicle by gift between:

341.28 (i) spouses;

341.29 (ii) parents and a child; or

341.30 (iii) grandparents and a grandchild;

342.1 (5) the voluntary or involuntary transfer of a motor vehicle between a husband and wife
342.2 spouses in a divorce proceeding; or

342.3 (6) the transfer of a motor vehicle by way of a gift to an organization that is exempt from
342.4 federal income taxation under section 501(c)(3) of the Internal Revenue Code when the
342.5 motor vehicle will be used exclusively for religious, charitable, or educational purposes.

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

342.7 Sec. 29. Minnesota Statutes 2018, section 298.018, subdivision 1, is amended to read:

342.8 Subdivision 1. **Within taconite assistance area.** The proceeds of the tax paid under
342.9 sections 298.015 and 298.016 on ores, metals, or minerals mined or extracted within the
342.10 taconite assistance area defined in section 273.1341, shall be allocated as follows:

342.11 (1) five percent to the city or town within which the minerals or energy resources are
342.12 mined or extracted, or within which the concentrate was produced. If the mining and
342.13 concentration, or different steps in either process, are carried on in more than one taxing
342.14 district, the commissioner shall apportion equitably the proceeds among the cities and towns
342.15 by attributing 50 percent of the proceeds of the tax to the operation of mining or extraction,
342.16 and the remainder to the concentrating plant and to the processes of concentration, and with
342.17 respect to each thereof giving due consideration to the relative extent of the respective
342.18 operations performed in each taxing district;

342.19 (2) ten percent to the taconite municipal aid account to be distributed as provided in
342.20 section 298.282, subdivisions 1 and 2, on the dates provided under this section;

342.21 (3) ten percent to the school district within which the minerals or energy resources are
342.22 mined or extracted, or within which the concentrate was produced. If the mining and
342.23 concentration, or different steps in either process, are carried on in more than one school
342.24 district, distribution among the school districts must be based on the apportionment formula
342.25 prescribed in clause (1);

342.26 (4) 20 percent to a group of school districts comprised of those school districts wherein
342.27 the mineral or energy resource was mined or extracted or in which there is a qualifying
342.28 municipality as defined by section 273.134, paragraph (b), in direct proportion to school
342.29 district indexes as follows: for each school district, its pupil units determined under section
342.30 126C.05 for the prior school year shall be multiplied by the ratio of the average adjusted
342.31 net tax capacity per pupil unit for school districts receiving aid under this clause as calculated
342.32 pursuant to chapters 122A, 126C, and 127A for the school year ending prior to distribution
342.33 to the adjusted net tax capacity per pupil unit of the district. Each district shall receive that

343.1 portion of the distribution which its index bears to the sum of the indices for all school
343.2 districts that receive the distributions;

343.3 (5) 20 percent to the county within which the minerals or energy resources are mined
343.4 or extracted, or within which the concentrate was produced. If the mining and concentration,
343.5 or different steps in either process, are carried on in more than one county, distribution
343.6 among the counties must be based on the apportionment formula prescribed in clause (1),
343.7 provided that any county receiving distributions under this clause shall pay one percent of
343.8 its proceeds to the Range Association of Municipalities and Schools;

343.9 (6) 20 percent to St. Louis County acting as the counties' fiscal agent to be distributed
343.10 as provided in sections 273.134 to 273.136;

343.11 (7) five percent to the commissioner of Iron Range resources and rehabilitation for the
343.12 purposes of section 298.22;

343.13 (8) three percent to the Douglas J. Johnson economic protection trust fund; and

343.14 (9) seven percent to the taconite environmental protection fund.

343.15 ~~The proceeds of the tax shall be distributed on July 15 each year.~~

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

343.17 Sec. 30. Minnesota Statutes 2018, section 298.018, is amended by adding a subdivision
343.18 to read:

343.19 Subd. 1a. **Distribution date.** The proceeds of the tax allocated under subdivision 1 shall
343.20 be distributed on December 15 each year. Any payment of proceeds received after December
343.21 15 shall be distributed on the next net proceeds tax distribution date.

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

343.23 Sec. 31. Minnesota Statutes 2018, section 298.282, subdivision 1, is amended to read:

343.24 Subdivision 1. **Distribution of taconite municipal aid account.** (a) The amount
343.25 deposited with the county as provided in section 298.28, subdivision 3, must be distributed
343.26 as provided by this section among: (1) the municipalities comprising a taconite assistance
343.27 area under section 273.1341; (2) a township that contains a state park consisting primarily
343.28 of an underground iron ore mine; and (3) a city located within five miles of that state park,
343.29 each being referred to in this section as a qualifying municipality.

343.30 (b) The amount deposited in the state general fund as provided in section 298.018,
343.31 subdivision 1, must be distributed in the same manner as provided under paragraph (a)

344.1 except that subdivisions 3, 4, and 5 do not apply, and the distributions shall be made on the
344.2 dates provided under section 298.018, subdivision 1a.

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

344.4 Sec. 32. Laws 2017, First Special Session chapter 1, article 8, section 3, the effective date,
344.5 is amended to read:

344.6 **EFFECTIVE DATE.** This section is effective for (1) petitions and appeals filed after
344.7 June 30, 2017, for which notices of entry of order are mailed before July 1, 2019, and (2)
344.8 notices of entry of order mailed after June 30, 2019.

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

37.31 ISSUANCE OF BONDS.

Subd. 8. **Expiration.** The authority to issue bonds, other than bonds to refund outstanding bonds, under this section expires July 1, 2025.

69.011 QUALIFYING FOR STATE AID.

Subdivision 1. **Definitions.** Unless the language or context clearly indicates that a different meaning is intended, the following words and terms, for the purposes of this chapter and chapters 423, 423A, 424 and 424A, have the meanings ascribed to them:

- (a) "Commissioner" means the commissioner of revenue.
- (b) "Municipality" means:
 - (1) a home rule charter or statutory city;
 - (2) an organized town;
 - (3) a park district subject to chapter 398;
 - (4) the University of Minnesota;
 - (5) for purposes of the fire state aid program only, an American Indian tribal government entity located within a federally recognized American Indian reservation;
 - (6) for purposes of the police state aid program only, an American Indian tribal government with a tribal police department which exercises state arrest powers under section 626.90, 626.91, 626.92, or 626.93;
 - (7) for purposes of the police state aid program only, the Metropolitan Airports Commission; and
 - (8) for purposes of the police state aid program only, the Department of Natural Resources and the Department of Public Safety with respect to peace officers covered under chapter 352B.
- (c) "Minnesota Firetown Premium Report" means a form prescribed by the commissioner containing space for reporting by insurers of fire, lightning, sprinkler leakage and extended coverage premiums received upon risks located or to be performed in this state less return premiums and dividends.
- (d) "Firetown" means the area serviced by any municipality having a qualified fire department or a qualified incorporated fire department having a subsidiary volunteer firefighters' relief association.
- (e) "Estimated market value" means latest available estimated market value of all property in a taxing jurisdiction, whether the property is subject to taxation, or exempt from ad valorem taxation obtained from information which appears on abstracts filed with the commissioner of revenue or equalized by the State Board of Equalization.
- (f) "Minnesota Aid to Police Premium Report" means a form prescribed by the commissioner for reporting by each fire and casualty insurer of all premiums received upon direct business received by it in this state, or by its agents for it, in cash or otherwise, during the preceding calendar year, with reference to insurance written for insuring against the perils contained in auto insurance coverages as reported in the Minnesota business schedule of the annual financial statement which each insurer is required to file with the commissioner in accordance with the governing laws or rules less return premiums and dividends.
- (g) "Peace officer" means any person:
 - (1) whose primary source of income derived from wages is from direct employment by a municipality or county as a law enforcement officer on a full-time basis of not less than 30 hours per week;
 - (2) who has been employed for a minimum of six months prior to December 31 preceding the date of the current year's certification under subdivision 2, paragraph (b);
 - (3) who is sworn to enforce the general criminal laws of the state and local ordinances;
 - (4) who is licensed by the Peace Officers Standards and Training Board and is authorized to arrest with a warrant; and

APPENDIX
Repealed Minnesota Statutes: 19-5224

(5) who is a member of the State Patrol retirement plan or the public employees police and fire fund.

