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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. **3669**

02/21/2022 Authored by Marquart; Youakim; Olson, L.; Lippert and Her  
The bill was read for the first time and referred to the Committee on Taxes  
04/19/2022 Adoption of Report: Amended and re-referred to the Committee on Ways and Means

1.1 A bill for an act

1.2 relating to taxation; modifying provisions governing individual income and

1.3 corporate franchise taxes, sales and use taxes, property taxes, certain state aid

1.4 programs, certain local taxes, tax increment financing, and various other taxes and

1.5 tax-related provisions; providing for certain federal tax conformity; modifying

1.6 and proposing certain income tax credits and subtractions; providing for certain

1.7 sales tax exemptions; modifying property tax refunds and programs; proposing

1.8 additional local government aid programs; authorizing certain tax increment

1.9 financing; authorizing certain local taxes; converting the renter's property tax

1.10 refund into a refundable individual income tax credit; requiring reports;

1.11 appropriating money; amending Minnesota Statutes 2020, sections 6.495,

1.12 subdivision 3; 38.27, subdivision 4; 41B.0391, subdivisions 1, 2, 4; 123B.595,

1.13 subdivision 3; 123B.61; 126C.40, subdivision 1; 270A.03, subdivision 2; 270B.12,

1.14 subdivision 8; 272.01, subdivision 2; 272.02, subdivisions 24, 98, by adding

1.15 subdivisions; 273.124, subdivisions 3a, 6, 13a, 13c, 13d; 273.1245, subdivision

1.16 1; 273.13, subdivision 35; 273.1315, subdivision 2; 273.1387, subdivision 2;

1.17 273.41; 279.03, subdivision 1a; 282.261, subdivision 2; 287.12; 287.29; 287.31,

1.18 subdivision 3; 289A.02, subdivision 7; 289A.38, subdivision 4; 289A.56,

1.19 subdivision 6; 289A.60, subdivision 12; 290.0131, by adding subdivisions;

1.20 290.0132, subdivisions 18, 21, 26, by adding subdivisions; 290.0133, by adding

1.21 a subdivision; 290.0134, by adding a subdivision; 290.067; 290.0674, subdivision

1.22 2; 290.0681, subdivisions 2, 3, 4; 290.0685, subdivision 1, by adding a subdivision;

1.23 290.091, subdivision 2; 290.095, subdivision 11; 290A.02; 290A.03, subdivisions

1.24 6, 8, 12, 13, 15; 290A.04, subdivisions 1, 2, 2h, 4; 290A.05; 290A.07, subdivision

1.25 2a; 290A.08; 290A.09; 290A.091; 290A.13; 290A.19; 290A.25; 290B.03,

1.26 subdivision 1; 290B.04, subdivisions 3, 4; 290B.05, subdivision 1; 291.005,

1.27 subdivision 1; 296A.083, subdivision 3; 297A.61, subdivisions 12, 29; 297A.68,

1.28 subdivision 25, by adding subdivisions; 297A.70, subdivision 21; 297A.71,

1.29 subdivision 51, by adding subdivisions; 297A.94; 297A.99, subdivisions 1, 3;

1.30 297H.13, subdivision 2; 298.28, subdivisions 7a, 9b; 366.095, subdivision 1;

1.31 373.01, subdivision 3; 383B.117, subdivision 2; 410.32; 412.301; 462A.05,

1.32 subdivision 24; 462A.38; 469.174, subdivision 14, by adding a subdivision;

1.33 469.176, subdivisions 3, 4; 469.1763, subdivision 6; 469.1771, subdivisions 2, 2a,

1.34 3; 477A.011, subdivision 34, by adding subdivisions; 477A.0124, subdivision 2;

1.35 477A.013, subdivisions 8, 9; 477A.015; 477A.03, subdivision 2a; 477A.12,

1.36 subdivisions 1, 3, by adding a subdivision; 477B.01, subdivisions 5, 10, 11, by

1.37 adding subdivisions; 477B.02, subdivisions 2, 3, 5, 8, 9, by adding a subdivision;

1.38 477B.03, subdivisions 2, 3, 4, 5, 7; 477B.04, subdivision 1, by adding a subdivision;

2.1 477C.03, subdivisions 2, 5; 477C.04, by adding a subdivision; Minnesota Statutes  
 2.2 2021 Supplement, sections 16A.152, subdivision 2; 116J.8737, subdivision 5;  
 2.3 116U.27, subdivisions 1, 2; 126C.10, subdivision 2e; 272.0295, subdivision 2;  
 2.4 273.11, subdivision 12; 273.124, subdivisions 13, 14; 273.13, subdivisions 23, 25,  
 2.5 34; 289A.08, subdivisions 7, 7a; 289A.382, subdivision 2; 290.01, subdivisions  
 2.6 19, 31; 290.06, subdivisions 2c, 22; 290.0671, subdivision 1; 290.0681, subdivision  
 2.7 10; 290.0682, by adding subdivisions; 290.993; 290A.03, subdivision 3; 297A.71,  
 2.8 subdivision 52; 297A.75, subdivisions 1, 2, 3; 297A.99, subdivision 2; 297F.09,  
 2.9 subdivision 10; 297G.09, subdivision 9; 469.1763, subdivisions 2, 3, 4; 477A.03,  
 2.10 subdivision 2b; 477A.30; Laws 1998, chapter 389, article 8, section 43, as amended;  
 2.11 Laws 2003, chapter 127, article 10, section 31, subdivision 1, as amended; Laws  
 2.12 2006, chapter 259, article 11, section 3, as amended; Laws 2008, chapter 366,  
 2.13 article 7, section 17; Laws 2011, First Special Session chapter 7, article 4, section  
 2.14 14; Laws 2014, chapter 308, article 6, section 12, subdivision 2; Laws 2017, First  
 2.15 Special Session chapter 1, article 3, section 26; Laws 2019, First Special Session  
 2.16 chapter 6, article 6, section 25; Laws 2021, First Special Session chapter 14, article  
 2.17 8, sections 5; 7; proposing coding for new law in Minnesota Statutes, chapters  
 2.18 240A; 290; 477A; proposing coding for new law as Minnesota Statutes, chapter  
 2.19 428B; repealing Minnesota Statutes 2020, sections 6.91; 290.0674, subdivision  
 2.20 2a; 290A.03, subdivisions 9, 11; 290A.04, subdivisions 2a, 5; 290A.23, subdivision  
 2.21 1; 327C.01, subdivision 13; 327C.16; 477A.011, subdivisions 30a, 38, 42, 45;  
 2.22 477A.013, subdivision 13; 477B.02, subdivision 4; 477B.03, subdivision 6;  
 2.23 Minnesota Statutes 2021 Supplement, section 290.0111.

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

## 2.25 ARTICLE 1

### 2.26 FEDERAL CONFORMITY

2.27 Section 1. Minnesota Statutes 2020, section 289A.02, subdivision 7, is amended to read:

2.28 Subd. 7. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal  
 2.29 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December~~  
 2.30 ~~31, 2018~~ November 15, 2021.

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

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

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

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

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

3.9 (d) The electing partner must not have any Minnesota source income other than the  
3.10 income from the partnership, other electing partnerships, and other qualifying entities  
3.11 electing to file and pay the pass-through entity tax under subdivision 7a. If it is determined  
3.12 that the electing partner has other Minnesota source income, the inclusion of the income  
3.13 and tax liability for that partner under this provision will not constitute a return to satisfy  
3.14 the requirements of subdivision 1. The tax paid for the individual as part of the composite  
3.15 return is allowed as a payment of the tax by the individual on the date on which the composite  
3.16 return payment was made. If the electing nonresident partner has no other Minnesota source  
3.17 income, filing of the composite return is a return for purposes of subdivision 1.

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

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

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

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

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

4.1 provisions covering the partnership apply to the estate or trust. The provisions applying to  
4.2 the partner apply to the beneficiary.

4.3 (j) For the purposes of this subdivision, "income" means the partner's share of federal  
4.4 adjusted gross income from the partnership modified by the additions provided in section  
4.5 290.0131, subdivisions 8 to 10, 16, ~~and 17,~~ and 19, and the subtractions provided in: (1)  
4.6 section 290.0132, subdivisions 9, 27, and 28, to the extent the amount is assignable or  
4.7 allocable to Minnesota under section 290.17; and (2) section 290.0132, ~~subdivision~~  
4.8 subdivisions 14 and 31. The subtraction allowed under section 290.0132, subdivision 9, is  
4.9 only allowed on the composite tax computation to the extent the electing partner would  
4.10 have been allowed the subtraction.

4.11 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
4.12 31, 2021.

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

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

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

4.24 (c) In the case of a regulated investment company or a fund thereof, as defined in section  
4.25 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment  
4.26 company taxable income as defined in section 852(b)(2) of the Internal Revenue Code,  
4.27 except that:

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

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

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

5.4 (d) The net income of a real estate investment trust as defined and limited by section  
5.5 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust  
5.6 taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

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

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

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

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

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

5.21 Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal  
5.22 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December~~  
5.23 ~~31, 2018, except the sections of federal law in section 290.0111 shall also apply~~ November  
5.24 15, 2021. Internal Revenue Code also includes any uncodified provision in federal law that  
5.25 relates to provisions of the Internal Revenue Code that are incorporated into Minnesota law.

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

6.1 Sec. 5. Minnesota Statutes 2020, section 290.0131, is amended by adding a subdivision  
6.2 to read:

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

6.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
6.7 31, 2021.

6.8 Sec. 6. Minnesota Statutes 2020, section 290.0132, subdivision 18, is amended to read:

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

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

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

6.15 (2) 80 percent of Minnesota taxable net income in a single taxable year and determined  
6.16 without regard to this subtraction.

6.17 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
6.18 31, 2021.

6.19 Sec. 7. Minnesota Statutes 2020, section 290.0132, is amended by adding a subdivision  
6.20 to read:

6.21 Subd. 31. **Delayed business interest.** (a) For each of the five taxable years beginning  
6.22 after December 31, 2021, there is allowed a subtraction equal to one-fifth of the adjustment  
6.23 amount, to the extent not already deducted, for the exclusion under section 16, subdivision  
6.24 2, clause (10), due to the Coronavirus Aid, Relief and Economic Security Act, Public Law  
6.25 116-136, section 2306.

6.26 (b) This subdivision expires for taxable years beginning after December 31, 2026.

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

7.1 Sec. 8. Minnesota Statutes 2020, section 290.0133, is amended by adding a subdivision  
7.2 to read:

7.3 Subd. 15. **Meal expenses.** The amount of meal expenses in excess of the 50 percent  
7.4 limitation under section 274(n)(1) of the Internal Revenue Code allowed under section  
7.5 274(n)(2)(D) of the Internal Revenue Code is an addition.

7.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
7.7 31, 2021.

7.8 Sec. 9. Minnesota Statutes 2020, section 290.0134, is amended by adding a subdivision  
7.9 to read:

7.10 Subd. 20. **Delayed business interest.** (a) For each of the five taxable years beginning  
7.11 after December 31, 2021, there is allowed a subtraction equal to one-fifth of the adjustment  
7.12 amount, to the extent not already deducted, for the exclusion under section 16, subdivision  
7.13 2, clause (10), due to the Coronavirus Aid, Relief and Economic Security Act, Public Law  
7.14 116-136, section 2306.

7.15 (b) This subdivision expires for taxable years beginning after December 31, 2026.

7.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
7.17 31, 2021.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8.27 (i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, ~~and~~  
8.28 17, and 19, and 290.0137, paragraph (a); and reduced by

8.29 (ii) the Minnesota assignable portion of the subtraction for United States government  
8.30 interest under section 290.0132, subdivision 2, the subtractions under sections 290.0132,

9.1 subdivisions 9, 10, 14, 15, 17, 18, ~~and 27~~, and 31, and 290.0137, paragraph (c), after applying  
9.2 the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

9.3 (2) the denominator is the individual's federal adjusted gross income as defined in section  
9.4 62 of the Internal Revenue Code, increased by:

9.5 (i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, ~~and~~  
9.6 17, and 19, and 290.0137, paragraph (a); and reduced by

9.7 (ii) the subtractions under sections 290.0132, subdivisions 2, 9, 10, 14, 15, 17, 18, ~~and~~  
9.8 27, and 31, and 290.0137, paragraph (c).

9.9 (f) If an individual who is not a Minnesota resident for the entire year is a qualifying  
9.10 owner of a qualifying entity that elects to pay tax as provided in section 289A.08, subdivision  
9.11 7a, paragraph (b), the individual must compute the individual's Minnesota income tax as  
9.12 provided in paragraph (e), and also must include, to the extent attributed to the electing  
9.13 qualifying entity:

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

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

9.18 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
9.19 31, 2021.

9.20 Sec. 11. Minnesota Statutes 2020, section 290.091, subdivision 2, is amended to read:

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

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

9.25 (1) the taxpayer's federal alternative minimum taxable income as defined in section  
9.26 55(b)(2) of the Internal Revenue Code;

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

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

9.30 (ii) the medical expense deduction;

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

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

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

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

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

10.13 (6) the amount of addition required by section 290.0131, subdivisions 9, 10, ~~and 16,~~ and  
10.14 19;

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

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

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

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

10.22 (ii) an overpayment of state income tax as provided by section 290.0132, subdivision  
10.23 3, to the extent included in federal alternative minimum taxable income;

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

10.28 (iv) amounts subtracted from federal taxable or adjusted gross income as provided by  
10.29 section 290.0132, subdivisions 7, 9 to 15, 17, 21, 24, and 26 to ~~29~~ 33;

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

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

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

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

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

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

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

11.14 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
11.15 31, 2021.

11.16 Sec. 12. Minnesota Statutes 2020, section 290.095, subdivision 11, is amended to read:

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

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

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

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

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

12.1 (2) Decrease the amount of carryback or carryover applied in the taxable year by the  
12.2 amount of income not assignable to Minnesota earned in the taxable year. For estates and  
12.3 trusts, the net operating loss carryback or carryover to the next consecutive taxable year  
12.4 shall be the net operating loss carryback or carryover as calculated in clause (b) less the  
12.5 amount applied in the earlier taxable year(s). No additional net operating loss carryback or  
12.6 carryover shall be allowed to estates and trusts if the entire amount has been used to offset  
12.7 Minnesota income in a year earlier than was possible on the federal return. However, if a  
12.8 net operating loss carryback or carryover was allowed to offset federal income in a year  
12.9 earlier than was possible on the Minnesota return, an estate or trust shall still be allowed to  
12.10 offset Minnesota income but only if the loss was assignable to Minnesota in the year the  
12.11 loss occurred.

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

12.15 (1) A net operating loss of an individual, estate, or trust that is allowed under this  
12.16 subdivision and for which the taxpayer elects to carry back for more than two years under  
12.17 section 172(b)(1)(H) of the Internal Revenue Code is a net operating loss carryback to each  
12.18 of the two taxable years preceding the loss, and unused portions may be carried forward for  
12.19 20 taxable years after the loss.

12.20 (2) The entire amount of the net operating loss for any taxable year must be carried to  
12.21 the earliest of the taxable years to which the loss may be carried. The portion of the loss  
12.22 which may be carried to each of the other taxable years is the excess, if any, of the amount  
12.23 of the loss over the greater of the taxable net income or alternative minimum taxable income  
12.24 for each of the taxable years to which the loss may be carried.

12.25 (d) For net operating loss carryovers or carrybacks arising in taxable years beginning  
12.26 after December 31, 2017, and before December 31, 2020, a net operating loss carryover or  
12.27 carryback is allowed as provided in the Internal Revenue Code as amended through December  
12.28 31, 2018, as follows:

12.29 (1) the entire amount of the net operating loss, to the extent not already deducted, must  
12.30 be carried to the earliest taxable year and any unused portion may be carried forward for  
12.31 20 taxable years after the loss; and

12.32 (2) the portion of the loss which may be carried to each of the other taxable years is the  
12.33 excess, if any, of the amount of the loss over the greater of the taxable net income or

13.1 alternative minimum taxable income for each of the taxable years to which the loss may be  
13.2 carried.

13.3 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
13.4 after December 31, 2017, and before December 31, 2020.

13.5 Sec. 13. Minnesota Statutes 2021 Supplement, section 290.993, is amended to read:

13.6 **290.993 SPECIAL LIMITED ADJUSTMENT.**

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

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

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

13.19 (b) The adjustment in ~~paragraph (a), clause (2)~~, this subdivision does not apply to any  
13.20 changes due to sections 11012, 13101, 13201, 13202, 13203, 13204, 13205, 13207, 13301,  
13.21 13302, 13303, 13313, 13502, 13503, 13801, 14101, 14102, 14211 through 14215, and  
13.22 14501 of Public Law 115-97; and section 40411 of Public Law 115-123.

13.23 Subd. 2. Tax years prior to 2022. (a) For all taxpayers, including an entity that elects  
13.24 to file a composite return under section 289A.08, subdivision 7, and an entity that elects to  
13.25 pay the pass-through entity tax under section 289A.08, subdivision 7a, for taxable years  
13.26 beginning after December 31, 2016, and before January 1, 2022, the provisions in this  
13.27 subdivision apply.

13.28 (b) There is an adjustment to tax equal to the difference between the amount calculated  
13.29 and reported under this chapter incorporating the Internal Revenue Code as amended through  
13.30 Laws 2021, First Special Session chapter 14, and the amount calculated under this chapter  
13.31 incorporating the Internal Revenue Code as amended through November 15, 2021. For  
13.32 taxable years beginning before January 1, 2022, the end result of incorporating the Internal

14.1 Revenue Code as amended through November 15, 2021, must be zero additional tax due  
14.2 or refund, except as provided in paragraph (c).

14.3 (c) The adjustment does not apply to changes due to:

14.4 (1) the Taxpayer Certainty and Disaster Relief Act of 2020, Public Law 116-260, section  
14.5 114, exclusion of gross income of discharge of qualified principal residence indebtedness;

14.6 (2) the Taxpayer Certainty and Disaster Relief Act of 2020, Public Law 116-260, section  
14.7 304(b), special rules for disaster-related personal casualty losses;

14.8 (3) the COVID-related Tax Relief Act of 2020, Public Law 116-260, section 278,  
14.9 paragraphs (a) and (d), clarification of tax treatment of certain loan forgiveness and other  
14.10 business financial assistance;

14.11 (4) the American Rescue Plan Act, Public Law 117-2, section 9672, tax treatment of  
14.12 targeted EIDL advances;

14.13 (5) the American Rescue Plan Act, Public Law 117-2, section 9673, tax treatment of  
14.14 restaurant revitalization grants; and

14.15 (6) the American Rescue Plan Act, Public Law 117-2, section 9675, modification of  
14.16 treatment of student loan forgiveness.

14.17 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
14.18 before January 1, 2022.

14.19 Sec. 14. Minnesota Statutes 2020, section 290A.03, subdivision 15, is amended to read:

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

14.22 **EFFECTIVE DATE.** This section is effective for property tax refunds based on property  
14.23 taxes payable in 2023 and rent paid in 2022 and thereafter.

14.24 Sec. 15. Minnesota Statutes 2020, section 291.005, subdivision 1, is amended to read:

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

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

14.29 (2) "Federal gross estate" means the gross estate of a decedent as required to be valued  
14.30 and otherwise determined for federal estate tax purposes under the Internal Revenue Code,

15.1 increased by the value of any property in which the decedent had a qualifying income interest  
15.2 for life and for which an election was made under section 291.03, subdivision 1d, for  
15.3 Minnesota estate tax purposes, but was not made for federal estate tax purposes.

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

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

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

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

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

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

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

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

15.28 (iii) a qualified work of art, as defined in section 2503(g)(2) of the Internal Revenue  
15.29 Code, owned by a nonresident decedent and that is normally kept or located in this state  
15.30 because it is on loan to an organization, qualifying as exempt from taxation under section  
15.31 501(c)(3) of the Internal Revenue Code, that is located in Minnesota, the situs of the art is  
15.32 deemed to be outside of Minnesota, notwithstanding the provisions of item (ii); and

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

16.4 For a nonresident decedent with an ownership interest in a pass-through entity with  
16.5 assets that include real or tangible personal property, situs of the real or tangible personal  
16.6 property, including qualified works of art, is determined as if the pass-through entity does  
16.7 not exist and the real or tangible personal property is personally owned by the decedent. If  
16.8 the pass-through entity is owned by a person or persons in addition to the decedent, ownership  
16.9 of the property is attributed to the decedent in proportion to the decedent's capital ownership  
16.10 share of the pass-through entity.

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

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

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

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

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

16.20 (v) an entity whose ownership interest securities are traded on an exchange regulated  
16.21 by the Securities and Exchange Commission as a national securities exchange under section  
16.22 6 of the Securities Exchange Act, United States Code, title 15, section 78f.

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

16.26 Sec. 16. **NONCONFORMITY ADJUSTMENT.**

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

16.29 **(b) For an individual, estate, or trust:**

16.30 **(1) "subtraction" has the meaning given in Minnesota Statutes, section 290.0132,**  
16.31 **subdivision 1, and the rules in that subdivision apply for this section; and**

17.1 (2) "addition" has the meaning given in Minnesota Statutes, section 290.0131, subdivision  
17.2 1, and the rules in that subdivision apply for this section.

17.3 (c) For a corporation other than an S corporation:

17.4 (1) "subtraction" has the meaning given in Minnesota Statutes, section 290.0134,  
17.5 subdivision 1, and the rules in that subdivision apply for this section; and

17.6 (2) "addition" has the meaning given in Minnesota Statutes, section 290.0133, subdivision  
17.7 1, and the rules in that subdivision apply for this section.

17.8 (d) "Pass-through entity" means an entity that is not subject to the tax imposed under  
17.9 section 290.02, including but not limited to S corporations, partnerships, estates, and trusts  
17.10 other than grantor trusts.

17.11 (e) The definitions in Minnesota Statutes, section 290.01, apply for this section.

17.12 Subd. 2. **Calculation of nonconformity adjustment** A taxpayer's nonconformity  
17.13 adjustment equals the difference between adjusted gross income, as defined under section  
17.14 62 of the Internal Revenue Code for individuals, and federal taxable income as defined  
17.15 under section 63 of the Internal Revenue Code for all other taxpayers incorporating the  
17.16 Internal Revenue Code as amended through Laws 2021, First Special Session chapter 14,  
17.17 and the amount calculated under this chapter incorporating the Internal Revenue Code as  
17.18 amended through November 15, 2021, but does not include impacts to state tax credits. The  
17.19 nonconformity adjustment is an addition or subtraction to net income but does not include  
17.20 the following federal law changes:

17.21 (1) Taxpayer Certainty and Disaster Tax Relief Act of 2019, Public Law 116-94, section  
17.22 104, deduction of qualified tuition and related expenses;

17.23 (2) Taxpayer Certainty and Disaster Tax Relief Act of 2019, Public Law 116-94, section  
17.24 203, employee retention credit for employers affected by qualified disasters;

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

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

17.29 (5) Coronavirus Aid, Relief and Economic Security Act, Public Law 116-136, section  
17.30 2204, allowance of partial above the line deduction for charitable contributions;

17.31 (6) Coronavirus Aid, Relief and Economic Security Act, Public Law 116-136, section  
17.32 2205(a), modification of limitations on charitable contributions during 2020;

- 18.1 (7) Coronavirus Aid, Relief and Economic Security Act, Public Law 116-136, section  
18.2 2301, employee retention credit for employers subject to closure due to COVID-19;
- 18.3 (8) Coronavirus Aid, Relief and Economic Security Act, Public Law 116-136, section  
18.4 2303, modifications for net operating losses;
- 18.5 (9) Coronavirus Aid, Relief and Economic Security Act, Public Law 116-136, section  
18.6 2304, modification of limitation on losses for taxpayers other than corporations;
- 18.7 (10) Coronavirus Aid, Relief and Economic Security Act, Public Law 116-136, section  
18.8 2306, limitation on business interest;
- 18.9 (11) Taxpayer Certainty and Disaster Tax Relief Act of 2020, Public Law 116-260,  
18.10 section 207, extension and modification of employee retention and rehiring credit;
- 18.11 (12) Taxpayer Certainty and Disaster Tax Relief Act of 2020, Public Law 116-260,  
18.12 section 210, temporary allowance of full deduction for business meals;
- 18.13 (13) Taxpayer Certainty and Disaster Tax Relief Act of 2020, Public Law 116-260,  
18.14 section 212, certain charitable contributions by nonitemizers;
- 18.15 (14) Taxpayer Certainty and Disaster Tax Relief Act of 2020, Public Law 116-260,  
18.16 section 213, modification of limitations on charitable contributions;
- 18.17 (15) Taxpayer Certainty and Disaster Tax Relief Act of 2020, Public Law 116-260,  
18.18 section 303, employee retention credit for employers affected by qualified disasters;
- 18.19 (16) Taxpayer Certainty and Disaster Tax Relief Act of 2020, Public Law 116-260,  
18.20 section 304(a), special rules for qualified disaster relief contributions;
- 18.21 (17) American Rescue Plan Act, Public Law 117-2, section 9501(b), preserving health  
18.22 benefits for workers;
- 18.23 (18) American Rescue Plan Act, Public Law 117-2, section 9631, refundability and  
18.24 enhancement of child and dependent care tax credit;
- 18.25 (19) American Rescue Plan Act, Public Law 117-2, section 9641, payroll sick and family  
18.26 leave credits;
- 18.27 (20) American Rescue Plan Act, Public Law 117-2, section 9651, extension of employee  
18.28 retention credit; and
- 18.29 (21) any changes excluded from the special limited adjustment under section 290.993,  
18.30 subdivision 2, paragraph (c).

19.1 Subd. 3. **Timing of adjustment for pass-through entities.** Partners, shareholders, or  
19.2 beneficiaries who file their returns on a calendar year basis, and who received an addition  
19.3 or subtraction from a pass-through entity filing their return on a fiscal year basis, must make  
19.4 the addition or subtraction under this section in the taxable year it is received as required  
19.5 for federal income tax purposes.

19.6 Subd. 4. **Special limited adjustment addition; individuals, estates, and trusts.** For  
19.7 an individual, estate, or trust, the amount of a nonconformity adjustment under subdivision  
19.8 2 that increases net income for the taxable year is an addition.

19.9 Subd. 5. **Special limited adjustment subtraction; individuals, estates, and trusts.** For  
19.10 an individual, estate, or trust, the amount of a nonconformity adjustment under subdivision  
19.11 2 that decreases net income for the taxable year is a subtraction.

19.12 Subd. 6. **Special limited adjustment addition; C corporations.** For a corporation other  
19.13 than an S corporation, the amount of a nonconformity adjustment under subdivision 2 that  
19.14 increases net income for the taxable year is an addition.

19.15 Subd. 7. **Special limited adjustment subtraction; individuals, estates, and trusts.** For  
19.16 a corporation other than an S corporation, the amount of a nonconformity adjustment under  
19.17 subdivision 2 that decreases net income for the taxable year is a subtraction.

19.18 Subd. 8. **Nonresident apportionment; alternative minimum tax.** (a) The commissioner  
19.19 of revenue must apply each of the subtractions and additions in this section when calculating  
19.20 the following amounts:

19.21 (1) the percentage under Minnesota Statutes, section 290.06, subdivision 2c, paragraph  
19.22 (e);

19.23 (2) a taxpayer's alternative minimum taxable income under Minnesota Statutes, section  
19.24 290.091.

19.25 (b) The commissioner of revenue must consider each of the subtractions and additions  
19.26 in this section when calculating "income" as defined in Minnesota Statutes, section 289A.08.

19.27 **EFFECTIVE DATE.** (a) Subdivisions 1 to 7 are effective for taxable years beginning  
19.28 after December 31, 2021 and before January 1, 2023, except for a pass-through entity  
19.29 covered by subdivision 3, subdivisions 1 to 7 are effective retroactively for the taxable years  
19.30 the addition or subtraction is required in that subdivision.

19.31 (b) Subdivision 8 is effective retroactively for any taxable year in which a taxpayer had  
19.32 an addition or a subtraction under this section.

20.1 Sec. 17. **REPEALER.**

20.2 Minnesota Statutes 2021 Supplement, section 290.0111, is repealed.

20.3 **EFFECTIVE DATE.** This section is effective the day following final enactment, except  
20.4 the changes incorporated by federal changes are effective retroactively at the same time as  
20.5 the changes were effective for federal purposes.

## 20.6 ARTICLE 2

### 20.7 INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES

20.8 Section 1. Minnesota Statutes 2020, section 41B.0391, subdivision 1, is amended to read:

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

20.11 (b) "Agricultural assets" means agricultural land, livestock, facilities, buildings, and  
20.12 machinery used for farming in Minnesota.

20.13 (c) "Beginning farmer" means an individual, or a limited liability company owned by  
20.14 an individual, who:

20.15 (1) is a resident of Minnesota;

20.16 (2) is seeking entry, or has entered within the last ten years, into farming;

20.17 (3) intends to farm land located within the state borders of Minnesota;

20.18 (4) is not and whose spouse is not a family member of the owner of the agricultural  
20.19 assets from whom the beginning farmer is seeking to purchase or rent agricultural assets;

20.20 (5) is not and whose spouse is not a family member of a partner, member, shareholder,  
20.21 or trustee of the owner of agricultural assets from whom the beginning farmer is seeking to  
20.22 purchase or rent agricultural assets; and

20.23 (6) meets the following eligibility requirements as determined by the authority:

20.24 (i) has a net worth that does not exceed the limit provided under section 41B.03,  
20.25 subdivision 3, paragraph (a), clause (2);

20.26 (ii) provides the majority of the day-to-day physical labor and management of the farm;

20.27 (iii) has, by the judgment of the authority, adequate farming experience or demonstrates  
20.28 knowledge in the type of farming for which the beginning farmer seeks assistance from the  
20.29 authority;

21.1 (iv) demonstrates to the authority a profit potential by submitting projected earnings  
21.2 statements;

21.3 (v) asserts to the satisfaction of the authority that farming will be a significant source  
21.4 of income for the beginning farmer;

21.5 (vi) is enrolled in or has completed within ten years of their first year of farming a  
21.6 financial management program approved by the authority or the commissioner of agriculture;

21.7 (vii) agrees to notify the authority if the beginning farmer no longer meets the eligibility  
21.8 requirements within the three-year certification period, in which case the beginning farmer  
21.9 is no longer eligible for credits under this section; and

21.10 (viii) has other qualifications as specified by the authority.

21.11 The authority may waive the requirement in item (vi) if the participant requests a waiver  
21.12 and has a four-year degree in an agricultural program or related field, reasonable agricultural  
21.13 job-related experience, or certification as an adult farm management instructor.

21.14 (d) "Family member" means a family member within the meaning of the Internal Revenue  
21.15 Code, section 267(c)(4).

21.16 (e) "Farm product" means plants and animals useful to humans and includes, but is not  
21.17 limited to, forage and sod crops, oilseeds, grain and feed crops, dairy and dairy products,  
21.18 poultry and poultry products, livestock, fruits, and vegetables.

21.19 (f) "Farming" means the active use, management, and operation of real and personal  
21.20 property for the production of a farm product.

21.21 (g) "Limited liability company" means a family farm limited liability company, an  
21.22 authorized farm limited liability company, or other limited liability company authorized to  
21.23 engage in farming and own, acquire, or otherwise obtain an interest in agricultural land  
21.24 under section 500.24.

21.25 ~~(g)~~ (h) "Owner of agricultural assets" means an individual, trust, or pass-through entity  
21.26 that is the owner in fee of agricultural land or has legal title to any other agricultural asset.  
21.27 Owner of agricultural assets does not mean an equipment dealer, livestock dealer defined  
21.28 in section 17A.03, subdivision 7, or comparable entity that is engaged in the business of  
21.29 selling agricultural assets for profit and that is not engaged in farming as its primary business  
21.30 activity. An owner of agricultural assets approved and certified by the authority under  
21.31 subdivision 4 must notify the authority if the owner no longer meets the definition in this  
21.32 paragraph within the three year certification period and is then no longer eligible for credits  
21.33 under this section.

22.1 ~~(h)~~ (i) "Resident" has the meaning given in section 290.01, subdivision 7.

22.2 ~~(i)~~ (j) "Share rent agreement" means a rental agreement in which the principal  
22.3 consideration given to the owner of agricultural assets is a predetermined portion of the  
22.4 production of farm products produced from the rented agricultural assets and which provides  
22.5 for sharing production costs or risk of loss, or both.

22.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
22.7 31, 2021.

22.8 Sec. 2. Minnesota Statutes 2020, section 41B.0391, subdivision 2, is amended to read:

22.9 Subd. 2. **Tax credit for owners of agricultural assets.** (a) An owner of agricultural  
22.10 assets may take a credit against the tax due under chapter 290 for the sale or rental of  
22.11 agricultural assets to a beginning farmer in the amount allocated by the authority under  
22.12 subdivision 4. An owner of agricultural assets is eligible for allocation of a credit equal to:

22.13 (1) five percent of the lesser of the sale price or the fair market value of the agricultural  
22.14 asset, up to a maximum of \$32,000;

22.15 (2) ten percent of the gross rental income in each of the first, second, and third years of  
22.16 a rental agreement, up to a maximum of \$7,000 per year; or

22.17 (3) 15 percent of the cash equivalent of the gross rental income in each of the first,  
22.18 second, and third years of a share rent agreement, up to a maximum of \$10,000 per year.

22.19 (b) A qualifying rental agreement includes cash rent of agricultural assets or a share rent  
22.20 agreement. The agricultural asset must be rented at prevailing community rates as determined  
22.21 by the authority.

22.22 (c) The credit may be claimed only after approval and certification by the authority, and  
22.23 is limited to the amount stated on the certificate issued under subdivision 4. An owner of  
22.24 agricultural assets must apply to the authority for certification and allocation of a credit, in  
22.25 a form and manner prescribed by the authority.

22.26 (d) An owner of agricultural assets or beginning farmer may terminate a rental agreement,  
22.27 including a share rent agreement, for reasonable cause upon approval of the authority. If a  
22.28 rental agreement is terminated without the fault of the owner of agricultural assets, the tax  
22.29 credits shall not be retroactively disallowed. In determining reasonable cause, the authority  
22.30 must look at which party was at fault in the termination of the agreement. If the authority  
22.31 determines the owner of agricultural assets did not have reasonable cause, the owner of  
22.32 agricultural assets must repay all credits received as a result of the rental agreement to the

23.1 commissioner of revenue. The repayment is additional income tax for the taxable year in  
23.2 which the authority makes its decision or when a final adjudication under subdivision 5,  
23.3 paragraph (a), is made, whichever is later.

23.4 (e) The credit is limited to the liability for tax as computed under chapter 290 for the  
23.5 taxable year. If the amount of the credit determined under this section for any taxable year  
23.6 exceeds this limitation, the excess is a beginning farmer incentive credit carryover according  
23.7 to section 290.06, subdivision 37.

23.8 (f) Notwithstanding subdivision 1, paragraph (c), for purposes of the credit for the sale  
23.9 of an agricultural asset under paragraph (a), clause (1), the family member definitional  
23.10 exclusions in subdivision 1, paragraph (c), clauses (4) and (5), do not apply.

23.11 (g) For a qualifying sale to a family member to qualify for the credit under paragraph  
23.12 (a), clause (1), the sale price of the agricultural asset must equal or exceed the assessed  
23.13 value of the asset under chapter 273 as of the date of the sale. If there is no assessed value,  
23.14 the sale price must equal or exceed 80 percent of the fair market value of the asset as of the  
23.15 date of the sale.

23.16 (h) For the purposes of this section, "qualifying sale to a family member" means a sale  
23.17 to a beginning farmer in which the beginning farmer or the beginning farmer's spouse is a  
23.18 family member of:

23.19 (1) the owner of the agricultural asset; or

23.20 (2) a partner, member, shareholder, or trustee of the owner of the agricultural asset.

23.21 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
23.22 31, 2021.

23.23 Sec. 3. Minnesota Statutes 2020, section 41B.0391, subdivision 4, is amended to read:

23.24 Subd. 4. **Authority duties.** (a) The authority shall:

23.25 (1) approve and certify or recertify beginning farmers as eligible for the program under  
23.26 this section;

23.27 (2) approve and certify or recertify owners of agricultural assets as eligible for the tax  
23.28 credit under subdivision 2 subject to the allocation limits in paragraph (c);

23.29 (3) provide necessary and reasonable assistance and support to beginning farmers for  
23.30 qualification and participation in financial management programs approved by the authority;

24.1 (4) refer beginning farmers to agencies and organizations that may provide additional  
24.2 pertinent information and assistance; and

24.3 (5) notwithstanding section 41B.211, the Rural Finance Authority must share information  
24.4 with the commissioner of revenue to the extent necessary to administer provisions under  
24.5 this subdivision and section 290.06, subdivisions 37 and 38. The Rural Finance Authority  
24.6 must annually notify the commissioner of revenue of approval and certification or  
24.7 recertification of beginning farmers and owners of agricultural assets under this section.  
24.8 For credits under subdivision 2, the notification must include the amount of credit approved  
24.9 by the authority and stated on the credit certificate.

24.10 (b) The certification of a beginning farmer or an owner of agricultural assets under this  
24.11 section is valid for the year of the certification and the two following years, after which  
24.12 time the beginning farmer or owner of agricultural assets must apply to the authority for  
24.13 recertification.

24.14 (c) For credits for owners of agricultural assets allowed under subdivision 2, the authority  
24.15 must not allocate more than:

24.16 (1) \$5,000,000 for taxable years beginning after December 31, 2017, and before January  
24.17 1, 2019, and must not allocate more than;

24.18 (2) \$6,000,000 for taxable years beginning after December 31, 2018, and before January  
24.19 1, 2022; and

24.20 (3) \$5,700,000 for taxable years beginning after December 31, 2021.

24.21 (d) The authority must allocate credits on a first-come, first-served basis beginning on  
24.22 January 1 of each year, except that recertifications for the second and third years of credits  
24.23 under subdivision 2, paragraph (a), clauses (1) and (2), have first priority. Any amount  
24.24 authorized but not allocated in any taxable year does not cancel and is added to the allocation  
24.25 for the next taxable year.

24.26 (e) \$300,000 in fiscal year 2023 and \$300,000 in fiscal year 2024 are appropriated from  
24.27 the general fund to the Rural Finance Authority to develop an online application system  
24.28 and administer the credits under this section. The base for the appropriation is \$0 in fiscal  
24.29 year 2025 and later.

24.30 (f) To encourage socially disadvantaged farmers and ranchers to apply for and receive  
24.31 credits under this section, the authority must promote the availability of this credit to socially  
24.32 disadvantaged farmers and ranchers, and must provide application assistance targeted to  
24.33 socially disadvantaged farmers and ranchers. For the purposes of this section, "socially

25.1 disadvantaged farmer or rancher" has the meaning given in United States Code, title 7,  
25.2 section 2279(a)(5).

25.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
25.4 31, 2021.

25.5 Sec. 4. Minnesota Statutes 2021 Supplement, section 116J.8737, subdivision 5, is amended  
25.6 to read:

25.7 Subd. 5. **Credit allowed.** (a) A qualified investor or qualified fund is eligible for a credit  
25.8 equal to 25 percent of the qualified investment in a qualified small business. Investments  
25.9 made by a pass-through entity qualify for a credit only if the entity is a qualified fund. The  
25.10 commissioner must not allocate to qualified investors or qualified funds more than the dollar  
25.11 amount in credits allowed for the taxable years listed in paragraph (i). For each taxable year,  
25.12 50 percent must be allocated to credits for qualified investments in qualified greater  
25.13 Minnesota businesses and minority-owned, women-owned, or veteran-owned qualified  
25.14 small businesses in Minnesota. Any portion of a taxable year's credits that is reserved for  
25.15 qualified investments in greater Minnesota businesses and minority-owned, women-owned,  
25.16 or veteran-owned qualified small businesses in Minnesota that is not allocated by September  
25.17 30 of the taxable year is available for allocation to other credit applications beginning on  
25.18 October 1. Any portion of a taxable year's credits that is not allocated by the commissioner  
25.19 does not cancel and may be carried forward to subsequent taxable years until all credits  
25.20 have been allocated.

25.21 (b) The commissioner may not allocate more than a total maximum amount in credits  
25.22 for a taxable year to a qualified investor for the investor's cumulative qualified investments  
25.23 as an individual qualified investor and as an investor in a qualified fund; for married couples  
25.24 filing joint returns the maximum is \$250,000, and for all other filers the maximum is  
25.25 \$125,000. The commissioner may not allocate more than a total of \$1,000,000 in credits  
25.26 over all taxable years for qualified investments in any one qualified small business.

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

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

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

26.1 A member of the family of an individual disqualified by this paragraph is not eligible for a  
26.2 credit under this section. For a married couple filing a joint return, the limitations in this  
26.3 paragraph apply collectively to the investor and spouse. For purposes of determining the  
26.4 ownership interest of an investor under this paragraph, the rules under section 267(c) and  
26.5 267(e) of the Internal Revenue Code apply.

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

26.8 (e) Qualified investors and qualified funds must apply to the commissioner for tax credits.  
26.9 Tax credits must be allocated to qualified investors or qualified funds in the order that the  
26.10 tax credit request applications are filed with the department. The commissioner must approve  
26.11 or reject tax credit request applications within 15 days of receiving the application. The  
26.12 investment specified in the application must be made within 60 days of the allocation of  
26.13 the credits. If the investment is not made within 60 days, the credit allocation is canceled  
26.14 and available for reallocation. A qualified investor or qualified fund that fails to invest as  
26.15 specified in the application, within 60 days of allocation of the credits, must notify the  
26.16 commissioner of the failure to invest within five business days of the expiration of the  
26.17 60-day investment period.

26.18 (f) All tax credit request applications filed with the department on the same day must  
26.19 be treated as having been filed contemporaneously. If two or more qualified investors or  
26.20 qualified funds file tax credit request applications on the same day, and the aggregate amount  
26.21 of credit allocation claims exceeds the aggregate limit of credits under this section or the  
26.22 lesser amount of credits that remain unallocated on that day, then the credits must be allocated  
26.23 among the qualified investors or qualified funds who filed on that day on a pro rata basis  
26.24 with respect to the amounts claimed. The pro rata allocation for any one qualified investor  
26.25 or qualified fund is the product obtained by multiplying a fraction, the numerator of which  
26.26 is the amount of the credit allocation claim filed on behalf of a qualified investor and the  
26.27 denominator of which is the total of all credit allocation claims filed on behalf of all  
26.28 applicants on that day, by the amount of credits that remain unallocated on that day for the  
26.29 taxable year.

26.30 (g) A qualified investor or qualified fund, or a qualified small business acting on their  
26.31 behalf, must notify the commissioner when an investment for which credits were allocated  
26.32 has been made, and the taxable year in which the investment was made. A qualified fund  
26.33 must also provide the commissioner with a statement indicating the amount invested by  
26.34 each investor in the qualified fund based on each investor's share of the assets of the qualified  
26.35 fund at the time of the qualified investment. After receiving notification that the investment

27.1 was made, the commissioner must issue credit certificates for the taxable year in which the  
27.2 investment was made to the qualified investor or, for an investment made by a qualified  
27.3 fund, to each qualified investor who is an investor in the fund. The certificate must state  
27.4 that the credit is subject to revocation if the qualified investor or qualified fund does not  
27.5 hold the investment in the qualified small business for at least three years, consisting of the  
27.6 calendar year in which the investment was made and the two following years. The three-year  
27.7 holding period does not apply if:

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

27.10 (2) 80 percent or more of the assets of the qualified small business is sold before the end  
27.11 of the three-year period;

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

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

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

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

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

27.19 (1) \$10,000,000 for taxable years beginning after December 31, 2020, and before January  
27.20 1, 2022; and

27.21 (2) ~~\$5,000,000~~ \$12,000,000 for taxable years beginning after December 31, 2021, and  
27.22 before January 1, 2023.

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

27.25 Sec. 5. Minnesota Statutes 2021 Supplement, section 116U.27, subdivision 1, is amended  
27.26 to read:

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

27.29 (b) "Allocation certificate" means a certificate issued by the commissioner to a taxpayer  
27.30 upon receipt of an initial application for a credit for a project that has not yet been completed.

27.31 (c) "Application" means the application for a credit under subdivision 4.

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

28.2 (e) "Credit certificate" means a certificate issued by the commissioner upon submission  
28.3 of the cost verification report in subdivision 4, paragraph (e).

28.4 (f) "Eligible production costs" means eligible production costs as defined in section  
28.5 116U.26, paragraph (b), clause (1), incurred in Minnesota that are directly attributable to  
28.6 the production of a film project in Minnesota.

28.7 (g) "Film" has the meaning given in section 116U.26, paragraph (b), clause (2).

28.8 (h) "Project" means a film:

28.9 (1) that includes the promotion of Minnesota;

28.10 (2) for which the taxpayer has expended at least \$1,000,000 in ~~the taxable year~~ any  
28.11 consecutive twelve-month period for eligible production costs, provided that the taxpayer  
28.12 designates the months used for the period to the commissioner and does not designate a  
28.13 month previously designated; and

28.14 (3) to the extent practicable, that employs Minnesota residents.

28.15 (i) "Promotion of Minnesota" or "promotion" means visible display of a static or animated  
28.16 logo, approved by the commissioner and lasting approximately five seconds, that promotes  
28.17 Minnesota within its presentation in the end credits before the below-the-line crew crawl  
28.18 for the life of the project.

28.19 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
28.20 31, 2021.

28.21 Sec. 6. Minnesota Statutes 2021 Supplement, section 116U.27, subdivision 2, is amended  
28.22 to read:

28.23 Subd. 2. **Credit allowed.** A taxpayer is eligible for a credit up to 25 percent of any  
28.24 eligible production costs paid in a taxable year. A taxpayer may only claim a credit if the  
28.25 taxpayer was issued a credit certificate under subdivision 4.

28.26 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
28.27 31, 2021.

29.1 Sec. 7. Minnesota Statutes 2021 Supplement, section 289A.08, subdivision 7a, is amended  
29.2 to read:

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

29.5 (1) "income" has the meaning given in subdivision 7, paragraph (j), modified by the  
29.6 addition provided in section 290.0131, subdivision 5, and the subtraction provided in section  
29.7 290.0132, subdivision 3, except that the provisions that apply to a partnership apply to a  
29.8 qualifying entity and the provisions that apply to a partner apply to a qualifying owner. The  
29.9 income of ~~both a resident and~~ qualifying owner of an entity taxed as a partnership under  
29.10 the Internal Revenue Code is not subject to allocation outside this state as provided for  
29.11 resident individuals under section 290.17, subdivision 1, paragraph (a). The income of a  
29.12 nonresident qualifying owner or the income of a qualifying owner of an entity taxed as an  
29.13 S corporation including a qualified subchapter S subsidiary organized under section  
29.14 1361(b)(3)(B) of the Internal Revenue Code is allocated and assigned to this state as provided  
29.15 for nonresident partners and shareholders under sections 290.17, 290.191, and 290.20;

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

29.25 (3) "qualifying owner" means:

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

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

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

29.31 (b) For taxable years beginning after December 31, 2020, in which the taxes of a  
29.32 qualifying owner are limited under section 164(b)(6)(B) of the Internal Revenue Code, a

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

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

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

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

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

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

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

30.15 (1) nonbusiness deductions, standard deductions, or personal exemptions are not allowed;  
30.16 and

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

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

30.21 (f) This subdivision does not negate the requirement that a qualifying owner pay estimated  
30.22 tax if the qualifying owner's tax liability would exceed the requirements set forth in section  
30.23 289A.25. The qualifying owner's liability to pay estimated tax on the qualifying owner's  
30.24 tax liability as determined under paragraph (d) is, however, satisfied when the qualifying  
30.25 entity pays estimated tax in the manner prescribed in section 289A.25 for composite estimated  
30.26 tax.

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

30.30 (h) To the extent not inconsistent with this subdivision, for purposes of this chapter, a  
30.31 pass-through entity tax return must be treated as a composite return and a qualifying entity

31.1 filing a pass-through entity tax return must be treated as a partnership filing a composite  
31.2 return.

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

31.5 (j) If a nonresident qualifying owner of a qualifying entity making the election to file  
31.6 and pay the tax under this subdivision has no other Minnesota source income, filing of the  
31.7 pass-through entity tax return is a return for purposes of subdivision 1, provided that the  
31.8 nonresident qualifying owner must not have any Minnesota source income other than the  
31.9 income from the qualifying entity, other electing qualifying entities, and other partnerships  
31.10 electing to file a composite return under subdivision 7. If it is determined that the nonresident  
31.11 qualifying owner has other Minnesota source income, the inclusion of the income and tax  
31.12 liability for that owner under this provision will not constitute a return to satisfy the  
31.13 requirements of subdivision 1. The tax paid for the qualifying owner as part of the  
31.14 pass-through entity tax return is allowed as a payment of the tax by the qualifying owner  
31.15 on the date on which the pass-through entity tax return payment was made.

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

31.18 Sec. 8. Minnesota Statutes 2021 Supplement, section 289A.382, subdivision 2, is amended  
31.19 to read:

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

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

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

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

31.32 (3) file an amended composite report for all direct partners who were included in a  
31.33 composite return under section 289A.08, subdivision 7, in the reviewed year, and pay the

32.1 additional amount that would have been due had the federal adjustments been reported  
32.2 properly as required; ~~and~~

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

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

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

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

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

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

32.22 Sec. 9. Minnesota Statutes 2020, section 290.0131, is amended by adding a subdivision  
32.23 to read:

32.24 **Subd. 20. Dependent flexible spending accounts.** For a taxpayer who claims the credit  
32.25 under section 290.067, or for a married taxpayer filing a separate return whose spouse claims  
32.26 the credit under that section, the amount of dependent care assistance that is excluded from  
32.27 gross income under section 129 of the Internal Revenue Code is an addition.

32.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
32.29 31, 2021.

33.1 Sec. 10. Minnesota Statutes 2020, section 290.0132, subdivision 21, is amended to read:

33.2 Subd. 21. **Military service pension; retirement pay.** (a) To the extent included in  
33.3 federal adjusted gross income, compensation received from a pension or other retirement  
33.4 pay from the federal government for service in the military, ~~as~~ is a subtraction. Only the  
33.5 following amounts may be subtracted under this subdivision:

33.6 (1) compensation computed under United States Code, title 10, sections 1401 to 1414,  
33.7 1447 to 1455, and 12733, is a subtraction;

33.8 (2) the total amount of a federal employee retirement system pension under United States  
33.9 Code, title 5, chapter 84, multiplied by the taxpayer's military service ratio; and

33.10 (3) the total amount of a civil service retirement system pension under United States  
33.11 Code, title 5, chapter 83, subchapter III, multiplied by the taxpayer's military service ratio.

33.12 (b) The subtraction is limited to individuals who do not claim the credit under section  
33.13 290.0677.

33.14 (c) For purposes of this subdivision, "military service ratio" means:

33.15 (1) in the case of a federal employee retirement system pension, the years of service  
33.16 credited to the taxpayer for military service under United States Code, title 5, section 8411,  
33.17 divided by the total service credited to the taxpayer under that section; and

33.18 (2) in the case of a civil service retirement system pension, the years of service credited  
33.19 to the taxpayer for military service under United States Code, title 5, section 8322, divided  
33.20 by the total service credited to the taxpayer under that section.

33.21 (d) For purposes of calculating the ratio under paragraph (b), the commissioner must  
33.22 consider the number of full years and months credited to the taxpayer, excluding any  
33.23 fractional part of a month, if any.

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

33.26 Sec. 11. Minnesota Statutes 2020, section 290.0132, subdivision 26, is amended to read:

33.27 Subd. 26. **Social Security benefits.** (a) ~~A portion of taxable Social Security benefits is~~  
33.28 ~~allowed as a subtraction. The taxpayer is allowed a subtraction equals equal to the greater~~  
33.29 of the simplified subtraction determined under paragraph (b) or the alternate subtraction  
33.30 determined under paragraphs (c), (d), and (e).

34.1 (b) A taxpayer's simplified subtraction equals the amount of taxable Social Security  
 34.2 benefits. For a taxpayer with adjusted gross income above the phaseout threshold, the  
 34.3 subtraction is reduced by ten percent for each \$4,000 of adjusted gross income, or fraction  
 34.4 thereof, in excess of the threshold. The phaseout threshold equals:

34.5 (1) \$75,000 for a married taxpayer filing a joint return or surviving spouse;

34.6 (2) \$58,600 for a single or head of household taxpayer; or

34.7 (3) half the amount allowed under clause (1) for a married taxpayer filing a separate  
 34.8 return.

34.9 (c) A taxpayer's alternate subtraction equals the lesser of taxable Social Security benefits  
 34.10 or a maximum subtraction subject to the limits under paragraphs ~~(b)~~, ~~(e)~~, and ~~(d)~~, (e), and  
 34.11 (f).

34.12 ~~(b)~~ (d) For married taxpayers filing a joint return and surviving spouses, the maximum  
 34.13 subtraction under paragraph (c) equals ~~\$5,150~~ \$5,450. The maximum subtraction is reduced  
 34.14 by 20 percent of provisional income over ~~\$78,180~~ \$82,770. In no case is the subtraction  
 34.15 less than zero.

34.16 ~~(e)~~ (e) For single or head-of-household taxpayers, the maximum subtraction under  
 34.17 paragraph (c) equals ~~\$4,020~~ \$4,260. The maximum subtraction is reduced by 20 percent of  
 34.18 provisional income over ~~\$61,080~~ \$64,670. In no case is the subtraction less than zero.

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

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

34.28 ~~(f)~~ (h) The commissioner shall adjust the maximum subtraction and threshold amounts  
 34.29 in paragraphs (b) to ~~(d)~~ (f) as provided in section 270C.22. The statutory year is taxable  
 34.30 year ~~2019~~ 2022. The ~~maximum subtraction and phaseout~~ threshold amounts as adjusted  
 34.31 must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount is rounded  
 34.32 up to the nearest \$10 amount.

35.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
35.2 31, 2021.

35.3 Sec. 12. Minnesota Statutes 2020, section 290.0132, is amended by adding a subdivision  
35.4 to read:

35.5 Subd. 32. **Emergency assistance for postsecondary student grants.** (a) An emergency  
35.6 grant for postsecondary students is a subtraction.

35.7 (b) For the purposes of this subdivision, "emergency grant for postsecondary students"  
35.8 means an emergency grant to a student of an eligible institution, as defined in section  
35.9 136A.103, to meet the financial needs of a student that could result in the student not  
35.10 completing the term or their program, including but not limited to grants provided under  
35.11 Laws 2021, First Special Session chapter 2, article 1, section 2, subdivision 24.

35.12 (c) This subdivision expires for taxable years beginning after December 31, 2029.

35.13 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
35.14 31, 2021, and before January 1, 2030.

35.15 Sec. 13. Minnesota Statutes 2020, section 290.0132, is amended by adding a subdivision  
35.16 to read:

35.17 Subd. 33. **Workforce incentive fund grant payments.** (a) The amount of workforce  
35.18 incentive grants received by an eligible worker under section 256.4778 is a subtraction.

35.19 (b) This subdivision expires for taxable years beginning after December 31, 2029.

35.20 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
35.21 31, 2021, and before January 1, 2030.

35.22 Sec. 14. Minnesota Statutes 2021 Supplement, section 290.06, subdivision 22, is amended  
35.23 to read:

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

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

36.8 (c) If the taxpayer is an athletic team that apportions all of its income under section  
36.9 290.17, subdivision 5, the credit is determined by multiplying the tax payable under this  
36.10 chapter by the ratio derived from dividing the total net income subject to tax in the other  
36.11 state by the taxpayer's Minnesota taxable income.

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

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

36.18 (e) In the case of the tax assessed on a lump-sum distribution under section 290.032, the  
36.19 credit allowed under paragraph (a) is the tax assessed by the other state on the lump-sum  
36.20 distribution that is also subject to tax under section 290.032, and shall not exceed the tax  
36.21 assessed under section 290.032. To the extent the total lump-sum distribution defined in  
36.22 section 290.032, subdivision 1, includes lump-sum distributions received in prior years or  
36.23 is all or in part an annuity contract, the reduction to the tax on the lump-sum distribution  
36.24 allowed under section 290.032, subdivision 2, includes tax paid to another state that is  
36.25 properly apportioned to that distribution.

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

36.32 (g) For the purposes of this subdivision, a resident shareholder of a corporation treated  
36.33 as an "S" corporation under section 290.9725, must be considered to have paid a tax imposed  
36.34 on the shareholder in an amount equal to the shareholder's pro rata share of any net income

37.1 tax paid by the S corporation to another state. For the purposes of the preceding sentence,  
37.2 the term "net income tax" means any tax imposed on or measured by a corporation's net  
37.3 income.

37.4 (h) For the purposes of this subdivision, a resident partner of an entity taxed as a  
37.5 partnership under the Internal Revenue Code must be considered to have paid a tax imposed  
37.6 on the partner in an amount equal to the partner's pro rata share of any net income tax paid  
37.7 by the partnership to another state. For purposes of the preceding sentence, the term "net  
37.8 income" tax means any tax imposed on or measured by a partnership's net income. For  
37.9 purposes of this paragraph, "partnership" includes a limited liability company and "partner"  
37.10 includes a member of a limited liability company.

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

37.12 (1) includes:

37.13 (i) the District of Columbia; and

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

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

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

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

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

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

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

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

38.6 (3) For purposes of this paragraph, "preliminary credit" means the credit that a qualifying  
38.7 individual is eligible to receive under paragraphs (b) and (d) for tax paid to a qualifying  
38.8 state without regard to the limitation in paragraph (d), clause (2); "qualifying individual"  
38.9 means a Minnesota resident under section 290.01, subdivision 7, paragraph (a), who received  
38.10 compensation during the taxable year for the performance of personal or professional services  
38.11 within a qualifying state; and "qualifying state" means a state with which an agreement  
38.12 under section 290.081 is not in effect for the taxable year but was in effect for a taxable  
38.13 year beginning before January 1, 2010.

38.14 (m) For purposes of this subdivision, a resident sole member of a disregarded limited  
38.15 liability company must be considered to have paid a tax imposed on the sole member in an  
38.16 amount equal to the net income tax paid by the disregarded limited liability company to  
38.17 another state. For the purposes of this paragraph, the term "disregarded limited liability  
38.18 company" means a limited liability company that is disregarded as an entity separate from  
38.19 its owner as defined in Code of Federal Regulations, title 26, section 301.7701; and "net  
38.20 income" tax means any tax imposed on or measured by a disregarded limited liability  
38.21 company's net income.

38.22 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
38.23 31, 2021.

38.24 Sec. 15. Minnesota Statutes 2020, section 290.067, is amended to read:

38.25 **290.067 DEPENDENT GREAT START CHILD CARE AND DEPENDENT CARE**  
38.26 **CREDIT.**

38.27 Subdivision 1. **Amount of credit.** (a) A taxpayer may take as a credit against the tax  
38.28 due from the taxpayer and a spouse, if any, under this chapter an amount equal to ~~the~~  
38.29 ~~dependent care credit for which the taxpayer is eligible pursuant to the provisions of section~~  
38.30 ~~21 of the Internal Revenue Code except that in determining whether the child qualified as~~  
38.31 ~~a dependent, income received as a Minnesota family investment program grant or allowance~~  
38.32 ~~to or on behalf of the child must not be taken into account in determining whether the child~~  
38.33 ~~received more than half of the child's support from the taxpayer~~ the taxpayer's eligible

39.1 dependent care expenses, as determined under subdivisions 1a and 1b, multiplied by the  
39.2 taxpayer's credit percentage, as determined under subdivision 1c.

39.3 ~~(b) If a child who has not attained the age of six years at the close of the taxable year is~~  
39.4 ~~cared for at a licensed family day care home operated by the child's parent, the taxpayer is~~  
39.5 ~~deemed to have paid employment-related expenses. If the child is 16 months old or younger~~  
39.6 ~~at the close of the taxable year, the amount of expenses deemed to have been paid equals~~  
39.7 ~~the maximum limit for one qualified individual under section 21(e) and (d) of the Internal~~  
39.8 ~~Revenue Code. If the child is older than 16 months of age but has not attained the age of~~  
39.9 ~~six years at the close of the taxable year, the amount of expenses deemed to have been paid~~  
39.10 ~~equals the amount the licensee would charge for the care of a child of the same age for the~~  
39.11 ~~same number of hours of care.~~

39.12 ~~(e) If a married couple:~~

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

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

39.15 ~~(3) does not participate in a dependent care assistance program as defined in section 129~~  
39.16 ~~of the Internal Revenue Code, in lieu of the actual employment related expenses paid for~~  
39.17 ~~that child under paragraph (a) or the deemed amount under paragraph (b), the lesser of (i)~~  
39.18 ~~the combined earned income of the couple or (ii) the amount of the maximum limit for one~~  
39.19 ~~qualified individual under section 21(e) and (d) of the Internal Revenue Code will be deemed~~  
39.20 ~~to be the employment related expense paid for that child. The earned income limitation of~~  
39.21 ~~section 21(d) of the Internal Revenue Code shall not apply to this deemed amount. These~~  
39.22 ~~deemed amounts apply regardless of whether any employment-related expenses have been~~  
39.23 ~~paid.~~

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

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

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

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

40.1 ~~(e) (b)~~ In the case of a nonresident, part-year resident, or a person who has earned income  
40.2 not subject to tax under this chapter ~~including earned income excluded pursuant to section~~  
40.3 ~~290.0132, subdivision 10,~~ the credit determined under ~~section 21 of the Internal Revenue~~  
40.4 ~~Code~~ this section must be allocated based on the ratio by which the earned income of the  
40.5 claimant and the claimant's spouse from Minnesota sources bears to the total earned income  
40.6 of the claimant and the claimant's spouse using the percentage calculated in section 290.06,  
40.7 subdivision 2c, paragraph (e).

40.8 (c) For the purposes of this section, the following terms have the meanings given:

40.9 (1) "employment-related expenses" has the meaning given in section 21(b)(2) of the  
40.10 Internal Revenue Code;

40.11 (2) "qualifying individual" has the meaning given in section 21(b)(1) of the Internal  
40.12 Revenue Code, except that in determining whether the child qualified as a dependent, income  
40.13 received as a Minnesota family investment program grant or allowance to or on behalf of  
40.14 the child must not be taken into account in determining whether the child received more  
40.15 than half of the child's support from the taxpayer; and

40.16 (3) "young child" means a qualifying individual who had not attained the age of five by  
40.17 December 31 of the taxable year.

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

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

40.24 ~~(h) For taxpayers with federal adjusted gross income in excess of \$52,230, the credit is~~  
40.25 ~~equal to the lesser of the credit otherwise calculated under this subdivision, or the amount~~  
40.26 ~~equal to \$600 minus five percent of federal adjusted gross income in excess of \$52,230 for~~  
40.27 ~~taxpayers with one qualified individual, or \$1,200 minus five percent of federal adjusted~~  
40.28 ~~gross income in excess of \$52,230 for taxpayers with two or more qualified individuals,~~  
40.29 ~~but in no case is the credit less than zero.~~

40.30 Subd. 1a. **Eligible dependent care expenses.** (a) A taxpayer's eligible dependent care  
40.31 expenses equals the amount of employment-related expenses incurred by the taxable year,  
40.32 subject to the limitations in paragraphs (b) and (c).

41.1 (b) Except as provided in subdivision 1b, a taxpayer's eligible dependent care expenses  
41.2 are limited to:

41.3 (1) \$3,000 if there was one qualifying individual with respect to the taxpayer; or

41.4 (2) \$6,000 if there were two or more qualifying individuals with respect to the taxpayer.

41.5 Subd. 1b. **Special rules for tax years 2022 to 2028.** For taxable years beginning after  
41.6 December 31, 2021, and before January 1, 2029, for a taxpayer with a young child, the limit  
41.7 in paragraph (b) is increased as follows:

41.8 (1) for a taxpayer with one young child with respect to the taxpayer, the limit is increased  
41.9 by \$3,000;

41.10 (2) for a taxpayer with two young children with respect to the taxpayer, the limit is  
41.11 increased by \$6,000; or

41.12 (3) for a taxpayer with three or more young children with respect to the taxpayer, the  
41.13 limit is increased by \$9,000.

41.14 Subd. 1c. **Credit percentage.** (a) The credit percentage equals 50 percent, subject to  
41.15 the reductions in paragraphs (b) and (c).

41.16 (b) A taxpayer's credit percentage is reduced by one percentage point for each \$2,000,  
41.17 or fraction thereof, by which the taxpayer's adjusted gross income exceeds \$125,000, until  
41.18 the credit percentage equals 20 percent.

41.19 (c) For a taxpayer with adjusted gross income in excess of \$400,000, the credit percentage  
41.20 equals 20 percent, reduced by one percentage point for each \$2,000, or fraction thereof, by  
41.21 which the taxpayer's adjusted gross income exceeds \$400,000.

41.22 Subd. 2b. **Inflation adjustment.** The commissioner shall annually adjust the dollar  
41.23 amount of the income threshold at which the ~~maximum~~ credit percentage begins to be  
41.24 reduced under subdivision 1c as provided in section 270C.22. The statutory year is taxable  
41.25 year ~~2019~~ 2022.

41.26 Subd. 2c. **Deemed expenses.** (a) If a child who has not attained the age of six years at  
41.27 the close of the taxable year is cared for at a licensed family day care home operated by the  
41.28 child's parent, the taxpayer is deemed to have paid employment-related expenses. The  
41.29 amount of expenses deemed to have been paid equals the amount the licensee would charge  
41.30 for the care of a child of the same age for the same number of hours of care.

41.31 (b) If a married couple:

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

42.3 (2) does not participate in a dependent care assistance program as defined in section 129  
42.4 of the Internal Revenue Code; then in lieu of the actual employment-related expenses paid  
42.5 for that child under or the deemed amount under paragraph (a), the amount deemed to be  
42.6 the employment-related expense paid for that child equals the lesser of:

42.7 (i) the combined earned income of the couple; or

42.8 (ii) the amount of the maximum limit for one qualified individual under subdivision 1a,  
42.9 as increased by subdivision 1b.

42.10 The earned income limitation of section 21(d) of the Internal Revenue Code shall not apply  
42.11 to this deemed amount. These deemed amounts apply regardless of whether any  
42.12 employment-related expenses have been paid.

42.13 Subd. 2d. **Identifying information required.** (a) No credit is allowed for any amount  
42.14 paid to any person unless:

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

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

42.20 (b) The rule in section 21(e)(10) of the Internal Revenue Code applies for the credit  
42.21 under this section.

42.22 **Subd. 3. Credit to be refundable.** If the amount of credit which a claimant would be  
42.23 eligible to receive pursuant to this subdivision exceeds the claimant's tax liability under  
42.24 chapter 290, the excess amount of the credit shall be refunded to the claimant by the  
42.25 commissioner of revenue. An amount sufficient to pay the refunds required by this section  
42.26 is appropriated to the commissioner from the general fund.

42.27 **Subd. 4. Right to file claim.** The right to file a claim under this section shall be personal  
42.28 to the claimant and shall not survive death, but such right may be exercised on behalf of a  
42.29 claimant by the claimant's legal guardian or attorney-in-fact. When a claimant dies after  
42.30 having filed a timely claim the amount thereof shall be disbursed to another member of the  
42.31 household as determined by the commissioner of revenue. If the claimant was the only  
42.32 member of a household, the claim may be paid to the claimant's personal representative,

43.1 but if neither is appointed and qualified within two years of the filing of the claim, the  
43.2 amount of the claim shall escheat to the state.

43.3 Subd. 5. **Employment-related expenses.** For the purposes of determining  
43.4 employment-related expenses, the provisions of sections 21(d) and 21(e)(6) of the Internal  
43.5 Revenue Code apply.

43.6 Subd. 6. **Rules for married couples filing separate returns.** A married taxpayer filing  
43.7 a separate return may claim the credit under this section, but only one spouse may claim  
43.8 the credit.

43.9 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
43.10 31, 2021.

43.11 Sec. 16. Minnesota Statutes 2021 Supplement, section 290.0671, subdivision 1, is amended  
43.12 to read:

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

43.17 (1) a taxpayer with no qualifying children who has attained the age of 19, but not attained  
43.18 age 65 before the close of the taxable year and is otherwise eligible for a credit under section  
43.19 32 of the Internal Revenue Code may also receive a credit; ~~and~~

43.20 (2) a taxpayer who is otherwise eligible for a credit under section 32 of the Internal  
43.21 Revenue Code remains eligible for the credit even if the taxpayer's earned income or adjusted  
43.22 gross income exceeds the income limitation under section 32 of the Internal Revenue Code; ~~;~~  
43.23 and

43.24 (3) the requirements of section 32(m) of the Internal Revenue Code do not apply.

43.25 (b) For individuals with no qualifying children, the credit equals 3.9 percent of the first  
43.26 \$7,150 of earned income. The credit is reduced by 2.0 percent of earned income or adjusted  
43.27 gross income, whichever is greater, in excess of the phaseout threshold, but in no case is  
43.28 the credit less than zero.

43.29 (c) For individuals with one qualifying child, the credit equals 9.35 percent of the first  
43.30 \$11,950 of earned income. The credit is reduced by 6.0 percent of earned income or adjusted  
43.31 gross income, whichever is greater, in excess of the phaseout threshold, but in no case is  
43.32 the credit less than zero.

44.1 (d) For individuals with two qualifying children, the credit equals 11 percent of the first  
44.2 \$19,600 of earned income. The credit is reduced by 10.5 percent of earned income or adjusted  
44.3 gross income, whichever is greater, in excess of the phaseout threshold, but in no case is  
44.4 the credit less than zero.

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

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

44.11 (g) For a person who was a resident for the entire tax year and has earned income not  
44.12 subject to tax under this chapter, including income excluded under section 290.0132,  
44.13 subdivision 10, the credit must be allocated based on the ratio of federal adjusted gross  
44.14 income reduced by the earned income not subject to tax under this chapter over federal  
44.15 adjusted gross income. For purposes of this paragraph, the following clauses are not  
44.16 considered "earned income not subject to tax under this chapter":

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

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

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

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

44.22 (1) \$14,570 for married taxpayers filing joint returns with no qualifying children;

44.23 (2) \$8,730 for all other taxpayers with no qualifying children;

44.24 (3) \$28,610 for married taxpayers filing joint returns with one qualifying child;

44.25 (4) \$22,770 for all other taxpayers with one qualifying child;

44.26 (5) \$32,840 for married taxpayers filing joint returns with two qualifying children;

44.27 (6) \$27,000 for all other taxpayers with two qualifying children;

44.28 (7) \$33,140 for married taxpayers filing joint returns with three or more qualifying  
44.29 children; and

44.30 (8) \$27,300 for all other taxpayers with three or more qualifying children.

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

45.5 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
45.6 31, 2021.

45.7 Sec. 17. Minnesota Statutes 2020, section 290.0674, subdivision 2, is amended to read:

45.8 Subd. 2. **Limitations.** (a) For claimants with adjusted gross income not greater than  
45.9 ~~\$33,500~~ \$70,000, the maximum credit allowed for a family is \$1,000 multiplied by the  
45.10 number of qualifying children in kindergarten through grade 12 in the family. The maximum  
45.11 credit for families with one qualifying child in kindergarten through grade 12 is reduced by  
45.12 \$1 for each \$4 of ~~household~~ adjusted gross income over ~~\$33,500~~ \$70,000, and the maximum  
45.13 credit for families with two or more qualifying children in kindergarten through grade 12  
45.14 is reduced by \$2 for each \$4 of ~~household~~ adjusted gross income over ~~\$33,500~~ \$70,000,  
45.15 but in no case is the credit less than zero.

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

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

45.21 (d) The commissioner shall annually adjust the household income limitation in paragraph  
45.22 (a) as provided in section 270C.22. The statutory year is 2022.

45.23 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
45.24 31, 2021.

45.25 Sec. 18. Minnesota Statutes 2020, section 290.0681, subdivision 2, is amended to read:

45.26 Subd. 2. **Credit or grant allowed; certified historic structure.** (a) A credit is allowed  
45.27 against the tax imposed under this chapter equal to not more than 100 percent of the credit  
45.28 allowed under section 47(a) of the Internal Revenue Code for a project. ~~The credit is payable~~  
45.29 ~~in five equal yearly installments beginning with the year the project is placed in service.~~  
45.30 Notwithstanding the provisions of section 47(a) of the Internal Revenue Code that require  
45.31 the federal credit to be allocated ratably over a five-year period, the full amount of the credit

46.1 under this section is allowed in the taxable year in which the qualified rehabilitated building  
46.2 is placed in service. To qualify for the credit:

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

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

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

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

46.12 **EFFECTIVE DATE.** This section is effective for property placed in service after June  
46.13 30, 2022.

46.14 Sec. 19. Minnesota Statutes 2020, section 290.0681, subdivision 3, is amended to read:

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

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

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

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

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

47.4 (4) state the fiscal year in which the credit or grant is allocated, and:

47.5 (i) for property placed in service before July 1, 2022, that the taxpayer or grant recipient  
47.6 is entitled to receive one-fifth of the total amount of either the credit or the grant at the time  
47.7 the project is placed in service, provided that date is within three calendar years following  
47.8 the issuance of the allocation certificate; or

47.9 (ii) for property placed in service after June 30, 2022, that the taxpayer or grant recipient  
47.10 is entitled to receive the full amount of the credit or the grant in the taxable year that the  
47.11 project is placed in service, provided that date is within three calendar years following the  
47.12 issuance of the allocation certificate.

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

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

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

47.22 **EFFECTIVE DATE.** This section is effective retroactively for allocation certificates  
47.23 issued prior to the date of enactment for property placed in service after June 30, 2022.

47.24 Sec. 20. Minnesota Statutes 2020, section 290.0681, subdivision 4, is amended to read:

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

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

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

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

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

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

48.11 **EFFECTIVE DATE.** This section is effective for property placed in service after June  
48.12 30, 2022.

48.13 Sec. 21. Minnesota Statutes 2021 Supplement, section 290.0681, subdivision 10, is amended  
48.14 to read:

48.15 Subd. 10. **Sunset.** This section expires after fiscal year ~~2022~~ 2030, except that the office's  
48.16 authority to issue credit certificates under subdivision 4 based on allocation certificates that  
48.17 were issued before ~~fiscal year 2023~~ 2031 remains in effect through ~~2025~~ calendar year 2033,  
48.18 and the reporting requirements in subdivision 9 remain in effect through the year following  
48.19 the year in which all allocation certificates have either been canceled or resulted in issuance  
48.20 of credit certificates, or ~~2026~~ 2034, whichever is earlier.

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

48.22 Sec. 22. Minnesota Statutes 2021 Supplement, section 290.0682, is amended by adding  
48.23 a subdivision to read:

48.24 **Subd. 3. Credit refundable; appropriation.** (a) If the amount of credit which a claimant  
48.25 is eligible to receive under this section exceeds the claimant's tax liability under this chapter,  
48.26 the commissioner shall refund the excess to the claimant.

48.27 (b) An amount sufficient to pay the refunds required by this section is appropriated to  
48.28 the commissioner from the general fund.

48.29 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
48.30 31, 2021.

49.1 Sec. 23. Minnesota Statutes 2021 Supplement, section 290.0682, is amended by adding  
49.2 a subdivision to read:

49.3 Subd. 4. **Special rules for tax years 2022 to 2028.** For taxable years beginning after  
49.4 December 31, 2021, and before January 1, 2029, the maximum credit under subdivision 2,  
49.5 paragraph (b), clause (4), is \$1,400.

49.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
49.7 31, 2021, and before January 1, 2029.

49.8 Sec. 24. Minnesota Statutes 2020, section 290.0685, subdivision 1, is amended to read:

49.9 Subdivision 1. **Credit allowed.** (a) An eligible individual is allowed a credit against the  
49.10 tax imposed by this chapter equal to \$2,000 for each ~~birth for which a certificate of birth~~  
49.11 ~~resulting in stillbirth has been issued under section 144.2151~~ stillbirth. The credit under this  
49.12 section is allowed only in the taxable year in which the stillbirth occurred ~~and if the child~~  
49.13 ~~would have been a dependent of the taxpayer as defined in section 152 of the Internal~~  
49.14 ~~Revenue Code.~~

49.15 (b) For a ~~nonresident or~~ part-year resident, the credit must be allocated based on the  
49.16 percentage calculated under section 290.06, subdivision 2c, paragraph (e).

49.17 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
49.18 after December 31, 2015.

49.19 Sec. 25. Minnesota Statutes 2020, section 290.0685, is amended by adding a subdivision  
49.20 to read:

49.21 Subd. 1a. **Definitions.** (a) For purposes of this section, the following terms have the  
49.22 meanings given, unless the context clearly indicates otherwise.