(h) "Full-time equivalent number of peace officers providing contract service" means the integral or fractional number of peace officers which would be necessary to provide the contract service if all peace officers providing service were employed on a full-time basis as defined by the employing unit and the municipality receiving the contract service.

(i) "Retirement benefits other than a service pension" means any disbursement authorized under section 424A.05, subdivision 3, clauses (3) and (4).

(j) "Municipal clerk, municipal clerk-treasurer, or county auditor" means:

(1) for the police state aid program:

(i) the person who was elected or appointed to the specified position or, in the absence of the person, another person who is designated by the applicable governing body;

(ii) in a park district, the secretary of the board of park district commissioners;

(iii) in the case of the University of Minnesota, the official designated by the Board of Regents;

(iv) for the Metropolitan Airports Commission, the person designated by the commission;

(v) for the Department of Natural Resources or the Department of Public Safety, the respective commissioner;

(vi) for a tribal police department which exercises state arrest powers under section 626.90, 626.91, 626.92, or 626.93, the person designated by the applicable American Indian tribal government; and

(2) for the fire state aid program and fire relief association financial reports, the person who was elected or appointed to the specified position, or, for governmental entities other than counties, if the governing body of the governmental entity designates the position to perform the function, the chief financial official of the governmental entity or the chief administrative official of the governmental entity.

(k) "Voluntary statewide lump-sum volunteer firefighter retirement plan" means the retirement plan established by chapter 353G.

Subd. 2. Qualification for fire or police state aid. (a) Unless retirement coverage is provided by the voluntary statewide lump-sum volunteer firefighter retirement plan, in order to qualify to receive fire state aid, on or before March 15 annually, in conjunction with the financial report required pursuant to section 69.051, the clerk of each municipality having a duly organized fire department as provided in subdivision 4, or the secretary of each independent nonprofit firefighting corporation having a subsidiary incorporated firefighters' relief association, whichever is applicable, and the fire chief, shall jointly certify the existence of the municipal fire department or of the independent nonprofit firefighting corporation, whichever is applicable, which meets the minimum qualification requirements set forth in this subdivision, and the fire personnel and equipment of the municipal fire department or the independent nonprofit firefighting corporation as of the preceding December 31.

(b) Where retirement coverage is provided by the voluntary statewide lump-sum volunteer firefighter retirement plan, in order to qualify to receive fire state aid, on or before March 15, annually, the executive director of the Public Employees Retirement Association shall certify the existence of that coverage for each municipality and the municipal clerk or independent nonprofit firefighting corporation secretary, whichever applies, and the applicable fire chief shall certify the fire personnel and fire department equipment as of the preceding December 31.

(c) Except as provided in subdivision 2b, on or before March 15 annually, in order to qualify to receive police state aid, the clerk of each municipality and the auditor of each county employing one or more peace officers as defined in subdivision 1, paragraph (g), shall certify the number of such peace officers to the commissioner on forms prescribed by the commissioner. Credit for officers employed less than a full year must be apportioned. Each full month of employment of a qualifying officer during the calendar year entitles the employing municipality or county to credit for 1/12 of the payment for employment of a peace officer for the entire year. For purposes of sections 69.011 to 69.051, employment of a peace officer commences when the peace officer is entered on the payroll of the respective municipal police department or county sheriff's department. No peace

APPENDIX
Repealed Minnesota Statutes: 19-5224

officer may be included in the certification of the number of peace officers by more than one employing unit for the same month.

(d) A certification made under this subdivision must be filed with the commissioner, must be made on a form prescribed by the commissioner, and must include any other facts that the commissioner requires.

Subd. 2b. Departments of Natural Resources and Public Safety. (a) On or before each March 15, the commissioner of natural resources shall certify the number of peace officers as defined in subdivision 1, clause (g), employed by the Enforcement Division and the commissioner of public safety shall certify the number of peace officers as defined in subdivision 1, clause (g), employed by the Bureau of Criminal Apprehension, the Gambling Enforcement Division, and the State Patrol Division.

(b) The certification must be on a form prescribed by the commissioner. Peace officers certified under this paragraph must be included in the total certifications under subdivision 2.

Subd. 2c. Ineligibility of certain police officers. A police officer employed by the University of Minnesota who is required by the Board of Regents to be a member of the University of Minnesota faculty retirement plan is not eligible to be included in any police state-aid certification under this section.

Subd. 3. Failure to file certificate deemed waiver. (a) If a certification required by this section is not filed with the commissioner by the due date prescribed by this section, the commissioner shall notify the county, the municipality, or the nonprofit firefighting corporation that a portion or all of its current year aid will be forfeited if the certification is not received within ten days.

(b) The amount of aid forfeited is equal to the amount of state police aid or state fire aid determined for the county, the municipality, or the nonprofit firefighting corporation for the current year, multiplied by five percent for each week or fraction of a week that this certification is late. The penalty must be computed beginning ten days after the postmark date of the commissioner's notification as required under this subdivision. All forfeited aid amounts revert to the general fund in the state treasury. Failure to receive the certificate form may not be used as a defense for a failure to file.

Subd. 4. Qualification for fire state aid. (a) A municipality in this state qualifies to receive fire state aid if it meets the general requirements of paragraph (b) and if it meets the specific requirements of paragraph (c).

(b) Minimum qualifications for fire state aid include the following:

(1) having for more than one year an organized fire department and officially established by the governing body of the municipality or an independent nonprofit firefighting corporation created under the nonprofit corporation act of this state and operating exclusively for firefighting purposes and providing retirement and relief benefits to its members; and

(2) having a separate subsidiary incorporated firefighter's relief association providing retirement and relief benefits, or participating in the voluntary statewide lump-sum volunteer firefighter retirement plan or, if a paid fire department, having retirement coverage by the public employees police and fire retirement plan.

(c) Minimum requirements for fire state aid also include the following or their equivalent as determined by the state fire marshal:

(1) having ten paid or volunteer firefighters including a fire chief and assistant fire chief;

(2) having regular scheduled meetings and frequent drills including instructions in firefighting tactics and in the use, care, and operation of all fire apparatus and equipment;

(3) having a motorized fire truck equipped with a motorized pump, 250 gallon or larger water tank, 300 feet of one inch or larger fire hose in two lines with combination spray and straight stream nozzles, five-gallon hand pumps--tank extinguisher or equivalent, dry chemical extinguisher or equivalent, ladders, extension ladders, pike poles, crow bars, axes, lanterns, fire coats, helmets, and boots;

(4) having apparatus suitably housed in a building of good construction with facilities for care of hose and equipment;

(5) having a reliable and adequate method of receiving fire alarms by telephone or with electric siren and suitable means of sounding an alarm;

APPENDIX
Repealed Minnesota Statutes: 19-5224

(6) if response is to be provided outside the corporate limits of the municipality wherein the fire department is located, having another piece of motorized apparatus to make the response; and

(7) meeting other requirements that the commissioner establishes by rule.

69.021 REPORTING PREMIUMS; CALCULATION OF AID.

Subdivision 1. **Minnesota Firetown Premium Report and Minnesota Aid to Police Premium Report.** The commissioner shall, at the time of mailing tax forms, send blank copies of the Minnesota Firetown Premium Report and when applicable the Minnesota Aid to Police Premium Report to each insurer, including township and farmers mutual insurance companies licensed to write insurance as described in section 69.011, subdivision 1, clauses (c) and (f) in this state. These reports must contain space for the insurers name, address, gross premiums less return premiums, dividends, net premiums, certification and other facts that the commissioner may require.

Subd. 2. **Report of premiums.** (a) Each insurer, including township and farmers mutual insurers where applicable, shall return to the commissioner the reports described in subdivision 1 certified by its secretary and president or chief financial officer.

(b) The Minnesota Firetown Premium Report must contain a true and accurate statement of the total premium for all gross direct fire, lightning, sprinkler leakage, and extended coverage insurance of all domestic mutual insurers and the total premiums for all gross direct fire, lightning, sprinkler leakage and extended coverage insurance of all other insurers, less return premiums and dividends received by them on that business written or done during the preceding calendar year upon property located within the state or brought into the state for temporary use. The fire and extended coverage portion of multiperil and multiple peril package premiums and all other combination premiums must be determined by applying percentages determined by the commissioner or by rating bureaus recognized by the commissioner.

(c) The Minnesota Aid to Police Premium Report must contain a true and accurate statement of the total premiums, less return premiums and dividends, on all direct business received by such insurer in this state, or by its agents for it, in cash or otherwise, during the preceding calendar year, with reference to insurance written for perils described in section 69.011, subdivision 1, clause (f).

Subd. 3. **Penalty for fraudulent, incorrect, incomplete returns and late filing of report.** (a) When it appears to the commissioner that any insurer has made an incomplete or inaccurate report, the commissioner shall return the report and demand that a complete and accurate report be filed. If the insurer fails to file a report on or before March 1, annually, the insurer is liable and shall pay \$25 for each seven days, or fraction thereof, that the report is delinquent, but not to exceed \$200. If the insurer fails to file a corrected report within 30 days after demand, the insurer is liable for the penalties provided in paragraph (b) or (c) for knowingly filing an inaccurate or false report.

(b) Any insurer which knowingly makes and files an inaccurate or false report is liable to a fine in an amount of not less than \$25 nor more than \$1,000, as determined by the commissioner, and additionally the commissioner of commerce may revoke the insurer's certificate of authority.

(c) Any person whose duty it is to make the report who fails or refuses to make it within 30 days after notification by the commissioner shall be fined an amount of not more than \$1,000.

(d) Failure of the insurer to receive a reporting form does not excuse the insurer from filing the report.

Subd. 4. **Determination of qualified state aid recipients; certification to commissioner of management and budget.** (a) The commissioner shall determine which municipalities and independent nonprofit firefighting corporations are qualified to receive fire state aid directly or are qualified to receive the benefit of fire state aid paid to the voluntary statewide lump-sum volunteer firefighter retirement plan and which municipalities and counties are qualified to receive police state aid.

(b) The commissioner shall determine qualification for state aid upon receipt of:

(1) the fire department personnel and equipment certification or the police department and qualified peace officers certificate, whichever applies, required under section 69.011;

(2) the financial compliance report required under section 6.495, subdivision 3, if applicable; and

(3) any other relevant information which comes to the attention of the commissioner.

APPENDIX
Repealed Minnesota Statutes: 19-5224

(c) Upon completion of the determination, on or before October 1, the commissioner shall calculate the amount of:

(1) the police state aid which each county or municipality is to receive under subdivisions 5, 6, 7a, and 10; and

(2) the fire state aid which each municipality or nonprofit firefighting corporation is to receive under subdivisions 5 and 7.

(d) The commissioner shall certify to the commissioner of management and budget the name of each county or municipality, and the amount of state aid which each county or municipality is to receive, in the case of police state aid. The commissioner shall certify to the commissioner of management and budget the name of each municipality or independent nonprofit firefighting corporation and the amount of state aid which each municipality or independent nonprofit firefighting corporation is to receive directly or the amount of state aid which the voluntary statewide lump-sum volunteer firefighter retirement plan is qualified to receive on behalf of the municipality or corporation, in the case of fire state aid.

Subd. 5. Calculation of state aid. (a) The amount of fire state aid available for apportionment, before the addition of the minimum fire state aid allocation amount under subdivision 7, is equal to 107 percent of the amount of premium taxes paid to the state upon the fire, lightning, sprinkler leakage, and extended coverage premiums reported to the commissioner by insurers on the Minnesota Firetown Premium Report. This amount must be reduced by the amount required to pay the state auditor's costs and expenses of the audits or exams of the firefighters relief associations.

The total amount for apportionment in respect to fire state aid must not be less than two percent of the premiums reported to the commissioner by insurers on the Minnesota Firetown Premium Report after subtracting the following amounts:

(1) the amount required to pay the state auditor's costs and expenses of the audits or exams of the firefighters relief associations; and

(2) one percent of the premiums reported by township mutual insurance companies and mutual property and casualty companies with total assets of \$5,000,000 or less.

(b) The total amount for apportionment as police state aid is equal to 104 percent of the amount of premium taxes paid to the state on the premiums reported to the commissioner by insurers on the Minnesota Aid to Police Premium Report. The total amount for apportionment in respect to the police state aid program must not be less than two percent of the amount of premiums reported to the commissioner by insurers on the Minnesota Aid to Police Premium Report.

(c) The commissioner shall calculate the percentage of increase or decrease reflected in the apportionment over or under the previous year's available state aid using the same premiums as a basis for comparison.

(d) In addition to the amount for apportionment of police state aid under paragraph (b), each year \$100,000 must be apportioned for police state aid. An amount sufficient to pay this increase is annually appropriated from the general fund.

Subd. 7. Apportionment of fire state aid to municipalities and relief associations. (a) The commissioner shall apportion the fire state aid relative to the premiums reported on the Minnesota Firetown Premium Reports filed under this chapter to each municipality and/or firefighters relief association qualified under section 69.011, subdivision 4.

(b) The commissioner shall calculate an initial fire state aid allocation amount for each municipality or fire department under paragraph (c) and, if applicable, a minimum fire state aid allocation amount for each municipality or fire department under paragraph (d). The municipality or fire department must be apportioned the larger fire state aid amount.

(c) The initial fire state aid allocation amount is the amount available for apportionment as fire state aid under subdivision 5, without the inclusion of any additional funding amount to support a minimum fire state aid amount under section 423A.02, subdivision 3, allocated one-half in proportion to the population as shown in the last official statewide federal census for each fire town and one-half in proportion to the estimated market value of each fire town, including (1) the estimated market value of tax-exempt property and (2) the estimated market value of natural resources lands receiving in lieu payments under sections 477A.11 to 477A.14, but excluding the estimated market value of minerals. In the case of incorporated or municipal fire departments furnishing fire protection to other cities, towns, or townships as evidenced by valid fire service contracts filed with the commissioner, the distribution must be adjusted proportionately to take into consideration the

APPENDIX
Repealed Minnesota Statutes: 19-5224

crossover fire protection service. Necessary adjustments must be made to subsequent apportionments. In the case of municipalities or independent fire departments qualifying for the aid, the commissioner shall calculate the state aid for the municipality or relief association on the basis of the population and the estimated market value of the area furnished fire protection service by the fire department as evidenced by duly executed and valid fire service agreements filed with the commissioner. If one or more fire departments are furnishing contracted fire service to a city, town, or township, only the population and estimated market value of the area served by each fire department may be considered in calculating the state aid and the fire departments furnishing service shall enter into an agreement apportioning among themselves the percent of the population and the percent of the estimated market value of each shared service area. The agreement must be in writing and must be filed with the commissioner.

(d) The minimum fire state aid allocation amount is the amount in addition to the initial fire state allocation amount that is derived from any additional funding amount to support a minimum fire state aid amount under section 423A.02, subdivision 3, and allocated to municipalities with volunteer firefighters relief associations or covered by the voluntary statewide lump-sum volunteer firefighter retirement plan based on the number of active volunteer firefighters who are members of the relief association as reported in the annual financial reporting for the calendar year 1993 to the Office of the State Auditor, but not to exceed 30 active volunteer firefighters, so that all municipalities or fire departments with volunteer firefighters relief associations receive in total at least a minimum fire state aid amount per 1993 active volunteer firefighter to a maximum of 30 firefighters. If a relief association is established after calendar year 1993 and before calendar year 2000, the number of active volunteer firefighters who are members of the relief association as reported in the annual financial reporting for calendar year 1998 to the Office of the State Auditor, but not to exceed 30 active volunteer firefighters, shall be used in this determination. If a relief association is established after calendar year 1999, the number of active volunteer firefighters who are members of the relief association as reported in the first annual financial reporting submitted to the Office of the State Auditor, but not to exceed 20 active volunteer firefighters, must be used in this determination. If a relief association is terminated as a result of providing retirement coverage for volunteer firefighters by the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G, the number of active volunteer firefighters of the municipality covered by the statewide plan as certified by the executive director of the Public Employees Retirement Association to the commissioner and the state auditor, but not to exceed 30 active firefighters, must be used in this determination.