49.23 (b) "Certificate of birth" means the printed certificate of birth resulting in stillbirth issued  
49.24 under section 144.2151 or for a birth occurring in another state or country a similar certificate  
49.25 issued under that state's or country's law.

49.26 (c) "Eligible individual" means an individual who is:

49.27 (1)(i) a resident; or

49.28 (ii) the nonresident spouse of a resident who is a member of armed forces of the United  
49.29 States or the United Nations; and

49.30 (2)(i) the individual who gave birth resulting in stillbirth and is listed as a parent on the  
49.31 certificate of birth;

50.1 (ii) if no individual meets the requirements of clause (i) for a stillbirth that occurs in this  
50.2 state, then the first parent listed on the certificate of birth resulting in still birth; or

50.3 (iii) the individual who gave birth resulting in stillbirth for a birth outside of this state  
50.4 for which no certificate of birth was issued.

50.5 (d) "Stillbirth" means a birth for which a fetal death report would be required under  
50.6 section 144.222, subdivision 1, if the birth occurred in this state.

50.7 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
50.8 after December 31, 2015.

50.9 Sec. 26. Minnesota Statutes 2021 Supplement, section 290A.03, subdivision 3, is amended  
50.10 to read:

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

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

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

50.14 (i) all nontaxable income;

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

50.18 (iii) an amount equal to the total of any discharge of qualified farm indebtedness of a  
50.19 solvent individual excluded from gross income under section 108(g) of the Internal Revenue  
50.20 Code;

50.21 (iv) cash public assistance and relief;

50.22 (v) any pension or annuity (including railroad retirement benefits, all payments received  
50.23 under the federal Social Security Act, Supplemental Security Income, and veterans benefits),  
50.24 which was not exclusively funded by the claimant or spouse, or which was funded exclusively  
50.25 by the claimant or spouse and which funding payments were excluded from federal adjusted  
50.26 gross income in the years when the payments were made;

50.27 (vi) interest received from the federal or a state government or any instrumentality or  
50.28 political subdivision thereof;

50.29 (vii) workers' compensation;

50.30 (viii) nontaxable strike benefits;

51.1 (ix) the gross amounts of payments received in the nature of disability income or sick  
51.2 pay as a result of accident, sickness, or other disability, whether funded through insurance  
51.3 or otherwise;

51.4 (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of  
51.5 1986, as amended through December 31, 1995;

51.6 (xi) contributions made by the claimant to an individual retirement account, including  
51.7 a qualified voluntary employee contribution; simplified employee pension plan;  
51.8 self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of  
51.9 the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal  
51.10 Revenue Code, to the extent the sum of amounts exceeds the retirement base amount for  
51.11 the claimant and spouse;

51.12 (xii) to the extent not included in federal adjusted gross income, distributions received  
51.13 by the claimant or spouse from a traditional or Roth style retirement account or plan;

51.14 (xiii) nontaxable scholarship or fellowship grants;

51.15 (xiv) alimony received to the extent not included in the recipient's income;

51.16 (xv) the amount of deduction allowed under section 220 or 223 of the Internal Revenue  
51.17 Code;

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

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

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

51.27 (b) "Income" does not include:

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

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

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

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

52.6 (5) relief granted under this chapter;

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

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

52.12 (8) alimony paid; ~~or~~

52.13 (9) veterans disability compensation paid under title 38 of the United States Code; and

52.14 (10) workforce incentive grant payments under section 256.4778.

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

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

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

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

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

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

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

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

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

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

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

53.3 EFFECTIVE DATE. This section is effective beginning with refunds based on rent  
53.4 paid in 2022 and property taxes payable in 2023.

53.5 Sec. 27. SPECIAL PROVISIONS FOR ALLOCATION CERTIFICATES ISSUED  
53.6 PRIOR TO EFFECTIVE DATE.

53.7 (a) For allocation certificates issued prior to the enactment of sections 18 to 21, the  
53.8 director of the State Historic Preservation Office shall, in consultation with the commissioner  
53.9 of revenue, amend each allocation certificate for credits approved on property not placed  
53.10 in service prior to July 1, 2022, to state that the taxpayer or grant recipient is entitled to  
53.11 receive the full amount of the credit or grant at the time the project is placed in service.

53.12 (b) The changes provided in section 2 for property placed in service before July 1, 2022,  
53.13 do not prohibit a taxpayer or grant recipient that received an allocation certificate stating  
53.14 the taxpayer or grant recipient is entitled to claim the full amount of the credit in the taxable  
53.15 year the property is placed in service from claiming the full amount of the credit and no  
53.16 amendment to the taxpayer's or grant recipient's allocation certificate is required.

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

53.18 Sec. 28. TEMPORARY INDIVIDUAL INCOME TAX SUBTRACTION;  
53.19 UNEMPLOYMENT INSURANCE BENEFITS.

53.20 (a) For the purposes of this section the following terms having the meanings given:

53.21 (1) "adjusted gross income" has the meaning given in Minnesota Statutes, section 290.01,  
53.22 subdivision 21a;

53.23 (2) "Internal Revenue Code" has the meaning given in Minnesota Statutes, section  
53.24 290.01, subdivision 31;

53.25 (3) "subtraction" has the meaning given in Minnesota Statutes, section 290.0132,  
53.26 subdivision 1;

53.27 (4) "taxable year" has the meaning given in Minnesota Statutes, section 290.01,  
53.28 subdivision 9; and

53.29 (5) "unemployment compensation" has the meaning given in section 85(b) of the Internal  
53.30 Revenue Code.

54.1 (b) For taxable years beginning after December 31, 2020, and before January 1, 2022,  
54.2 an individual taxpayer is allowed a subtraction equal to the amount of unemployment  
54.3 compensation received in the taxable year, subject to the limit in paragraphs (c) and (d).

54.4 (c) The subtraction is limited to \$10,200, except for a married taxpayer filing a joint  
54.5 return the subtraction is limited to \$10,200 in unemployment compensation received by  
54.6 each spouse.

54.7 (d) The limit in paragraph (c) is reduced by five percent of adjusted gross income in  
54.8 excess of:

54.9 (1) \$150,000 for a joint return; or

54.10 (2) \$75,000 for all other filers.

54.11 In no case is the limit less than \$0.

54.12 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
54.13 after December 31, 2020, and before January 1, 2022.

54.14 Sec. 29. **INCOME TAX REBATES FOR PARENTS OF QUALIFYING CHILDREN.**

54.15 Subdivision 1. **Definitions.** (a) For the purposes of this section, "qualifying child" has  
54.16 the meaning given in section 24(c) of the Internal Revenue Code, but disregarding section  
54.17 9611(a)(i)(2) of Public Law 117-2.

54.18 (b) The definitions in Minnesota Statutes, section 290.01, apply to this section.

54.19 Subd. 2. **Credit allowed.** (a) An individual income taxpayer is allowed a credit against  
54.20 the taxes imposed in Minnesota Statutes, sections 290.03 and 290.091. The credit equals  
54.21 \$325 multiplied by the number of individuals who were a qualifying child of the taxpayer  
54.22 for the taxable year.

54.23 (b) The credit under this section is reduced by ten percent of adjusted gross income in  
54.24 excess of:

54.25 (1) \$140,000 for a married taxpayer filing a joint return; or

54.26 (2) \$70,000 for all other filers.

54.27 Subd. 3. **Part-year residents.** For an individual who was a resident of Minnesota for  
54.28 less than the entire taxable year, the credit equals the amount determined under subdivision  
54.29 2 for their filing status, multiplied by the percentage determined pursuant to Minnesota  
54.30 Statutes, section 290.06, subdivision 2c, paragraph (e).

55.1 Subd. 4. **Credit refundable; appropriation.** (a) If the amount of credit which a claimant  
55.2 is eligible to receive under this section exceeds the claimant's liability for tax, the  
55.3 commissioner shall refund the excess to the claimant.

55.4 (b) An amount sufficient to pay the refunds required by this section is appropriated to  
55.5 the commissioner from the general fund.

55.6 Subd. 5. **Distribution of credit payments; filing process for taxpayers without tax**  
55.7 **liability.** (a) To the extent feasible, the commissioner of revenue must automatically adjust  
55.8 the return of any taxpayer who filed a return for a taxable year in which the credit under  
55.9 this section applies. If a taxpayer is eligible for a refund as a result of the credit under this  
55.10 section, to the extent feasible, the commissioner must distribute the refund via direct deposit  
55.11 to the taxpayer's bank account, check, or any other mechanism the commissioner deems  
55.12 appropriate.

55.13 (b) The commissioner of revenue must establish a simplified filing process through  
55.14 which a taxpayer who does not have an individual income tax filing requirement may file  
55.15 a return for the taxable years in which the credit is available. The filing process and forms  
55.16 may be in the form or manner determined by the commissioner, but must be designed to  
55.17 reduce the complexity of the filing process and the time needed to file for individuals without  
55.18 an income tax liability for the taxable year.

55.19 Subd. 6. **Recapture of payments forbidden.** The commissioner of revenue must not  
55.20 apply, and must not certify to another agency to apply, a payment resulting from the credit  
55.21 under this section to any unpaid tax or nontax debt owed by an individual.

55.22 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
55.23 after December 31, 2020, and before January 1, 2022.

55.24 Sec. 30. **REPEALER.**

55.25 Minnesota Statutes 2020, section 290.0674, subdivision 2a, is repealed.

55.26 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
55.27 31, 2021.

## ARTICLE 3

## SALES AND USE TAXES

Section 1. Minnesota Statutes 2020, section 38.27, subdivision 4, is amended to read:

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

**EFFECTIVE DATE.** This section is effective the day following final enactment for the most recent annual tax savings determined prior to enactment.

Sec. 2. **[240A.15] AMATEUR SPORTS ACCOUNT.**

An amateur sports account is established in the special revenue fund and consists of money deposited under section 297A.94, paragraph (k). Money in the account, including interest, is appropriated to the commission for the promotion and development of amateur sports as provided in section 240A.04. Money in the account does not cancel and is available until spent.

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

Sec. 3. Minnesota Statutes 2020, section 297A.61, subdivision 12, is amended to read:

Subd. 12. **Farm machinery.** (a) "Farm machinery" means new or used machinery, equipment, implements, accessories, and contrivances used directly and principally in agricultural production of tangible personal property intended to be sold ultimately at retail including, but not limited to:

(1) machinery for the preparation, seeding, or cultivation of soil for growing agricultural crops;

(2) barn cleaners, milking systems, grain dryers, feeding systems including stationary feed bunks, fencing material, and similar installations, whether or not the equipment is installed by the seller and becomes part of the real property; and

57.1 (3) irrigation equipment sold for exclusively agricultural use, including pumps, pipe  
 57.2 fittings, valves, sprinklers, and other equipment necessary to the operation of an irrigation  
 57.3 system when sold as part of an irrigation system, whether or not the equipment is installed  
 57.4 by the seller and becomes part of the real property.

57.5 (b) Farm machinery does not include:

57.6 (1) repair or replacement parts;

57.7 (2) tools, shop equipment, grain bins, ~~fencing material~~, communication equipment, and  
 57.8 other farm supplies;

57.9 (3) motor vehicles taxed under chapter 297B;

57.10 (4) snowmobiles or snow blowers;

57.11 (5) lawn mowers except those used in the production of sod for sale, or garden-type  
 57.12 tractors or garden tillers; or

57.13 (6) machinery, equipment, implements, accessories, and contrivances used directly in  
 57.14 the production of horses not raised for slaughter, fur-bearing animals, or research animals.

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

57.17 Sec. 4. Minnesota Statutes 2020, section 297A.68, subdivision 25, is amended to read:

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

57.22 (1) the sale occurs in a transaction subject to or described in section 118, 331, 332, 336,  
 57.23 337, 338, 351, 355, 368, 721, 731, 1031, or 1033 of the Internal Revenue Code, as amended  
 57.24 through December 16, 2016;

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

57.27 (3) the sale is between a sole member of a disregarded limited liability company and the  
 57.28 disregarded limited liability company;

57.29 ~~(3)~~ (4) the sale is a sale of farm machinery;

57.30 ~~(4)~~ (5) the sale is a farm auction sale;

58.1 ~~(5)~~ (6) the sale is a sale of substantially all of the assets of a trade or business; or

58.2 ~~(6)~~ (7) the total amount of gross receipts from the sale of trade or business property made  
58.3 during the calendar month of the sale and the preceding 11 calendar months does not exceed  
58.4 \$1,000.

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

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

58.8 (1) "Disregarded limited liability company" means a limited liability company that is  
58.9 disregarded as an entity separate from its owner as defined in Code of Federal Regulations,  
58.10 title 26, section 301.7701.

58.11 ~~(1)~~ (2) A "farm auction" is a public auction conducted by a licensed auctioneer if  
58.12 substantially all of the property sold consists of property used in the trade or business of  
58.13 farming and property not used primarily in a trade or business.

58.14 ~~(2)~~ (3) "Trade or business" includes the assets of a separate division, branch, or  
58.15 identifiable segment of a trade or business if, before the sale, the income and expenses  
58.16 attributable to the separate division, branch, or identifiable segment could be separately  
58.17 ascertained from the books of account or record (the lease or rental of an identifiable segment  
58.18 does not qualify for the exemption).

58.19 ~~(3)~~ (4) A "sale of substantially all of the assets of a trade or business" must occur as a  
58.20 single transaction or a series of related transactions within the 12-month period beginning  
58.21 on the date of the first sale of assets intended to qualify for the exemption provided in  
58.22 paragraph (a), clause (5).

58.23 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
58.24 30, 2022.

58.25 Sec. 5. Minnesota Statutes 2020, section 297A.68, is amended by adding a subdivision to  
58.26 read:

58.27 Subd. 35b. **Fiber and conduit; broadband and Internet access.** Fiber and conduit  
58.28 purchased or leased for use directly by a broadband or Internet service provider, primarily  
58.29 in the provision of broadband or Internet access services that are ultimately to be sold at  
58.30 retail, are exempt.

58.31 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
58.32 made after June 30, 2017.

59.1 Sec. 6. Minnesota Statutes 2020, section 297A.68, is amended by adding a subdivision to  
59.2 read:

59.3 Subd. 46. Food service establishment equipment. (a) The purpose of the exemption  
59.4 provided by this subdivision is to create parity between the treatment of capital equipment  
59.5 used in the manufacturing industry and food service equipment used for the production of  
59.6 prepared food and beverages. The goal is to provide the same exemption for equipment  
59.7 used by food service establishments in the production of prepared food and furnishing of  
59.8 beverages, as is provided for capital equipment pursuant to subdivision 5.

59.9 (b) Food service equipment purchased or leased for use in this state by a food service  
59.10 establishment in the production of prepared food or furnishing of beverages, up to the point  
59.11 the prepared food or beverage is ready for delivery or service to the customer, is exempt.

59.12 (c) For purposes of this subdivision, the following terms have the meanings given:

59.13 (1) "catering service" means a business that prepares food and beverages for service in  
59.14 support of an event with a predetermined guest list such as a reception, party, luncheon,  
59.15 conference, ceremony, or trade show;

59.16 (2) "food service equipment" means machinery, equipment, fixtures, and supplies used  
59.17 by a food service establishment that are integral to the production of prepared food or the  
59.18 furnishing of beverages and that meet the standards imposed under Minnesota Rules, chapter  
59.19 4626. Food service equipment:

59.20 (i) includes cooking utensils, serving utensils, ovens, grills, coolers, microwave ovens,  
59.21 freezers, refrigerators and refrigerator stations, holding cabinets, deep fryers, condiment  
59.22 stations, dishwashers, steamers, coffee machines, ice machines, water heaters, sinks, faucets,  
59.23 food warmers and warming trays, tabletop chaffing equipment, buffets and buffet equipment,  
59.24 self-service condiment equipment, self-service beverage equipment, beer dispensing systems,  
59.25 equipment needed for bar service, and any other item that is integral to the production of  
59.26 prepared food or the furnishing of beverages; and

59.27 (ii) excludes items used by customers such as linens, paper napkins, glasses, cups, mugs,  
59.28 utensils, tables, and chairs. Also excluded are delivery vehicles or any motor vehicles  
59.29 purchased by a food service establishment;

59.30 (3) "food service establishment" means a restaurant as defined in section 157.15,  
59.31 subdivision 12, a mobile food unit as defined in section 157.15, subdivision 9, or a catering  
59.32 service as defined in this paragraph;

60.1 (4) "furnishing of beverages" means the production of beverages, including alcoholic  
 60.2 beverages, by a bartender, server, caterer, or other person employed by a food service  
 60.3 establishment;

60.4 (5) "prepared food" has the meaning given in section 297A.61, subdivision 31; and

60.5 (6) "production" means an operation or series of operations where ingredients are changed  
 60.6 in form, composition, or condition that results in the creation of prepared food or a beverage.

60.7 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
 60.8 30, 2022.

60.9 Sec. 7. Minnesota Statutes 2020, section 297A.70, subdivision 21, is amended to read:

60.10 Subd. 21. **County agricultural society sales at county fairs.** (a) The following sales  
 60.11 by a county agricultural society during a regularly scheduled county fair are exempt. For  
 60.12 purposes of this subdivision, sales include:

60.13 (1) admissions to and parking at the county fairgrounds;

60.14 (2) admissions to separately ticketed events run by the county agricultural society; and

60.15 (3) concessions and other sales made by employees or volunteers of the county  
 60.16 agricultural society on the county fairgrounds.

60.17 ~~This~~ (b) The exemption under paragraph (a) does not apply to sales or for events by a  
 60.18 ~~county agricultural society~~ held at a time other than at the time of the regularly scheduled  
 60.19 county fair, or events not held on the county fairgrounds.

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

60.21 Sec. 8. Minnesota Statutes 2020, section 297A.71, subdivision 51, is amended to read:

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

60.29 (b) The exemption under this subdivision applies to sales and purchases made after  
 60.30 March 11, 2018, and before January 1, ~~2022~~ 2024.

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

61.2 Sec. 9. Minnesota Statutes 2021 Supplement, section 297A.71, subdivision 52, is amended  
61.3 to read:

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

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

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

61.13 (3) a fire station and police station, including access roads, lighting, sidewalks, and  
61.14 utility components, on or adjacent to the property on which the fire station or police station  
61.15 are located that are necessary for safe access to and use of those buildings, in the city of  
61.16 Minnetonka if materials, supplies, and equipment are purchased after May 23, 2019, and  
61.17 before January 1, 2022;

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

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

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

61.25 (7) new construction, upgrades, and remodeling to the Itasca County courts and  
61.26 courthouse in conjunction and coordination with the new construction of a correctional  
61.27 facility, if materials, supplies, and equipment are purchased after April 30, 2021, and before  
61.28 January 1, 2025;

61.29 (8) the North Metro Regional Public Safety Training Facility in Maple Grove, if materials,  
61.30 supplies, and equipment are purchased after August 31, 2021, and before December 31,  
61.31 2023; and

62.1 (9) the following projects in Wayzata if materials, supplies, and equipment are purchased  
62.2 after March 31, 2020, and before January 1, 2025:

62.3 (i) expansion and remodeling of Depot Park;

62.4 (ii) construction of community docks for purposes of access from Lake Minnetonka;

62.5 (iii) construction of a lakeside boardwalk of approximately 1,500 lineal feet;

62.6 (iv) shoreline restoration, including installation of native plants, trees, and natural habitat;

62.7 (v) restoration of Section Foreman House, including installation of a learning center to  
62.8 provide indoor and outdoor classroom and community space;

62.9 (vi) construction of Eco Park, including shoreline restoration and marsh and water quality  
62.10 improvement, a pier extension of the lakeside boardwalk, and creation of eco-living  
62.11 classrooms;

62.12 (vii) construction of a public plaza with a restroom, 9/11 memorial, interactive water  
62.13 display, and gathering space;

62.14 (viii) construction of a regional multiuse trail; and

62.15 (ix) construction of railroad crossings.

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

62.18 (c) The total refund for the project listed in paragraph (a), clause (3), must not exceed  
62.19 \$850,000.

62.20 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
62.21 made during the periods indicated in paragraph (a), clauses (7) to (9).

62.22 Sec. 10. Minnesota Statutes 2020, section 297A.71, is amended by adding a subdivision  
62.23 to read:

62.24 **Subd. 54. Building materials; farm fencing material.** Materials and supplies used or  
62.25 consumed in, and equipment incorporated into, the construction or improvement of farm  
62.26 fencing material that is not exempt under section 297A.61, subdivision 12, are exempt.

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

63.1 Sec. 11. Minnesota Statutes 2020, section 297A.71, is amended by adding a subdivision  
63.2 to read:

63.3 Subd. 55. **Construction materials purchased by contractors; exemption for certain**  
63.4 **entities.** (a) Materials and supplies used or consumed in and equipment incorporated into  
63.5 the construction, reconstruction, repair, maintenance, or improvement of buildings or  
63.6 facilities used principally by the following entities are exempt if the materials, supplies, and  
63.7 equipment are purchased after June 30, 2021, and before January 1, 2023:

63.8 (1) school districts, as defined under section 297A.70, subdivision 2, paragraph (c);

63.9 (2) local governments, as defined under section 297A.70, subdivision 2, paragraph (d);

63.10 (3) hospitals and nursing homes owned and operated by political subdivisions of the  
63.11 state, as described under section 297A.70, subdivision 2, paragraph (a), clause (3);

63.12 (4) county law libraries under chapter 134A and public libraries, regional public library  
63.13 systems, and multicounty, multitype library systems, as defined in section 134.001;

63.14 (5) nonprofit groups, as defined under section 297A.70, subdivision 4;

63.15 (6) hospitals, outpatient surgical centers, and critical access dental providers, as defined  
63.16 under section 297A.70, subdivision 7; and

63.17 (7) nursing homes and boarding care homes, as defined under section 297A.70,  
63.18 subdivision 18.

63.19 (b) Materials and supplies used or consumed in and equipment incorporated into the  
63.20 construction, reconstruction, repair, maintenance, or improvement of public infrastructure  
63.21 of any kind, including but not limited to roads, bridges, culverts, drinking water facilities,  
63.22 and wastewater facilities, purchased by a contractor, subcontractor, or builder as part of a  
63.23 contract with the following entities are exempt if the materials, supplies, and equipment are  
63.24 purchased after June 30, 2021, and before January 1, 2023:

63.25 (1) school districts, as defined under section 297A.70, subdivision 2, paragraph (c); or

63.26 (2) local governments, as defined under section 297A.70, subdivision 2, paragraph (d).

63.27 (c) The tax on purchases exempt under this subdivision must be imposed and collected  
63.28 as if the rate under section 297A.62, subdivision 1, applied, and then refunded in the manner  
63.29 provided in section 297A.75. Refunds for eligible purchases must not be issued after June  
63.30 30, 2023.

63.31 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
63.32 made after June 30, 2021, and before January 1, 2023.

64.1 Sec. 12. Minnesota Statutes 2020, section 297A.71, is amended by adding a subdivision  
64.2 to read:

64.3 Subd. 56. Construction materials purchased by contractors; exemption for certain  
64.4 projects at the Minneapolis-St. Paul International Airport. (a) Materials and supplies  
64.5 used in, and equipment incorporated into, the construction, reconstruction, repair,  
64.6 maintenance, or improvement of public infrastructure at the Minneapolis-St. Paul  
64.7 International Airport purchased by a contractor or subcontractor for the following projects  
64.8 are exempt if purchased after June 30, 2021, and before January 1, 2023:

64.9 (1) security improvements to the rental automobile quick turnaround facility at Terminal  
64.10 1;

64.11 (2) replacing air handling units at Terminal 1 and Terminal 2;

64.12 (3) improvements to the C concourse loading dock at Terminal 1;

64.13 (4) lighting upgrades to LED;

64.14 (5) restroom upgrades at Terminal 1;

64.15 (6) renovation of mechanical rooms in Terminal 1, a MAC storage facility, and a liquid  
64.16 deicer storage facility;

64.17 (7) a new trades storage facility;

64.18 (8) a new liquid deicer storage facility; and

64.19 (9) Terminal 1 passenger arrivals and departures replacement, rehabilitation, and  
64.20 operational improvements.

64.21 (b) The tax on purchases exempt under this subdivision must be imposed and collected  
64.22 as if the rate under section 297A.62, subdivision 1, applied, and then refunded in the manner  
64.23 provided in section 297A.75. Refunds for eligible purchases must not be made after June  
64.24 30, 2023. The exemption allowed under this subdivision only applies to sales and purchases  
64.25 for which an exemption is not claimed under subdivision 55.

64.26 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
64.27 made after June 30, 2021, and before January 1, 2023.

65.1 Sec. 13. Minnesota Statutes 2021 Supplement, section 297A.75, subdivision 1, is amended  
65.2 to read:

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

65.6 (1) building materials for an agricultural processing facility exempt under section  
65.7 297A.71, subdivision 13;

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

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

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

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

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

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

65.18 (8) equipment and materials used for the generation, transmission, and distribution of  
65.19 electrical energy and an aerial camera package exempt under section 297A.68, subdivision  
65.20 37;

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

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

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

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

65.29 (13) materials, supplies, and equipment for qualifying capital projects under section  
65.30 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);

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

66.3 (15) items and services purchased under a business subsidy agreement for use or  
66.4 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision  
66.5 44;

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

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

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

66.13 (19) building construction or reconstruction materials, supplies, and equipment exempt  
66.14 under section 297A.71, subdivision 55; and

66.15 (20) building construction or reconstruction materials, supplies, and equipment purchased  
66.16 for qualifying projects at the Minneapolis-St. Paul International Airport under section  
66.17 297A.71, subdivision 56.

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

66.20 Sec. 14. Minnesota Statutes 2021 Supplement, section 297A.75, subdivision 2, is amended  
66.21 to read:

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

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

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

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

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

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

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

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

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

67.7 (9) for subdivision 1, clause (16), the applicant must be the owner or developer of the  
67.8 building or project;

67.9 (10) for subdivision 1, clause (19), the applicant must be the entity:

67.10 (i) listed in section 297A.71, subdivision 55, paragraph (a), that principally uses the  
67.11 building or facility; or

67.12 (ii) listed in section 297A.71, subdivision 55, paragraph (b), that contracts with a  
67.13 contractor, subcontractor, or builder for the public infrastructure project; and

67.14 (11) for subdivision 1, clause (20), the applicant must be an airport commission.

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

67.17 Sec. 15. Minnesota Statutes 2021 Supplement, section 297A.75, subdivision 3, is amended  
67.18 to read:

67.19 Subd. 3. **Application.** (a) The application must include sufficient information to permit  
67.20 the commissioner to verify the tax paid. If the tax was paid by a contractor, subcontractor,  
67.21 or builder, under subdivision 1, clauses (3) to (13) or (15) to ~~(18)~~ (20), the contractor,  
67.22 subcontractor, or builder must furnish to the refund applicant a statement including the cost  
67.23 of the exempt items and the taxes paid on the items unless otherwise specifically provided  
67.24 by this subdivision. The provisions of sections 289A.40 and 289A.50 apply to refunds under  
67.25 this section.

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

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

68.1 Sec. 16. Minnesota Statutes 2020, section 297A.94, is amended to read:

68.2 **297A.94 DEPOSIT OF REVENUES.**

68.3 (a) Except as provided in this section, the commissioner shall deposit the revenues,  
68.4 including interest and penalties, derived from the taxes imposed by this chapter in the state  
68.5 treasury and credit them to the general fund.

68.6 (b) The commissioner shall deposit taxes in the Minnesota agricultural and economic  
68.7 account in the special revenue fund if:

68.8 (1) the taxes are derived from sales and use of property and services purchased for the  
68.9 construction and operation of an agricultural resource project; and

68.10 (2) the purchase was made on or after the date on which a conditional commitment was  
68.11 made for a loan guaranty for the project under section 41A.04, subdivision 3.

68.12 The commissioner of management and budget shall certify to the commissioner the date on  
68.13 which the project received the conditional commitment. The amount deposited in the loan  
68.14 guaranty account must be reduced by any refunds and by the costs incurred by the Department  
68.15 of Revenue to administer and enforce the assessment and collection of the taxes.

68.16 (c) The commissioner shall deposit the revenues, including interest and penalties, derived  
68.17 from the taxes imposed on sales and purchases included in section 297A.61, subdivision 3,  
68.18 paragraph (g), clauses (1) and (4), in the state treasury, and credit them as follows:

68.19 (1) first to the general obligation special tax bond debt service account in each fiscal  
68.20 year the amount required by section 16A.661, subdivision 3, paragraph (b); and

68.21 (2) after the requirements of clause (1) have been met, the balance to the general fund.

68.22 (d) Beginning with sales taxes remitted after July 1, 2017, the commissioner shall deposit  
68.23 in the state treasury the revenues collected under section 297A.64, subdivision 1, including  
68.24 interest and penalties and minus refunds, and credit them to the highway user tax distribution  
68.25 fund.

68.26 (e) The commissioner shall deposit the revenues, including interest and penalties,  
68.27 collected under section 297A.64, subdivision 5, in the state treasury and credit them to the  
68.28 general fund. By July 15 of each year the commissioner shall transfer to the highway user  
68.29 tax distribution fund an amount equal to the excess fees collected under section 297A.64,  
68.30 subdivision 5, for the previous calendar year.

68.31 (f) Beginning with sales taxes remitted after July 1, 2017, in conjunction with the deposit  
68.32 of revenues under paragraph (d), the commissioner shall deposit into the state treasury and

69.1 credit to the highway user tax distribution fund an amount equal to the estimated revenues  
69.2 derived from the tax rate imposed under section 297A.62, subdivision 1, on the lease or  
69.3 rental for not more than 28 days of rental motor vehicles subject to section 297A.64. The  
69.4 commissioner shall estimate the amount of sales tax revenue deposited under this paragraph  
69.5 based on the amount of revenue deposited under paragraph (d).

69.6 (g) Starting after July 1, 2017, the commissioner shall deposit an amount of the  
69.7 remittances monthly into the state treasury and credit them to the highway user tax  
69.8 distribution fund as a portion of the estimated amount of taxes collected from the sale and  
69.9 purchase of motor vehicle repair parts in that month. For the remittances between July 1,  
69.10 2017, and June 30, 2019, the monthly deposit amount is \$2,628,000. For remittances in  
69.11 each subsequent fiscal year, the monthly deposit amount is \$12,137,000. For purposes of  
69.12 this paragraph, "motor vehicle" has the meaning given in section 297B.01, subdivision 11,  
69.13 and "motor vehicle repair and replacement parts" includes (i) all parts, tires, accessories,  
69.14 and equipment incorporated into or affixed to the motor vehicle as part of the motor vehicle  
69.15 maintenance and repair, and (ii) paint, oil, and other fluids that remain on or in the motor  
69.16 vehicle as part of the motor vehicle maintenance or repair. For purposes of this paragraph,  
69.17 "tire" means any tire of the type used on highway vehicles, if wholly or partially made of  
69.18 rubber and if marked according to federal regulations for highway use.

69.19 (h) 72.43 percent of the revenues, including interest and penalties, transmitted to the  
69.20 commissioner under section 297A.65, must be deposited by the commissioner in the state  
69.21 treasury as follows:

69.22 (1) 50 percent of the receipts must be deposited in the heritage enhancement account in  
69.23 the game and fish fund, and may be spent only on activities that improve, enhance, or protect  
69.24 fish and wildlife resources, including conservation, restoration, and enhancement of land,  
69.25 water, and other natural resources of the state;

69.26 (2) 22.5 percent of the receipts must be deposited in the natural resources fund, and may  
69.27 be spent only for state parks and trails;

69.28 (3) 22.5 percent of the receipts must be deposited in the natural resources fund, and may  
69.29 be spent only on metropolitan park and trail grants;

69.30 (4) three percent of the receipts must be deposited in the natural resources fund, and  
69.31 may be spent only on local trail grants; and

69.32 (5) two percent of the receipts must be deposited in the natural resources fund, and may  
69.33 be spent only for the Minnesota Zoological Garden, the Como Park Zoo and Conservatory,  
69.34 and the Duluth Zoo.

70.1 (i) The revenue dedicated under paragraph (h) may not be used as a substitute for  
70.2 traditional sources of funding for the purposes specified, but the dedicated revenue shall  
70.3 supplement traditional sources of funding for those purposes. Land acquired with money  
70.4 deposited in the game and fish fund under paragraph (h) must be open to public hunting  
70.5 and fishing during the open season, except that in aquatic management areas or on lands  
70.6 where angling easements have been acquired, fishing may be prohibited during certain times  
70.7 of the year and hunting may be prohibited. At least 87 percent of the money deposited in  
70.8 the game and fish fund for improvement, enhancement, or protection of fish and wildlife  
70.9 resources under paragraph (h) must be allocated for field operations.

70.10 (j) The commissioner must deposit the revenues, including interest and penalties minus  
70.11 any refunds, derived from the sale of items regulated under section 624.20, subdivision 1,  
70.12 that may be sold to persons 18 years old or older and that are not prohibited from use by  
70.13 the general public under section 624.21, in the state treasury and credit:

70.14 (1) 25 percent to the volunteer fire assistance grant account established under section  
70.15 88.068;

70.16 (2) 25 percent to the fire safety account established under section 297I.06, subdivision  
70.17 3; and

70.18 (3) the remainder to the general fund.

70.19 For purposes of this paragraph, the percentage of total sales and use tax revenue derived  
70.20 from the sale of items regulated under section 624.20, subdivision 1, that are allowed to be  
70.21 sold to persons 18 years old or older and are not prohibited from use by the general public  
70.22 under section 624.21, is a set percentage of the total sales and use tax revenues collected in  
70.23 the state, with the percentage determined under Laws 2017, First Special Session chapter  
70.24 1, article 3, section 39.

70.25 (k) Beginning in 2023, by June 30, the commissioner shall deposit revenues, including  
70.26 interest and penalties, derived from taxes on sales and purchases made at the National Sports  
70.27 Center in Blaine, in the amateur sports account in the special revenue fund.

70.28 ~~(k)~~(l) The revenues deposited under paragraphs (a) to ~~(j)~~(k) do not include the revenues,  
70.29 including interest and penalties, generated by the sales tax imposed under section 297A.62,  
70.30 subdivision 1a, which must be deposited as provided under the Minnesota Constitution,  
70.31 article XI, section 15.

70.32 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
70.33 30, 2022.

71.1 Sec. 17. Laws 2017, First Special Session chapter 1, article 3, section 26, the effective  
71.2 date, is amended to read:

71.3 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
71.4 30, 2017, and before July 1, ~~2027~~ 2030.

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

71.6 Sec. 18. **REFUNDS; FIBER AND CONDUIT.**

71.7 Notwithstanding limitations on claims for refund under Minnesota Statutes, section  
71.8 289A.40, requests for refunds of purchases exempt under Minnesota Statutes, section  
71.9 297A.68, subdivision 35b, made after July 1, 2017, and before July 1, 2022, must be  
71.10 submitted by December 31, 2022. Only the broadband or Internet service provider may  
71.11 apply for a refund. The application must include sufficient information to permit the  
71.12 commissioner to verify the tax paid. If the tax was paid by a contractor, subcontractor, or  
71.13 builder, the contractor, subcontractor, or builder must furnish to the broadband or Internet  
71.14 service provider a statement including the cost of the exempt items and the taxes paid on  
71.15 the items. An amount sufficient to pay the refunds is appropriated to the commissioner from  
71.16 the general fund. The provisions of Minnesota Statutes, section 297A.75, subdivision 4,  
71.17 apply to refunds issued under this section.

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

71.19 Sec. 19. **SPECIAL EXEMPTIONS; CONSTRUCTION SALES AND USE TAX.**

71.20 (a) The following provisions of Minnesota Statutes, section 297A.71, subdivision 55,  
71.21 do not apply to a special exemption:

71.22 (1) paragraph (a), limiting the exemption to purchases of materials, supplies, and  
71.23 equipment after June 30, 2021, and before January 1, 2023;

71.24 (2) paragraph (b), limiting the exemption to purchases of materials, supplies, and  
71.25 equipment after June 30, 2021, and before January 1, 2023; and

71.26 (3) paragraph (c), prohibiting refunds from being issued after June 30, 2023.

71.27 (b) Any provision of Minnesota Statutes, sections 297A.71, subdivision 55, and 297A.75,  
71.28 subdivisions 1, 2, and 3, inconsistent with a provision in a special exemption, do not apply  
71.29 to the special exemption.

71.30 (c) For purposes of this section, "special exemption" means one of the following  
71.31 exemptions provided in this article:

- 72.1 (1) the exemption for Duluth Public Schools in section 21;
- 72.2 (2) the exemption for Ely Public Schools in section 23;
- 72.3 (3) the exemption for Hibbing Public Schools in section 24;
- 72.4 (4) the exemption for Rock Ridge Public Schools in section 25;
- 72.5 (5) the exemption for Chisholm Public Schools in section 20;
- 72.6 (6) the exemption for Nashwauk-Keewatin Public Schools in section 22;
- 72.7 (7) the exemption for Northland Learning Center in section 26;
- 72.8 (8) the exemption for Northern Lights Academy in section 27;
- 72.9 (9) the exemption for Itasca County in section 9;
- 72.10 (10) the exemption for Maple Grove in section 9;
- 72.11 (11) the exemption for Wayzata in section 9; and
- 72.12 (12) the exemption for the public infrastructure project at the Minneapolis-St. Paul
- 72.13 International Airport in section 12.

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

72.15 Sec. 20. **CHISHOLM PUBLIC SCHOOLS; SALES TAX EXEMPTION FOR**

72.16 **CONSTRUCTION MATERIALS.**

72.17 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment

72.18 incorporated into the construction and renovation projects for Chisholm Elementary School,

72.19 Chisholm High School, and Vaughan Steffensrud School in Independent School District

72.20 No. 695, Chisholm Public Schools, are exempt from sales and use tax imposed under

72.21 Minnesota Statutes, chapter 297A, if materials, supplies, and equipment are purchased after

72.22 December 31, 2021, and before January 1, 2025.

72.23 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section

72.24 297A.62, subdivision 1, applied, and then refunded in the same manner provided for projects

72.25 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible

72.26 purchases must not be issued until after June 30, 2022.

72.27 Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1

72.28 is appropriated from the general fund to the commissioner of revenue.

72.29 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2022, and

72.30 applies to sales and purchases made after December 31, 2021, and before January 1, 2025.