(e) Unless the firefighters of the applicable fire department are members of the voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid must be paid to the treasurer of the municipality where the fire department is located and the treasurer of the municipality shall, within 30 days of receipt of the fire state aid, transmit the aid to the relief association if the relief association has filed a financial report with the treasurer of the municipality and has met all other statutory provisions pertaining to the aid apportionment. If the firefighters of the applicable fire department are members of the voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid must be paid to the executive director of the Public Employees Retirement Association and deposited in the voluntary statewide lump-sum volunteer firefighter retirement fund.

(f) The commissioner may make rules to permit the administration of the provisions of this section.

(g) Any adjustments needed to correct prior misallocations must be made to subsequent fire state aid apportionments.

Subd. 7a. Apportionment of police state aid. (a) Subject to the reduction provided for under subdivision 10, the commissioner shall apportion the police state aid to each municipality, to each county, and to the Departments of Natural Resources and Public Safety in the following manner:

(1) for all municipalities maintaining police departments, counties, the Department of Natural Resources, and the Department of Public Safety, the police state aid must be distributed in proportion to the relationship that the total number of peace officers, as determined under section 69.011, subdivision 1, paragraph (g), and subdivision 2, paragraph (b), employed by that employing unit for 12 calendar months and the proportional or fractional number who were employed less than 12 months bears to the total number of peace officers employed by all municipalities, counties, the Departments of Natural Resources and Public Safety, subject to any reduction under subdivision 10;

APPENDIX
Repealed Minnesota Statutes: 19-5224

(2) for each municipality which contracts with the county for police service, a proportionate amount of the state aid distributed to the county based on the full-time equivalent number of peace officers providing contract service to that municipality must be credited against the municipality's contract obligation; and

(3) for each municipality which contracts with another municipality for police service, a proportionate amount of the state aid distributed to the municipality providing contract service based on the full-time equivalent number of peace officers providing contract service to that municipality on a full-time equivalent basis must be credited against the contract obligation of the municipality receiving contract service.

(b) Any necessary additional adjustments must be made to subsequent police state aid apportionments.

Subd. 8. Population and estimated market value. (a) In computations relating to fire state aid requiring the use of population figures, only official statewide federal census figures may be used. Increases or decreases in population disclosed by reason of any special census must not be taken into consideration.

(b) In calculations relating to fire state aid requiring the use of estimated market value property figures, only the latest available estimated market value property figures may be used.

Subd. 9. Appeal. (a) In the event that a municipality, a county, a fire relief association, the Department of Natural Resources, the Department of Public Safety, or the voluntary statewide lump-sum volunteer firefighter retirement plan, feels itself to be aggrieved, it may request the commissioner to review and adjust the apportionment of funds within the county in the case of police state aid, or within the state in the case of fire state aid.

(b) The decision of the commissioner is subject to appeal, review, and adjustment by the district court in the county in which the applicable municipality or fire department is located or by the Ramsey County District Court with respect to the Department of Natural Resources, the Department of Public Safety, or the voluntary statewide lump-sum volunteer firefighter retirement plan.

Subd. 10. Reduction in police state aid apportionment. (a) The commissioner of revenue shall reduce the apportionment of police state aid under subdivisions 5, paragraph (b), 6, and 7a, for eligible employer units by the amount of any excess police state aid.

(b) "Excess police state aid" is:

(1) for counties and for municipalities in which police retirement coverage is provided wholly by the public employees police and fire fund and all police officers are members of the plan governed by sections 353.63 to 353.657, the amount in excess of the employer's total prior calendar year obligation as defined in paragraph (c), as certified by the executive director of the Public Employees Retirement Association;

(2) for the Metropolitan Airports Commission, the amount in excess of the commission's total prior calendar year obligation as defined in paragraph (c), as certified by the executive director of the Public Employees Retirement Association; and

(3) for the Department of Natural Resources and for the Department of Public Safety, the amount in excess of the employer's total prior calendar year obligation under section 352B.02, subdivision 1c, for plan members who are peace officers under section 69.011, subdivision 1, paragraph (g), as certified by the executive director of the Minnesota State Retirement System.

(c) The employer's total prior calendar year obligation with respect to the public employees police and fire plan under paragraph (b), clause (1), is the total prior calendar year obligation under section 353.65, subdivision 3, for police officers as defined in section 353.64, subdivisions 1, 1a, and 2, and the actual total prior calendar year obligation under section 353.65, subdivision 3, for firefighters, as defined in section 353.64, subdivisions 1, 1a, and 2, but not to exceed for those firefighters the applicable following employer calendar year amount:

| Municipality | Maximum Amount |
|--------------|----------------|
| Albert Lea | \$54,157.01 |
| Anoka | 10,399.31 |
| Apple Valley | 5,442.44 |

APPENDIX
Repealed Minnesota Statutes: 19-5224

| | |
|---------------------|-----------|
| Austin | 49,864.73 |
| Bemidji | 27,671.38 |
| Brooklyn Center | 6,605.92 |
| Brooklyn Park | 24,002.26 |
| Burnsville | 15,956.00 |
| Cloquet | 4,260.49 |
| Coon Rapids | 39,920.00 |
| Cottage Grove | 8,588.48 |
| Crystal | 5,855.00 |
| East Grand Forks | 51,009.88 |
| Edina | 32,251.00 |
| Elk River | 5,216.55 |
| Ely | 13,584.16 |
| Eveleth | 16,288.27 |
| Fergus Falls | 6,742.00 |
| Fridley | 33,420.64 |
| Golden Valley | 11,744.61 |
| Hastings | 16,561.00 |
| Hopkins | 4,324.23 |
| International Falls | 14,400.69 |
| Lakeville | 782.35 |
| Lino Lakes | 5,324.00 |
| Little Falls | 7,889.41 |
| Maple Grove | 6,707.54 |
| Maplewood | 8,476.69 |
| Minnetonka | 10,403.00 |
| Montevideo | 1,307.66 |
| Moorhead | 68,069.26 |
| New Hope | 6,739.72 |
| North St. Paul | 4,241.14 |
| Northfield | 770.63 |
| Owatonna | 37,292.67 |
| Plymouth | 6,754.71 |
| Red Wing | 3,504.01 |
| Richfield | 53,757.96 |
| Rosemount | 1,712.55 |
| Roseville | 9,854.51 |
| St. Anthony | 33,055.00 |
| St. Louis Park | 53,643.11 |

APPENDIX
Repealed Minnesota Statutes: 19-5224

| | |
|------------------------|-----------|
| Thief River Falls | 28,365.04 |
| Virginia | 31,164.46 |
| Waseca | 11,135.17 |
| West St. Paul | 15,707.20 |
| White Bear Lake | 6,521.04 |
| Woodbury | 3,613.00 |
| any other municipality | 0.00 |

(d) The total amount of excess police state aid must be deposited in the excess police state-aid account in the general fund, administered and distributed as provided in subdivision 11.

Subd. 11. **Excess police state-aid holding account.** (a) The excess police state-aid holding account is established in the general fund. The excess police state-aid holding account must be administered by the commissioner.

(b) Excess police state aid determined according to subdivision 10, must be deposited annually in the excess police state-aid holding account.

(c) From the balance in the excess police state-aid holding account, \$900,000 must be canceled annually to the general fund.

(d) On October 1 of each year, one-half of the balance of the excess police state-aid holding account remaining after the deduction under paragraph (c) is appropriated for additional amortization aid under section 423A.02, subdivision 1b.

(e) Annually, the remaining balance in the excess police state-aid holding account, after the deductions under paragraphs (c) and (d) cancels to the general fund.

69.022 VOLUNTEER RETENTION STIPEND AID PILOT.

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

(b) "Commissioner," unless otherwise specified, means the commissioner of public safety.

(c) "Emergency medical services provider" means a licensee as defined under section 144E.001, subdivision 8.

(d) "Independent nonprofit firefighting corporation" has the same meaning as used in chapter 424A.

(e) "Municipality" has the meaning given in section 69.011, but only if the municipality uses one or more qualified volunteers to provide service.