73.1       Sec. 21. **DULUTH PUBLIC SCHOOLS; SALES TAX EXEMPTION FOR**  
73.2 **CONSTRUCTION MATERIALS.**

73.3       Subdivision 1. Exemption; refund. (a) Materials and supplies used in and equipment  
73.4 incorporated into the construction of an administrative building and a transportation facility  
73.5 in Independent School District No. 709, Duluth Public Schools, are exempt from sales and  
73.6 use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and  
73.7 equipment are purchased after June 30, 2021, and before January 1, 2025.

73.8       (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section  
73.9 297A.62, subdivision 1, applied, and then refunded in the same manner provided for projects  
73.10 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible  
73.11 purchases must not be issued until after June 30, 2022.

73.12       Subd. 2. Appropriation. The amount required to pay the refunds under subdivision 1  
73.13 is appropriated from the general fund to the commissioner of revenue.

73.14       EFFECTIVE DATE. This section is effective retroactively from July 1, 2021, and  
73.15 applies to sales and purchases made after June 30, 2021, and before January 1, 2025.

73.16       Sec. 22. **NASHWAUK-KEEWATIN PUBLIC SCHOOLS; SALES TAX EXEMPTION**  
73.17 **FOR CONSTRUCTION MATERIALS.**

73.18       Subdivision 1. Exemption; refund. (a) Materials and supplies used in and equipment  
73.19 incorporated into the construction of a new school building and attached community wellness  
73.20 center to replace Keewatin Elementary School and the Nashwauk High School in Independent  
73.21 School District No. 319, Nashwauk-Keewatin Public Schools, are exempt from sales and  
73.22 use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and  
73.23 equipment are purchased after December 31, 2021, and before January 1, 2025.

73.24       (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section  
73.25 297A.62, subdivision 1, applied, and then refunded in the same manner provided for projects  
73.26 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible  
73.27 purchases must not be issued until after June 30, 2022.

73.28       Subd. 2. Appropriation. The amount required to pay the refunds under subdivision 1  
73.29 is appropriated from the general fund to the commissioner of revenue.

73.30       EFFECTIVE DATE. This section is effective retroactively from January 1, 2022, and  
73.31 applies to sales and purchases made after December 31, 2021, and before January 1, 2025.

74.1        **Sec. 23. ELY PUBLIC SCHOOLS; SALES TAX EXEMPTION FOR**  
74.2        **CONSTRUCTION MATERIALS.**

74.3        **Subdivision 1. Exemption; refund.** (a) Materials and supplies used in and equipment  
74.4        incorporated into the following projects in Independent School District No. 696, Ely Public  
74.5        Schools, are exempt from sales and use tax imposed under Minnesota Statutes, chapter  
74.6        297A, if materials, supplies, and equipment are purchased after May 1, 2019, and before  
74.7        January 1, 2024:

74.8        (1) renovations to the elementary school building and high school building; and

74.9        (2) construction of a building that connects the elementary school and high school  
74.10       buildings, containing classrooms, a common area, gymnasium, and administrative offices.

74.11       (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section  
74.12       297A.62, subdivision 1, applied, and then refunded in the same manner provided for projects  
74.13       under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible  
74.14       purchases must not be issued until after June 30, 2022.

74.15       **Subd. 2. Appropriation.** The amount required to pay the refunds under subdivision 1  
74.16       is appropriated from the general fund to the commissioner of revenue.

74.17       **EFFECTIVE DATE.** This section is effective retroactively from May 2, 2019, and  
74.18       applies to sales and purchases made after May 1, 2019, and before January 1, 2024.

74.19       **Sec. 24. HIBBING PUBLIC SCHOOLS; SALES TAX EXEMPTION FOR**  
74.20       **CONSTRUCTION MATERIALS.**

74.21       **Subdivision 1. Exemption; refund.** (a) Materials and supplies used in and equipment  
74.22       incorporated into the following projects in the city of Hibbing are exempt from sales and  
74.23       use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and  
74.24       equipment are purchased after May 1, 2019, and before January 1, 2025:

74.25       (1) the addition of an Early Childhood Family Education Center to an existing elementary  
74.26       school; and

74.27       (2) improvements to an existing athletic facility in Independent School District No. 701,  
74.28       Hibbing Public Schools.

74.29       (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section  
74.30       297A.62, subdivision 1, applied, and then refunded in the same manner provided for projects  
74.31       under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible  
74.32       purchases must not be issued until after June 30, 2022.

75.1 Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1  
75.2 is appropriated from the general fund to the commissioner of revenue.

75.3 **EFFECTIVE DATE.** This section is effective retroactively from May 2, 2019, and  
75.4 applies to sales and purchases made after May 1, 2019, and before January 1, 2025.

75.5 Sec. 25. **ROCK RIDGE PUBLIC SCHOOLS; SALES TAX EXEMPTION FOR**  
75.6 **CONSTRUCTION MATERIALS.**

75.7 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment  
75.8 incorporated into the construction of two new elementary school buildings and a new high  
75.9 school building in Independent School District No. 2909, Rock Ridge Public Schools, are  
75.10 exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if materials,  
75.11 supplies, and equipment are purchased after May 1, 2019, and before January 1, 2024.

75.12 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section  
75.13 297A.62, subdivision 1, applied, and then refunded in the same manner provided for projects  
75.14 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible  
75.15 purchases must not be issued until after June 30, 2022.

75.16 Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1  
75.17 is appropriated from the general fund to the commissioner of revenue.

75.18 **EFFECTIVE DATE.** This section is effective retroactively from May 2, 2019, and  
75.19 applies to sales and purchases made after May 1, 2019, and before January 1, 2024.

75.20 Sec. 26. **NORTHLAND LEARNING CENTER; SALES TAX EXEMPTION FOR**  
75.21 **CONSTRUCTION MATERIALS.**

75.22 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment  
75.23 incorporated into the renovation and addition to the James Madison Building for Northland  
75.24 Learning Center, No. 6076, are exempt from sales and use tax imposed under Minnesota  
75.25 Statutes, chapter 297A, if materials, supplies, and equipment are purchased after December  
75.26 31, 2021, and before January 1, 2025.

75.27 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section  
75.28 297A.62, subdivision 1, applied, and then refunded in the same manner provided for projects  
75.29 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible  
75.30 purchases must not be issued until after June 30, 2022.

75.31 Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1  
75.32 is appropriated from the general fund to the commissioner of revenue.

76.1 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2022, and  
 76.2 applies to sales and purchases made after December 31, 2021, and before January 1, 2025.

76.3 Sec. 27. **NORTHERN LIGHTS ACADEMY; SALES TAX EXEMPTION FOR**  
 76.4 **CONSTRUCTION MATERIALS.**

76.5 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment  
 76.6 incorporated into the construction of a new building for special education cooperative No.  
 76.7 6096, Northern Lights Academy, are exempt from sales and use tax imposed under Minnesota  
 76.8 Statutes, chapter 297A, if materials, supplies, and equipment are purchased after December  
 76.9 31, 2021, and before January 1, 2025.

76.10 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section  
 76.11 297A.62, subdivision 1, applied, and then refunded in the same manner provided for projects  
 76.12 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible  
 76.13 purchases must not be issued until after June 30, 2022.

76.14 Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1  
 76.15 is appropriated from the general fund to the commissioner of revenue.

76.16 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2022, and  
 76.17 applies to sales and purchases made after December 31, 2021, and before January 1, 2025.

76.18 **ARTICLE 4**  
 76.19 **PROPERTY TAXES**

76.20 Section 1. Minnesota Statutes 2020, section 123B.595, subdivision 3, is amended to read:

76.21 Subd. 3. **Intermediate districts and other cooperative units.** (a) Upon approval through  
 76.22 the adoption of a resolution by each member district school board of an intermediate district  
 76.23 or other cooperative ~~units~~ unit under section 123A.24, subdivision 2, or a joint powers  
 76.24 district under section 471.59, and the approval of the commissioner of education, a school  
 76.25 district may include in its authority under this section a proportionate share of the long-term  
 76.26 maintenance costs of the intermediate district ~~or~~, cooperative unit, or joint powers district.  
 76.27 The cooperative unit or joint powers district may issue bonds to finance the project costs  
 76.28 or levy for the costs; using long-term maintenance revenue transferred from member districts  
 76.29 to make debt service payments or pay project costs or, for leased facilities, pay the portion  
 76.30 of lease costs attributable to the amortized cost of long-term facilities maintenance projects  
 76.31 completed by the landlord. Authority under this subdivision is in addition to the authority  
 76.32 for individual district projects under subdivision 1.

77.1 (b) The resolution adopted under paragraph (a) may specify which member districts will  
77.2 share the project costs under this subdivision, except that debt service payments for bonds  
77.3 issued by a cooperative unit or joint powers district to finance long-term maintenance project  
77.4 costs must be the responsibility of all member districts.

77.5 **EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2024 and later.

77.6 Sec. 2. Minnesota Statutes 2021 Supplement, section 126C.10, subdivision 2e, is amended  
77.7 to read:

77.8 Subd. 2e. **Local optional revenue.** (a) For fiscal year 2021 and later, local optional  
77.9 revenue for a school district equals the sum of the district's first tier local optional revenue  
77.10 and second tier local optional revenue. A district's first tier local optional revenue equals  
77.11 \$300 times the adjusted pupil units of the district for that school year. A district's second  
77.12 tier local optional revenue equals \$424 times the adjusted pupil units of the district for that  
77.13 school year.

77.14 (b) For fiscal year 2021 and later, a district's local optional levy equals the sum of the  
77.15 first tier local optional levy and the second tier local optional levy.

77.16 (c) For fiscal years 2022 and 2023, a district's first tier local optional levy equals the  
77.17 district's first tier local optional revenue times the lesser of one or the ratio of the district's  
77.18 referendum market value per resident pupil unit to \$880,000. For fiscal year 2024 and later,  
77.19 a district's first tier local optional levy equals the district's first tier local optional revenue  
77.20 times the lesser of one or the ratio of the district's referendum market value per resident  
77.21 pupil unit to 170 percent of the local optional revenue equalizing factor defined in paragraph  
77.22 (d).

77.23 (d) A district's local optional revenue equalizing factor equals the quotient derived by  
77.24 dividing the referendum market value of all school districts in the state for the year before  
77.25 the year the levy is certified by the total number of resident pupil units in all school districts  
77.26 in the state in the year before the year the levy is certified.

77.27 ~~(d)~~ (e) For fiscal year 2022, a district's second tier local optional levy equals the district's  
77.28 second tier local optional revenue times the lesser of one or the ratio of the district's  
77.29 referendum market value per resident pupil unit to \$510,000. For fiscal year 2023, a district's  
77.30 second tier local optional levy equals the district's second tier local optional revenue times  
77.31 the lesser of one or the ratio of the district's referendum market value per resident pupil unit  
77.32 to \$548,842. For fiscal year 2024 and later, a district's second tier local optional levy equals

78.1 the district's second tier local optional revenue times the lesser of one or the ratio of the  
78.2 district's referendum market value per resident pupil unit to \$510,000.

78.3 ~~(e)~~ (f) The local optional levy must be spread on referendum market value. A district  
78.4 may levy less than the permitted amount.

78.5 ~~(f)~~ (g) A district's local optional aid equals its local optional revenue minus its local  
78.6 optional levy. If a district's actual levy for first or second tier local optional revenue is less  
78.7 than its maximum levy limit for that tier, its aid must be proportionately reduced.

78.8 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2024 and later.

78.9 Sec. 3. Minnesota Statutes 2020, section 126C.40, subdivision 1, is amended to read:

78.10 Subdivision 1. **To lease building or land.** (a) When an independent or a special school  
78.11 district or a group of independent or special school districts finds it economically  
78.12 advantageous to rent or lease a building or land for any instructional purposes or for school  
78.13 storage or furniture repair, and it determines that the operating capital revenue authorized  
78.14 under section 126C.10, subdivision 13, is insufficient for this purpose, it may apply to the  
78.15 commissioner for permission to make an additional capital expenditure levy for this purpose.  
78.16 An application for permission to levy under this subdivision must contain financial  
78.17 justification for the proposed levy, the terms and conditions of the proposed lease, and a  
78.18 description of the space to be leased and its proposed use.

78.19 (b) The criteria for approval of applications to levy under this subdivision must include:  
78.20 the reasonableness of the price, the appropriateness of the space to the proposed activity,  
78.21 the feasibility of transporting pupils to the leased building or land, conformity of the lease  
78.22 to the laws and rules of the state of Minnesota, and the appropriateness of the proposed  
78.23 lease to the space needs and the financial condition of the district. The commissioner must  
78.24 not authorize a levy under this subdivision in an amount greater than the cost to the district  
78.25 of renting or leasing a building or land for approved purposes. The proceeds of this levy  
78.26 must not be used for custodial or other maintenance services. A district may not levy under  
78.27 this subdivision for the purpose of leasing or renting a district-owned building or site to  
78.28 itself.

78.29 (c) For agreements finalized after July 1, 1997, a district may not levy under this  
78.30 subdivision for the purpose of leasing: (1) a newly constructed building used primarily for  
78.31 regular kindergarten, elementary, or secondary instruction; or (2) a newly constructed  
78.32 building addition or additions used primarily for regular kindergarten, elementary, or

79.1 secondary instruction that contains more than 20 percent of the square footage of the  
79.2 previously existing building.

79.3 (d) Notwithstanding paragraph (b), a district may levy under this subdivision for the  
79.4 purpose of leasing or renting a district-owned building or site to itself only if the amount is  
79.5 needed by the district to make payments required by a lease purchase agreement, installment  
79.6 purchase agreement, or other deferred payments agreement authorized by law, and the levy  
79.7 meets the requirements of paragraph (c). A levy authorized for a district by the commissioner  
79.8 under this paragraph may be in the amount needed by the district to make payments required  
79.9 by a lease purchase agreement, installment purchase agreement, or other deferred payments  
79.10 agreement authorized by law, provided that any agreement include a provision giving the  
79.11 school districts the right to terminate the agreement annually without penalty.

79.12 (e) The total levy under this subdivision for a district for any year must not exceed \$212  
79.13 times the adjusted pupil units for the fiscal year to which the levy is attributable.

79.14 (f) For agreements for which a review and comment have been submitted to the  
79.15 Department of Education after April 1, 1998, the term "instructional purpose" as used in  
79.16 this subdivision excludes expenditures on stadiums.

79.17 (g) The commissioner of education may authorize a school district to exceed the limit  
79.18 in paragraph (e) if the school district petitions the commissioner for approval. The  
79.19 commissioner shall grant approval to a school district to exceed the limit in paragraph (e)  
79.20 for not more than five years if the district meets the following criteria:

79.21 (1) the school district has been experiencing pupil enrollment growth in the preceding  
79.22 five years;

79.23 (2) the purpose of the increased levy is in the long-term public interest;

79.24 (3) the purpose of the increased levy promotes colocation of government services; and

79.25 (4) the purpose of the increased levy is in the long-term interest of the district by avoiding  
79.26 over construction of school facilities.

79.27 (h) A school district that is a member of an intermediate school district or other  
79.28 cooperative unit under section 123A.24, subdivision 2, or a joint powers district under  
79.29 section 471.59 may include in its authority under this section the costs associated with leases  
79.30 of administrative and classroom space for ~~intermediate school district~~ programs of the  
79.31 intermediate school district or other cooperative unit under section 123A.24, subdivision  
79.32 2, or joint powers district under section 471.59. This authority must not exceed \$65 times  
79.33 the adjusted pupil units of the member districts. This authority is in addition to any other

80.1 authority authorized under this section. The intermediate school district, other cooperative  
80.2 unit, or joint powers district may specify which member districts will levy for lease costs  
80.3 under this paragraph.

80.4 (i) In addition to the allowable capital levies in paragraph (a), for taxes payable in 2012  
80.5 to 2023, a district that is a member of the "Technology and Information Education Systems"  
80.6 data processing joint board, that finds it economically advantageous to enter into a lease  
80.7 agreement to finance improvements to a building and land for a group of school districts  
80.8 or special school districts for staff development purposes, may levy for its portion of lease  
80.9 costs attributed to the district within the total levy limit in paragraph (e). The total levy  
80.10 authority under this paragraph shall not exceed \$632,000.

80.11 (j) Notwithstanding paragraph (a), a district may levy under this subdivision for the  
80.12 purpose of leasing administrative space if the district can demonstrate to the satisfaction of  
80.13 the commissioner that the lease cost for the administrative space is no greater than the lease  
80.14 cost for instructional space that the district would otherwise lease. The commissioner must  
80.15 deny this levy authority unless the district passes a resolution stating its intent to lease  
80.16 instructional space under this section if the commissioner does not grant authority under  
80.17 this paragraph. The resolution must also certify that the lease cost for administrative space  
80.18 under this paragraph is no greater than the lease cost for the district's proposed instructional  
80.19 lease.

80.20 (k) Notwithstanding paragraph (a), a district may levy under this subdivision for the  
80.21 district's proportionate share of deferred maintenance expenditures for a district-owned  
80.22 building or site leased to a cooperative unit under section 123A.24, subdivision 2, or a joint  
80.23 powers district under section 471.59 for any instructional purposes or for school storage.

80.24 **EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2024 and later.

80.25 Sec. 4. Minnesota Statutes 2020, section 272.01, subdivision 2, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

81.24 (5) property leased, loaned, or otherwise made available to a private individual,  
 81.25 corporation, or association under a cooperative farming agreement made pursuant to section  
 81.26 97A.135; or

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

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

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

81.32 (i) the Metropolitan Airports Commission; or

82.1 (ii) a city of over 50,000 population according to the most recent federal census or such  
82.2 a city's airport authority, except that, when calculating the tax imposed by this subdivision  
82.3 for property taxes payable in 2023 through 2030, the net tax capacity of such property is  
82.4 reduced by 50 percent if it is owned or operated by a city over 50,000 but under 150,000  
82.5 in population according to the most recent federal census or such a city's airport authority;  
82.6 or

82.7 (2) hangars leased by a private individual, association, or corporation in connection with  
82.8 a business conducted for profit other than an aviation-related business.

82.9 (d) The exception from taxation provided in paragraph (b), clause (4), does not apply  
82.10 to:

82.11 (1) the property described in paragraph (b), clause (4), at airports that are owned or  
82.12 operated by:

82.13 (i) the Metropolitan Airports Commission; or

82.14 (ii) a city of over 50,000 population or an airport authority therein, except that, when  
82.15 calculating the tax imposed by this subdivision for property taxes payable in 2023 through  
82.16 2030, the net tax capacity of such property is reduced by 50 percent if it is owned or operated  
82.17 by a city over 50,000 but under 150,000 in population according to the most recent federal  
82.18 census or such a city's airport authority; or

82.19 (2) real estate owned by a municipality in connection with the operation of a public  
82.20 airport and leased or used for agricultural purposes.

82.21 ~~(e)~~ (e) Taxes imposed by this subdivision are payable as in the case of personal property  
82.22 taxes and shall be assessed to the lessees or users of real or personal property in the same  
82.23 manner as taxes assessed to owners of real or personal property, except that such taxes shall  
82.24 not become a lien against the property. When due, the taxes shall constitute a debt due from  
82.25 the lessee or user to the state, township, city, county, and school district for which the taxes  
82.26 were assessed and shall be collected in the same manner as personal property taxes. If  
82.27 property subject to the tax imposed by this subdivision is leased or used jointly by two or  
82.28 more persons, each lessee or user shall be jointly and severally liable for payment of the  
82.29 tax.

82.30 ~~(d)~~ (f) The tax on real property of the federal government, the state or any of its political  
82.31 subdivisions that is leased, loaned, or otherwise made available to a private individual,  
82.32 association, or corporation and becomes taxable under this subdivision or other provision

83.1 of law must be assessed and collected as a personal property assessment. The taxes do not  
83.2 become a lien against the real property.

83.3 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable  
83.4 in 2023.

83.5 Sec. 5. Minnesota Statutes 2020, section 272.02, subdivision 24, is amended to read:

83.6 Subd. 24. **Solar energy generating systems.** Personal property consisting of solar energy  
83.7 generating systems, as defined in section 272.0295, is exempt. If the real property upon  
83.8 which a solar energy generating system is located is used primarily for solar energy  
83.9 production subject to the production tax under section 272.0295, the real property shall be  
83.10 classified as class 3a. If the real property upon which a solar energy generating system is  
83.11 located is not used primarily for solar energy production subject to the production tax under  
83.12 section 272.0295, the real property shall be classified without regard to the system. If a  
83.13 parcel contains more than one solar energy generating system that cannot be combined with  
83.14 the nameplate capacity of another solar energy generating system for the purposes of the  
83.15 production tax under section 272.0295 but the capacity of the systems are in aggregate over  
83.16 one megawatt, the real property upon which the systems are located shall be classified as  
83.17 class 3a.

83.18 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable  
83.19 in 2023 and thereafter.

83.20 Sec. 6. Minnesota Statutes 2020, section 272.02, subdivision 98, is amended to read:

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

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

83.23 (2) is located in a city of the first class with a population greater than 300,000 as of the  
83.24 2010 federal census;

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

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

83.30 (b) For purposes of this subdivision, a "tribal purpose" means a public purpose as defined  
83.31 in subdivision 8 and includes noncommercial tribal government activities. Property that

84.1 qualifies for the exemption under this subdivision is limited to no more than two contiguous  
84.2 parcels and structures that do not exceed in the aggregate 20,000 square feet. Property  
84.3 acquired for single-family housing, market-rate apartments, agriculture, or forestry does  
84.4 not qualify for this exemption. The exemption created by this subdivision expires with taxes  
84.5 payable in ~~2024~~ 2030.

84.6 (c) Property exempt under this section is exempt from the requirements of section  
84.7 272.025.

84.8 **EFFECTIVE DATE.** This section is effective for taxes payable in 2022.

84.9 Sec. 7. Minnesota Statutes 2020, section 272.02, is amended by adding a subdivision to  
84.10 read:

84.11 Subd. 105. **Elderly living facility.** (a) An elderly living facility is exempt from taxation  
84.12 if it meets all of the following requirements:

84.13 (1) the facility is located in a city of the first class with a population of fewer than  
84.14 110,000;

84.15 (2) the facility is owned and operated by a nonprofit organization organized under section  
84.16 501(c)(3) of the Internal Revenue Code;

84.17 (3) construction of the facility was completed between January 1, 1963, and January 1,  
84.18 1964;

84.19 (4) the facility is an assisted living facility licensed by the state of Minnesota;

84.20 (5) residents of the facility must be (i) at least 55 years of age, or (ii) disabled; and

84.21 (6) at least 30 percent of the units in the facility are occupied by persons whose annual  
84.22 income does not exceed 50 percent of the median family income for the area.

84.23 (b) The exemption created by this subdivision expires with taxes payable in 2030.

84.24 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2023  
84.25 and thereafter.

84.26 Sec. 8. Minnesota Statutes 2020, section 272.02, is amended by adding a subdivision to  
84.27 read:

84.28 Subd. 106. **Energy storage systems.** Real or personal property consisting of an energy  
84.29 storage system is exempt. For the purposes of this subdivision, "energy storage system" has  
84.30 the meaning given in section 216B.2422, subdivision 1, paragraph (f). The land on which

85.1 the property is located remains taxable and must be classified as class 3a under section  
85.2 273.13, subdivision 24. The exemption created by this subdivision expires with taxes payable  
85.3 in 2030.

85.4 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2022.  
85.5 For assessment year 2022, an exemption application under this section must be filed with  
85.6 the county assessor by July 1, 2022.

85.7 Sec. 9. Minnesota Statutes 2021 Supplement, section 272.0295, subdivision 2, is amended  
85.8 to read:

85.9 Subd. 2. **Definitions.** (a) For the purposes of this section, the term "solar energy  
85.10 generating system" means a set of devices whose primary purpose is to produce electricity  
85.11 by means of any combination of collecting, transferring, or converting solar generated  
85.12 energy.

85.13 (b) The total size of a solar energy generating system under this subdivision shall be  
85.14 determined according to this paragraph. Unless the systems are interconnected with different  
85.15 distribution systems, the nameplate capacity of a solar energy generating system shall be  
85.16 combined with the nameplate capacity of any other solar energy generating system that:

85.17 (1) is constructed within the same 12-month period as the solar energy generating system;  
85.18 and

85.19 (2) exhibits characteristics at the time of development of being a single development,  
85.20 including but not limited to ownership structure, an umbrella sales arrangement, shared  
85.21 interconnection, revenue-sharing arrangements, and common debt or equity financing.

85.22 In the case of a dispute, the commissioner of commerce shall determine the total size of the  
85.23 system and shall draw all reasonable inferences in favor of combining the systems. In  
85.24 determining the total size of the system, the commissioner of commerce shall determine  
85.25 that a solar energy generating system with an application for an interconnection agreement  
85.26 submitted on or after September 25, 2015, pursuant to section 216B.1641, with the public  
85.27 utility subject to section 116C.779, is considered to be a solar energy generating system  
85.28 with a capacity of one megawatt alternating current or less and is exempt from the tax  
85.29 imposed by this section.

85.30 For the purposes of making a determination under this paragraph, the original construction  
85.31 date of an existing solar energy conversion system is not changed if the system is replaced,  
85.32 repaired, or otherwise maintained or altered.

86.1 (c) In making a determination under paragraph (b), the commissioner of commerce may  
86.2 determine that two solar energy generating systems are under common ownership when the  
86.3 underlying ownership structure contains similar persons or entities, even if the ownership  
86.4 shares differ between the two systems. Solar energy generating systems are not under  
86.5 common ownership solely because the same person or entity provided equity financing for  
86.6 the systems.

86.7 **EFFECTIVE DATE.** This section is effective for reports filed beginning in 2023.

86.8 Sec. 10. Minnesota Statutes 2021 Supplement, section 273.11, subdivision 12, is amended  
86.9 to read:

86.10 Subd. 12. **Community land trusts.** (a) A community land trust, as defined under chapter  
86.11 462A, is (i) a community-based nonprofit corporation organized under chapter 317A, which  
86.12 qualifies for tax exempt status under 501(c)(3), or (ii) a "city" as defined in section 462C.02,  
86.13 subdivision 6, which has received funding from the Minnesota housing finance agency for  
86.14 purposes of the community land trust program. The Minnesota Housing Finance Agency  
86.15 shall set the criteria for community land trusts.

86.16 (b) Before the community land trust can rent or sell a unit to an applicant, the community  
86.17 land trust shall verify to the satisfaction of the administering agency or the city that the  
86.18 family income of each person or family applying for a unit in the community land trust  
86.19 building is within the income criteria provided in section 462A.30, subdivision 9. The  
86.20 administering agency or the city shall verify to the satisfaction of the county assessor that  
86.21 the occupant meets the income criteria under section 462A.30, subdivision 9. The property  
86.22 tax benefits under paragraph (c) shall be granted only to property owned or rented by persons  
86.23 or families within the qualifying income limits. The family income criteria and verification  
86.24 is only necessary at the time of initial occupancy in the property.

86.25 (c) A unit which is owned by the occupant and used as a homestead by the occupant  
86.26 qualifies for homestead treatment as class 1a under section 273.13, subdivision 22 unless  
86.27 the unit meets the requirements of section 273.13, subdivision 25, paragraph (e), clause (2),  
86.28 in which case the unit shall be classified as 4d(2). A unit which is rented by the occupant  
86.29 and used as a homestead by the occupant shall be class 4a or 4b property, under section  
86.30 273.13, subdivision 25, whichever is applicable. Any remaining portion of the property not  
86.31 used for residential purposes shall be classified by the assessor in the appropriate class based  
86.32 upon the use of that portion of the property owned by the community land trust. The land  
86.33 upon which the building is located shall be assessed at the same classification rate as the  
86.34 units within the building, provided that if the building contains some units assessed as class

87.1 1a or class 4d and some units assessed as class 4a or 4b, the market value of the land will  
87.2 be assessed in the same proportions as the value of the building.

87.3 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable  
87.4 in 2023 and thereafter.

87.5 Sec. 11. Minnesota Statutes 2020, section 273.124, subdivision 3a, is amended to read:

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

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

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

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

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

87.24 (d) "Homestead treatment" under this subdivision means the classification rate provided  
87.25 for class 4c property classified under section 273.13, subdivision 25, paragraph (d), clause  
87.26 (5), ~~item (ii)~~, and the homestead market value exclusion under section 273.13, subdivision  
87.27 35, does not apply.

87.28 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable  
87.29 in 2024 and thereafter.

88.1 Sec. 12. Minnesota Statutes 2020, section 273.124, subdivision 6, is amended to read:

88.2 Subd. 6. **Leasehold cooperatives.** When one or more dwellings or one or more buildings  
88.3 which each contain several dwelling units is owned by a nonprofit corporation subject to  
88.4 the provisions of chapter 317A and qualifying under section 501(c)(3) or 501(c)(4) of the  
88.5 Internal Revenue Code, or a limited partnership which corporation or partnership operates  
88.6 the property in conjunction with a cooperative association, and has received public financing,  
88.7 homestead treatment may be claimed by the cooperative association on behalf of the members  
88.8 of the cooperative for each dwelling unit occupied by a member of the cooperative. The  
88.9 cooperative association must provide the assessor with the Social Security numbers or  
88.10 individual tax identification numbers of those members. To qualify for the treatment provided  
88.11 by this subdivision, the following conditions must be met:

88.12 (a) the cooperative association must be organized under chapter 308A or 308B and all  
88.13 voting members of the board of directors must be resident tenants of the cooperative and  
88.14 must be elected by the resident tenants of the cooperative;

88.15 (b) the cooperative association must have a lease for occupancy of the property for a  
88.16 term of at least 20 years, which permits the cooperative association, while not in default on  
88.17 the lease, to participate materially in the management of the property, including material  
88.18 participation in establishing budgets, setting rent levels, and hiring and supervising a  
88.19 management agent;

88.20 (c) to the extent permitted under state or federal law, the cooperative association must  
88.21 have a right under a written agreement with the owner to purchase the property if the owner  
88.22 proposes to sell it; if the cooperative association does not purchase the property it is offered  
88.23 for sale, the owner may not subsequently sell the property to another purchaser at a price  
88.24 lower than the price at which it was offered for sale to the cooperative association unless  
88.25 the cooperative association approves the sale;

88.26 (d) a minimum of 40 percent of the cooperative association's members must have incomes  
88.27 at or less than 60 percent of area median gross income as determined by the United States  
88.28 Secretary of Housing and Urban Development under section 142(d)(2)(B) of the Internal  
88.29 Revenue Code. For purposes of this clause, "member income" means the income of a member  
88.30 existing at the time the member acquires cooperative membership;

88.31 (e) if a limited partnership owns the property, it must include as the managing general  
88.32 partner a nonprofit organization operating under the provisions of chapter 317A and  
88.33 qualifying under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code and the limited

89.1 partnership agreement must provide that the managing general partner have sufficient powers  
89.2 so that it materially participates in the management and control of the limited partnership;

89.3 (f) prior to becoming a member of a leasehold cooperative described in this subdivision,  
89.4 a person must have received notice that (1) describes leasehold cooperative property in plain  
89.5 language, including but not limited to the effects of classification under this subdivision on  
89.6 rents, property taxes and tax credits or refunds, and operating expenses, and (2) states that  
89.7 copies of the articles of incorporation and bylaws of the cooperative association, the lease  
89.8 between the owner and the cooperative association, a sample sublease between the  
89.9 cooperative association and a tenant, and, if the owner is a partnership, a copy of the limited  
89.10 partnership agreement, can be obtained upon written request at no charge from the owner,  
89.11 and the owner must send or deliver the materials within seven days after receiving any  
89.12 request;

89.13 (g) if a dwelling unit of a building was occupied on the 60th day prior to the date on  
89.14 which the unit became leasehold cooperative property described in this subdivision, the  
89.15 notice described in paragraph (f) must have been sent by first class mail to the occupant of  
89.16 the unit at least 60 days prior to the date on which the unit became leasehold cooperative  
89.17 property. For purposes of the notice under this paragraph, the copies of the documents  
89.18 referred to in paragraph (f) may be in proposed version, provided that any subsequent  
89.19 material alteration of those documents made after the occupant has requested a copy shall  
89.20 be disclosed to any occupant who has requested a copy of the document. Copies of the  
89.21 articles of incorporation and certificate of limited partnership shall be filed with the secretary  
89.22 of state after the expiration of the 60-day period unless the change to leasehold cooperative  
89.23 status does not proceed;

89.24 (h) the county attorney of the county in which the property is located must certify to the  
89.25 assessor that the property meets the requirements of this subdivision;

89.26 (i) the public financing received must be from at least one of the following sources:

89.27 (1) tax increment financing proceeds used for the acquisition or rehabilitation of the  
89.28 building or interest rate write-downs relating to the acquisition of the building;

89.29 (2) government issued bonds exempt from taxes under section 103 of the Internal Revenue  
89.30 Code, the proceeds of which are used for the acquisition or rehabilitation of the building;

89.31 (3) programs under section 221(d)(3), 202, or 236, of Title II of the National Housing  
89.32 Act;

90.1 (4) rental housing program funds under Section 8 of the United States Housing Act of  
90.2 1937, as amended, or the market rate family graduated payment mortgage program funds  
90.3 administered by the Minnesota Housing Finance Agency that are used for the acquisition  
90.4 or rehabilitation of the building;

90.5 (5) low-income housing credit under section 42 of the Internal Revenue Code;

90.6 (6) public financing provided by a local government used for the acquisition or  
90.7 rehabilitation of the building, including grants or loans from (i) federal community  
90.8 development block grants; (ii) HOME block grants; or (iii) residential rental bonds issued  
90.9 under chapter 474A; or

90.10 (7) other rental housing program funds provided by the Minnesota Housing Finance  
90.11 Agency for the acquisition or rehabilitation of the building;

90.12 (j) at the time of the initial request for homestead classification or of any transfer of  
90.13 ownership of the property, the governing body of the municipality in which the property is  
90.14 located must hold a public hearing and make the following findings:

90.15 (1) that the granting of the homestead treatment of the apartment's units will facilitate  
90.16 safe, clean, affordable housing for the cooperative members that would otherwise not be  
90.17 available absent the homestead designation;

90.18 (2) that the owner has presented information satisfactory to the governing body showing  
90.19 that the savings garnered from the homestead designation of the units will be used to reduce  
90.20 tenant's rents or provide a level of furnishing or maintenance not possible absent the  
90.21 designation; and

90.22 (3) that the requirements of paragraphs (b), (d), and (i) have been met.

90.23 Homestead treatment must be afforded to units occupied by members of the cooperative  
90.24 association and the units must be assessed as provided in subdivision 3, provided that any  
90.25 unit not so occupied shall be classified and assessed pursuant to the appropriate class. No  
90.26 more than three acres of land may, for assessment purposes, be included with each dwelling  
90.27 unit that qualifies for homestead treatment under this subdivision.

90.28 When dwelling units no longer qualify under this subdivision, the current owner must  
90.29 notify the assessor within 60 days. Failure to notify the assessor within 60 days shall result  
90.30 in the loss of benefits under this subdivision for taxes payable in the year that the failure is  
90.31 discovered. For these purposes, "benefits under this subdivision" means the difference in  
90.32 the net tax capacity of the units which no longer qualify as computed under this subdivision  
90.33 and as computed under the otherwise applicable law, times the local tax rate applicable to

91.1 the building for that taxes payable year. Upon discovery of a failure to notify, the assessor  
91.2 shall inform the auditor of the difference in net tax capacity for the building or buildings in  
91.3 which units no longer qualify, and the auditor shall calculate the benefits under this  
91.4 subdivision. Such amount, plus a penalty equal to 100 percent of that amount, shall then be  
91.5 demanded of the building's owner. The property owner may appeal the county's determination  
91.6 by serving copies of a petition for review with county officials as provided in section 278.01  
91.7 and filing a proof of service as provided in section 278.01 with the Minnesota Tax Court  
91.8 within 60 days of the date of the notice from the county. The appeal shall be governed by  
91.9 the Tax Court procedures provided in chapter 271, for cases relating to the tax laws as  
91.10 defined in section 271.01, subdivision 5; disregarding sections 273.125, subdivision 5, and  
91.11 278.03, but including section 278.05, subdivision 2. If the amount of the benefits under this  
91.12 subdivision and penalty are not paid within 60 days, and if no appeal has been filed, the  
91.13 county auditor shall certify the amount of the benefit and penalty to the succeeding year's  
91.14 tax list to be collected as part of the property taxes on the affected buildings.

91.15 **EFFECTIVE DATE.** This section is effective retroactively for homestead applications  
91.16 filed in 2022 and thereafter.

91.17 Sec. 13. Minnesota Statutes 2021 Supplement, section 273.124, subdivision 13, is amended  
91.18 to read:

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

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

91.27 (c) Every property owner applying for homestead classification must furnish to the  
91.28 county assessor the Social Security number or individual tax identification number of each  
91.29 occupant who is listed as an owner of the property on the deed of record, the name and  
91.30 address of each owner who does not occupy the property, and the name and Social Security  
91.31 number or individual tax identification number of the spouse of each occupying owner. The  
91.32 application must be signed by each owner who occupies the property and by each owner's  
91.33 spouse who occupies the property, or, in the case of property that qualifies as a homestead  
91.34 under subdivision 1, paragraph (c), by the qualifying relative.

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

92.5 Owners or spouses occupying residences owned by their spouses and previously occupied  
92.6 with the other spouse, either of whom fail to include the other spouse's name and Social  
92.7 Security number or individual tax identification number on the homestead application or  
92.8 provide the affidavits or other proof requested, will be deemed to have elected to receive  
92.9 only partial homestead treatment of their residence. The remainder of the residence will be  
92.10 classified as nonhomestead residential. When an owner or spouse's name and Social Security  
92.11 number or individual tax identification number appear on homestead applications for two  
92.12 separate residences and only one application is signed, the owner or spouse will be deemed  
92.13 to have elected to homestead the residence for which the application was signed.

92.14 (d) If residential real estate is occupied and used for purposes of a homestead by a relative  
92.15 of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for  
92.16 the property to receive homestead status, a homestead application must be filed with the  
92.17 assessor. The Social Security number or individual tax identification number of each relative  
92.18 occupying the property and the name and Social Security number or individual tax  
92.19 identification number of the spouse of a relative occupying the property shall be required  
92.20 on the homestead application filed under this subdivision. If a different relative of the owner  
92.21 subsequently occupies the property, the owner of the property must notify the assessor  
92.22 within 30 days of the change in occupancy. The Social Security number or individual tax  
92.23 identification number of a relative occupying the property or the spouse of a relative  
92.24 occupying the property is private data on individuals as defined by section 13.02, subdivision  
92.25 12, but may be disclosed to the commissioner of revenue, or, for the purposes of proceeding  
92.26 under the Revenue Recapture Act to recover personal property taxes owing, to the county  
92.27 treasurer.

92.28 (e) The homestead application shall also notify the property owners that if the property  
92.29 is granted homestead status for any assessment year, that same property shall remain  
92.30 classified as homestead until the property is sold or transferred to another person, or the  
92.31 owners, the spouse of the owner, or the relatives no longer use the property as their  
92.32 homestead. Upon the sale or transfer of the homestead property, a certificate of value must  
92.33 be timely filed with the county auditor as provided under section 272.115. Failure to notify  
92.34 the assessor within 30 days that the property has been sold, transferred, or that the owner,  
92.35 the spouse of the owner, or the relative is no longer occupying the property as a homestead,

93.1 shall result in the penalty provided under this subdivision and the property will lose its  
93.2 current homestead status.

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

93.7 **EFFECTIVE DATE.** This section is effective retroactively for homestead applications  
93.8 filed in 2022 and thereafter.

93.9 Sec. 14. Minnesota Statutes 2020, section 273.124, subdivision 13a, is amended to read:

93.10 Subd. 13a. **Occupant list.** At the request of the commissioner, each county must give  
93.11 the commissioner a list that includes the name and Social Security number or individual  
93.12 tax identification number of each occupant of homestead property who is the property owner,  
93.13 property owner's spouse, qualifying relative of a property owner, or a spouse of a qualifying  
93.14 relative. The commissioner shall use the information provided on the lists as appropriate  
93.15 under the law, including for the detection of improper claims by owners, or relatives of  
93.16 owners, under chapter 290A.

93.17 **EFFECTIVE DATE.** This section is effective retroactively for homestead applications  
93.18 filed in 2022 and thereafter.

93.19 Sec. 15. Minnesota Statutes 2020, section 273.124, subdivision 13c, is amended to read:

93.20 Subd. 13c. **Property lists.** In addition to lists of homestead properties, the commissioner  
93.21 may ask the counties to furnish lists of all properties and the record owners. The Social  
93.22 Security numbers, individual tax identification numbers, and federal identification numbers  
93.23 that are maintained by a county or city assessor for property tax administration purposes,  
93.24 and that may appear on the lists retain their classification as private or nonpublic data; but  
93.25 may be viewed, accessed, and used by the county auditor or treasurer of the same county  
93.26 for the limited purpose of assisting the commissioner in the preparation of microdata samples  
93.27 under section 270C.12. The commissioner shall use the information provided on the lists  
93.28 as appropriate under the law, including for the detection of improper claims by owners, or  
93.29 relatives of owners, under chapter 290A.

93.30 **EFFECTIVE DATE.** This section is effective retroactively for homestead applications  
93.31 filed in 2022 and thereafter.

94.1 Sec. 16. Minnesota Statutes 2020, section 273.124, subdivision 13d, is amended to read:

94.2 Subd. 13d. **Homestead data.** On or before April 30 each year beginning in 2007, each  
94.3 county must provide the commissioner with the following data for each parcel of homestead  
94.4 property by electronic means as defined in section 289A.02, subdivision 8:

94.5 (1) the property identification number assigned to the parcel for purposes of taxes payable  
94.6 in the current year;

94.7 (2) the name and Social Security number or individual tax identification number of each  
94.8 occupant of homestead property who is the property owner or qualifying relative of a property  
94.9 owner, and the spouse of the property owner who occupies homestead property or spouse  
94.10 of a qualifying relative of a property owner who occupies homestead property;

94.11 (3) the classification of the property under section 273.13 for taxes payable in the current  
94.12 year and in the prior year;

94.13 (4) an indication of whether the property was classified as a homestead for taxes payable  
94.14 in the current year because of occupancy by a relative of the owner or by a spouse of a  
94.15 relative;

94.16 (5) the property taxes payable as defined in section 290A.03, subdivision 13, for the  
94.17 current year and the prior year;

94.18 (6) the market value of improvements to the property first assessed for tax purposes for  
94.19 taxes payable in the current year;

94.20 (7) the assessor's estimated market value assigned to the property for taxes payable in  
94.21 the current year and the prior year;

94.22 (8) the taxable market value assigned to the property for taxes payable in the current  
94.23 year and the prior year;

94.24 (9) whether there are delinquent property taxes owing on the homestead;

94.25 (10) the unique taxing district in which the property is located; and

94.26 (11) such other information as the commissioner decides is necessary.

94.27 The commissioner shall use the information provided on the lists as appropriate under  
94.28 the law, including for the detection of improper claims by owners, or relatives of owners,  
94.29 under chapter 290A.

94.30 **EFFECTIVE DATE.** This section is effective retroactively for homestead applications  
94.31 filed in 2022 and thereafter.

95.1 Sec. 17. Minnesota Statutes 2021 Supplement, section 273.124, subdivision 14, is amended  
95.2 to read:

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

95.6 (1) the parcel on which the house is located is contiguous on at least two sides to (i)  
95.7 agricultural land, (ii) land owned or administered by the United States Fish and Wildlife  
95.8 Service, or (iii) land administered by the Department of Natural Resources on which in lieu  
95.9 taxes are paid under sections 477A.11 to 477A.14 or section 477A.17;

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

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

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

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

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

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

95.26 (2) the owner, the owner's spouse, or a grandchild, child, sibling, ~~or~~ parent, grandparent,  
95.27 stepparent, stepchild, uncle, aunt, nephew, or niece of the owner or of the owner's spouse,  
95.28 is actively farming the agricultural property, either on the person's own behalf as an individual  
95.29 or on behalf of a partnership operating a family farm, family farm corporation, joint family  
95.30 farm venture, or limited liability company of which the person is a partner, shareholder, or  
95.31 member;

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

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

96.3 (5) neither the owner nor the person actively farming the agricultural property lives  
96.4 farther than four townships or cities, or a combination of four townships or cities, from the  
96.5 agricultural property, except that if the owner or the owner's spouse is required to live in  
96.6 employer-provided housing, the owner or owner's spouse, whichever is actively farming  
96.7 the agricultural property, may live more than four townships or cities, or combination of  
96.8 four townships or cities from the agricultural property.

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

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

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

96.15 (c) Noncontiguous land shall be included as part of a homestead under section 273.13,  
96.16 subdivision 23, paragraph (a), only if the homestead is classified as class 2a and the detached  
96.17 land is located in the same township or city, or not farther than four townships or cities or  
96.18 combination thereof from the homestead. Any taxpayer of these noncontiguous lands must  
96.19 notify the county assessor that the noncontiguous land is part of the taxpayer's homestead,  
96.20 and, if the homestead is located in another county, the taxpayer must also notify the assessor  
96.21 of the other county.

96.22 (d) Agricultural land used for purposes of a homestead and actively farmed by a person  
96.23 holding a vested remainder interest in it must be classified as a homestead under section  
96.24 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other  
96.25 dwellings on the land used for purposes of a homestead by persons holding vested remainder  
96.26 interests who are actively engaged in farming the property, and up to one acre of the land  
96.27 surrounding each homestead and reasonably necessary for the use of the dwelling as a home,  
96.28 must also be assessed class 2a.

96.29 (e) Agricultural land and buildings that were class 2a homestead property under section  
96.30 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain classified as  
96.31 agricultural homesteads for subsequent assessments if:

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

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

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

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

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

97.13 (f) Agricultural land and buildings that were class 2a homestead property under section  
97.14 273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain classified  
97.15 agricultural homesteads for subsequent assessments if:

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

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

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

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

97.24 (5) the owner notifies the county assessor that the relocation was due to a March 29,  
97.25 1998, tornado, and the owner furnishes the assessor any information deemed necessary by  
97.26 the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the  
97.27 owner must notify the assessor by December 1, 1998. Further notifications to the assessor  
97.28 are not required if the property continues to meet all the requirements in this paragraph and  
97.29 any dwellings on the agricultural land remain uninhabited.

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

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

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

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

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

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

98.11 Homestead treatment applies under this paragraph even if:

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

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

98.17 (A) the shareholder, member, or partner of the family farm corporation, joint family  
98.18 farm venture, partnership, or limited liability company that owns the land who is actively  
98.19 farming the land is a shareholder, member, or partner of the family farm corporation, joint  
98.20 family farm venture, partnership, or limited liability company that is operating the farm;  
98.21 and

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

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

98.30 (h) To be eligible for the special agricultural homestead under this subdivision, an initial  
98.31 full application must be submitted to the county assessor where the property is located.  
98.32 Owners and the persons who are actively farming the property shall be required to complete

99.1 only a one-page abbreviated version of the application in each subsequent year provided  
99.2 that none of the following items have changed since the initial application:

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

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

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

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

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

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

99.11 The owners and any persons who are actively farming the property must include the  
99.12 appropriate Social Security numbers or individual tax identification numbers, and sign and  
99.13 date the application. If any of the specified information has changed since the full application  
99.14 was filed, the owner must notify the assessor, and must complete a new application to  
99.15 determine if the property continues to qualify for the special agricultural homestead. The  
99.16 commissioner of revenue shall prepare a standard reapplication form for use by the assessors.

99.17 (i) Agricultural land and buildings that were class 2a homestead property under section  
99.18 273.13, subdivision 23, paragraph (a), for the 2007 assessment shall remain classified  
99.19 agricultural homesteads for subsequent assessments if:

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

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

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

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

99.28 (5) the owner notifies the county assessor that the relocation was due to the August 2007  
99.29 floods, and the owner furnishes the assessor any information deemed necessary by the  
99.30 assessor in verifying the change in homestead dwelling. For taxes payable in 2009, the  
99.31 owner must notify the assessor by December 1, 2008. Further notifications to the assessor

100.1 are not required if the property continues to meet all the requirements in this paragraph and  
100.2 any dwellings on the agricultural land remain uninhabited.

100.3 (j) Agricultural land and buildings that were class 2a homestead property under section  
100.4 273.13, subdivision 23, paragraph (a), for the 2008 assessment shall remain classified as  
100.5 agricultural homesteads for subsequent assessments if:

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

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

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

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

100.14 (5) the owner notifies the county assessor that the relocation was due to the 2009 floods,  
100.15 and the owner furnishes the assessor any information deemed necessary by the assessor in  
100.16 verifying the change in dwelling. Further notifications to the assessor are not required if the  
100.17 property continues to meet all the requirements in this paragraph and any dwellings on the  
100.18 agricultural land remain uninhabited.

100.19 **EFFECTIVE DATE.** This section is effective retroactively for homestead applications  
100.20 filed in 2022 and thereafter.

100.21 Sec. 18. Minnesota Statutes 2020, section 273.1245, subdivision 1, is amended to read:

100.22 Subdivision 1. **Private or nonpublic data.** The following data are private or nonpublic  
100.23 data as defined in section 13.02, subdivisions 9 and 12, when they are submitted to a county  
100.24 or local assessor under section 273.124, 273.13, or another section, to support a claim for  
100.25 the property tax homestead classification under section 273.13, or other property tax  
100.26 classification or benefit:

100.27 (1) Social Security numbers;

100.28 (2) individual tax identification numbers;

100.29 ~~(2)~~ (3) copies of state or federal income tax returns; and

100.30 ~~(3)~~ (4) state or federal income tax return information, including the federal income tax  
100.31 schedule F.

101.1 **EFFECTIVE DATE.** This section is effective retroactively for homestead applications  
101.2 filed in 2022 and thereafter.

101.3 Sec. 19. Minnesota Statutes 2021 Supplement, section 273.13, subdivision 23, is amended  
101.4 to read:

101.5 Subd. 23. **Class 2.** (a) An agricultural homestead consists of class 2a agricultural land  
101.6 that is homesteaded, along with any class 2b rural vacant land that is contiguous to the class  
101.7 2a land under the same ownership. The market value of the house and garage and immediately  
101.8 surrounding one acre of land has the same classification rates as class 1a or 1b property  
101.9 under subdivision 22. The value of the remaining land including improvements up to the  
101.10 first tier valuation limit of agricultural homestead property has a classification rate of 0.5  
101.11 percent of market value. The remaining property over the first tier has a classification rate  
101.12 of one percent of market value. For purposes of this subdivision, the "first tier valuation  
101.13 limit of agricultural homestead property" and "first tier" means the limit certified under  
101.14 section 273.11, subdivision 23.

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

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

101.25 (c) Class 2b rural vacant land consists of parcels of property, or portions thereof, that  
101.26 are unplatted real estate, rural in character and not used for agricultural purposes, including  
101.27 land used for growing trees for timber, lumber, and wood and wood products, that is not  
101.28 improved with a structure. The presence of a minor, ancillary nonresidential structure as  
101.29 defined by the commissioner of revenue does not disqualify the property from classification  
101.30 under this paragraph. Any parcel of 20 acres or more improved with a structure that is not  
101.31 a minor, ancillary nonresidential structure must be split-classified, and ten acres must be  
101.32 assigned to the split parcel containing the structure. If a parcel of 20 acres or more is enrolled  
101.33 in the sustainable forest management incentive program under chapter 290C, the number  
101.34 of acres assigned to the split parcel improved with a structure that is not a minor, ancillary

102.1 nonresidential structure must equal three acres or the number of acres excluded from the  
102.2 sustainable forest incentive act covenant due to the structure, whichever is greater. Class  
102.3 2b property has a classification rate of one percent of market value unless it is part of an  
102.4 agricultural homestead under paragraph (a), or qualifies as class 2c under paragraph (d).

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

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

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

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

102.25 "Agricultural purposes" as used in this section means the raising, cultivation, drying, or  
102.26 storage of agricultural products for sale, or the storage of machinery or equipment used in  
102.27 support of agricultural production by the same farm entity. For a property to be classified  
102.28 as agricultural based only on the drying or storage of agricultural products, the products  
102.29 being dried or stored must have been produced by the same farm entity as the entity operating  
102.30 the drying or storage facility. "Agricultural purposes" also includes (i) enrollment in a local  
102.31 conservation program or the Reinvest in Minnesota program under sections 103F.501 to  
102.32 103F.535 or the federal Conservation Reserve Program as contained in Public Law 99-198  
102.33 or a similar state or federal conservation program if the property was classified as agricultural  
102.34 (A) under this subdivision for taxes payable in 2003 because of its enrollment in a qualifying

103.1 program and the land remains enrolled or (B) in the year prior to its enrollment, or (ii) use  
103.2 of land, not to exceed three acres, to provide environmental benefits such as buffer strips,  
103.3 old growth forest restoration or retention, or retention ponds to prevent soil erosion. For  
103.4 purposes of this section, a "local conservation program" means a program administered by  
103.5 a town, statutory or home rule charter city, or county, including a watershed district, water  
103.6 management organization, or soil and water conservation district, in which landowners  
103.7 voluntarily enroll land and receive incentive payments equal to at least \$50 per acre in  
103.8 exchange for use or other restrictions placed on the land. In order for property to qualify  
103.9 under the local conservation program provision, a taxpayer must apply to the assessor by  
103.10 February 1 of the assessment year and must submit the information required by the assessor,  
103.11 including but not limited to a copy of the program requirements, the specific agreement  
103.12 between the land owner and the local agency, if applicable, and a map of the conservation  
103.13 area. Agricultural classification shall not be based upon the market value of any residential  
103.14 structures on the parcel or contiguous parcels under the same ownership.

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

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

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

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

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

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

103.29 (iii) for intensive market farming; for purposes of this paragraph, "market farming"  
103.30 means the cultivation of one or more fruits or vegetables or production of animal or other  
103.31 agricultural products for sale to local markets by the farmer or an organization with which  
103.32 the farmer is affiliated.

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

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

104.6 Classification under this subdivision is not determinative for qualifying under section  
104.7 273.111.

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

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

104.13 (1) livestock; dairy animals; dairy products; poultry and poultry products; fur-bearing  
104.14 animals; horticultural and nursery stock; fruit of all kinds; vegetables; forage; grains;  
104.15 hemp; bees; and apiary products by the owner;

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

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

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

104.23 (5) game birds and waterfowl bred and raised (i) on a game farm licensed under section  
104.24 97A.105, provided that the annual licensing report to the Department of Natural Resources,  
104.25 which must be submitted annually by March 30 to the assessor, indicates that at least 500  
104.26 birds were raised or used for breeding stock on the property during the preceding year and  
104.27 that the owner provides a copy of the owner's most recent schedule F; or (ii) for use on a  
104.28 shooting preserve licensed under section 97A.115;

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

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

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

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

105.5 (1) wholesale and retail sales;

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

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

105.8 (4) office facilities for the support of the activities enumerated in clauses (1), (2), and  
105.9 (3), the assessor shall classify the part of the parcel used for agricultural purposes as class  
105.10 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use.

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

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

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

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

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

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

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

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

106.16 (1) a legal description of the property;

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

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

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

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

106.29 (n) When any portion of the property under this subdivision or subdivision 22 begins to  
106.30 be actively mined, the owner must file a supplemental affidavit within 60 days from the  
106.31 day any aggregate is removed stating the number of acres of the property that is actively  
106.32 being mined. The acres actively being mined must be (1) valued and classified under  
106.33 subdivision 24 in the next subsequent assessment year, and (2) removed from the aggregate

107.1 resource preservation property tax program under section 273.1115, if the land was enrolled  
107.2 in that program. Copies of the original affidavit and all supplemental affidavits must be  
107.3 filed with the county assessor, the local zoning administrator, and the Department of Natural  
107.4 Resources, Division of Land and Minerals. A supplemental affidavit must be filed each  
107.5 time a subsequent portion of the property is actively mined, provided that the minimum  
107.6 acreage change is five acres, even if the actual mining activity constitutes less than five  
107.7 acres.

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

107.11 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2023  
107.12 and thereafter.

107.13 Sec. 20. Minnesota Statutes 2021 Supplement, section 273.13, subdivision 25, is amended  
107.14 to read:

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

107.22 (b) Class 4b includes:

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

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

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

107.29 (4) unimproved property that is classified residential as determined under subdivision  
107.30 33.

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

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

108.2 (c) Class 4bb includes:

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

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

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

108.9 Class 4bb property has the same classification rates as class 1a property under subdivision  
108.10 22.

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

108.14 (d) Class 4c property includes:

108.15 (1) except as provided in subdivision 22, paragraph (c), real and personal property  
108.16 devoted to commercial temporary and seasonal residential occupancy for recreation purposes,  
108.17 for not more than 250 days in the year preceding the year of assessment. For purposes of  
108.18 this clause, property is devoted to a commercial purpose on a specific day if any portion of  
108.19 the property is used for residential occupancy, and a fee is charged for residential occupancy.  
108.20 Class 4c property under this clause must contain three or more rental units. A "rental unit"  
108.21 is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site  
108.22 equipped with water and electrical hookups for recreational vehicles. A camping pad offered  
108.23 for rent by a property that otherwise qualifies for class 4c under this clause is also class 4c  
108.24 under this clause regardless of the term of the rental agreement, as long as the use of the  
108.25 camping pad does not exceed 250 days. In order for a property to be classified under this  
108.26 clause, either (i) the business located on the property must provide recreational activities,  
108.27 at least 40 percent of the annual gross lodging receipts related to the property must be from  
108.28 business conducted during 90 consecutive days, and either (A) at least 60 percent of all paid  
108.29 bookings by lodging guests during the year must be for periods of at least two consecutive  
108.30 nights; or (B) at least 20 percent of the annual gross receipts must be from charges for  
108.31 providing recreational activities, or (ii) the business must contain 20 or fewer rental units,  
108.32 and must be located in a township or a city with a population of 2,500 or less located outside  
108.33 the metropolitan area, as defined under section 473.121, subdivision 2, that contains a portion

109.1 of a state trail administered by the Department of Natural Resources. For purposes of item  
109.2 (i)(A), a paid booking of five or more nights shall be counted as two bookings. Class 4c  
109.3 property also includes commercial use real property used exclusively for recreational  
109.4 purposes in conjunction with other class 4c property classified under this clause and devoted  
109.5 to temporary and seasonal residential occupancy for recreational purposes, up to a total of  
109.6 two acres, provided the property is not devoted to commercial recreational use for more  
109.7 than 250 days in the year preceding the year of assessment and is located within two miles  
109.8 of the class 4c property with which it is used. In order for a property to qualify for  
109.9 classification under this clause, the owner must submit a declaration to the assessor  
109.10 designating the cabins or units occupied for 250 days or less in the year preceding the year  
109.11 of assessment by January 15 of the assessment year. Those cabins or units and a proportionate  
109.12 share of the land on which they are located must be designated class 4c under this clause  
109.13 as otherwise provided. The remainder of the cabins or units and a proportionate share of  
109.14 the land on which they are located will be designated as class 3a. The owner of property  
109.15 desiring designation as class 4c property under this clause must provide guest registers or  
109.16 other records demonstrating that the units for which class 4c designation is sought were not  
109.17 occupied for more than 250 days in the year preceding the assessment if so requested. The  
109.18 portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center  
109.19 or meeting room, and (5) other nonresidential facility operated on a commercial basis not  
109.20 directly related to temporary and seasonal residential occupancy for recreation purposes  
109.21 does not qualify for class 4c. For the purposes of this paragraph, "recreational activities"  
109.22 means renting ice fishing houses, boats and motors, snowmobiles, downhill or cross-country  
109.23 ski equipment; providing marina services, launch services, or guide services; or selling bait  
109.24 and fishing tackle;

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

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

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

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

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

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

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

110.10 For purposes of this clause:

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

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

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

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

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

110.30 The organization shall maintain records of its charitable contributions and donations  
110.31 and of public meetings and events held on the property and make them available upon  
110.32 request any time to the assessor to ensure eligibility. An organization meeting the requirement  
110.33 under item (ii) must file an application by May 1 with the assessor for eligibility for the

111.1 current year's assessment. The commissioner shall prescribe a uniform application form  
111.2 and instructions;

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

111.7 (5)(i) manufactured home parks as defined in section 327.14, subdivision 3, ~~excluding~~  
111.8 including manufactured home parks ~~described in items (ii) and (iii), (ii) manufactured home~~  
111.9 ~~parks as defined in section 327.14, subdivision 3,~~ that are described in section 273.124,  
111.10 subdivision 3a, ~~and (iii) class I manufactured home parks as defined in section 327C.01,~~  
111.11 ~~subdivision 13;~~

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

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

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

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

111.21 If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must be  
111.22 filed by the new owner with the assessor of the county where the property is located within  
111.23 60 days of the sale;

111.24 (8) a privately owned noncommercial aircraft storage hangar not exempt under section  
111.25 272.01, subdivision 2, and the land on which it is located, provided that:

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

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

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

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

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

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

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

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

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

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

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

113.1 Class 4c property has a classification rate of 1.5 percent of market value, except that (i)  
113.2 each parcel of noncommercial seasonal residential recreational property under clause (12)  
113.3 has the same classification rates as class 4bb property, (ii) manufactured home parks assessed  
113.4 under clause (5), ~~item (i), have the same classification rate as class 4b property, the market~~  
113.5 ~~value of manufactured home parks assessed under clause (5), item (ii), have a classification~~  
113.6 ~~rate of 0.75 percent if more than 50 percent of the lots in the park are occupied by~~  
113.7 ~~shareholders in the cooperative corporation or association and a classification rate of one~~  
113.8 ~~percent if 50 percent or less of the lots are so occupied, and class I manufactured home~~  
113.9 ~~parks as defined in section 327C.01, subdivision 13, have a classification rate of 1.0~~ 0.75  
113.10 percent, (iii) commercial-use seasonal residential recreational property and marina  
113.11 recreational land as described in clause (11), has a classification rate of one percent for the  
113.12 first \$500,000 of market value, and 1.25 percent for the remaining market value, (iv) the  
113.13 market value of property described in clause (4) has a classification rate of one percent, (v)  
113.14 the market value of property described in clauses (2), (6), and (10) has a classification rate  
113.15 of 1.25 percent, (vi) that portion of the market value of property in clause (9) qualifying for  
113.16 class 4c property has a classification rate of 1.25 percent, and (vii) property qualifying for  
113.17 classification under clause (3) that is owned or operated by a congressionally chartered  
113.18 veterans organization has a classification rate of one percent. The commissioner of veterans  
113.19 affairs must provide a list of congressionally chartered veterans organizations to the  
113.20 commissioner of revenue by June 30, 2017, and by January 1, 2018, and each year thereafter.

113.21 (e) Class 4d property ~~is~~ includes:

113.22 (1) qualifying low-income rental housing certified to the assessor by the Housing Finance  
113.23 Agency under section 273.128, subdivision 3. If only a portion of the units in the building  
113.24 qualify as low-income rental housing units as certified under section 273.128, subdivision  
113.25 3, only the proportion of qualifying units to the total number of units in the building qualify  
113.26 for class 4d ~~4d(1)~~. The remaining portion of the building shall be classified by the assessor  
113.27 based upon its use. Class 4d ~~4d(1)~~ also includes the same proportion of land as the qualifying  
113.28 low-income rental housing units are to the total units in the building. For all properties  
113.29 qualifying as class 4d ~~4d(1)~~, the market value determined by the assessor must be based on  
113.30 the normal approach to value using normal unrestricted rents; and

113.31 (2) a unit that is owned by the occupant and used as a homestead by the occupant, and  
113.32 otherwise meets all the requirements for community land trust property under section 273.11,  
113.33 subdivision 12, provided that by December 31 of each assessment year, the community land  
113.34 trust certifies to the assessor that (i) the community land trust owns the real property on  
113.35 which the unit is located, and (ii) the unit owner is a member in good standing of the

114.1 community land trust. For all units qualifying as class 4d(2), the market value determined  
114.2 by the assessor must be based on the normal approach to value without regard to any  
114.3 restrictions that apply because the unit is a community land trust property.

114.4 (f) The first tier of market value of class ~~4d~~ 4d(1) property has a classification rate of  
114.5 0.75 percent. The remaining value of class ~~4d~~ 4d(1) property has a classification rate of  
114.6 0.25 percent. For the purposes of this paragraph, the "first tier of market value of class ~~4d~~  
114.7 4d(1) property" means the market value of each housing unit up to the first tier limit. For  
114.8 the purposes of this paragraph, all class 4d property value must be assigned to individual  
114.9 housing units. The first tier limit is \$100,000 for assessment years 2022 and 2023. For  
114.10 subsequent assessment years, the limit is adjusted each year by the average statewide change  
114.11 in estimated market value of property classified as class 4a and ~~4d~~ 4d(1) under this section  
114.12 for the previous assessment year, excluding valuation change due to new construction,  
114.13 rounded to the nearest \$1,000, provided, however, that the limit may never be less than  
114.14 \$100,000. Beginning with assessment year 2015, the commissioner of revenue must certify  
114.15 the limit for each assessment year by November 1 of the previous year. Class 4d(2) property  
114.16 has a classification rate of 0.75 percent.

114.17 **EFFECTIVE DATE.** (a) The amendments to paragraph (d) are effective for property  
114.18 taxes payable in 2024 and thereafter.

114.19 (b) The amendments to paragraphs (e) and (f) are effective for property taxes payable  
114.20 in 2023 and thereafter.

114.21 Sec. 21. Minnesota Statutes 2021 Supplement, section 273.13, subdivision 34, is amended  
114.22 to read:

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

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

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

115.3 (c) If a veteran with a disability qualifying for a valuation exclusion under paragraph  
115.4 (b), clause (2), predeceases the veteran's spouse, and if upon the death of the veteran the  
115.5 spouse holds the legal or beneficial title to the homestead and permanently resides there,  
115.6 the exclusion shall carry over to the benefit of the veteran's spouse until such time as the  
115.7 spouse remarries, or sells, transfers, or otherwise disposes of the property, except as otherwise  
115.8 provided in paragraph (n). Qualification under this paragraph requires an application under  
115.9 paragraph (h), and a spouse must notify the assessor if there is a change in the spouse's  
115.10 marital status, ownership of the property, or use of the property as a permanent residence.  
115.11 If a spouse previously received the exclusion under this paragraph, but the exclusion expired  
115.12 prior to assessment year 2019 before the eligibility time period for surviving spouses was  
115.13 changed to a lifetime benefit, the spouse may reapply under paragraph (h) for the exclusion  
115.14 under this paragraph.

115.15 (d) If the spouse of a member of any branch or unit of the United States armed forces  
115.16 who dies due to a service-connected cause while serving honorably in active service, as  
115.17 indicated on United States Government Form DD1300 or DD2064, holds the legal or  
115.18 beneficial title to a homestead and permanently resides there, the spouse is entitled to the  
115.19 benefit described in paragraph (b), clause (2), until such time as the spouse remarries or  
115.20 sells, transfers, or otherwise disposes of the property, except as otherwise provided in  
115.21 paragraph (n). If a spouse previously received the exclusion under this paragraph, but the  
115.22 exclusion expired prior to assessment year 2019 before the eligibility time period for  
115.23 surviving spouses was changed to a lifetime benefit, the spouse may reapply under paragraph  
115.24 (h) for the exclusion under this paragraph.

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

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

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

116.1 (h) To qualify for a valuation exclusion under this subdivision a property owner must  
116.2 apply to the assessor by December 31 of the first assessment year for which the exclusion  
116.3 is sought. Except as provided in paragraph (c), the owner of a property that has been accepted  
116.4 for a valuation exclusion must notify the assessor if there is a change in ownership of the  
116.5 property or in the use of the property as a homestead.

116.6 (i) A first-time application by a qualifying spouse for the market value exclusion under  
116.7 paragraph (d) must be made any time within two years of the death of the service member,  
116.8 within two years of the United States Department of Veterans Affairs Dependency and  
116.9 Indemnity Compensation determination, or by December 31, 2023, whichever is later. A  
116.10 qualifying spouse whose application was previously denied may reapply, pursuant to this  
116.11 paragraph, by December 31, 2023.

116.12 (j) For purposes of this subdivision:

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

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

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

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

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

116.24 (1) the spouse files a first-time application within two years of the death of the service  
116.25 member, within two years of the United States Department of Veterans Affairs Dependency  
116.26 and Indemnity Compensation determination, if applicable, or by ~~June 1, 2019~~ December  
116.27 31, 2023, whichever is later. A spouse whose application was previously denied may reapply,  
116.28 pursuant to this paragraph, by December 31, 2023;

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

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

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

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

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

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

117.8 (m) By ~~July 1~~ December 31, the county veterans service officer must certify the disability  
117.9 rating and permanent address of each veteran receiving the benefit under paragraph (b) to  
117.10 the assessor.

117.11 (n) A spouse who received the benefit in paragraph (c), (d), or (k) but no longer holds  
117.12 the legal or beneficial title to the property may continue to receive the exclusion for a  
117.13 property other than the property for which the exclusion was initially granted until the spouse  
117.14 remarries or sells, transfers, or otherwise disposes of the property, provided that:

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

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

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

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

117.25 **EFFECTIVE DATE.** This section is effective for assessment year 2022 and thereafter.

117.26 Sec. 22. Minnesota Statutes 2020, section 273.13, subdivision 35, is amended to read:

117.27 Subd. 35. **Homestead market value exclusion.** (a) Prior to determining a property's  
117.28 net tax capacity under this section, property classified as class 1a or 1b under subdivision  
117.29 22, and the portion of property classified as class 2a under subdivision 23 consisting of the  
117.30 house, garage, and surrounding one acre of land, shall be eligible for a market value exclusion  
117.31 as determined under paragraph (b).

118.1 (b) For a homestead valued at ~~\$76,000~~ \$80,300 or less, the exclusion is 40 percent of  
118.2 market value. For a homestead valued ~~between \$76,000~~ over \$80,300 and ~~\$413,800~~ less  
118.3 than \$437,100, the exclusion is ~~\$30,400~~ \$32,120 minus nine percent of the valuation over  
118.4 ~~\$76,000~~ \$80,300. For a homestead valued at ~~\$413,800~~ \$437,100 or more, there is no valuation  
118.5 exclusion. The valuation exclusion shall be rounded to the nearest whole dollar, and may  
118.6 not be less than zero.

118.7 (c) Any valuation exclusions or adjustments under section 273.11 shall be applied prior  
118.8 to determining the amount of the valuation exclusion under this subdivision.

118.9 (d) In the case of a property that is classified as part homestead and part nonhomestead,  
118.10 (i) the exclusion shall apply only to the homestead portion of the property, but (ii) if a portion  
118.11 of a property is classified as nonhomestead solely because not all the owners occupy the  
118.12 property, not all the owners have qualifying relatives occupying the property, or solely  
118.13 because not all the spouses of owners occupy the property, the exclusion amount shall be  
118.14 initially computed as if that nonhomestead portion were also in the homestead class and  
118.15 then prorated to the owner-occupant's percentage of ownership. For the purpose of this  
118.16 section, when an owner-occupant's spouse does not occupy the property, the percentage of  
118.17 ownership for the owner-occupant spouse is one-half of the couple's ownership percentage.

118.18 **EFFECTIVE DATE.** This section is effective for assessment year 2023 and thereafter.

118.19 Sec. 23. Minnesota Statutes 2020, section 273.1315, subdivision 2, is amended to read:

118.20 Subd. 2. **Class 1b homestead declaration 2009 and thereafter.** (a) Any property owner  
118.21 seeking classification and assessment of the owner's homestead as class 1b property pursuant  
118.22 to section 273.13, subdivision 22, paragraph (b), after October 1, 2008, shall file with the  
118.23 county assessor a class 1b homestead declaration, on a form prescribed by the commissioner  
118.24 of revenue. The declaration must contain the following information:

118.25 (1) the information necessary to verify that, on or before June 30 of the filing year, the  
118.26 property owner or the owner's spouse satisfies the requirements of section 273.13, subdivision  
118.27 22, paragraph (b), for class 1b classification; and

118.28 (2) any additional information prescribed by the commissioner.

118.29 (b) The declaration must be filed on or before October 1 to be effective for property  
118.30 taxes payable during the succeeding calendar year. The Social Security numbers, individual  
118.31 tax identification numbers, and income and medical information received from the property  
118.32 owner pursuant to this subdivision are private data on individuals as defined in section  
118.33 13.02. If approved by the assessor, the declaration remains in effect until the property no

119.1 longer qualifies under section 273.13, subdivision 22, paragraph (b). Failure to notify the  
119.2 assessor within 30 days that the property no longer qualifies under that paragraph because  
119.3 of a sale, change in occupancy, or change in the status or condition of an occupant shall  
119.4 result in the penalty provided in section 273.124, subdivision 13b, computed on the basis  
119.5 of the class 1b benefits for the property, and the property shall lose its current class 1b  
119.6 classification.

119.7 **EFFECTIVE DATE.** This section is effective retroactively for homestead applications  
119.8 filed in 2022 and thereafter.

119.9 Sec. 24. Minnesota Statutes 2020, section 273.1387, subdivision 2, is amended to read:

119.10 Subd. 2. **Credit amount.** For each qualifying property, the school building bond  
119.11 agricultural credit is equal to the credit percent multiplied by the property's eligible net tax  
119.12 capacity multiplied by the school debt tax rate determined under section 275.08, subdivision  
119.13 1b. For property taxes payable prior to 2020, the credit percent is equal to 40 percent. For  
119.14 property taxes payable in 2020, the credit percent is equal to 50 percent. For property taxes  
119.15 payable in 2021, the credit percent is equal to 55 percent. For property taxes payable in  
119.16 2022, the credit percent is equal to 60 percent. For property taxes payable in 2023 ~~and~~  
119.17 ~~thereafter~~, the credit percent is equal to 70 percent. For property taxes payable in 2024 and  
119.18 thereafter, the credit percent is equal to 85 percent.

119.19 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable  
119.20 in 2024.

119.21 Sec. 25. Minnesota Statutes 2020, section 273.41, is amended to read:

119.22 **273.41 AMOUNT OF TAX; DISTRIBUTION.**

119.23 There is hereby imposed upon each such cooperative association on December 31 of  
119.24 each year a tax of \$10 for each 100 members, or fraction thereof, of such association. The  
119.25 tax, when paid, shall be in lieu of all personal property taxes, state, county, or local, upon  
119.26 distribution lines and the attachments and appurtenances thereto of such associations located  
119.27 in rural areas. For purposes of this section, "attachments and appurtenances" include all  
119.28 cooperative association-owned metering equipment, streetlights, and any other infrastructure  
119.29 that is physically or electrically connected to the cooperative association's distribution  
119.30 system. The tax shall be payable on or before March 1 of the next succeeding year, to the  
119.31 commissioner of revenue. If the tax, or any portion thereof, is not paid within the time herein  
119.32 specified for the payment thereof, there shall be added thereto a specific penalty equal to  
119.33 ten percent of the amount so remaining unpaid. Such penalty shall be collected as part of

120.1 said tax, and the amount of said tax not timely paid, together with said penalty, shall bear  
120.2 interest at the rate specified in section 270C.40 from the time such tax should have been  
120.3 paid until paid. The commissioner shall deposit the amount so received in the general fund  
120.4 of the state treasury.

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

120.6 Sec. 26. Minnesota Statutes 2020, section 279.03, subdivision 1a, is amended to read:

120.7 Subd. 1a. **Rate.** (a) Except as provided in ~~paragraph~~ paragraphs (b) and (c), interest on  
120.8 delinquent property taxes, penalties, and costs unpaid on or after January 1 is payable at the  
120.9 per annum rate determined in section 270C.40, subdivision 5. ~~If the rate so determined is~~  
120.10 ~~less than ten percent, the rate of interest is ten percent.~~ The maximum per annum rate is 14  
120.11 percent if the rate specified under section 270C.40, subdivision 5, exceeds 14 percent. The  
120.12 rate is subject to change on January 1 of each year.

120.13 (b) If a person is the owner of one or more parcels of property on which taxes are  
120.14 delinquent, and the delinquent taxes are more than 25 percent of the prior year's school  
120.15 district levy, interest on the delinquent property taxes, penalties, and costs unpaid is payable  
120.16 at twice the rate determined under paragraph (a) for the year.

120.17 (c) A county board, by resolution, may establish an interest rate lower than the interest  
120.18 rate determined under paragraph (a).

120.19 **EFFECTIVE DATE.** This section is effective for property taxes, penalties, and costs  
120.20 determined to be delinquent on or after January 1, 2023.