(f) "Qualified entity" means an emergency medical services provider, independent nonprofit firefighting corporation, or municipality.

(g) "Qualified volunteer" means one of the following types of volunteers who has provided service, for the entire prior calendar year, to one or more qualified entities:

(1) a volunteer firefighter as defined in section 299N.03, subdivision 7;

(2) a volunteer ambulance attendant as defined in section 144E.001, subdivision 15; or

(3) an emergency medical responder as defined in section 144E.001, subdivision 6, who provides emergency medical services as a volunteer.

(h) "Pilot area" means the following groups of counties:

(1) southern Minnesota, consisting of the counties of Faribault, Fillmore, Freeborn, Houston, and Watonwan;

(2) west central Minnesota, consisting of the counties of Chippewa, Kandiyohi, Redwood, and Renville;

(3) central Minnesota, consisting of the counties of Morrison and Todd; and

(4) north central Minnesota, consisting of the counties of Beltrami, Clearwater, and Mahnommen.

APPENDIX
Repealed Minnesota Statutes: 19-5224

Subd. 2. **Certification.** By June 1 of the calendar year following the year in which the qualified volunteer provided service, the commissioner shall certify to the commissioner of revenue each qualified volunteer's name and the qualified entity for which the qualified volunteer provided service, but the commissioner must remove duplicate listings of qualified volunteers who provided service to more than one qualified entity so that each qualified volunteer is listed only once. The commissioner shall also certify to the commissioner of revenue the total amount of aid to be paid to each qualified entity under subdivision 3. For qualified entities that are not municipalities, the commissioner must indicate the municipality to which the aid is to be paid, as designated by the qualified entity.

Subd. 3. **Aid payment and calculation.** The commissioner of revenue shall pay aid to qualified entities located in the pilot area to provide funds for the qualified entities to pay annual volunteer retention stipends to qualified volunteers who provide services to the qualified entities. A qualified entity is located in the pilot area if it is a municipality located in whole or in part in the pilot area, or if it is an emergency medical services provider or independent nonprofit firefighting corporation with its main office located in the pilot area. The amount of the aid equals \$500 multiplied by the number of qualified volunteers. For purposes of calculating this aid, each individual providing volunteer service, regardless of the different types of service provided, is one qualified volunteer. The commissioner of revenue shall pay the aid to qualified entities by July 15 of the calendar year following the year in which the qualified volunteer provided service. If a qualified entity is not a municipality, the commissioner shall pay the aid to the treasurer of the municipality designated by the qualified entity. The treasurer of the municipality shall, within 30 days of receipt of the aid, transmit the aid to the qualified entity.

Subd. 4. **Application.** Each year each qualified entity in the pilot area may apply to the commissioner for aid under this section. The application must be made at the time and in the form prescribed by the commissioner and must provide sufficient information to permit the commissioner to determine the applicant's entitlement to aid under this section.

Subd. 5. **Payment of stipends.** A qualified entity receiving state aid under this section must pay the aid as retention stipends of \$500 to qualified volunteers no later than September 15 of the year in which the aid was received.

Subd. 6. **Report.** No later than January 15, 2018, the commissioner must report to the chairs and ranking minority members of the legislative committees having jurisdiction over public safety and taxes in the senate and the house of representatives, in compliance with sections 3.195 and 3.197, on aid paid under this section. The report must include:

- (1) for each county in the pilot area, a listing of the qualified entities that received aid in each of the three years of the pilot;
- (2) the amount of aid paid to each qualified entity that received aid in each of the three years of the pilot; and
- (3) for each qualified entity that received aid, the number of qualified volunteers who were paid stipends in each of the three years of the pilot, and the number of qualified volunteers in the year preceding the pilot.

The report must also provide information on the number of qualified volunteers providing service to qualified entities in comparison counties in each of the three years of the pilot and in the year preceding the pilot, and must summarize changes in the number of qualified volunteers during the year preceding the pilot and during the three years of the pilot both within the pilot area and in the comparison counties. For purposes of this subdivision, "comparison counties" means counties designated by the commissioner to include at least half of the counties that border each group of counties in the pilot area, as specified in subdivision 1. Qualified entities in comparison counties must provide information to the commissioner necessary to the report in this subdivision in the form and manner required by the commissioner.

Subd. 7. **Appropriation.** An amount sufficient to pay the state aid under this section is appropriated from the general fund to the commissioner of revenue.

Subd. 8. **Sunset.** This section expires for aid payable after calendar year 2017, except that the reporting requirement in subdivision 6 remains in effect through 2018.

69.031 COMMISSIONER OF MANAGEMENT AND BUDGET; WARRANT, APPROPRIATION, PAYMENT AND ADMINISTRATION.

Subdivision 1. **Commissioner's warrant.** (a) The commissioner of management and budget shall issue to the Public Employees Retirement Association on behalf of a municipality or independent nonprofit firefighting corporation that is a member of the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G, to the Department of Natural Resources, the Department of Public Safety, or the county, municipality, or independent nonprofit firefighting corporation certified to the commissioner of management and budget by the commissioner a warrant for an amount equal to the amount of fire state aid or police state aid, whichever applies, certified for the applicable state aid recipient by the commissioner under section 69.021.

(b) Fire state aid and police state aid is payable on October 1 annually. The amount of state aid due and not paid by October 1 accrues interest payable to the state aid recipient at the rate of one percent for each month or part of a month that the amount remains unpaid after October 1.

Subd. 3. **Appropriations.** There is hereby appropriated annually from the state general fund to the commissioner of revenue amounts sufficient to make the police state aid payments and the fire state aid payments specified in this section and section 69.021.

Subd. 5. **Deposit of state aid.** (a) If the municipality or the independent nonprofit firefighting corporation is covered by the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G, the executive director shall credit the fire state aid against future municipal contribution requirements under section 353G.08 and shall notify the municipality or independent nonprofit firefighting corporation of the fire state aid so credited at least annually. If the municipality or the independent nonprofit firefighting corporation is not covered by the voluntary statewide lump-sum volunteer firefighter retirement plan, the municipal treasurer shall, within 30 days after receipt, transmit the fire state aid to the treasurer of the duly incorporated firefighters' relief association if there is one organized and the association has filed a financial report with the municipality. If the relief association has not filed a financial report with the municipality, the municipal treasurer shall delay transmission of the fire state aid to the relief association until the complete financial report is filed. If the municipality or independent nonprofit firefighting corporation is not covered by the voluntary statewide lump-sum volunteer firefighter retirement plan, if there is no relief association organized, or if the association has dissolved or has been removed as trustees of state aid, then the treasurer of the municipality shall deposit the money in the municipal treasury and the money may be disbursed only for the purposes and in the manner set forth in section 424A.08 or for the payment of the employer contribution requirement with respect to firefighters covered by the public employees police and fire retirement plan under section 353.65, subdivision 3.

(b) For a municipality in which police retirement coverage is provided by the public employees police and fire fund and all peace officers are members of the fund, including municipalities covered by section 353.665, the total state aid must be applied toward the municipality's employer contribution to the public employees police and fire fund under sections 353.65, subdivision 3, and 353.665, subdivision 8.

(c) The county treasurer, upon receipt of the police state aid for the county, shall apply the total state aid toward the county's employer contribution to the public employees police and fire fund under section 353.65, subdivision 3.

(d) The designated Metropolitan Airports Commission official, upon receipt of the police state aid for the Metropolitan Airports Commission, shall apply the total police state aid toward the commission's employer contribution for police officers to the public employees police and fire plan under section 353.65, subdivision 3.

(e) The police state aid apportioned to the Departments of Public Safety and Natural Resources under section 69.021, subdivision 7a, is appropriated to the commissioner of management and budget for transfer to the funds and accounts from which the salaries of peace officers certified under section 69.011, subdivision 2b, are paid. The commissioner of revenue shall certify to the commissioners of public safety, natural resources, and management and budget the amounts to be transferred from the appropriation for police state aid. The commissioners of public safety and natural resources shall certify to the commissioner of management and budget the amounts to be credited to each of the funds and accounts from which the peace officers employed by their respective departments are paid. Each commissioner shall allocate the police state aid first for employer contributions for employees funded from the general fund and then for employer contributions for employees funded from other funds. For peace officers whose salaries are paid from the general

fund, the amounts transferred from the appropriation for police state aid must be canceled to the general fund.