120.21 Sec. 27. Minnesota Statutes 2020, section 282.261, subdivision 2, is amended to read:

120.22 Subd. 2. **Interest rate.** (a) Except as provided under paragraph (b), the unpaid balance  
120.23 on any repurchase contract approved by the county board is subject to interest at the rate  
120.24 determined in section 279.03, subdivision 1a. The interest rate is subject to change each  
120.25 year on the unpaid balance in the manner provided for rate changes in section 279.03,  
120.26 subdivision 1a.

120.27 (b) A county board, by resolution, or a county auditor, if delegated the responsibility to  
120.28 administer tax-forfeited land assigned to the county board as provided under section 282.135,  
120.29 may establish an interest rate lower than the interest rate determined under paragraph (a).

120.30 **EFFECTIVE DATE.** This section is effective January 1, 2023.

121.1 Sec. 28. Minnesota Statutes 2020, section 290A.03, subdivision 6, is amended to read:

121.2 Subd. 6. **Homestead.** "Homestead" means the dwelling occupied as the claimant's  
121.3 principal residence and so much of the land surrounding it, not exceeding ten acres, as is  
121.4 reasonably necessary for use of the dwelling as a home and any other property used for  
121.5 purposes of a homestead as defined in section 273.13, subdivision 22, ~~except for~~ or 273.13,  
121.6 subdivision 25, paragraph (e), clause (2). For agricultural land assessed as part of a homestead  
121.7 pursuant to section 273.13, subdivision 23, "homestead" is limited to the house and garage  
121.8 and immediately surrounding one acre of land. The homestead may be owned or rented and  
121.9 may be a part of a multidwelling or multipurpose building and the land on which it is built.  
121.10 A manufactured home, as defined in section 273.125, subdivision 8, or a park trailer taxed  
121.11 as a manufactured home under section 168.012, subdivision 9, assessed as personal property  
121.12 may be a dwelling for purposes of this subdivision.

121.13 **EFFECTIVE DATE.** This section is effective for refund claims based on taxes payable  
121.14 in 2023 and thereafter.

121.15 Sec. 29. Minnesota Statutes 2020, section 290B.03, subdivision 1, is amended to read:

121.16 Subdivision 1. **Program qualifications.** The qualifications for the senior citizens'  
121.17 property tax deferral program are as follows:

121.18 (1) the property must be owned and occupied as a homestead by a person 65 years of  
121.19 age or older. In the case of a married couple, at least one of the spouses must be at least 65  
121.20 years old at the time the first property tax deferral is granted, regardless of whether the  
121.21 property is titled in the name of one spouse or both spouses, or titled in another way that  
121.22 permits the property to have homestead status, and the other spouse must be at least 62 years  
121.23 of age;

121.24 (2) the total household income of the qualifying homeowners, as defined in section  
121.25 290A.03, subdivision 5, for the calendar year preceding the year of the initial application  
121.26 may not exceed ~~\$60,000~~ \$96,000;

121.27 (3) the homestead must have been owned and occupied as the homestead of at least one  
121.28 of the qualifying homeowners for at least ~~15~~ five years prior to the year the initial application  
121.29 is filed;

121.30 (4) there are no state or federal tax liens or judgment liens on the homesteaded property;

121.31 (5) there are no mortgages or other liens on the property that secure future advances,  
121.32 except for those subject to credit limits that result in compliance with clause (6); and

122.1 (6) the total unpaid balances of debts secured by mortgages and other liens on the  
122.2 property, including unpaid and delinquent special assessments and interest and any delinquent  
122.3 property taxes, penalties, and interest, but not including property taxes payable during the  
122.4 year or debts secured by a residential PACE lien, as defined in section 216C.435, subdivision  
122.5 10d, does not exceed 75 percent of the assessor's estimated market value for the year.

122.6 **EFFECTIVE DATE.** This section is effective for applications for deferral of taxes  
122.7 payable in 2023 and thereafter.

122.8 Sec. 30. Minnesota Statutes 2020, section 290B.04, subdivision 3, is amended to read:

122.9 Subd. 3. **Excess-income certification by taxpayer.** A taxpayer whose initial application  
122.10 has been approved under subdivision 2 shall notify the commissioner of revenue in writing  
122.11 by July 1 if the taxpayer's household income for the preceding calendar year exceeded  
122.12 ~~\$60,000~~ \$96,000. The certification must state the homeowner's total household income for  
122.13 the previous calendar year. No property taxes may be deferred under this chapter in any  
122.14 year following the year in which a program participant filed or should have filed an  
122.15 excess-income certification under this subdivision, unless the participant has filed a  
122.16 resumption of eligibility certification as described in subdivision 4.

122.17 **EFFECTIVE DATE.** This section is effective for applications for deferral of taxes  
122.18 payable in 2023 and thereafter.

122.19 Sec. 31. Minnesota Statutes 2020, section 290B.04, subdivision 4, is amended to read:

122.20 Subd. 4. **Resumption of eligibility certification by taxpayer.** A taxpayer who has  
122.21 previously filed an excess-income certification under subdivision 3 may resume program  
122.22 participation if the taxpayer's household income for a subsequent year is ~~\$60,000~~ \$96,000  
122.23 or less. If the taxpayer chooses to resume program participation, the taxpayer must notify  
122.24 the commissioner of revenue in writing by July 1 of the year following a calendar year in  
122.25 which the taxpayer's household income is ~~\$60,000~~ \$96,000 or less. The certification must  
122.26 state the taxpayer's total household income for the previous calendar year. Once a taxpayer  
122.27 resumes participation in the program under this subdivision, participation will continue until  
122.28 the taxpayer files a subsequent excess-income certification under subdivision 3 or until  
122.29 participation is terminated under section 290B.08, subdivision 1.

122.30 **EFFECTIVE DATE.** This section is effective for applications for deferral of taxes  
122.31 payable in 2023 and thereafter.

123.1 Sec. 32. Minnesota Statutes 2020, section 290B.05, subdivision 1, is amended to read:

123.2 Subdivision 1. **Determination by commissioner.** The commissioner shall determine  
123.3 each qualifying homeowner's "annual maximum property tax amount" following approval  
123.4 of the homeowner's initial application and following the receipt of a resumption of eligibility  
123.5 certification. The "annual maximum property tax amount" equals three percent of the  
123.6 homeowner's total household income for the year preceding either the initial application or  
123.7 the resumption of eligibility certification, whichever is applicable. Following approval of  
123.8 the initial application, the commissioner shall determine the qualifying homeowner's  
123.9 "maximum allowable deferral." No tax may be deferred relative to the appropriate assessment  
123.10 year for any homeowner whose total household income for the previous year exceeds  
123.11 ~~\$60,000~~ \$96,000. No tax shall be deferred in any year in which the homeowner does not  
123.12 meet the program qualifications in section 290B.03. The maximum allowable total deferral  
123.13 is equal to 75 percent of the assessor's estimated market value for the year, less the balance  
123.14 of any mortgage loans and other amounts secured by liens against the property at the time  
123.15 of application, including any unpaid and delinquent special assessments and interest and  
123.16 any delinquent property taxes, penalties, and interest, but not including property taxes  
123.17 payable during the year.

123.18 **EFFECTIVE DATE.** This section is effective for applications for deferral of taxes  
123.19 payable in 2023 and thereafter.

123.20 Sec. 33. **CHILD PROTECTION COST STUDY.**

123.21 (a) The legislative auditor is requested to conduct a special review of the costs to  
123.22 Minnesota counties for the provision of child protective services. The review would need  
123.23 to include:

123.24 (1) an overview of the roles and responsibilities of counties in Minnesota's child protective  
123.25 services system and a comparison of these roles and responsibilities to those in other states;

123.26 (2) from 2013 through 2022, the amount each county spent on duties related to child  
123.27 protective services;

123.28 (3) from 2013 through 2022, the amount of federal and state funds received by each  
123.29 county for duties related to child protective services; and

123.30 (4) from 2013 through 2022, the amount each county paid for child protective services  
123.31 using property tax revenue.

124.1 (b) The legislative auditor would need to complete the review by August 1, 2023, and  
124.2 report the results of the review to the chairs and ranking minority members of the legislative  
124.3 committees with jurisdiction over property taxation.

124.4 Sec. 34. **APPROPRIATION.**

124.5 \$..... in fiscal year 2023 is appropriated from the general fund to the Office of the  
124.6 Legislative Auditor for the purposes of conducting the review required by section 33. This  
124.7 is a onetime appropriation.

124.8 Sec. 35. **REPEALER.**

124.9 Minnesota Statutes 2020, sections 327C.01, subdivision 13; and 327C.16, are repealed.

124.10 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable  
124.11 in 2024 and thereafter.

124.12

## ARTICLE 5

124.13

## STATE AIDS

124.14 Section 1. Minnesota Statutes 2020, section 477A.011, is amended by adding a subdivision  
124.15 to read:

124.16 Subd. 3b. **Population age 65 and over.** "Population age 65 and over" means the  
124.17 population age 65 and over established as of July 15 in an aid calculation year by the most  
124.18 recent federal census, by a special census conducted under contract with the United States  
124.19 Bureau of the Census, by a population estimate made by the Metropolitan Council, or by a  
124.20 population estimate of the state demographer made pursuant to section 4A.02, whichever  
124.21 is the most recent as to the stated date of the count or estimate for the preceding calendar  
124.22 year and which has been certified to the commissioner of revenue on or before July 15 of  
124.23 the aid calculation year. A revision to an estimate or count is effective for these purposes  
124.24 only if certified to the commissioner on or before July 15 of the aid calculation year. Clerical  
124.25 errors in the certification or use of estimates and counts established as of July 15 in the aid  
124.26 calculation year are subject to correction within the time periods allowed under section  
124.27 477A.014.

124.28 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
124.29 and thereafter.

125.1 Sec. 2. Minnesota Statutes 2020, section 477A.011, is amended by adding a subdivision  
125.2 to read:

125.3 Subd. 3c. **Transformed population.** "Transformed population" means the logarithm to  
125.4 the base 10 of the population.

125.5 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
125.6 and thereafter.

125.7 Sec. 3. Minnesota Statutes 2020, section 477A.011, subdivision 34, is amended to read:

125.8 Subd. 34. **City revenue need.** (a) For a city with a population equal to or greater than  
125.9 10,000, "city revenue need" is 1.15 times the sum of (1) ~~4.59~~ 8.559 times the pre-1940  
125.10 housing percentage; plus (2) ~~0.622 times the percent of housing built between 1940 and~~  
125.11 ~~1970~~ 7.629 times the city age index; plus (3) ~~169.415 times the jobs per capita~~ 5.461 times  
125.12 the commercial industrial utility percentage; plus (4) ~~the sparsity adjustment~~ 8.481 times  
125.13 peak population decline; plus (5) ~~307.664~~ 297.789.

125.14 (b) For a city with a population equal to or greater than 2,500 and less than 10,000, "city  
125.15 revenue need" is 1.15 times the sum of (1) ~~572.62~~ 502.094; plus (2) ~~5.026~~ 4.285 times the  
125.16 pre-1940 housing percentage; ~~minus~~ plus (3) ~~53.768 times household size~~ 6.699 times the  
125.17 commercial industrial utility percentage; plus (4) ~~14.022~~ 17.645 times peak population  
125.18 ~~decline; plus (5) the sparsity adjustment.~~

125.19 (c) For a city with a population less than 2,500, "city revenue need" is the sum of (1)  
125.20 ~~410~~ 79.351; plus (2) ~~0.367~~ 246.428 times the city's transformed population over 100; ~~plus~~  
125.21 ~~(3) the sparsity adjustment. The city revenue need for a city under this paragraph shall not~~  
125.22 ~~exceed 630 plus the city's sparsity adjustment.~~

125.23 (d) For a city with a population of at least 2,500 but less than 3,000, the "city revenue  
125.24 need" equals (1) the transition factor times the city's revenue need calculated in paragraph  
125.25 (b); plus (2) ~~630~~ the city's revenue need calculated under the formula in paragraph (c) times  
125.26 the difference between one and the transition factor. For a city with a population of at least  
125.27 10,000 but less than 11,000, the "city revenue need" equals (1) the transition factor times  
125.28 the city's revenue need calculated in paragraph (a); plus (2) the city's revenue need calculated  
125.29 under the formula in paragraph (b) times the difference between one and the transition  
125.30 factor. For purposes of the first sentence of this paragraph "transition factor" is 0.2 percent  
125.31 times the amount that the city's population exceeds the minimum threshold. For purposes  
125.32 of the second sentence of this paragraph, "transition factor" is 0.1 percent times the amount  
125.33 that the city's population exceeds the minimum threshold.

126.1 (e) The city revenue need cannot be less than zero.

126.2 (f) For calendar year ~~2015~~ 2023 and subsequent years, the city revenue need for a city,  
126.3 as determined in paragraphs (a) to (e), is multiplied by the ratio of the annual implicit price  
126.4 deflator for government consumption expenditures and gross investment for state and local  
126.5 governments as prepared by the United States Department of Commerce, for the most  
126.6 recently available year to the ~~2013~~ 2020 implicit price deflator for state and local government  
126.7 purchases.

126.8 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
126.9 and thereafter.

126.10 Sec. 4. Minnesota Statutes 2020, section 477A.011, is amended by adding a subdivision  
126.11 to read:

126.12 **Subd. 46. City age index.** "City age index" means 100 times the ratio of (1) the population  
126.13 age 65 and over within the city, to (2) the population of the city.

126.14 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
126.15 and thereafter.

126.16 Sec. 5. Minnesota Statutes 2020, section 477A.011, is amended by adding a subdivision  
126.17 to read:

126.18 **Subd. 47. Commercial industrial utility percentage.** The "commercial industrial utility  
126.19 percentage" for a city is 100 times the ratio of (1) the sum of the estimated market values  
126.20 of all real and personal property in the city classified as class 3 under section 273.13,  
126.21 subdivision 24, to (2) the total market value of all taxable real and personal property in the  
126.22 city. The market values are the amounts computed before any adjustments for fiscal  
126.23 disparities under section 276A.06 or 473F.08. The market values used for this subdivision  
126.24 are not equalized.

126.25 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
126.26 and thereafter.

126.27 Sec. 6. Minnesota Statutes 2020, section 477A.0124, subdivision 2, is amended to read:

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

126.30 (b) "County program aid" means the sum of "county need aid," "county tax base  
126.31 equalization aid," and "county transition aid."

127.1 (c) "Age-adjusted population" means a county's population multiplied by the county age  
127.2 index.

127.3 (d) "County age index" means the percentage of the population age 65 and over within  
127.4 the county divided by the percentage of the population age 65 and over within the state,  
127.5 except that the age index for any county may not be greater than 1.8 nor less than 0.8.

127.6 (e) ~~"Population age 65 and over" means the population age 65 and over established as~~  
127.7 ~~of July 15 in an aid calculation year by the most recent federal census, by a special census~~  
127.8 ~~conducted under contract with the United States Bureau of the Census, by a population~~  
127.9 ~~estimate made by the Metropolitan Council, or by a population estimate of the state~~  
127.10 ~~demographer made pursuant to section 4A.02, whichever is the most recent as to the stated~~  
127.11 ~~date of the count or estimate for the preceding calendar year and which has been certified~~  
127.12 ~~to the commissioner of revenue on or before July 15 of the aid calculation year. A revision~~  
127.13 ~~to an estimate or count is effective for these purposes only if certified to the commissioner~~  
127.14 ~~on or before July 15 of the aid calculation year. Clerical errors in the certification or use of~~  
127.15 ~~estimates and counts established as of July 15 in the aid calculation year are subject to~~  
127.16 ~~correction within the time periods allowed under section 477A.014~~ has the meaning given  
127.17 in section 477A.011, subdivision 3b.

127.18 (f) "Part I crimes" means the three-year average annual number of Part I crimes reported  
127.19 for each county by the Department of Public Safety for the most recent years available. By  
127.20 July 1 of each year, the commissioner of public safety shall certify to the commissioner of  
127.21 revenue the number of Part I crimes reported for each county for the three most recent  
127.22 calendar years available.

127.23 (g) "Households receiving Supplemental Nutrition Assistance Program (SNAP) benefits"  
127.24 means the average monthly number of households receiving SNAP benefits for the three  
127.25 most recent years for which data is available. By July 1 of each year, the commissioner of  
127.26 human services must certify to the commissioner of revenue the average monthly number  
127.27 of households in the state and in each county that receive SNAP benefits, for the three most  
127.28 recent calendar years available.

127.29 (h) "County net tax capacity" means the county's adjusted net tax capacity under section  
127.30 273.1325.

127.31 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
127.32 and thereafter.

128.1 Sec. 7. Minnesota Statutes 2020, section 477A.013, subdivision 8, is amended to read:

128.2 Subd. 8. **City formula aid.** (a) For aids payable in ~~2018~~ 2023 and thereafter, the formula  
128.3 aid for a city is equal to the product of (1) the difference between its unmet need and its  
128.4 certified aid in the previous year ~~and before any aid adjustment under subdivision 13~~, and  
128.5 (2) the aid gap percentage.

128.6 (b) The applicable aid gap percentage must be calculated by the Department of Revenue  
128.7 so that the total of the aid under subdivision 9 equals the total amount available for aid under  
128.8 section 477A.03. The aid gap percentage must be the same for all cities subject to paragraph  
128.9 (a). Data used in calculating aids to cities under sections 477A.011 to 477A.013 shall be  
128.10 the most recently available data as of January 1 in the year in which the aid is calculated.

128.11 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
128.12 and thereafter.

128.13 Sec. 8. Minnesota Statutes 2020, section 477A.013, subdivision 9, is amended to read:

128.14 Subd. 9. **City aid distribution.** (a) In calendar year ~~2018~~ 2023 and thereafter, if a city's  
128.15 certified aid ~~before any aid adjustment under subdivision 13~~ for the previous year is less  
128.16 than its current unmet need, the city shall receive an aid distribution equal to the sum of (1)  
128.17 its certified aid in the previous year ~~before any aid adjustment under subdivision 13~~, and  
128.18 (2) the city formula aid under subdivision 8, ~~and (3) its aid adjustment under subdivision~~  
128.19 ~~13.~~

128.20 (b) ~~For aids payable in 2020 only, no city's aid amount before any adjustment under~~  
128.21 ~~subdivision 13 may be less than its pay 2019 certified aid amount, less any aid adjustment~~  
128.22 ~~under subdivision 13 for that year.~~ For aids payable in ~~2020~~ 2023 and thereafter, if a city's  
128.23 certified aid ~~before any aid adjustment under subdivision 13~~ for the previous year is equal  
128.24 to or greater than its current unmet need, the total aid for a city is equal to the greater of (1)  
128.25 its unmet need ~~plus any aid adjustment under subdivision 13~~, or (2) the amount it was  
128.26 certified to receive in the previous year minus the sum of (i) ~~any adjustment under subdivision~~  
128.27 ~~13 that was paid in the previous year but has expired~~, and (ii) the lesser of (i) \$10 multiplied  
128.28 by its population, or (ii) five percent of its net levy in the year prior to the aid distribution.  
128.29 No city may have a total aid amount less than \$0.

128.30 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
128.31 and thereafter.

129.1 Sec. 9. Minnesota Statutes 2020, section 477A.03, subdivision 2a, is amended to read:

129.2 Subd. 2a. **Cities.** ~~For aids payable in 2016 and 2017, the total aid paid under section~~  
129.3 ~~477A.013, subdivision 9, is \$519,398,012. For aids payable in 2018 and 2019, the total aid~~  
129.4 ~~paid under section 477A.013, subdivision 9, is \$534,398,012. For aids payable in 2020, the~~  
129.5 ~~total aid paid under section 477A.013, subdivision 9, is \$560,398,012. For aids payable in~~  
129.6 ~~2021 and thereafter 2022, the total aid payable under section 477A.013, subdivision 9, is~~  
129.7 ~~\$564,398,012. For aids payable in 2023 and thereafter, the total aid payable under section~~  
129.8 ~~477A.013, subdivision 9, is \$598,617,913.~~

129.9 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
129.10 and thereafter.

129.11 Sec. 10. Minnesota Statutes 2021 Supplement, section 477A.03, subdivision 2b, is amended  
129.12 to read:

129.13 Subd. 2b. **Counties.** (a) ~~For aids payable in 2018 and 2019, the total aid payable under~~  
129.14 ~~section 477A.0124, subdivision 3, is \$103,795,000, of which \$3,000,000 shall be allocated~~  
129.15 ~~as required under Laws 2014, chapter 150, article 4, section 6. For aids payable in 2020,~~  
129.16 ~~the total aid payable under section 477A.0124, subdivision 3, is \$116,795,000, of which~~  
129.17 ~~\$3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4, section~~  
129.18 ~~6. For aids payable in 2021 through 2024 and 2022, the total aid payable under section~~  
129.19 ~~477A.0124, subdivision 3, is \$118,795,000, of which \$3,000,000 shall be allocated as~~  
129.20 ~~required under Laws 2014, chapter 150, article 4, section 6. For aids payable in 2023 and~~  
129.21 ~~2024, the total aid payable under section 477A.0124, subdivision 3, is \$124,547,834, of~~  
129.22 ~~which \$3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4,~~  
129.23 ~~section 6. For aids payable in 2025 and thereafter, the total aid payable under section~~  
129.24 ~~477A.0124, subdivision 3, is \$115,795,000 \$121,547,834. On or before the first installment~~  
129.25 ~~date provided in section 477A.015, paragraph (a), \$500,000 of this appropriation shall be~~  
129.26 ~~transferred each year by the commissioner of revenue to the Board of Public Defense for~~  
129.27 ~~the payment of services under section 611.27. Any transferred amounts not expended or~~  
129.28 ~~encumbered in a fiscal year shall be certified by the Board of Public Defense to the~~  
129.29 ~~commissioner of revenue on or before October 1 and shall be included in the next certification~~  
129.30 ~~of county need aid.~~

129.31 (b) ~~For aids payable in 2018 and 2019, the total aid under section 477A.0124, subdivision~~  
129.32 ~~4, is \$130,873,444. For aids payable in 2020, the total aid under section 477A.0124,~~  
129.33 ~~subdivision 4, is \$143,873,444. For aids payable in 2021 and thereafter 2022, the total aid~~  
129.34 ~~under section 477A.0124, subdivision 4, is \$145,873,444. For aids payable in 2023 and~~

130.1 thereafter, the total aid under section 477A.0124, subdivision 4, is \$153,120,610. The  
130.2 commissioner of revenue shall transfer to the Legislative Budget Office \$207,000 annually  
130.3 for the cost of preparation of local impact notes as required by section 3.987, and other local  
130.4 government activities. The commissioner of revenue shall transfer to the commissioner of  
130.5 education \$7,000 annually for the cost of preparation of local impact notes for school districts  
130.6 as required by section 3.987. The commissioner of revenue shall deduct the amounts  
130.7 transferred under this paragraph from the appropriation under this paragraph. The amounts  
130.8 transferred are appropriated to the Legislative Coordinating Commission and the  
130.9 commissioner of education respectively.

130.10 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
130.11 and thereafter.

130.12 Sec. 11. Minnesota Statutes 2020, section 477A.12, subdivision 1, is amended to read:

130.13 Subdivision 1. **Types of land; payments.** The following amounts are annually  
130.14 appropriated to the commissioner of natural resources from the general fund for transfer to  
130.15 the commissioner of revenue. The commissioner of revenue shall pay the transferred funds  
130.16 to counties as required by sections 477A.11 to 477A.14. The amounts, based on the acreage  
130.17 as of July 1 of each year prior to the payment year, are:

130.18 (1) \$5.133 multiplied by the total number of acres of acquired natural resources land or,  
130.19 at the county's option three-fourths of one percent of the appraised value of all acquired  
130.20 natural resources land in the county, whichever is greater;

130.21 (2) \$5.133, multiplied by the total number of acres of transportation wetland or, at the  
130.22 county's option, three-fourths of one percent of the appraised value of all transportation  
130.23 wetland in the county, whichever is greater;

130.24 (3) \$5.133, multiplied by the total number of acres of wildlife management land, or, at  
130.25 the county's option, three-fourths of one percent of the appraised value of all wildlife  
130.26 management land in the county, whichever is greater;

130.27 (4) 50 percent of the dollar amount as determined under clause (1), multiplied by the  
130.28 number of acres of military refuge land in the county;

130.29 (5) ~~\$2~~ \$3, multiplied by the number of acres of county-administered other natural  
130.30 resources land in the county;

130.31 (6) \$5.133, multiplied by the total number of acres of land utilization project land in the  
130.32 county;

131.1 (7) ~~\$2~~ \$3, multiplied by the number of acres of commissioner-administered other natural  
131.2 resources land in the county; ~~and~~

131.3 (8) \$0.18, multiplied by the total number of acres in the county eligible for payment  
131.4 under clauses (1) to (7), provided that the total number of acres in the county eligible for  
131.5 payment under clauses (1) to (7) is equal to or greater than 25 percent of the total acreage  
131.6 in the county;

131.7 (9) \$0.08, multiplied by the total number of acres in the county eligible for payment  
131.8 under clauses (1) to (7), provided that the total number of acres in the county eligible for  
131.9 payment under clauses (1) to (7) is equal to or greater than ten percent, but less than 25  
131.10 percent of the total acreage in the county; and

131.11 (10) without regard to acreage, and notwithstanding the rules adopted under section  
131.12 84A.55, \$300,000 for local assessments under section 84A.55, subdivision 9, that shall be  
131.13 divided and distributed to the counties containing state-owned lands within a conservation  
131.14 area in proportion to each county's percentage of the total annual ditch assessments.

131.15 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2023.

131.16 Sec. 12. Minnesota Statutes 2020, section 477A.12, subdivision 3, is amended to read:

131.17 Subd. 3. **Determination of appraised value.** For the purposes of this section, the  
131.18 appraised value of acquired natural resources land is the purchase price until the next six-year  
131.19 appraisal required under this subdivision. The appraised value of acquired natural resources  
131.20 land received as a donation is the value determined for the commissioner of natural resources  
131.21 by a licensed appraiser, or the county assessor's estimated market value if no appraisal is  
131.22 done. The appraised value must be determined by the county assessor every six years, except  
131.23 that the appraised value shall not be less than the most recent appraised value. All reappraisals  
131.24 shall be done in the same year as county assessors are required to assess exempt land under  
131.25 section 273.18.

131.26 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2023.

131.27 Sec. 13. Minnesota Statutes 2020, section 477A.12, is amended by adding a subdivision  
131.28 to read:

131.29 Subd. 4. **Adjustment.** The commissioner shall annually adjust the amounts in subdivision  
131.30 1, clauses (1) to (10), as provided in section 270C.22, subdivision 1, except as provided in  
131.31 this subdivision. To determine the dollar amounts for payments in calendar year 2024, the  
131.32 commissioner shall determine the percentage change in the index for the 12-month period

132.1 ending on August 31, 2023, and increase each of the unrounded dollar amounts in section  
132.2 477A.12, subdivision 1, by that percentage change. For each subsequent year, the  
132.3 commissioner shall increase the dollar amounts by the percentage change in the index from  
132.4 August 31 of the year preceding the statutory year, to August 31 of the year preceding the  
132.5 taxable year. The commissioner shall round the amounts as adjusted to the nearest tenth of  
132.6 a cent.

132.7 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2023.

132.8 Sec. 14. **[477A.23] SOIL AND WATER CONSERVATION DISTRICT AID.**

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

132.11 (1) "nonpublic land" means tract, lot, parcel, and piece or parcel of land as defined by  
132.12 section 272.03, subdivision 6, that is not owned by the federal government, the state, or a  
132.13 local government unit; and

132.14 (2) "soil and water conservation district" means a district under chapter 103C that is  
132.15 implementing the duties under that chapter as determined by the Board of Water and Soil  
132.16 Resources as of the date the board provides the certification to the commissioner of revenue  
132.17 required by subdivision 4.

132.18 Subd. 2. **Purpose.** The purpose of this section is to provide ongoing financial support  
132.19 to soil and water conservation districts to aid in the execution of chapter 103C and other  
132.20 duties and services prescribed by statute.

132.21 Subd. 3. **Distribution.** The Board of Water and Soil Resources must calculate the amount  
132.22 of aid to be distributed to the certified soil and water conservation districts from the  
132.23 appropriation in subdivision 7 as follows:

132.24 (1) 70 percent of the appropriation must be distributed equally among the districts; and

132.25 (2) 30 percent of the appropriation must be distributed proportionally among the districts  
132.26 according to the amount of nonpublic land located in a district as compared to the amount  
132.27 of nonpublic land in the state.

132.28 Subd. 4. **Certification to commissioner.** On or before June 1 each year, the Board of  
132.29 Water and Soil Resources must certify to the commissioner of revenue the soil and water  
132.30 conservation districts that will receive a payment under this section and the amount of each  
132.31 payment.

133.1 Subd. 5. Use of proceeds. (a) Notwithstanding section 103C.401, subdivision 2, a soil  
133.2 and water conservation district that receives a distribution under this section must use the  
133.3 proceeds to implement chapter 103C and other duties and services prescribed by statute.

133.4 (b) The board of each soil and water conservation district must establish, by resolution,  
133.5 annual guidelines for using payments received under this section. Current year guidelines  
133.6 and guidelines from the year immediately prior must be posted on the district website.

133.7 (c) A soil and water conservation district that receives a payment under this section may  
133.8 appropriate any portion of the payment to a governmental unit with which the district has  
133.9 a cooperative agreement under section 103C.231. Any payment received under this section  
133.10 and appropriated by the district must be used as required by this section.

133.11 Subd. 6. Payments. The commissioner of revenue must distribute soil and water  
133.12 conservation district aid in the same manner and at the same times as aid payments provided  
133.13 under section 477A.015.

133.14 Subd. 7. Appropriation. \$22,000,000 is annually appropriated from the general fund  
133.15 to the commissioner of revenue to make the payments required under his section.

133.16 Subd. 8. Aid amount corrections. If, due to a clerical error, the amount certified by the  
133.17 Board of Soil and Water Resources to a soil and water conservation district is less than the  
133.18 amount to which the district is entitled under this section, the Board of Water and Soil  
133.19 Resources shall recertify the correct amount to the commissioner of revenue and communicate  
133.20 the error and the corrected amount to the affected soil and water conservation district as  
133.21 soon as practical after the error is discovered. The commissioner of revenue shall then  
133.22 distribute additional aid payments in the same manner as additional aid payments are made  
133.23 under section 477A.014. The additional aid payments shall be made from the general fund  
133.24 and shall not diminish the distributions made to other soil and water conservation districts  
133.25 under this section.

133.26 EFFECTIVE DATE. This section is effective beginning with aids payable in 2022 and  
133.27 thereafter.

133.28 Sec. 15. Minnesota Statutes 2021 Supplement, section 477A.30, is amended to read:

133.29 **477A.30 LOCAL HOMELESS PREVENTION AID.**

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

133.32 (1) "city" means a statutory or home rule charter city;

134.1 (2) "distribution factor" means the total number of students experiencing homelessness  
134.2 in a county in the current school year and the previous two school years divided by the total  
134.3 number of students experiencing homelessness in all counties in the current school year and  
134.4 the previous two school years; ~~and~~

134.5 (3) "families" means families and persons 24 years of age or younger; and

134.6 (4) "Tribal governments" means the federally recognized Indian Tribes located in  
134.7 Minnesota, including: Bois Forte Band; Fond du Lac Band; Grand Portage Band; Leech  
134.8 Lake Band; Mille Lacs Band; White Earth Band; Red Lake Nation; Lower Sioux Indian  
134.9 Community; Prairie Island Indian Community; Shakopee Mdewakanton Sioux Community;  
134.10 and Upper Sioux Community.

134.11 Subd. 2. **Purpose.** The purpose of this section is to help local governments and Tribal  
134.12 governments ensure no child is homeless within a local jurisdiction by keeping families  
134.13 from losing housing and helping those experiencing homelessness find housing.

134.14 Subd. 3. **County distribution.** (a) A county's initial local homeless prevention aid  
134.15 amount equals the greater of: (1) \$5,000; or (2)(i) five percent of the money appropriated  
134.16 ~~to local homeless prevention aid under this section~~ subdivision 6, paragraph (a), times (ii)  
134.17 the ratio of the population of the county to the population of all counties. For the purpose  
134.18 of this paragraph, "population" means the population estimate used to calculate aid under  
134.19 section 477A.0124 for the same aid payable year.

134.20 (b) The amount of the appropriation in subdivision 6, paragraph (a), remaining after the  
134.21 allocation under paragraph (a) must be allocated to counties by multiplying each county's  
134.22 distribution factor by the total distribution available under this paragraph. Distribution  
134.23 factors must be based on the most recent counts of students experiencing homelessness in  
134.24 each county, as certified by the commissioner of education to the commissioner of revenue  
134.25 by July 1 of the year the aid is certified to the counties under subdivision 5.

134.26 (c) A county's total local homeless prevention aid equals the sum of the amounts under  
134.27 paragraphs (a) and (b).

134.28 Subd. 3a. **Tribal governments distribution.** The total local homeless prevention aid  
134.29 distributed to Tribal governments equals the amount appropriated under subdivision 6,  
134.30 paragraph (b). Each Tribal government must receive an equal share of local homeless  
134.31 prevention aid under this subdivision.

134.32 Subd. 4. **Use of proceeds.** (a) Counties and Tribal governments that receive a distribution  
134.33 under this section must use the proceeds to fund new or existing family homeless prevention

135.1 and assistance projects or programs. These projects or programs may be administered by a  
135.2 county, a group of contiguous counties jointly acting together, a city, a group of contiguous  
135.3 cities jointly acting together, a ~~Tribes~~ Tribal government, a group of ~~Tribes~~ Tribal  
135.4 governments, or a community-based nonprofit organization. Each project or program must  
135.5 include plans for:

135.6 (1) targeting families with children who are eligible for a prekindergarten through grade  
135.7 12 academic program and are:

135.8 (i) living in overcrowded conditions in their current housing;

135.9 (ii) paying more than 50 percent of their income for rent; or

135.10 (iii) lacking a fixed, regular, and adequate nighttime residence;

135.11 (2) targeting unaccompanied youth in need of an alternative residential setting;

135.12 (3) connecting families with the social services necessary to maintain the families'  
135.13 stability in their homes, including but not limited to housing navigation, legal representation,  
135.14 and family outreach; ~~and~~

135.15 (4) collaboration with the regional Continuum of Care to fit with the regional plan to  
135.16 end homelessness; and

135.17 (5) one or more of the following:

135.18 (i) providing rental assistance for a specified period of time which may exceed 24 months;  
135.19 or

135.20 (ii) providing support and case management services to improve housing stability,  
135.21 including but not limited to housing navigation and family outreach.

135.22 (b) ~~Counties may choose not to spend all or a portion of the distribution under this~~  
135.23 ~~section.~~ Any unspent funds must be returned to the commissioner of revenue by December  
135.24 31 of the year following the year that the aid was received. Any funds returned to the  
135.25 commissioner under this paragraph by counties must be added to the ~~overall distribution of~~  
135.26 ~~aid certified under this section~~ appropriation in subdivision 6, paragraph (a), in the following  
135.27 year. Any funds returned to the commissioner under this paragraph by Tribal governments  
135.28 must be added to the appropriation in subdivision 6, paragraph (b), in the following year.  
135.29 Any unspent funds returned to the commissioner after the expiration under subdivision 8  
135.30 are canceled to the general fund.

136.1 (c) County and Tribal government collaboration with the regional Continuum of Care  
136.2 must include documentation of collaboration using a standardized form as prescribed by  
136.3 the commissioner of revenue.

136.4 Subd. 5. **Payments.** The commissioner of revenue must compute the amount of local  
136.5 homeless prevention aid payable to each county and Tribal government under this section.  
136.6 On or before August 1 of each year, the commissioner shall certify the amount to be paid  
136.7 to each county and Tribal government in the following year. The commissioner shall pay  
136.8 local homeless prevention aid annually at the times provided in section 477A.015.

136.9 Subd. 6. **Appropriation.** ~~\$20,000,000~~ (a) \$17,800,000 is annually appropriated from  
136.10 the general fund to the commissioner of revenue to make payments to counties required  
136.11 under this section.

136.12 (b) \$2,200,000 is annually appropriated from the general fund to the commissioner of  
136.13 revenue to make payments to Tribal governments required under this section.

136.14 Subd. 7. **Report.** (a) No later than January 15, 2025, the commissioner of revenue must  
136.15 produce a report on projects and programs funded by counties and Tribal governments under  
136.16 this section. The report must include a list of the projects and programs, the number of  
136.17 people served by each, and an assessment of how each project and program impacts people  
136.18 who are currently experiencing homelessness or who are at risk of experiencing  
136.19 homelessness, as reported by the counties and Tribal governments to the commissioner by  
136.20 December 31 each year on a form prescribed by the commissioner. The commissioner must  
136.21 provide a copy of the report to the chairs and ranking minority members of the legislative  
136.22 committees with jurisdiction over property taxes and services for persons experiencing  
136.23 homelessness.

136.24 (b) The report in paragraph (a) must be updated every two years and the commissioner  
136.25 of revenue must provide copies of the updated reports to the chairs and ranking minority  
136.26 members of the legislative committees with jurisdiction over property taxes and services  
136.27 for persons experiencing homelessness by January 15 of the year the report is due. Report  
136.28 requirements under this subdivision expire following the report which includes the final  
136.29 distribution preceding the expiration in subdivision 8.

136.30 Subd. 8. **Expiration.** Distributions under this section expire after aids payable in 2028  
136.31 have been distributed.

136.32 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2023 and  
136.33 thereafter.

137.1 **Sec. 16. [477A.31] MAHNOMEN PROPERTY TAX REIMBURSEMENT AID.**

137.2 **Subdivision 1. Aid appropriation.** (a) The commissioner of revenue shall make  
137.3 reimbursement aid payments to compensate for the loss of property tax revenue related to  
137.4 the trust conversion application of the Shooting Star Casino. The commissioner shall pay  
137.5 the county of Mahnomen, \$900,000; the city of Mahnomen, \$320,000; and Independent  
137.6 School District No. 432, Mahnomen, \$140,000.

137.7 **(b) The payments shall be made annually on July 20.**

137.8 **Subd. 2. Appropriation.** An amount sufficient to pay reimbursement aid under this  
137.9 section is annually appropriated from the general fund to the commissioner of revenue.

137.10 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
137.11 and thereafter.

137.12 **Sec. 17. [477A.35] LOCAL AFFORDABLE HOUSING AID.**

137.13 **Subdivision 1. Purpose.** The purpose of this section is to help local governments to  
137.14 develop and preserve affordable housing within their jurisdictions in order to keep families  
137.15 from losing housing and to help those experiencing homelessness find housing.

137.16 **Subd. 2. Definitions.** For the purposes of this section, the following terms have the  
137.17 meanings given:

137.18 **(1) "city" means a statutory or home rule charter city with a population of at least 10,000;**

137.19 **(2) "city distribution factor" means the number of households in a city that are**  
137.20 **cost-burdened divided by the total number of households that are cost-burdened in Minnesota**  
137.21 **cities. The number of cost-burdened households shall be determined using the most recent**  
137.22 **estimates or experimental estimates provided by the American Community Survey of the**  
137.23 **United States Census Bureau as of May 1 of the aid calculation year;**

137.24 **(3) "cost-burdened household" means a household in which gross rent is 30 percent or**  
137.25 **more of household income or in which homeownership costs are 30 percent or more of**  
137.26 **household income;**

137.27 **(4) "county distribution factor" means the number of households in a county that are**  
137.28 **cost-burdened divided by the total number of households in Minnesota that are cost-burdened.**  
137.29 **The number of cost-burdened households shall be determined using the most recent estimates**  
137.30 **or experimental estimates provided by the American Community Survey of the United**  
137.31 **States Census Bureau as of May 1 of the aid calculation year; and**

137.32 **(5) "population" has the meaning given in section 477A.011, subdivision 3.**

138.1 Subd. 3. **Distribution.** (a) Each county shall receive the sum of:

138.2 (1) \$6,000; plus

138.3 (2) the product of:

138.4 (i) the county distribution factor; multiplied by

138.5 (ii) the total amount available to counties under this section minus the product of clause

138.6 (1) multiplied by the number of Minnesota counties.

138.7 (b) The commissioner of revenue shall determine the amount of funding available to a

138.8 city under this section by multiplying the city's city distribution factor and the amount of

138.9 funding available to cities under this section.

138.10 Subd. 4. **Grants to nonqualifying local governments.** (a) The commissioner of the

138.11 Minnesota Housing Finance Agency shall establish a program to award grants of at least

138.12 \$25,000 to local governments that do not qualify for a distribution of aid under subdivision

138.13 3. The agency shall develop program guidelines and criteria in consultation with the League

138.14 of Minnesota Cities.

138.15 (b) The agency shall attempt to award grants in approximately equal amounts to local

138.16 governments outside and within the metropolitan area. Among comparable proposals, the

138.17 agency shall prioritize grants to local governments that have a higher proportion of

138.18 cost-burdened households.

138.19 (c) A grantee must use its grant on a qualifying project.

138.20 (d) In making grants, the agency shall determine the circumstances under which and the

138.21 terms and conditions under which all or any portion thereof will be repaid and shall determine

138.22 the appropriate security should repayment be required. Any repaid funds shall be returned

138.23 to the account or accounts established pursuant to paragraph (e).

138.24 (e) The agency shall establish a bookkeeping account or accounts in the housing

138.25 development fund for money distributed to it for grants under this subdivision. By May 1

138.26 of each year, the Minnesota Housing Finance Agency shall report to the Department of

138.27 Revenue on the amount in the account or accounts.

138.28 Subd. 5. **Qualifying projects.** (a) Qualifying projects shall include projects designed

138.29 for the purpose of construction, acquisition, rehabilitation, demolition or removal of existing

138.30 structures, construction financing, permanent financing, interest rate reduction, refinancing,

138.31 and gap financing of housing to provide affordable housing to households that have incomes

138.32 which do not exceed, for homeownership projects, 115 percent of the greater of state or

139.1 area median income as determined by the United States Department of Housing and Urban  
139.2 Development, and for rental housing projects, 80 percent of the greater of state or area  
139.3 median income as determined by the United States Department of Housing and Urban  
139.4 Development, except that the housing developed or rehabilitated with funds under this  
139.5 section must be affordable to the local work force.

139.6 (b) Gap financing is either:

139.7 (1) the difference between the costs of the property, including acquisition, demolition,  
139.8 rehabilitation, and construction, and the market value of the property upon sale; or

139.9 (2) the difference between the cost of the property and the amount the targeted household  
139.10 can afford for housing, based on industry standards and practices.

139.11 (c) If a grant under this section is used for demolition or removal of existing structures,  
139.12 the cleared land must be used for the construction of housing to be owned or rented by  
139.13 persons who meet the income limits of paragraph (a).

139.14 Subd. 6. **Use of proceeds.** (a) Any funds distributed under this section must be spent on  
139.15 a qualifying project. If a city or county demonstrates to the Minnesota Housing Finance  
139.16 Agency that it cannot expend funds on a qualifying project by the deadline imposed by  
139.17 paragraph (b) due to factors outside the control of the city or county, funds shall be considered  
139.18 spent on a qualifying project if they are transferred to a local housing trust fund. Funds  
139.19 transferred to a local housing trust fund must be spent on a project or household meeting  
139.20 the affordability requirements of subdivision 6, paragraph (a).

139.21 (b) Any unspent funds must be returned to the commissioner of revenue by December  
139.22 31 in the third year following the year after the aid was received.

139.23 Subd. 7. **Administration.** (a) The commissioner of revenue must compute the amount  
139.24 of aid payable to each city and county under this section. Prior to computing the amount of  
139.25 aid for counties and after receiving the report required by subdivision 4, paragraph (e), the  
139.26 commissioner shall transfer from the funds available to counties to the Minnesota Housing  
139.27 Finance Agency a sum sufficient to increase the amount in the account or accounts established  
139.28 under that paragraph to \$4,000,000. By August 1 of each year, the commissioner must  
139.29 certify the amount to be paid to each county and city in the following year. The commissioner  
139.30 must pay local affordable housing aid annually at the times provided in section 477A.015.

139.31 (b) Beginning in 2024, cities and counties shall submit a report annually, no later than  
139.32 December 1 of each year, to the Minnesota Housing Finance Agency. The report shall  
139.33 include documentation of the location of any unspent funds distributed under this section

140.1 and of qualifying projects completed or planned with funds under this section. If a city or  
140.2 county fails to submit a report, if a city or county failed to spend funds within the timeline  
140.3 imposed under subdivision 6, paragraph (b), or if a city or county uses funds for a project  
140.4 that does not qualify under this section, the Minnesota Housing Finance Agency shall notify  
140.5 the Department of Revenue and the cities and counties that must repay funds under paragraph  
140.6 (c) by February 15 of the following year.

140.7 (c) By May 15 after receiving notice from the Minnesota Housing Finance Agency, a  
140.8 city or county must repay to the commissioner of revenue funds it received under this section  
140.9 if it:

140.10 (1) fails to spend the funds within the time allowed under subdivision 5, paragraph (b);

140.11 (2) spends the funds on anything other than a qualifying project; or

140.12 (3) fails to submit a report documenting use of the funds.

140.13 (d) The commissioner of revenue must stop distributing funds to any city or county if  
140.14 it has been reported by the Minnesota Housing Finance Agency to have, in three consecutive  
140.15 years, failed to use funds, misused funds, or failed to report on its use of funds.

140.16 (e) The commissioner may resume distributing funds to any city or county to which it  
140.17 has stopped payments once the Minnesota Housing Finance Agency certifies that the city  
140.18 or county has submitted documentation of plans for a qualifying project.

140.19 (f) By May 1, any funds repaid to the commissioner of revenue by cities under paragraph  
140.20 (c) must be added to the overall distribution of aids certified under this section for cities in  
140.21 the following year. By May 1, any funds repaid to the commissioner of revenue by counties  
140.22 under paragraph (c) must be added to the overall distribution of aids certified under this  
140.23 section for counties in the following year.

140.24 Subd. 8. **County consultation with local governments.** A county that receives funding  
140.25 under this section shall regularly consult with the local governments in the jurisdictions of  
140.26 which its qualifying projects are planned or located.

140.27 Subd. 9. **Appropriations.** (a) \$32,000,000 is annually appropriated from the general  
140.28 fund to the commissioner of revenue to make payments to counties as required under this  
140.29 section, except that in fiscal year 2024 the amount appropriated is \$29,600,000.

140.30 (b) \$8,000,000 is annually appropriated from the general fund to the commissioner of  
140.31 revenue to make payments to cities as required under this section, except that in fiscal year  
140.32 2024 the amount appropriated is \$7,400,000.

141.1 (c) \$..... is annually appropriated from the general fund to the commissioner of revenue  
141.2 to implement this section.

141.3 (d) \$..... is annually appropriated from the general fund to the commissioner of the  
141.4 Minnesota Housing Finance Agency to implement this section.

141.5 **EFFECTIVE DATE.** This section is effective beginning with aids payable in calendar  
141.6 year 2023.

141.7 Sec. 18. **[477A.40] STRONGER COMMUNITY AID.**

141.8 Subdivision 1. **Purpose.** The purpose of this section is to enhance the local performance  
141.9 measurement program administered by the Office of the State Auditor by implementing a  
141.10 permanent aid program set to compensate participating local units of government for  
141.11 implementing a performance measurement program. Participation in this program is  
141.12 voluntary. For purposes of this section, "local units of government" means all counties and  
141.13 all statutory and home rule charter cities.

141.14 Subd. 2. **Duties of the Office of the State Auditor.** (a) To assist participating local units  
141.15 of government, the Office of the State Auditor must provide on its website guidance for  
141.16 compliance with the requirements of this section, including but not limited to:

141.17 (1) performance measures for counties;

141.18 (2) performance measures for cities;

141.19 (3) a sample resolution for counties and cities; and

141.20 (4) reporting requirements.

141.21 (b) Under subdivision 7, the state auditor must prescribe the form on which participating  
141.22 local units of government certify their compliance with the requirements of this section.

141.23 (c) Under subdivision 9, the state auditor must certify to the commissioner of revenue  
141.24 by April 1 of each year the list of participating local units of government that are eligible  
141.25 to receive aid under this section.

141.26 Subd. 3. **Program performance measures.** (a) Each year, a local unit of government  
141.27 that elects to participate in this section must adopt and implement a set of ten performance  
141.28 measures prescribed by the Office of the State Auditor.

141.29 (b) A local unit of government that elects to participate in this section must adopt its  
141.30 performance measures by June 1 each year.

142.1 Subd. 4. **Citizen performance measure and budget workshop meetings.** (a) A local  
142.2 unit of government that elects to participate in this section must hold an annual citizen  
142.3 performance measure and budget workshop meeting. This meeting must be used to: (i)  
142.4 discuss performance measures selected for the upcoming year; (ii) review and report the  
142.5 performance measure results for the current year and compare these results to previous  
142.6 years, if applicable; (iii) discuss the budget process and budget priorities; and (iv) receive  
142.7 public input.

142.8 (b) The meeting described in this subdivision must be held between June 15 and August  
142.9 15 of each year, not before 6:00 p.m., with notice to the public provided at least 15 days  
142.10 before the meeting is held by posting on the local unit of government's official website or  
142.11 by direct mail.

142.12 Subd. 5. **Preliminary budget meeting.** At the meeting at which a local unit of  
142.13 government participating in this section sets its preliminary budget and levy pursuant to  
142.14 section 275.065, subdivision 1, the participating local unit of government must identify at  
142.15 least two performance measures needing improvement and determine a strategy and plan  
142.16 for improving these measures.

142.17 Subd. 6. **Final budget meeting; resolution.** At the meeting at which a local unit of  
142.18 government participating in this section sets its final budget and levy pursuant to section  
142.19 275.07, the participating local unit of government must approve a resolution declaring that:

142.20 (1) the participating local unit of government adopted and implemented the appropriate  
142.21 number of performance measures prescribed by the Office of the State Auditor;

142.22 (2) the participating local unit of government held a citizen performance measure and  
142.23 budget workshop meeting before the preliminary budget meeting in subdivision 5, during  
142.24 which the local unit of government discussed the budget process, reported the results of the  
142.25 performance measures from the previous year to the public, and allowed for public input;

142.26 (3) performance measure results from the previous year, if applicable, were made public  
142.27 through the local unit of government's official website or by direct mail; and

142.28 (4) the participating local unit of government identified at least two performance measures  
142.29 for improvement and developed a plan for improving these measures and a strategy for  
142.30 evaluating the improvements in the next year.

142.31 Subd. 7. **Certification to the Office of the State Auditor.** A participating local unit of  
142.32 government must certify to the Office of the State Auditor, on a form prescribed by the

143.1 auditor, that it has met the requirements of subdivisions 3 to 6 by February 1 of the aid  
143.2 distribution year.

143.3 Subd. 8. **Aid calculation.** (a) Beginning in calendar year 2023 and thereafter, each local  
143.4 jurisdiction that has satisfied the requirements under this section is eligible for an aid payment  
143.5 of \$0.14 per capita, but not exceed \$25,000 for any jurisdiction.

143.6 (b) For purposes of this section, the population data used in calculating the aid to each  
143.7 participating local unit of government must be the most recently available data as of January  
143.8 1 of the year in which the aid is distributed.

143.9 Subd. 9. **Aid certification and payment.** (a) By April 1 of the aid distribution year, the  
143.10 Office of the State Auditor must certify to the commissioner of revenue a list of the local  
143.11 units of government that have certified, pursuant to subdivision 7, that they have met the  
143.12 requirements of this section and are eligible to receive aid.

143.13 (b) The commissioner of revenue must annually make all necessary calculations and  
143.14 make payments directly to the local units of government that are eligible to receive aid. In  
143.15 addition, the commissioner must notify the local units of government of the aid amounts  
143.16 and statewide total figures before August 1 of the aid distribution year.

143.17 (c) The commissioner of revenue must make the payments to qualifying local units of  
143.18 government on December 26 annually.

143.19 Subd. 10. **Appropriation.** An amount sufficient to make the payments required by the  
143.20 commissioner of revenue under subdivision 9 is annually appropriated from the general  
143.21 fund to the commissioner of revenue.

143.22 **EFFECTIVE DATE.** This section is effective for aids payable in 2024 and thereafter.

143.23 Sec. 19. Laws 2006, chapter 259, article 11, section 3, as amended by Laws 2008, chapter  
143.24 154, article 1, section 4, and Laws 2013, chapter 143, article 2, section 33, is amended to  
143.25 read:

143.26 Sec. 3. **MAHNOMEN COUNTY; COUNTY, CITY, SCHOOL DISTRICT,**  
143.27 **PROPERTY TAX REIMBURSEMENT.**

143.28 Subdivision 1. **Aid appropriation.** (a) \$1,200,000 is appropriated annually from the  
143.29 general fund to the commissioner of revenue to be used to make payments to compensate  
143.30 for the loss of property tax revenue related to the trust conversion application of the Shooting  
143.31 Star Casino. The commissioner shall pay the county of Mahnomen, \$900,000; the city of

144.1 Mahnomen, \$160,000; and Independent School District No. 432, Mahnomen, \$140,000.

144.2 The payments shall be made on July 20, of 2013 and each subsequent year.

144.3 (b) This section expires after aids payable year 2022.

144.4 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023

144.5 and thereafter.

144.6 Sec. 20. **COUNTY GRANTS FOR COMMUNITY CAREER WORKFORCE**

144.7 **ACADEMIES.**

144.8 Subdivision 1. **Purpose.** The purpose of this section is to help local governments address  
144.9 the state's severe workforce shortage by funding collaborative public-private efforts that  
144.10 create a strong pipeline of workers in high-demand areas and upskilling the current workforce  
144.11 with an emphasis on minority populations, new Minnesota residents, and underskilled  
144.12 workers.

144.13 Subd. 2. **Establishment.** (a) Community Career Workforce Academies are established  
144.14 as a public-private partnership between school districts, higher education, business, local  
144.15 governments, and nonprofits that will prepare students and adults for high-skill jobs of the  
144.16 future in identified growth industries and address the state's workforce shortage.

144.17 (b) Community Career Workforce Academies must deliver six core benefits to students:

144.18 (1) a rigorous, relevant education in grades 9 to postsecondary, inclusive, focused on  
144.19 high-wage, high-demand careers;

144.20 (2) workplace learning that includes career exploration activities such as mentoring by  
144.21 industry professionals, worksite visits, speakers, and internships;

144.22 (3) intensive, individualized academic support by both secondary and postsecondary  
144.23 faculty within an extended academic year or school day that enables students to progress  
144.24 through the program at their own pace;

144.25 (4) an opportunity to earn a postsecondary credential or degree;

144.26 (5) a commitment to students who complete the program to be first in line for a job with  
144.27 participating business partners following completion of the program; and

144.28 (6) upskilling the current adult workforce with an emphasis on minority populations,  
144.29 new Minnesota residents, underskilled workers, and those who are unemployed or  
144.30 underemployed.

145.1 Subd. 3. Objectives. (a) A Community Career Workforce Academy must accomplish  
145.2 the following:

145.3 (1) develop programs of study in high-wage, high-skill, and high-demand career areas  
145.4 for students and adults while addressing the workforce shortage;

145.5 (2) align school, college, and community systems in the programs of study developed  
145.6 under this section;

145.7 (3) support strong academic performance by program participants;

145.8 (4) promote informed and appropriate career exploration choices and preparation; and

145.9 (5) ensure that employers in key technical and high-demand fields and occupations have  
145.10 access to a talented and skilled workforce.

145.11 (b) Through the programs of study developed under this section, participating students  
145.12 must be able to earn college course credits toward a postsecondary credential or degree.  
145.13 Career pathways must include workplace learning and high school and postsecondary  
145.14 coursework. These pathways will provide a seamless sequence of study to ensure alignment  
145.15 to high-wage, high-demand careers.

145.16 Subd. 4. Application. (a) Counties, through resolution by the county board, may apply  
145.17 to the commissioner of employment and economic development for grants to be used in  
145.18 accordance with subdivision 5. The applications must be submitted by January 31, 2023,  
145.19 and must be rated on:

145.20 (1) the ability for the county to provide adequate facilities for a Community Career  
145.21 Workforce Academy that provides the benefits described in subdivision 2;

145.22 (2) the ability for the Community Career Workforce Academy in the county to provide  
145.23 adequate programming;

145.24 (3) the ability for the Community Career Workforce Academy in the county to meet the  
145.25 objectives in subdivisions 2 and 3; and

145.26 (4) a regional workforce and talent plan.

145.27 (b) The commissioner of employment and economic development must rate applications  
145.28 using the criteria in this subdivision and determine which counties will receive grants under  
145.29 this section. Grants awarded to each county must not exceed \$10,000,000. By March 31,  
145.30 2023, the commissioner of employment and economic development must certify to the  
145.31 commissioner of revenue the grant amounts to be issued to each county.

146.1 Subd. 5. Use of grants. Counties receiving grants under this section must use the funds  
146.2 to establish or support a Community Career Workforce Academy that meets the criteria  
146.3 under subdivisions 2 and 3. The funds provided under this section to a Community Career  
146.4 Workforce Academy by a county may be used for facility capital needs and programming.  
146.5 The county or a designee must administer the grant.

146.6 Subd. 6. Appropriation. (a) \$40,000,000 in fiscal year 2023 is appropriated from the  
146.7 general fund to the commissioner of revenue for payments to counties for grants under this  
146.8 section. The appropriation under this section must be used for the following purposes:

146.9 (1) up to \$30,000,000 must be used for grants under subdivision 7, paragraph (a); and

146.10 (2) \$10,000,000 must be used for a grant under subdivision 7, paragraph (b).

146.11 (b) This is a onetime appropriation. Any amount unexpended after August 15, 2023, is  
146.12 canceled.

146.13 Subd. 7. Grants. (a) The commissioner of revenue must make payment of the grant  
146.14 amounts to counties certified by the commissioner of employment and economic development  
146.15 under subdivision 4.

146.16 (b) Clay County shall be issued a onetime payment in the amount of \$10,000,000 for  
146.17 the Moorhead Career Workforce Academy for capital facility needs and programming.

146.18 (c) Grants under paragraph (a) must be paid to counties within 60 days of the certification  
146.19 by the commissioner of employment and economic development. The grant under paragraph  
146.20 (b) must be paid by August 1, 2022.

146.21 (d) Grants and the process of making grants under this subdivision are exempt from the  
146.22 following statutes and related policies: Minnesota Statutes, sections 16A.15, subdivision 3;  
146.23 16B.97; and 16B.98, subdivisions 5, 7, and 8. A county opting to use a third party to  
146.24 administer grants is exempt from Minnesota Statutes, section 471.345, in the selection of  
146.25 the third-party administrator. The exemptions under this paragraph expire after June 30,  
146.26 2023.

146.27 Subd. 8. Report. By January 31, 2024, the commissioner of employment and economic  
146.28 development must report to the legislative committees with jurisdiction over economic  
146.29 development policy and finance and taxes on the grants and the effectiveness of the  
146.30 Community Career Workforce Academies in meeting the objectives of subdivisions 2 and  
146.31 3 and the grant application.

147.1 **Sec. 21. STUDY OF STATE-OWNED LAKESHORE.**

147.2 No later than January 31, 2023, the commissioner of revenue, in consultation with the  
147.3 Department of Natural Resources and counties, must produce a report on valuation methods  
147.4 used to value the acreage and shoreline areas within all commissioner-administered and  
147.5 county-administered other natural resources land, as defined in Minnesota Statutes, section  
147.6 477A.11, subdivision 4. The report must include, by county, the most recent assessed value  
147.7 and acreage, and the assessed value and acreage for the two most recent assessments, as  
147.8 required under Minnesota Statutes, section 273.18, paragraph (b), aggregated by parcels  
147.9 containing shoreline and by parcels not containing shoreline area. Counties must report to  
147.10 the commissioner of revenue any necessary data by September 30, 2022. The commissioner  
147.11 must provide a copy of the report to the chairs and ranking minority members of the  
147.12 legislative committees with jurisdiction over taxes and property taxation.

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

147.14 **Sec. 22. 2021 AID PENALTY FORGIVENESS; CITY OF ECHO.**

147.15 Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Echo  
147.16 must receive its aid payment for calendar year 2021 under Minnesota Statutes, section  
147.17 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision 3,  
147.18 and its small city assistance payment for calendar year 2021 under Minnesota Statutes,  
147.19 section 162.145, that was withheld under Minnesota Statutes, section 162.145, subdivision  
147.20 3, paragraph (c), provided that the state auditor certifies to the commissioner of revenue  
147.21 that it received the annual financial reporting form for 2020 from the city by June 1, 2022.  
147.22 The commissioner of revenue must make a payment of \$46,060 to the city by June 30, 2022.

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

147.24 **Sec. 23. 2021 AID PENALTY FORGIVENESS; CITY OF MORTON.**

147.25 Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Morton  
147.26 must receive its aid payment for calendar year 2021 under Minnesota Statutes, section  
147.27 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision 3,  
147.28 and its small city assistance payment for calendar year 2021 under Minnesota Statutes,  
147.29 section 162.145, that was withheld under Minnesota Statutes, section 162.145, subdivision  
147.30 3, paragraph (c), provided that the state auditor certifies to the commissioner of revenue  
147.31 that it received the annual financial reporting form for 2020 from the city by June 1, 2022.  
147.32 The commissioner of revenue must make a payment of \$79,476 to the city by June 30, 2022.

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

148.2 Sec. 24. **REPEALER.**

148.3 (a) Minnesota Statutes 2020, sections 477A.011, subdivisions 30a, 38, 42, and 45; and  
148.4 477A.013, subdivision 13, are repealed.

148.5 (b) Minnesota Statutes 2020, section 6.91, is repealed.

148.6 **EFFECTIVE DATE.** Paragraph (a) is effective for aids payable in calendar year 2023  
148.7 and thereafter. Paragraph (b) is effective January 1, 2024.

## 148.8 **ARTICLE 6**

### 148.9 **TAX INCREMENT FINANCING**

148.10 Section 1. Minnesota Statutes 2020, section 469.174, subdivision 14, is amended to read:

148.11 Subd. 14. **Administrative expenses.** (a) "Administrative expenses" or "administrative  
148.12 costs" means all documented expenditures of an authority ~~other than~~ or municipality,  
148.13 including but not limited to:

148.14 (1) amounts paid for services provided by bond counsel, fiscal consultants, and economic  
148.15 development consultants;

148.16 (2) allocated expenses and staff time of the authority or municipality for administering  
148.17 a project, including but not limited to preparing the tax increment financing plan, negotiating  
148.18 and preparing agreements, accounting for segregated funds of the district, preparing and  
148.19 submitting required reporting for the district, and reviewing and monitoring compliance  
148.20 with sections 469.174 to 469.1794;

148.21 (3) amounts paid to publish annual disclosures and provide notices under section 469.175;

148.22 (4) amounts to provide for the usual and customary maintenance and operation of  
148.23 properties purchased with tax increments, including necessary reserves for repairs and the  
148.24 cost of any insurance;

148.25 (5) amounts allocated or paid to prepare a development action response plan for a soils  
148.26 condition district or hazardous substance subdistrict; and

148.27 (6) amounts used to pay bonds, interfund loans, or other financial obligations to the  
148.28 extent those obligations were used to finance costs described in clauses (1) to (5).

148.29 (b) Administrative expenses and administrative costs do not include:

148.30 (1) amounts paid for the purchase of land and buildings;

149.1 (2) amounts paid to contractors or others providing materials and services, ~~including~~  
149.2 ~~architectural and engineering services~~, directly connected with the physical development  
149.3 of the real property in the project, including architectural and engineering services and  
149.4 materials and services for demolition, soil correction, and the construction or installation  
149.5 of public improvements;

149.6 (3) relocation benefits paid to or services provided for persons residing or businesses  
149.7 located in the project;

149.8 ~~(4) amounts used to pay principal or interest on, fund a reserve for, or sell at a discount~~  
149.9 ~~bonds issued pursuant to section 469.178; or~~

149.10 ~~(5)~~ (4) amounts paid for property taxes or payments in lieu of taxes; and

149.11 (5) amounts used to pay principal or interest on, fund a reserve for, or sell at a discount  
149.12 bonds issued pursuant to section 469.178 or other financial obligations to the extent those  
149.13 obligations were used to finance costs described in clauses (1) to (3) (4).

149.14 ~~For districts for which the requests for certifications were made before August 1, 1979,~~  
149.15 ~~or after June 30, 1982, "administrative expenses" includes amounts paid for services provided~~  
149.16 ~~by bond counsel, fiscal consultants, and planning or economic development consultants.~~

149.17 This definition does not apply to administrative expenses or administrative costs referenced  
149.18 under section 469.176, subdivision 4h.

149.19 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
149.20 applies to all districts, regardless of when the request for certification was made.

149.21 Sec. 2. Minnesota Statutes 2020, section 469.174, is amended by adding a subdivision to  
149.22 read:

149.23 Subd. 30. **Pay-as-you-go contract and note.** "Pay-as-you-go contract and note" means  
149.24 a written note or contractual obligation under which all of the following apply:

149.25 (1) the note or contractual obligation evidences an authority's commitment to reimburse  
149.26 a developer, property owner, or note holder for the payment of costs of activities, including  
149.27 any interest on unreimbursed costs;

149.28 (2) the reimbursement is made from tax increment revenues identified in the note or  
149.29 contractual obligation as received by a municipality or authority as taxes are paid; and

149.30 (3) the risk that available tax increments may be insufficient to fully reimburse the costs  
149.31 is borne by the developer, property owner, or note holder.

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

150.2 Sec. 3. Minnesota Statutes 2020, section 469.176, subdivision 3, is amended to read:

150.3 Subd. 3. **Limitation on administrative expenses.** (a) For districts for which certification  
150.4 was requested before August 1, 2001, no tax increment shall be used to pay any  
150.5 administrative expenses for a project which exceed ten percent of the total estimated tax  
150.6 increment expenditures authorized by the tax increment financing plan or ten percent of the  
150.7 total tax increment expenditures for the project net of any amounts returned to the county  
150.8 auditor as excess increment, as returned increment under section 469.1763, subdivision 4,  
150.9 paragraph (g), or as remedies under section 469.1771, subdivision 2, whichever is less.

150.10 (b) For districts for which certification was requested after July 31, 2001, no tax increment  
150.11 may be used to pay any administrative expenses for a project which exceed ten percent of  
150.12 total estimated tax increment expenditures authorized by the tax increment financing plan  
150.13 or ten percent of the total tax increments, as defined in section 469.174, subdivision 25,  
150.14 clause (1), from received for the district net of any amounts returned to the county auditor  
150.15 as excess increment or as remedies under section 469.1771, subdivision 2, whichever is  
150.16 less.

150.17 (c) Increments used to pay the county's administrative expenses under subdivision 4h  
150.18 are not subject to the percentage limits in this subdivision.

150.19 (d) Increments defined under section 469.174, subdivision 25, clause (2), used for  
150.20 administrative expenses described under section 469.174, subdivision 14, paragraph (a),  
150.21 clause (4), are not subject to the percentage limits in this subdivision.

150.22 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
150.23 applies to all districts, regardless of when the request for certification was made.

150.24 Sec. 4. Minnesota Statutes 2020, section 469.176, subdivision 4, is amended to read:

150.25 Subd. 4. **Limitation on use of tax increment; general rule.** All revenues derived from  
150.26 tax increment shall be used in accordance with the tax increment financing plan. The revenues  
150.27 shall be used solely for the following purposes: (1) to pay the principal of and interest on  
150.28 bonds issued to finance a project; (2) by a rural development financing authority for the  
150.29 purposes stated in section 469.142<sub>2</sub>; by a port authority or municipality exercising the powers  
150.30 of a port authority to finance or otherwise pay the cost of redevelopment pursuant to sections  
150.31 469.048 to 469.068<sub>2</sub>; by an economic development authority to finance or otherwise pay  
150.32 the cost of redevelopment pursuant to sections 469.090 to 469.108<sub>2</sub>; by a housing and

151.1 redevelopment authority or economic development authority to finance or otherwise pay  
151.2 public redevelopment costs pursuant to sections 469.001 to 469.047<sup>2</sup>; by a municipality or  
151.3 economic development authority to finance or otherwise pay the capital and administration  
151.4 costs of a development district pursuant to sections 469.124 to 469.133<sup>2</sup>; by a municipality  
151.5 or authority to finance or otherwise pay the costs of developing and implementing a  
151.6 development action response plan<sup>2</sup>; by a municipality or redevelopment agency to finance  
151.7 or otherwise pay premiums for insurance or other security guaranteeing the payment when  
151.8 due of principal of and interest on the bonds pursuant to chapter 462C, sections 469.152 to  
151.9 469.165, or both, or to accumulate and maintain a reserve securing the payment when due  
151.10 of the principal of and interest on the bonds pursuant to chapter 462C, sections 469.152 to  
151.11 469.165, or both, which revenues in the reserve shall not exceed, subsequent to the fifth  
151.12 anniversary of the date of issue of the first bond issue secured by the reserve, an amount  
151.13 equal to 20 percent of the aggregate principal amount of the outstanding and nondefeased  
151.14 bonds secured by the reserve; and (3) to pay administrative expenses.

151.15 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
151.16 applies to all districts, regardless of when the request for certification was made.

151.17 Sec. 5. Minnesota Statutes 2021 Supplement, section 469.1763, subdivision 2, is amended  
151.18 to read:

151.19 Subd. 2. **Expenditures outside district.** (a) For each tax increment financing district,  
151.20 an amount equal to at least 75 percent of the total revenue derived from tax increments paid  
151.21 by properties in the district must be expended on activities in the district or to pay bonds,  
151.22 to the extent that the proceeds of the bonds were used to finance activities in the district or  
151.23 to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other  
151.24 than redevelopment districts for which the request for certification was made after June 30,  
151.25 1995, the in-district percentage for purposes of the preceding sentence is 80 percent. Not  
151.26 more than 25 percent of the total revenue derived from tax increments paid by properties  
151.27 in the district may be expended, through a development fund or otherwise, on activities  
151.28 outside of the district but within the defined geographic area of the project except to pay,  
151.29 or secure payment of, debt service on credit enhanced bonds. For districts, other than  
151.30 redevelopment districts for which the request for certification was made after June 30, 1995,  
151.31 the pooling percentage for purposes of the preceding sentence is 20 percent. The revenues  
151.32 derived from tax increments paid by properties in the district that are expended on costs  
151.33 under section 469.176, subdivision 4h, paragraph (b), may be deducted first before calculating  
151.34 the percentages that must be expended within and without the district.

152.1 (b) In the case of a housing district, a housing project, as defined in section 469.174,  
152.2 subdivision 11, is an activity in the district.

152.3 (c) All administrative expenses are considered to be expenditures for activities outside  
152.4 of the district, except that if the only expenses for activities outside of the district under this  
152.5 subdivision are for the purposes described in paragraph (d), administrative expenses will  
152.6 be considered as expenditures for activities in the district.

152.7 (d) The authority may elect, in the tax increment financing plan for the district, to increase  
152.8 by up to ten percentage points the permitted amount of expenditures for activities located  
152.9 outside the geographic area of the district under paragraph (a). As permitted by section  
152.10 469.176, subdivision 4k, the expenditures, including the permitted expenditures under  
152.11 paragraph (a), need not be made within the geographic area of the project. Expenditures  
152.12 that meet the requirements of this paragraph are legally permitted expenditures of the district,  
152.13 notwithstanding section 469.176, subdivisions 4b, 4c, and 4j. To qualify for the increase  
152.14 under this paragraph, the expenditures must:

152.15 (1) be used exclusively to assist housing that meets the requirement for a qualified  
152.16 low-income building, as that term is used in section 42 of the Internal Revenue Code; and

152.17 (2) not exceed the qualified basis of the housing, as defined under section 42(c) of the  
152.18 Internal Revenue Code, less the amount of any credit allowed under section 42 of the Internal  
152.19 Revenue Code; and

152.20 (3) be used to:

152.21 (i) acquire and prepare the site of the housing;

152.22 (ii) acquire, construct, or rehabilitate the housing; or

152.23 (iii) make public improvements directly related to the housing; or

152.24 (4) be used to develop housing:

152.25 (i) if the market value of the housing does not exceed the lesser of:

152.26 (A) 150 percent of the average market value of single-family homes in that municipality;

152.27 or

152.28 (B) \$200,000 for municipalities located in the metropolitan area, as defined in section  
152.29 473.121, or \$125,000 for all other municipalities; and

152.30 (ii) if the expenditures are used to pay the cost of site acquisition, relocation, demolition  
152.31 of existing structures, site preparation, and pollution abatement on one or more parcels, if  
152.32 the parcel contains a residence containing one to four family dwelling units that has been

153.1 vacant for six or more months and is in foreclosure as defined in section 325N.10, subdivision  
153.2 7, but without regard to whether the residence is the owner's principal residence, and only  
153.3 after the redemption period has expired; or

153.4 (5) to assist owner-occupied housing that meets the requirements of section 469.1761,  
153.5 subdivision 2.

153.6 (e) The authority under paragraph (d), clause (4), expires on December 31, 2016.  
153.7 Increments may continue to be expended under this authority after that date, if they are used  
153.8 to pay bonds or binding contracts that would qualify under subdivision 3, paragraph (a), if  
153.9 December 31, 2016, is considered to be the last date of the five-year period after certification  
153.10 under that provision.

153.11 (f) For purposes of determining whether the minimum percentage of expenditures for  
153.12 activities in the district and maximum percentages of expenditures allowed on activities  
153.13 outside the district have been met under this subdivision, any amounts returned to the county  
153.14 auditor as excess increment, as returned increment under subdivision 4, paragraph (g), or  
153.15 as remedies under section 469.1771, subdivision 2, shall first be subtracted from the total  
153.16 revenues derived from tax increments paid by properties in the district. Any other amounts  
153.17 returned to the county auditor for purposes other than a remedy under section 469.1771,  
153.18 subdivision 3, are considered to be expenditures for activities in the district.

153.19 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
153.20 applies to all districts with a request for certification date after April 30, 1990, except that  
153.21 paragraph (f) shall apply to districts decertifying after December 31, 2022.

153.22 Sec. 6. Minnesota Statutes 2021 Supplement, section 469.1763, subdivision 3, is amended  
153.23 to read:

153.24 Subd. 3. **Five-year rule.** (a) Revenues derived from tax increments paid by properties  
153.25 in the district ~~that are considered to have been~~ expended on an activity within the district  
153.26 ~~under~~ will instead be considered to have been expended on an activity outside the district  
153.27 for purposes of subdivision 2 only if one of the following occurs unless:

153.28 (1) before or within five years after certification of the district, the revenues are actually  
153.29 paid to a third party with respect to the activity;

153.30 (2) bonds, the proceeds of which must be used to finance the activity, are issued and  
153.31 sold to a third party before or within five years after certification of the district, the revenues  
153.32 are spent to repay the bonds, and the proceeds of the bonds either are, on the date of issuance,  
153.33 reasonably expected to be spent before the end of the later of (i) the five-year period, or (ii)

154.1 a reasonable temporary period within the meaning of the use of that term under section  
154.2 148(c)(1) of the Internal Revenue Code, or are deposited in a reasonably required reserve  
154.3 or replacement fund;

154.4 (3) binding contracts with a third party are entered into for performance of the activity  
154.5 before or within five years after certification of the district and the revenues are spent under  
154.6 the contractual obligation;

154.7 (4) costs with respect to the activity are paid before or within five years after certification  
154.8 of the district and the revenues are spent to reimburse a party for payment of the costs,  
154.9 including interest on unreimbursed costs; or

154.10 (5) ~~expenditures are made~~ revenues are spent for housing purposes as permitted described  
154.11 by subdivision 2, paragraphs paragraph (b) and (d), or for public infrastructure purposes  
154.12 within a zone as permitted by subdivision 2, paragraph (e).

154.13 (b) For purposes of this subdivision, bonds include subsequent refunding bonds if the  
154.14 original refunded bonds meet the requirements of paragraph (a), clause (2).

154.15 (c) For a redevelopment district or a renewal and renovation district certified after June  
154.16 30, 2003, and before April 20, 2009, the five-year periods described in paragraph (a) are  
154.17 extended to ten years after certification of the district. For a redevelopment district certified  
154.18 after April 20, 2009, and before June 30, 2012, the five-year periods described in paragraph  
154.19 (a) are extended to eight years after certification of the district. This extension is provided  
154.20 primarily to accommodate delays in development activities due to unanticipated economic  
154.21 circumstances.