69.041 SHORTFALL FROM GENERAL FUND.

(a) If the annual funding requirements of fire or police relief associations or consolidation accounts under sections 424A.091 to 424A.095, or Laws 2013, chapter 111, article 5, sections 31 to 42, exceed all applicable revenue sources of a given year, including the insurance premium taxes funding the applicable fire or police state aid as set under section 297I.05, subdivisions 2, 3, and 4, the shortfall in the annual funding requirements must be paid from the general fund to the extent appropriated by the legislature.

(b) Nothing in this section may be deemed to relieve any municipality from its obligation to a relief association or consolidation account under law.

69.051 FINANCIAL REPORT, BOND, EXAMINATION.

Subdivision 1. **Financial report and audit.** (a) The board of the Bloomington Fire Department Relief Association and each volunteer firefighters relief association as defined in section 424A.001, subdivision 4, with assets of at least \$500,000 or liabilities of at least \$500,000 in the prior year or in any previous year, according to the applicable actuarial valuation or according to the financial report if no valuation is required, shall prepare a financial report covering the special and general funds of the relief association for the preceding fiscal year, file the financial report, and submit financial statements.

(b) The financial report must contain financial statements and disclosures which present the true financial condition of the relief association and the results of relief association operations in conformity with generally accepted accounting principles and in compliance with the regulatory, financing and funding provisions of this chapter and any other applicable laws. The financial report must be countersigned by:

(1) the municipal clerk or clerk-treasurer of the municipality in which the relief association is located if the relief association is a firefighters relief association which is directly associated with a municipal fire department; or

(2) by the municipal clerk or clerk-treasurer of the largest municipality in population which contracts with the independent nonprofit firefighting corporation if the volunteer firefighter relief association is a subsidiary of an independent nonprofit firefighting corporation and by the secretary of the independent nonprofit firefighting corporation; or

(3) by the chief financial official of the county in which the volunteer firefighter relief association is located or primarily located if the relief association is associated with a fire department that is not located in or associated with an organized municipality.

(c) The financial report must be retained in its office for public inspection and must be filed with the governing body of the government subdivision in which the associated fire department is located after the close of the fiscal year. One copy of the financial report must be furnished to the state auditor after the close of the fiscal year.

(d) Audited financial statements must be attested to by a certified public accountant or by the state auditor and must be filed with the state auditor within 180 days after the close of the fiscal year. The state auditor may accept this report in lieu of the report required in paragraph (c).

Subd. 1a. **Financial statement.** (a) The board of each volunteer firefighter relief association, as defined in section 424A.001, subdivision 4, that is not required to file a financial report and audit under subdivision 1 must prepare a detailed statement of the financial affairs for the preceding fiscal year of the relief association's special and general funds in the style and form prescribed by the state auditor. The detailed statement must show:

(1) the sources and amounts of all money received;

(2) all disbursements, accounts payable and accounts receivable;

(3) the amount of money remaining in the treasury;

(4) total assets, including a listing of all investments;

(5) the accrued liabilities; and

(6) all other items necessary to show accurately the revenues and expenditures and financial position of the relief association.

APPENDIX
Repealed Minnesota Statutes: 19-5224

(b) The detailed financial statement of the special and general funds required under paragraph (a) must be certified by a certified public accountant or by the state auditor in accordance with agreed-upon procedures and forms prescribed by the state auditor. The accountant must have at least five years of public accounting, auditing, or similar experience, and must not be an active, inactive, or retired member of the relief association or the fire department.

(c) The detailed financial statement required under paragraph (a) must be countersigned by:

(1) the municipal clerk or clerk-treasurer of the municipality; or

(2) where applicable, by the municipal clerk or clerk-treasurer of the largest municipality in population which contracts with the independent nonprofit firefighting corporation if the relief association is a subsidiary of an independent nonprofit firefighting corporation and by the secretary of the independent nonprofit firefighting corporation; or

(3) by the chief financial official of the county in which the volunteer firefighter relief association is located or primarily located if the relief association is associated with a fire department that is not located in or associated with an organized municipality.

(d) The volunteer firefighters' relief association board must file the detailed financial statement required under paragraph (a) in the relief association office for public inspection and present it to the governing body of the municipality within 45 days after the close of the fiscal year, and must submit a copy of the certified detailed financial statement to the state auditor within 90 days of the close of the fiscal year.

(e) A certified public accountant or auditor who performs the agreed-upon procedures under paragraph (b) is subject to the reporting requirements of section 6.67.

Subd. 1b. **Qualification.** The state auditor may, upon a demonstration by a relief association of hardship or an inability to conform, extend the deadline for reports under subdivisions 1 or 1a, but not beyond November 30th following the due date. If the reports are not received by November 30th, the municipality or relief association forfeits its current year state aid, and, until the state auditor receives the required information, the relief association or municipality is ineligible to receive any future state aid. A municipality or firefighters' relief association does not qualify initially to receive, or be entitled subsequently to retain, state aid under this chapter if the financial reporting requirement or the applicable requirements of this chapter or any other statute or special law have not been complied with or are not fulfilled.

Subd. 2. **Treasurers bond.** (a) The treasurer of the Bloomington Fire Department Relief Association may not enter upon duties without having given the association a bond in a reasonable amount acceptable to the municipality for the faithful discharge of duties according to law.

(b) No treasurer of a relief association governed by sections 424A.091 to 424A.096 may enter upon the duties of the office until the treasurer has given the association a good and sufficient bond in an amount equal to at least ten percent of the assets of the relief association; however, the amount of the bond need not exceed \$500,000.

Subd. 3. **Report by certain municipalities; exceptions.** (a) The chief administrative officer of each municipality which has an organized fire department but which does not have a firefighters' relief association governed by sections 424A.091 to 424A.095 or Laws 2014, chapter 275, article 2, section 23, and which is not exempted under paragraph (b) or (c) shall annually prepare a detailed financial report of the receipts and disbursements by the municipality for fire protection service during the preceding calendar year on a form prescribed by the state auditor. The financial report must contain any information which the state auditor deems necessary to disclose the sources of receipts and the purpose of disbursements for fire protection service. The financial report must be signed by the municipal clerk or clerk-treasurer of the municipality. The financial report must be filed by the municipal clerk or clerk-treasurer with the state auditor on or before July 1 annually. The municipality does not qualify initially to receive, and is not entitled subsequently to retain, state aid under this chapter if the financial reporting requirement or the applicable requirements of this chapter or any other statute or special law have not been complied with or are not fulfilled.

(b) Each municipality that has an organized fire department and provides retirement coverage to its firefighters through the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G qualifies to have fire state aid transmitted to and retained in the statewide lump-sum volunteer firefighter retirement fund without filing a detailed financial report if the executive director of the Public Employees Retirement Association certifies compliance by the municipality with the requirements of sections 353G.04 and 353G.08, paragraph (e), and certifies conformity by the applicable fire chief with the requirements of section 353G.07.

APPENDIX
Repealed Minnesota Statutes: 19-5224

(c) Each municipality qualifies to receive fire state aid under this chapter without filing a financial report under paragraph (a) if the municipality:

- (1) has an organized fire department;
- (2) does not have a volunteer firefighters relief association directly associated with its fire department;
- (3) does not participate in the statewide lump-sum volunteer firefighter retirement plan under chapter 353G;
- (4) provides retirement coverage to its firefighters through the public employees police and fire retirement plan under sections 353.63 to 353.68; and
- (5) is certified by the executive director of the Public Employees Retirement Association to the state auditor to have had an employer contribution under section 353.65, subdivision 3, for its firefighters for the immediately prior calendar year equal to or greater than its fire state aid for the immediately prior calendar year.

Subd. 4. **Notification by commissioner and state auditor.** (a) The state auditor, in performing an audit or examination, shall notify the Legislative Commission on Pensions and Retirement if the audit or examination reveals malfeasance, misfeasance, or nonfeasance in office by relief association officials or municipal officials.

(b) The commissioner shall notify the Legislative Commission on Pensions and Retirement if the state auditor has not filed the required financial compliance reports by July 1.

69.33 REPORT; AMOUNT OF PREMIUMS RECEIVED BY INSURANCE COMPANIES.

For purposes of the first class city fire insurance premium tax surcharge aid program under section 297I.10, the commissioner shall enclose in the annual statement blank that is sent to all fire insurance companies doing business in this state a blank form containing the names of all cities of the first class and require these companies, at the time of making their annual statements to the commissioner, to state on these blanks the amount of premiums received by them upon properties insured within the corporate limits of the cities named thereon during the year ending December 31st last past. Thereafter, before July first each year, the commissioner shall certify to the commissioner of management and budget the information thus obtained, together with the amount of the tax for the benefit of the pension plans covering firefighters in cities of the first class paid in such year by these companies upon these insurance premiums.

69.80 AUTHORIZED ADMINISTRATIVE EXPENSES.

(a) Notwithstanding any provision of law to the contrary, the payment of the following necessary, reasonable and direct expenses of maintaining, protecting and administering the special fund, when provided for in the bylaws of the association and approved by the board of trustees, constitutes authorized administrative expenses of a volunteer firefighters' relief association organized under any law of this state or the Bloomington Fire Department Relief Association:

- (1) office expense, including, but not limited to, rent, utilities, equipment, supplies, postage, periodical subscriptions, furniture, fixtures, and salaries of administrative personnel;
- (2) salaries of the officers of the association, or their designees, and salaries of the members of the board of trustees of the association if the salary amounts are approved by the governing body of the entity that is responsible for meeting any minimum obligation under section 424A.092 or 424A.093, or Laws 2013, chapter 111, article 5, sections 31 to 42, and the itemized expenses of relief association officers and board members that are incurred as a result of fulfilling their responsibilities as administrators of the special fund;
- (3) tuition, registration fees, organizational dues, and other authorized expenses of the officers or members of the board of trustees incurred in attending educational conferences, seminars, or classes relating to the administration of the relief association;
- (4) audit and audit-related services, accounting and accounting-related services, and actuarial, medical, legal, and investment and performance evaluation expenses;
- (5) filing and application fees payable by the relief association to federal or other governmental entities;

APPENDIX
Repealed Minnesota Statutes: 19-5224

(6) reimbursement to the officers and members of the board of trustees, or their designees, for reasonable and necessary expenses actually paid and incurred in the performance of their duties as officers or members of the board; and

(7) premiums on fiduciary liability insurance and official bonds for the officers, members of the board of trustees, and employees of the relief association.

(b) Any other expenses of the relief association must be paid from the general fund of the association, if one exists. If a relief association has only one fund, that fund is the special fund for purposes of this section. If a relief association has a special fund and a general fund, and any expense of the relief association that is directly related to the purposes for which both funds were established, the payment of that expense must be apportioned between the two funds on the basis of the benefits derived by each fund.

270C.131 EXPLORE MINNESOTA TOURISM TAX REPORT.

Within 30 days of the end of each quarter, the Department of Revenue shall provide Explore Minnesota Tourism with a quarterly report of comparisons of quarterly sales taxes collected under the Standard Industrial Classification System, or equivalent codes in the North America Industry Classification System, in the following areas:

- (1) SIC 70, lodging;
- (2) SIC 79, amusement and recreation; and
- (3) SIC 58, eating and drinking.

275.29 ABSTRACTS TO COMMISSIONER OF REVENUE.

Not later than March 31, in each year, the county auditor shall make and transmit to the commissioner of revenue, in such form as may be prescribed by the commissioner of revenue, complete abstracts of the tax lists of the county, showing the number of acres of land assessed; its value, including the structures thereon; the value of town and city lots, including structures; the total value of all taxable personal property in the several assessment districts; the aggregate amount of all taxable property in the county, and the total amount of taxes levied therein for state, county, town, and all other purposes for that year.

290.0131 INDIVIDUALS; ADDITIONS TO FEDERAL TAXABLE INCOME.

Subd. 7. **Fines, fees, and penalties.** The amount of expenses disallowed under section 290.10, subdivision 2, is an addition.

Subd. 11. **Income attributable to domestic production activities.** The amount of the deduction allowable under section 199 of the Internal Revenue Code is an addition.

Subd. 12. **Disallowed itemized deductions.** (a) The amount of disallowed itemized deductions is an addition. The amount of disallowed itemized deductions, plus the addition required under subdivision 3, may not be more than the amount by which the itemized deductions, as allowed under section 63(d) of the Internal Revenue Code, exceeds the amount of the standard deduction as defined in section 63(c) of the Internal Revenue Code.

(b) The amount of disallowed itemized deductions is equal to the lesser of:

- (1) three percent of the excess of the taxpayer's federal adjusted gross income over the applicable amount; or
- (2) 80 percent of the amount of the itemized deductions otherwise allowable to the taxpayer under the Internal Revenue Code for the taxable year.

(c) "Applicable amount" means \$100,000, or \$50,000 for a married individual filing a separate return. Each dollar amount is increased by an amount equal to:

- (1) that dollar amount, multiplied by
- (2) the cost-of-living adjustment determined under section 1(f)(3) of the Internal Revenue Code for the calendar year in which the taxable year begins, by substituting "calendar year 1990" for "calendar year 1992" in subparagraph (B) of section 1(f)(3).

(d) "Itemized deductions" excludes:

- (1) the deduction for medical expenses under section 213 of the Internal Revenue Code;

APPENDIX
Repealed Minnesota Statutes: 19-5224

(2) any deduction for investment interest as defined in section 163(d) of the Internal Revenue Code; and

(3) the deduction under section 165(a) of the Internal Revenue Code for casualty or theft losses described in paragraph (2) or (3) of section 165(c) of the Internal Revenue Code or for losses described in section 165(d) of the Internal Revenue Code.

Subd. 13. Disallowed personal exemption amount. (a) The amount of disallowed personal exemptions for taxpayers with federal adjusted gross income over the threshold amount is an addition.

(b) The disallowed personal exemption amount is equal to the number of personal exemptions allowed under section 151(b) and (c) of the Internal Revenue Code multiplied by the dollar amount for personal exemptions under section 151(d)(1) and (2) of the Internal Revenue Code, as adjusted for inflation by section 151(d)(4) of the Internal Revenue Code, and by the applicable percentage.

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

(d) "Threshold amount" means:

(1) \$150,000 for a joint return or a surviving spouse;

(2) \$125,000 for a head of a household;

(3) \$100,000 for an individual who is not married and who is not a surviving spouse or head of a household; and

(4) \$75,000 for a married individual filing a separate return.

(e) The thresholds must be increased by an amount equal to:

(1) the threshold dollar amount, multiplied by

(2) the cost-of-living adjustment determined under section 1(f)(3) of the Internal Revenue Code for the calendar year in which the taxable year begins, by substituting "calendar year 1990" for "calendar year 1992" in subparagraph (B) of section 1(f)(3).

290.0132 INDIVIDUALS; SUBTRACTIONS FROM FEDERAL TAXABLE INCOME.

Subd. 8. Subnational foreign taxes. (a) For individuals who are allowed a federal foreign tax credit for taxes that do not qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover of subnational foreign taxes for the taxable year is a subtraction, but not to exceed the total subnational foreign taxes reported in claiming the foreign tax credit.

(b) For purposes of this subdivision, "federal foreign tax credit" means the credit allowed under section 27 of the Internal Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed under section 904(c) of the Internal Revenue Code minus national level foreign taxes to the extent they exceed the federal foreign tax credit.

290.0133 CORPORATIONS; ADDITIONS TO FEDERAL TAXABLE INCOME.

Subd. 13. Income attributable to domestic production activities. The amount of the deduction allowable under section 199 of the Internal Revenue Code is an addition.

Subd. 14. Fines, fees, and penalties. The amount of expenses disallowed under section 290.10, subdivision 2, is an addition.

290.0671 MINNESOTA WORKING FAMILY CREDIT.

Subd. 6a. TANF appropriation for working family credit expansion. (a) On an annual basis the commissioner of revenue, with the assistance of the commissioner of human services, shall calculate the value of the refundable portion of the Minnesota Working Family Credit provided under this section that qualifies for payment with funds from the federal Temporary Assistance for Needy Families (TANF) block grant. Of this total amount, the commissioner of revenue shall estimate the portion entailed by the expansion of the credit rates provided in Laws 2000, chapter

APPENDIX
Repealed Minnesota Statutes: 19-5224

490, article 4, section 17, for individuals with qualifying children over the rates provided in Laws 1999, chapter 243, article 2, section 12.

(b) An amount sufficient to pay the refunds entailed by the expansion of the credit rates provided in Laws 2000, chapter 490, article 4, section 17, for individuals with qualifying children over the rates provided in Laws 1999, chapter 243, article 2, section 12, as estimated in paragraph (a), is appropriated to the commissioner of human services from the federal Temporary Assistance for Needy Families (TANF) block grant funds, for transfer to the commissioner of revenue for deposit in the general fund.

290.10 NONDEDUCTIBLE ITEMS.

Subd. 2. **Fines, fees, and penalties.** (a) Except as provided in this subdivision, no deduction from taxable income for a trade or business expense under section 162(a) of the Internal Revenue Code shall be allowed for any amount paid or incurred, whether by suit, agreement, or otherwise, to, or at the direction of, a government or entity described in paragraph (d) in relation to the violation of any law or the investigation or inquiry by such government or entity into the potential violation of any law.

(b) Exception for amounts constituting restitution or paid to come into compliance with the law. Paragraph (a) does not apply to any amount which:

(1) the taxpayer establishes:

(i) constitutes restitution, including remediation of property for damage or harm caused by or which may be caused by the violation of any law or the potential violation of any law; or

(ii) is paid to come into compliance with any law which was violated or involved in the investigation or inquiry; and

(2) is identified as restitution or as an amount paid to come into compliance with the law, as the case may be, in the court order or settlement agreement.

This paragraph does not apply to any amount paid or incurred as reimbursement to the government or entity for the costs of any investigation or litigation.

(c) Paragraph (a) does not apply to any amount paid or incurred by order of a court in a suit in which no government or entity described in paragraph (d) is a party.

(d) An entity is described in this paragraph if it is:

(1) a nongovernmental entity which exercises self-regulatory powers, including imposing sanctions, in connection with a qualified board or exchange, as defined in section 1256(g)(7) of the Internal Revenue Code; or

(2) to the extent provided in federal regulations, a nongovernmental entity which exercises self-regulatory powers, including imposing sanctions, as part of performing an essential governmental function.

(e) Paragraph (a) does not apply to any amount paid or incurred as taxes due.

296A.03 DISTRIBUTOR'S LICENSE.

Subd. 5. **Form of application; bond.** (a) A written application shall be made in the form and manner prescribed by the commissioner.

(b) The commissioner shall also require the applicant or licensee to deposit with the commissioner of management and budget securities of the United States government or the state of Minnesota or to execute and file a bond, with a corporate surety approved by the commissioner, to the state of Minnesota in an amount to be determined by the commissioner and in a form to be fixed by the commissioner and approved by the attorney general, and which shall be conditioned for the payment when due of all excise taxes, fees, penalties, and accrued interest arising in the ordinary course of business or by reason of any delinquent money which may be due the state. The bond shall cover all places of business within the state where petroleum products are received by the licensee. The applicant or licensee shall designate and maintain an agent in this state upon whom service may be made for all purposes of this section.

(c) An initial applicant for a distributor's license shall furnish a bond in a minimum sum of \$3,000 for the first year.

APPENDIX
Repealed Minnesota Statutes: 19-5224

(d) The commissioner, on reaching the opinion that the bond given by a licensee is inadequate in amount to fully protect the state, shall require an additional bond in such amount as the commissioner deems sufficient.

(e) A licensee who desires to be exempt from depositing securities or furnishing such bond shall furnish to the commissioner an itemized financial statement showing the assets and the liabilities of the applicant. If it appears to the commissioner, from the financial statement or otherwise, that the applicant is financially responsible, then the commissioner may exempt the applicant from depositing such securities or furnishing such bond until the commissioner otherwise orders.

(f) When the surety upon any bond issued under the provisions of this chapter have fulfilled the conditions of such bond and compensated the state for any loss occasioned by any act or omission of any licensee under this chapter, such surety shall be subrogated to all the rights of the state in connection with the transaction where such loss occurred.

296A.04 SPECIAL FUEL DEALER'S LICENSE; REQUIREMENTS.

Subd. 2. **Bond.** The provisions of section 296A.03, subdivision 5, paragraphs (b), (d), (e), and (f), relating to bonds apply to special fuel dealers.

296A.05 BULK PURCHASER'S LICENSE; REQUIREMENTS.

Subd. 2. **Bond.** The provisions of section 296A.03, subdivision 5, paragraphs (b), (d), (e), and (f), relating to bonds apply to bulk purchasers.

297A.66 JURISDICTION TO REQUIRE COLLECTION AND REMITTANCE OF TAX BY RETAILER.

Subd. 4b. **Collection and remittance requirements for marketplace providers and marketplace retailers.** (a) A marketplace provider shall collect sales and use taxes and remit them to the commissioner under section 297A.77 for all facilitated sales for a retailer, and is subject to audit on the retail sales it facilitates unless either:

(1) the retailer provides a copy of the retailer's registration to collect sales and use tax in this state to the marketplace provider before the marketplace provider facilitates a sale; or

(2) upon inquiry by the marketplace provider or its agent, the commissioner discloses that the retailer is registered to collect sales and use taxes in this state.

(b) Nothing in this subdivision shall be construed to interfere with the ability of a marketplace provider and a retailer to enter into an agreement regarding fulfillment of the requirements of this chapter.

(c) A marketplace provider is not liable under this subdivision for failure to file and collect and remit sales and use taxes if the marketplace provider demonstrates that the error was due to incorrect or insufficient information given to the marketplace provider by the retailer. This paragraph does not apply if the marketplace provider and the marketplace retailer are related as defined in subdivision 4, paragraph (b).

297F.08 CIGARETTE STAMPS.

Subd. 5. **Deposit of proceeds.** The commissioner shall use the amounts appropriated by law to purchase stamps for resale. The commissioner shall charge the purchasers for the costs of the stamps along with the tax value plus shipping costs. The costs recovered along with shipping costs must be deposited into the general fund.

297I.25 INFORMATION RETURNS.

Subd. 2. **Firetown and police premium reports.** To the extent required by section 69.021, each insurer shall file with the commissioner a Minnesota firetown premium report and Minnesota aid to police premium report.

APPENDIX
Repealed Minnesota Session Laws: 19-5224

Laws 2011, First Special Session chapter 9, article 6, section 97, subdivision 6

Sec. 97. **REPEALER.**

Subd. 6. **MinnesotaCare provider taxes.** Minnesota Statutes 2010, sections 13.4967, subdivision 3; 295.50, subdivisions 1, 1a, 2, 2a, 3, 4, 6, 6a, 7, 9b, 9c, 10a, 10b, 12b, 13, 14, and 15; 295.51, subdivisions 1 and 1a; 295.52, subdivisions 1, 1a, 2, 3, 4, 4a, 5, 6, and 7; 295.53, subdivisions 1, 2, 3, and 4a; 295.54; 295.55; 295.56; 295.57; 295.58; 295.581; 295.582; and 295.59, are repealed effective for gross revenues received after December 31, 2019.

8125.0410 DISTRIBUTOR'S LICENSES.

Subpart 1. **Exemption from depositing securities or filing a bond.** The commissioner will determine which distributor license applicants are financially responsible and, as a result, qualify for the statutory exemption from depositing securities or filing a bond, by taking into consideration all relevant factors. Those factors include the following:

A. whether the applicant's financial statement reflects that the applicant's current assets are at least equal to its current liabilities and that the applicant's net worth is at least three times its average quarterly motor fuel tax liability;

B. whether the applicant has failed to file or has been delinquent in filing any motor fuel tax returns;

C. whether the applicant has ever failed to pay its motor fuel tax liability, paid it late, or paid with a check that was later returned by the bank unpaid; and

D. any other evidence of the financial responsibility of the applicant.