154.22 (d) For a redevelopment district that was certified after December 31, 2017, and before  
154.23 June 30, 2020, the five-year periods described in paragraph (a) are extended to eight years  
154.24 after certification of the district.

154.25 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
154.26 applies to all districts with a request for certification date after April 30, 1990.

154.27 Sec. 7. Minnesota Statutes 2021 Supplement, section 469.1763, subdivision 4, is amended  
154.28 to read:

154.29 Subd. 4. **Use of revenues for decertification.** ~~(a) In each year beginning with the sixth~~  
154.30 ~~year following certification of the district, or beginning with the ninth year following~~  
154.31 ~~certification of the district for districts whose five-year rule is extended to eight years under~~  
154.32 ~~subdivision 3, paragraph (d), if the applicable in-district percent of the revenues derived~~  
154.33 ~~from tax increments paid by properties in the district exceeds the amount of expenditures~~

155.1 ~~that have been made for costs permitted under subdivision 3, an amount equal to the~~  
 155.2 ~~difference between the in-district percent of the revenues derived from tax increments paid~~  
 155.3 ~~by properties in the district and the amount of expenditures that have been made for costs~~  
 155.4 ~~permitted under subdivision 3 must be used and only used to pay or defease the following~~  
 155.5 ~~or be set aside to pay the following:~~

155.6 ~~(1) outstanding bonds, as defined in subdivision 3, paragraphs (a), clause (2), and (b);~~

155.7 ~~(2) contracts, as defined in subdivision 3, paragraph (a), clauses (3) and (4);~~

155.8 ~~(3) credit enhanced bonds to which the revenues derived from tax increments are pledged,~~  
 155.9 ~~but only to the extent that revenues of the district for which the credit enhanced bonds were~~  
 155.10 ~~issued are insufficient to pay the bonds and to the extent that the increments from the~~  
 155.11 ~~applicable pooling percent share for the district are insufficient; or~~

155.12 ~~(4) the amount provided by the tax increment financing plan to be paid under subdivision~~  
 155.13 ~~2, paragraphs (b), (d), and (e).~~

155.14 ~~(b) The~~ (a) Beginning with the sixth year following certification of the district, or  
 155.15 beginning with the year following the extended period for districts whose five-year period  
 155.16 is extended under subdivision 3, paragraphs (c) and (d), a district must be decertified and  
 155.17 the pledge of tax increment discharged when the outstanding bonds have been defeased and  
 155.18 when sufficient money has been set aside to pay, based on the product of the applicable  
 155.19 in-district percentage multiplied by the increment to be cumulative revenues derived from  
 155.20 tax increments paid by properties in the district that have been collected through the end of  
 155.21 the calendar year, equals or exceeds an amount sufficient to pay the following amounts:

155.22 ~~(1) contractual~~ any costs and obligations as defined described in subdivision 3, paragraph  
 155.23 paragraphs (a), clauses (3) and (4); and (b), excluding those under a qualifying pay-as-you-go  
 155.24 contract and note;

155.25 ~~(2) the amount specified in the tax increment financing plan for activities qualifying~~  
 155.26 ~~under subdivision 2, paragraph (b), that have not been funded with the proceeds of bonds~~  
 155.27 ~~qualifying under paragraph (a), clause (1); and~~

155.28 ~~(3) the additional expenditures permitted by the tax increment financing plan for housing~~  
 155.29 ~~activities under an election under subdivision 2, paragraph (d), that have not been funded~~  
 155.30 ~~with the proceeds of bonds qualifying under paragraph (a), clause (1).~~

155.31 (2) any accrued interest on the costs and obligations in clause (1), payable in accordance  
 155.32 with the terms thereof; and

156.1 (3) any administrative expenses falling within the exception in subdivision 2, paragraph  
156.2 (c).

156.3 (b) For districts with an outstanding qualifying pay-as-you-go contract and note, the  
156.4 required decertification under paragraph (a) is deferred until the end of the remaining term  
156.5 of the last outstanding qualifying pay-as-you-go contract and note, and the applicable  
156.6 in-district percentage of cumulative revenues derived from tax increments paid by properties  
156.7 in the district are sufficient to pay the obligations identified in subdivision 3, paragraphs  
156.8 (a) and (b), provided that the deferral shall not exceed the district's duration limit under  
156.9 section 469.176. During the deferral, beginning at the time paragraph (a) would otherwise  
156.10 require decertification, the authority must annually either:

156.11 (1) remove from the district, by the end of the year, all parcels that will no longer have  
156.12 their tax increment revenue pledged or subject to a qualifying pay-as-you-go contract and  
156.13 note or other costs and obligations described in subdivision 3, paragraphs (a) and (b), after  
156.14 the end of the year; or

156.15 (2) use the applicable in-district percentage of revenues derived from tax increments  
156.16 paid by those parcels to prepay an outstanding qualifying pay-as-you-go contract and note  
156.17 of the district or other costs and obligations described in subdivision 3, paragraphs (a) and  
156.18 (b), or to accumulate and use revenues derived from tax increments paid by those parcels  
156.19 as permitted under paragraph (i).

156.20 The authority must remove any parcels as required by this paragraph by modification  
156.21 of the tax increment financing plan and notify the county auditor of the removed parcels by  
156.22 the end of the same calendar year. Notwithstanding section 469.175, subdivision 4,  
156.23 paragraphs (b), clause (1), and (e), the notice, discussion, public hearing, and findings  
156.24 required for approval of the original plan are not required for such a modification.

156.25 (c) Notwithstanding paragraph (a) or (b), if tax increment was pledged prior to August  
156.26 1, 2022, to a bond other than a pay-as-you-go contract and note or interfund loan, and the  
156.27 proceeds of the bond were used solely or in part to pay authorized costs for activities outside  
156.28 the district, the requirement to decertify under paragraph (a) or remove parcels under  
156.29 paragraph (b) shall not apply prior to the bond being fully paid or defeased.

156.30 (d) For purposes of this subdivision, "applicable in-district percentage" means the  
156.31 percentage of tax increment revenue that is restricted for expenditures within the district,  
156.32 as determined under subdivision 2, paragraphs (a) and (d), for the district.

157.1 (e) For purposes of this subdivision, "qualifying pay-as-you-go contract and note" means  
157.2 a pay-as-you-go contract and note that is considered to be for activities within the district  
157.3 under subdivision 3, paragraph (a).

157.4 (f) For purposes of this subdivision, the reference in paragraph (a) to cumulative revenues  
157.5 derived from tax increments paid by properties in the district through the end of the calendar  
157.6 year shall include any final settlement distributions made in the following January. For  
157.7 purposes of the calculation in paragraph (a), any amounts returned to the county auditor as  
157.8 excess increment or as remedies under section 469.1771, subdivision 2, shall first be  
157.9 subtracted from the cumulative revenues derived from tax increments paid by properties in  
157.10 the district.

157.11 (g) The timing and implementation of a decertification pursuant to paragraphs (a) and  
157.12 (b) shall be subject to the following:

157.13 (1) when a decertification is required under paragraph (a) and not deferred under  
157.14 paragraph (b), the authority must, as soon as practical and no later than the final settlement  
157.15 distribution date of January 25 as identified in section 276.111 for the property taxes payable  
157.16 in the calendar year identified in paragraph (a), make the decertification by resolution  
157.17 effective for the end of the calendar year identified in paragraph (a), and communicate the  
157.18 decertification to the county auditor;

157.19 (2) when a decertification is deferred under paragraph (b), the authority must, by  
157.20 December 31 of the year in which the last qualifying pay-as-you-go contract and note reaches  
157.21 termination, make the decertification by resolution effective for the end of that calendar  
157.22 year and communicate the decertification to the county auditor;

157.23 (3) if the county auditor is unable to prevent tax increments from being calculated for  
157.24 taxes payable in the year following the year for which the decertification is made effective,  
157.25 the county auditor may redistribute the tax increments in the same manner as excess  
157.26 increments under section 469.176, subdivision 2, paragraph (c), clause (4), without first  
157.27 distributing them to the authority; and

157.28 (4) if tax increments are distributed to an authority for a taxes payable year after the year  
157.29 for which the decertification was required to be effective, the authority must return the  
157.30 amount of the distributions to the county auditor for redistribution in the same manner as  
157.31 excess increments under section 469.176, subdivision 2, paragraph (c), clause (4).

157.32 (h) The provisions of this subdivision do not apply to a housing district.

158.1 (i) Notwithstanding anything to the contrary in paragraph (a) or (b), if an authority has  
158.2 made the election in the tax increment financing plan for the district under subdivision 2,  
158.3 paragraph (d), then the requirement to decertify under paragraph (a) or remove parcels under  
158.4 paragraph (b) shall not apply prior to such time that the accumulated revenues derived from  
158.5 tax increments paid by properties in the district that are eligible to be expended for housing  
158.6 purposes described under subdivision 2, paragraph (d), equals the lesser of the amount the  
158.7 authority is permitted to expend for housing purposes described under subdivision 2,  
158.8 paragraph (d), or the amount authorized for such purposes in the tax increment financing  
158.9 plan. Increment revenues collected after the district would have decertified under paragraph  
158.10 (a) or from parcels which otherwise would be subject to removal under paragraph (b), absent  
158.11 the exception of this paragraph, shall be used solely for housing purposes as described in  
158.12 subdivision 2, paragraph (d).

158.13 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
158.14 applies to all districts with a request for certification after April 30, 1990, except that the  
158.15 requirements under paragraph (b) to remove parcels or use revenues from such parcels as  
158.16 prescribed in paragraph (b) apply only to districts for which the request for certification  
158.17 was made after the day following final enactment.

158.18 Sec. 8. Minnesota Statutes 2020, section 469.1763, subdivision 6, is amended to read:

158.19 Subd. 6. **Pooling permitted for deficits.** (a) This subdivision applies only to districts  
158.20 for which the request for certification was made before August 1, 2001, and without regard  
158.21 to whether the request for certification was made prior to August 1, 1979.

158.22 (b) The municipality for the district may transfer available increments from another tax  
158.23 increment financing district located in the municipality, if the transfer is necessary to  
158.24 eliminate a deficit in the district to which the increments are transferred. The municipality  
158.25 may transfer increments as provided by this subdivision without regard to whether the  
158.26 transfer or expenditure is authorized by the tax increment financing plan for the district  
158.27 from which the transfer is made. A deficit in the district for purposes of this subdivision  
158.28 means the lesser of the following two amounts:

158.29 (1)~~(i)~~ the amount due during the calendar year to pay preexisting obligations of the  
158.30 district; minus the sum of

158.31 ~~(ii)~~ (i) the total increments collected or to be collected from properties located within  
158.32 the district that are available for the calendar year including amounts collected in prior years  
158.33 that are currently available; plus

159.1 ~~(iii)~~ (ii) total increments from properties located in other districts in the municipality  
159.2 including amounts collected in prior years that are available to be used to meet the district's  
159.3 obligations under this section, excluding this subdivision, or other provisions of law; or

159.4 (2) the reduction in increments collected from properties located in the district for the  
159.5 calendar year as a result of the changes in classification rates in Laws 1997, chapter 231,  
159.6 article 1; Laws 1998, chapter 389, article 2; and Laws 1999, chapter 243, and Laws 2001,  
159.7 First Special Session chapter 5, or the elimination of the general education tax levy under  
159.8 Laws 2001, First Special Session chapter 5.

159.9 The authority may compute the deficit amount under clause (1) only (without regard to  
159.10 the limit under clause (2)) if the authority makes an irrevocable commitment, by resolution,  
159.11 to use increments from the district to which increments are to be transferred and any  
159.12 transferred increments are only used to pay preexisting obligations and administrative  
159.13 expenses for the district that are required to be paid under section 469.176, subdivision 4h,  
159.14 paragraph (a).

159.15 (c) A preexisting obligation means:

159.16 (1) bonds issued and sold before August 1, 2001, or bonds issued pursuant to a binding  
159.17 contract requiring the issuance of bonds entered into before July 1, 2001, and bonds issued  
159.18 to refund such bonds or to reimburse expenditures made in conjunction with a signed  
159.19 contractual agreement entered into before August 1, 2001, to the extent that the bonds are  
159.20 secured by a pledge of increments from the tax increment financing district; and

159.21 (2) binding contracts entered into before August 1, 2001, to the extent that the contracts  
159.22 require payments secured by a pledge of increments from the tax increment financing district.

159.23 (d) The municipality may require a development authority, other than a seaway port  
159.24 authority, to transfer available increments including amounts collected in prior years that  
159.25 are currently available for any of its tax increment financing districts in the municipality to  
159.26 make up an insufficiency in another district in the municipality, regardless of whether the  
159.27 district was established by the development authority or another development authority.

159.28 This authority applies notwithstanding any law to the contrary, but applies only to a  
159.29 development authority that:

159.30 (1) was established by the municipality; or

159.31 (2) the governing body of which is appointed, in whole or part, by the municipality or  
159.32 an officer of the municipality or which consists, in whole or part, of members of the  
159.33 governing body of the municipality. The municipality may use this authority only after it

160.1 has first used all available increments of the receiving development authority to eliminate  
160.2 the insufficiency and exercised any permitted action under section 469.1792, subdivision  
160.3 3, for preexisting districts of the receiving development authority to eliminate the  
160.4 insufficiency.

160.5 (e) The authority under this subdivision to spend tax increments outside of the area of  
160.6 the district from which the tax increments were collected:

160.7 (1) is an exception to the restrictions under section 469.176, subdivisions 4b, 4c, 4d, 4e,  
160.8 4i, and 4j; the expenditure limits under section 469.176, subdivision 1c; and the other  
160.9 provisions of this section; and the percentage restrictions under subdivision 2 must be  
160.10 calculated after deducting increments spent under this subdivision from the total increments  
160.11 for the district; and

160.12 (2) applies notwithstanding the provisions of the Tax Increment Financing Act in effect  
160.13 for districts for which the request for certification was made before June 30, 1982, or any  
160.14 other law to the contrary.

160.15 (f) If a preexisting obligation requires the development authority to pay an amount that  
160.16 is limited to the increment from the district or a specific development within the district and  
160.17 if the obligation requires paying a higher amount to the extent that increments are available,  
160.18 the municipality may determine that the amount due under the preexisting obligation equals  
160.19 the higher amount and may authorize the transfer of increments under this subdivision to  
160.20 pay up to the higher amount. The existence of a guarantee of obligations by the individual  
160.21 or entity that would receive the payment under this paragraph is disregarded in the  
160.22 determination of eligibility to pool under this subdivision. The authority to transfer increments  
160.23 under this paragraph may only be used to the extent that the payment of all other preexisting  
160.24 obligations in the municipality due during the calendar year have been satisfied.

160.25 (g) For transfers of increments made in calendar year 2005 and later, the reduction in  
160.26 increments as a result of the elimination of the general education tax levy for purposes of  
160.27 paragraph (b), clause (2), for a taxes payable year equals the general education tax rate for  
160.28 the school district under Minnesota Statutes 2000, section 273.1382, subdivision 1, for taxes  
160.29 payable in 2001, multiplied by the captured tax capacity of the district for the current taxes  
160.30 payable year.

160.31 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
160.32 applies only to districts for which the request for certification was made before August 1,  
160.33 2001, and without regard to whether the request for certification was made prior to August  
160.34 1, 1979.

161.1 Sec. 9. Minnesota Statutes 2020, section 469.1771, subdivision 2, is amended to read:

161.2 Subd. 2. **Collection of increment.** If an authority includes or retains a parcel of property  
161.3 in a tax increment financing district that does not qualify for inclusion or retention within  
161.4 the district, the authority must pay to the county auditor an amount of money equal to the  
161.5 increment collected from the property for the year or years. The property must be eliminated  
161.6 from the original and captured tax capacity of the district effective for the current property  
161.7 tax assessment year. ~~This subdivision does not apply to a failure to decertify a district at~~  
161.8 ~~the end of the duration limit specified in the tax increment financing plan.~~

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

161.10 Sec. 10. Minnesota Statutes 2020, section 469.1771, subdivision 2a, is amended to read:

161.11 Subd. 2a. **Suspension of distribution of tax increment.** (a) If an authority fails to make  
161.12 a disclosure or to submit a report containing the information required by section 469.175,  
161.13 subdivisions 5 and 6, regarding a tax increment financing district within the time provided  
161.14 in section 469.175, subdivisions 5 and 6, the state auditor shall mail to the authority a written  
161.15 notice that it or the municipality has failed to make the required disclosure or to submit a  
161.16 required report with respect to a particular district. The state auditor shall mail the notice  
161.17 on or before the third Tuesday of August of the year in which the disclosure or report was  
161.18 required to be made or submitted. The notice must describe the consequences of failing to  
161.19 disclose or submit a report as provided in paragraph (b). If the state auditor has not received  
161.20 a copy of a disclosure or a report described in this paragraph on or before the first day of  
161.21 October of the year in which the disclosure or report was required to be made or submitted,  
161.22 the state auditor shall mail a written notice to the county auditor to hold the distribution of  
161.23 tax increment from a particular district.

161.24 (b) Upon receiving written notice from the state auditor to hold the distribution of tax  
161.25 increment, the county auditor shall hold: all tax increment that otherwise would be distributed  
161.26 after receipt of the notice, until further notified under paragraph (c).

161.27 ~~(1) 100 percent of the amount of tax increment that otherwise would be distributed, if~~  
161.28 ~~the distribution is made after the first day of October but during the year in which the~~  
161.29 ~~disclosure or report was required to be made or submitted; or~~

161.30 ~~(2) 100 percent of the amount of tax increment that otherwise would be distributed, if~~  
161.31 ~~the distribution is made after December 31 of the year in which the disclosure or report was~~  
161.32 ~~required to be made or submitted.~~

162.1 (c) Upon receiving the copy of the disclosure and all of the reports described in paragraph  
162.2 (a) with respect to a district regarding which the state auditor has mailed to the county  
162.3 auditor a written notice to hold distribution of tax increment, the state auditor shall mail to  
162.4 the county auditor a written notice lifting the hold and authorizing the county auditor to  
162.5 distribute to the authority or municipality any tax increment that the county auditor had held  
162.6 pursuant to paragraph (b). The state auditor shall mail the written notice required by this  
162.7 paragraph within five working days after receiving the last outstanding item. The county  
162.8 auditor shall distribute the tax increment to the authority or municipality within 15 working  
162.9 days after receiving the written notice required by this paragraph.

162.10 (d) Notwithstanding any law to the contrary, any interest that accrues on tax increment  
162.11 while it is being held by the county auditor pursuant to paragraph (b) is not tax increment  
162.12 and may be retained by the county.

162.13 (e) For purposes of sections 469.176, subdivisions 1a to 1g, and 469.177, subdivision  
162.14 11, tax increment being held by the county auditor pursuant to paragraph (b) is considered  
162.15 distributed to or received by the authority or municipality as of the time that it would have  
162.16 been distributed or received but for paragraph (b).

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

162.18 Sec. 11. Minnesota Statutes 2020, section 469.1771, subdivision 3, is amended to read:

162.19 Subd. 3. **Expenditure of increment.** If an authority expends revenues derived from tax  
162.20 increments, including the proceeds of tax increment bonds, (1) for a purpose that is not a  
162.21 permitted project under ~~section 469.176~~ sections 469.174 to 469.1794, (2) for a purpose  
162.22 that is not permitted under ~~section 469.176~~ sections 469.174 to 469.1794 for the district  
162.23 from which the increment was received, or (3) on activities outside of the geographic area  
162.24 in which the revenues may be expended under this chapter, the authority must pay to the  
162.25 county auditor an amount equal to the expenditures made in violation of the law.

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

162.27 Sec. 12. Laws 2003, chapter 127, article 10, section 31, subdivision 1, as amended by  
162.28 Laws 2008, chapter 366, article 5, section 21, and Laws 2019, First Special Session chapter  
162.29 6, article 7, section 1, is amended to read:

162.30 Subdivision 1. **District extension.** (a) The governing body of the city of Hopkins may  
162.31 elect to extend the duration of its redevelopment tax increment financing district 2-11 by  
162.32 up to four additional years.

163.1 (b) Notwithstanding Minnesota Statutes, section 469.1763, subdivision 2, effective upon  
163.2 approval of this subdivision, no increments may be spent on activities located outside of  
163.3 the area of the district, other than:

163.4 (1) to pay administrative expenses, not to exceed ten percent of the total tax increments  
163.5 from the district; or

163.6 (2) to pay the costs of housing or redevelopment activities that are consistent with  
163.7 Minnesota Statutes, section 469.176, subdivision 4j, ~~provided that expenditures under this~~  
163.8 ~~clause may not exceed 20 percent of the total tax increments from the district.~~

163.9 The total amount of increment that may be spent on activities located outside the area of  
163.10 the district under this section shall be limited to ~~25~~ 30 percent.

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

163.14 Sec. 13. Laws 2014, chapter 308, article 6, section 12, subdivision 2, is amended to read:

163.15 Subd. 2. **Special rules.** (a) If the city elects, upon the adoption of the tax increment  
163.16 financing plan for a district, the rules under this section apply to a redevelopment district,  
163.17 renewal and renovation district, soil condition district, or soil deficiency district established  
163.18 by the city or a development authority of the city in the project area.

163.19 (b) Prior to or upon the adoption of the first tax increment plan subject to the special  
163.20 rules under this subdivision, the city must find by resolution that parcels consisting of at  
163.21 least 80 percent of the acreage of the project area, excluding street and railroad rights-of-way,  
163.22 are characterized by one or more of the following conditions:

163.23 (1) peat or other soils with geotechnical deficiencies that impair development of  
163.24 commercial buildings or infrastructure;

163.25 (2) soils or terrain that require substantial filling in order to permit the development of  
163.26 commercial buildings or infrastructure;

163.27 (3) landfills, dumps, or similar deposits of municipal or private waste;

163.28 (4) quarries or similar resource extraction sites;

163.29 (5) floodway; and

163.30 (6) substandard buildings, within the meaning of Minnesota Statutes, section 469.174,  
163.31 subdivision 10.

164.1 (c) For the purposes of paragraph (b), clauses (1) to (5), a parcel is characterized by the  
164.2 relevant condition if at least 70 percent of the area of the parcel contains the relevant  
164.3 condition. For the purposes of paragraph (b), clause (6), a parcel is characterized by  
164.4 substandard buildings if substandard buildings occupy at least 30 percent of the area of the  
164.5 parcel.

164.6 (d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is  
164.7 extended to ~~eight~~ 11 years for any district; the five-year rule under Minnesota Statutes,  
164.8 section 469.175, subdivision 4, paragraph (f), is extended to eight years for any district; and  
164.9 Minnesota Statutes, section 469.1763, subdivision 4, does not apply to any district.

164.10 (e) Notwithstanding any provision to the contrary in Minnesota Statutes, section 469.1763,  
164.11 subdivision 2, paragraph (a), not more than 40 percent of the total revenue derived from tax  
164.12 increments paid by properties in any district, measured over the life of the district, may be  
164.13 expended on activities outside the district but within the project area.

164.14 (f) For a soil deficiency district:

164.15 (1) increments may be collected through 20 years after the receipt by the authority of  
164.16 the first increment from the district;

164.17 (2) increments may be used only to:

164.18 (i) acquire parcels on which the improvements described in item (ii) will occur;

164.19 (ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the additional  
164.20 cost of installing public improvements directly caused by the deficiencies; and

164.21 (iii) pay for the administrative expenses of the authority allocable to the district; and

164.22 (3) any parcel acquired with increments from the district must be sold at no less than  
164.23 their fair market value.

164.24 (g) Increments spent for any infrastructure costs, whether inside a district or outside a  
164.25 district but within the project area, are deemed to satisfy the requirements of Minnesota  
164.26 Statutes, section 469.176, subdivision 4j.

164.27 (h) The authority to approve tax increment financing plans to establish tax increment  
164.28 financing districts under this section expires June 30, 2020.

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

165.1 Sec. 14. **CITY OF FRIDLEY; TAX INCREMENT FINANCING DISTRICT;**  
165.2 **SPECIAL RULES.**

165.3 **Subdivision 1. Transfer of increment.** Notwithstanding Minnesota Statutes, section  
165.4 469.176, subdivision 4j, the city of Fridley, or its economic development authority, may  
165.5 transfer tax increment accumulated from Fridley Tax Increment Financing District No. 20  
165.6 to the Fridley Housing and Redevelopment Authority for the purposes authorized in  
165.7 subdivision 2. Only increment allowed to be expended outside of the district pursuant to  
165.8 Minnesota Statutes, section 469.1763, subdivision 2, may be transferred under this section.

165.9 **Subd. 2. Allowable use.** Increment transferred under subdivision 1 may only be expended  
165.10 on housing programs adopted by the Fridley Housing and Redevelopment Authority on or  
165.11 prior to December 31, 2021.

165.12 **Subd. 3. Annual financial reporting.** Tax increment transferred under this section is  
165.13 subject to the annual reporting requirements under Minnesota Statutes, section 469.175,  
165.14 subdivision 6.

165.15 **Subd. 4. Legislative reports.** By February 1, 2024, and February 1, 2026, the city of  
165.16 Fridley must issue a report to the chairs and ranking minority members of the legislative  
165.17 committees with jurisdiction over taxes and property taxes. Each report must include detailed  
165.18 information relating to each program financed with increment transferred under this section.

165.19 **Subd. 5. Expiration.** The authority to make transfers under subdivision 1 expires  
165.20 December 31, 2026.

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

165.24 Sec. 15. **CITY OF PLYMOUTH; TIF AUTHORITY.**

165.25 **Subdivision 1. Establishment.** Under the special rules established in subdivision 2 of  
165.26 this section, the city of Plymouth may establish a redevelopment district located wholly  
165.27 within the city of Plymouth, Hennepin County, Minnesota, limited to the following parcels,  
165.28 identified by tax identification numbers, together with adjacent roads and rights-of-way:  
165.29 34-119-22-44-0002, 03-118-22-12-0002, 03-118-22-11-0007, 02-118-22-22-0005, and  
165.30 03-118-22-14-0032.

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

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

166.3 (2) the five-year rule period under Minnesota Statutes, section 469.1763, subdivision 3,  
166.4 is extended to ten years;

166.5 (3) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district;  
166.6 and

166.7 (4) increments generated from the district may be expended on improvements to Hennepin  
166.8 County Road 47 outside the project area, and all such expenditures are deemed expended  
166.9 on activities within the district for the purposes of Minnesota Statutes, section 469.1763.

166.10 Subd. 3. **Expiration.** The authority to approve a tax increment financing plan to establish  
166.11 a tax increment financing district under this section expires December 31, 2029.

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

166.15 Sec. 16. **CITY OF WOODBURY; TIF DISTRICT NO. 13; EXPENDITURES**  
166.16 **ALLOWED; DURATION EXTENSION.**

166.17 (a) Notwithstanding Minnesota Statutes, section 469.1763, subdivision 2, or any other  
166.18 law to the contrary, the city of Woodbury may expend increments generated from Tax  
166.19 Increment Financing District No. 13 for the maintenance and facility and infrastructure  
166.20 upgrades to Central Park. All such expenditures are deemed expended on activities within  
166.21 the district.

166.22 (b) Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, the city of  
166.23 Woodbury may elect to extend the duration of Tax Increment Financing District No. 13 by  
166.24 five years.

166.25 **EFFECTIVE DATE.** Paragraph (a) is effective the day after the governing body of the  
166.26 city of Woodbury and its chief clerical officer comply with the requirements of Minnesota  
166.27 Statutes, section 645.021, subdivisions 2 and 3. Paragraph (b) is effective upon compliance  
166.28 by the city of Woodbury, Washington County, and Independent School District No. 833  
166.29 with the requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021,  
166.30 subdivisions 2 and 3.

167.1

**ARTICLE 7**

167.2

**LOCAL TAXES**

167.3 Section 1. Minnesota Statutes 2020, section 297A.99, subdivision 1, is amended to read:

167.4 Subdivision 1. **Authorization; scope.** (a) A political subdivision of this state may impose  
167.5 a general sales tax (1) under section 297A.992, (2) under section 297A.993, (3) if permitted  
167.6 by special law, or (4) if the political subdivision enacted and imposed the tax before January  
167.7 1, 1982, and its predecessor provision.

167.8 (b) This section governs the imposition of a general sales tax by the political subdivision.  
167.9 The provisions of this section preempt the provisions of any special law:

167.10 (1) enacted before June 2, 1997, or

167.11 (2) enacted on or after June 2, 1997, that does not explicitly exempt the special law  
167.12 provision from this section's rules by reference.

167.13 (c) This section does not apply to or preempt a sales tax on motor vehicles. Beginning  
167.14 July 1, 2019, no political subdivision may impose a special excise tax on motor vehicles  
167.15 unless it is imposed under section 297A.993.

167.16 (d) A political subdivision may not advertise or expend funds for the promotion of a  
167.17 referendum to support imposing a local sales tax ~~and may only spend funds related to~~  
167.18 ~~imposing a local sales tax to:~~

167.19 (e) Notwithstanding paragraph (d), a political subdivision may only spend funds related  
167.20 to imposing a local sales tax to:

167.21 (1) conduct the referendum;

167.22 (2) disseminate information included in the resolution adopted and submitted under  
167.23 subdivision 2, but only if the disseminated information includes a list of specific projects  
167.24 and the cost of each individual project;

167.25 (3) provide notice of, and conduct public forums at which proponents and opponents on  
167.26 the merits of the referendum are given equal time to express their opinions on the merits of  
167.27 the referendum;

167.28 (4) provide facts and data on the impact of the proposed local sales tax on consumer  
167.29 purchases; and

167.30 (5) provide facts and data related to the individual programs and projects to be funded  
167.31 with the local sales tax.

168.1 **EFFECTIVE DATE.** This section is effective for local sales tax proposals submitted  
168.2 for legislative approval after the day of final enactment.

168.3 Sec. 2. Minnesota Statutes 2021 Supplement, section 297A.99, subdivision 2, is amended  
168.4 to read:

168.5 Subd. 2. **Local resolution before application for authority.** ~~(a) Before the governing~~  
168.6 ~~body of a political subdivision requests legislative approval to impose a local sales tax~~  
168.7 ~~authorized by a special law, it shall adopt a resolution indicating its approval of the tax. The~~  
168.8 ~~resolution must include the following information:~~ The governing body of a political  
168.9 subdivision seeking legislative approval to either impose a new local sales tax authorized  
168.10 by special law or modify an existing local sales tax authorized by special law must adopt a  
168.11 resolution indicating its approval of the tax each year it requests legislative approval. The  
168.12 resolution must include the following information:

168.13 (1) the proposed tax rate;

168.14 (2) a detailed description of no more than five capital projects that will be funded with  
168.15 revenue from the tax;

168.16 (3) documentation of the regional significance of each project, including the share of  
168.17 the economic benefit to or use of each project by persons residing, or businesses located,  
168.18 outside of the jurisdiction;

168.19 (4) the amount of local sales tax revenue that would be used for each project and the  
168.20 estimated time needed to raise that amount of revenue; ~~and~~

168.21 (5) the total revenue that will be raised for all projects before the tax expires, and the  
168.22 estimated length of time that the tax will be in effect if all proposed projects are funded;  
168.23 and

168.24 (6) a description of the nexus between the nonresident users of a project and the payment  
168.25 of the tax, as required in paragraph (e).

168.26 (b) ~~The jurisdiction seeking authority to impose a local sales tax by special law must~~  
168.27 ~~submit the resolution in paragraph (a) along with underlying documentation indicating how~~  
168.28 ~~the benefits under paragraph (a), clause (3), were determined, to the chairs and ranking~~  
168.29 ~~minority members of the legislative committees~~ of the house of representatives and senate  
168.30 with jurisdiction over taxes no later than January 31 of the each year in which the jurisdiction  
168.31 is seeking a special law authorizing or modifying the tax. The jurisdiction must submit an  
168.32 amended resolution if, after meeting the requirements of this paragraph, the jurisdiction  
168.33 seeks to:

169.1 (1) add a project that will be funded with the revenue from the tax;

169.2 (2) increase the amount that will be used for any project;

169.3 (3) increase the total revenue raised for all projects before the tax expires; or

169.4 (4) increase the estimated length of time that the tax will be in effect if all proposed  
169.5 projects are funded.

169.6 (c) The special legislation granting or modifying local sales tax authority is not required  
169.7 to allow funding for all projects listed in the resolution with the revenue from the local sales  
169.8 tax, but must not include any projects not contained in the resolution.

169.9 (d) For purposes of this section, a "capital project" or "project" means:

169.10 (1) a single building or structure including associated infrastructure needed to safely  
169.11 access or use the building or structure;

169.12 (2) improvements within a single park or named recreation area; or

169.13 (3) a contiguous trail.

169.14 (e) The resolution required in paragraph (a) must also include a description of the nexus  
169.15 between the nonresident users of a project and the payment of tax. Nexus requires that two  
169.16 of the following requirements are met:

169.17 (1) a significant number of the users of the project will be nonresidents of the political  
169.18 subdivision imposing the tax;

169.19 (2) the project includes a unique or uncommon characteristic;

169.20 (3) the project is part of a regional or statewide network or system for providing facilities  
169.21 or services;

169.22 (4) the project promotes an activity having a duration long enough to encourage retail  
169.23 activity incident to the project, in the political subdivision imposing the tax; and

169.24 (5) the project includes improvements or amenities to facilities that increase the project's  
169.25 capacity to serve visitors at a volume that exceeds the capacity for facilities that serve a  
169.26 local population, including but not limited to heating, ventilation, and air conditioning  
169.27 systems, parking facilities, including accessibility upgrades, and other improvements  
169.28 necessary for compliance with state building codes for the improved facilities.

169.29 **EFFECTIVE DATE.** This section is effective for local sales tax proposals submitted  
169.30 for legislative approval after the day of final enactment.

170.1 Sec. 3. Minnesota Statutes 2020, section 297A.99, subdivision 3, is amended to read:

170.2 Subd. 3. **Legislative authority required before voter approval; requirements for**  
170.3 **adoption, use, termination.** (a) A political subdivision must receive legislative authority  
170.4 to impose or modify a local sales tax before submitting the tax for approval by voters of the  
170.5 political subdivision. Imposition or modification of a local sales tax is subject to approval  
170.6 by voters of the political subdivision at a general election. The election must be conducted  
170.7 ~~at a general election~~ on the first Tuesday after the first Monday in November within the  
170.8 two-year period after the governing body of the political subdivision has received authority  
170.9 to impose or modify the tax. If the authorizing legislation ~~allows~~ authorizes or modifies the  
170.10 tax ~~to be imposed~~ for more than one project, there must be a separate question approving  
170.11 the use of the tax revenue for each project. Notwithstanding the authorizing legislation or  
170.12 special law modifying the tax, a project that is not approved by the voters may not be funded  
170.13 with the local sales tax revenue and the termination date of the tax set in the authorizing  
170.14 legislation or special law modifying the tax must be reduced proportionately based on the  
170.15 share of that project's cost to the total costs of all projects included in the authorizing  
170.16 legislation or special law modifying the tax.

170.17 (b) The proceeds of the tax must be dedicated exclusively to payment of the construction  
170.18 and rehabilitation costs and associated bonding costs related to the specific capital  
170.19 improvement projects that were approved by the voters under paragraph (a).

170.20 (c) The tax must terminate after the revenues raised are sufficient to fund the projects  
170.21 approved by the voters under paragraph (a).

170.22 (d) After a sales tax imposed by a political subdivision has expired or been terminated,  
170.23 the political subdivision is prohibited from imposing a local sales tax for a period of one  
170.24 year.

170.25 (e) Notwithstanding paragraph (a), if a political subdivision received voter approval to  
170.26 seek authority for a local sales tax at the November 6, 2018, general election and is granted  
170.27 authority to impose a local sales tax before January 1, 2021, the tax may be imposed without  
170.28 an additional referendum provided that it meets the requirements of subdivision 2 and the  
170.29 list of specific projects contained in the resolution does not conflict with the projects listed  
170.30 in the approving referendum.

170.31 (f) If a tax is terminated because sufficient revenues have been raised, any amount of  
170.32 tax collected under subdivision 9, after sufficient revenues have been raised and before the  
170.33 quarterly termination required under subdivision 12, paragraph (a), that is greater than the

171.1 average quarterly revenues collected over the immediately preceding 12 calendar months  
171.2 must be retained by the commissioner for deposit in the general fund.

171.3 **EFFECTIVE DATE.** This section is effective for local sales tax proposals submitted  
171.4 for legislative approval after the day of final enactment.

171.5 Sec. 4. Laws 1998, chapter 389, article 8, section 43, as amended by Laws 2005, First  
171.6 Special Session chapter 3, article 5, sections 28, 29, and 30, Laws 2011, First Special Session  
171.7 chapter 7, article 4, sections 5, 6, and 7, and Laws 2013, chapter 143, article 10, sections  
171.8 11, 12, and 13, is amended by adding a subdivision to read:

171.9 Subd. 1a. **Authorization; extension.** Notwithstanding Minnesota Statutes, section  
171.10 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at a  
171.11 general election as required under Minnesota Statutes, section 297A.99, subdivision 3, the  
171.12 city of Rochester may extend the sales and use tax of one-half of one percent authorized  
171.13 under subdivision 1, paragraph (a), for the purposes specified in subdivision 3a. Except as  
171.14 otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,  
171.15 govern the imposition, administration, collection, and enforcement of the tax authorized  
171.16 under this subdivision. The tax imposed under this subdivision is in addition to any local  
171.17 sales and use tax imposed under any other special law.

171.18 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
171.19 city of Rochester and its chief clerical officer comply with Minnesota Statutes, section  
171.20 645.021, subdivisions 2 and 3.

171.21 Sec. 5. Laws 1998, chapter 389, article 8, section 43, as amended by Laws 2005, First  
171.22 Special Session chapter 3, article 5, sections 28, 29, and 30, Laws 2011, First Special Session  
171.23 chapter 7, article 4, sections 5, 6, and 7, and Laws 2013, chapter 143, article 10, sections  
171.24 11, 12, and 13, is amended by adding a subdivision to read:

171.25 Subd. 3a. **Use of sales and use tax revenues; additional projects.** The revenues derived  
171.26 from the extension of the tax authorized under subdivision 1a must be used by the city of  
171.27 Rochester to pay the costs of collecting and administering the tax and paying for the following  
171.28 projects in the city, including securing and paying debt service on bonds issued to finance  
171.29 all or part of the following projects:

171.30 (1) notwithstanding Minnesota Statutes, section 297A.99, subdivision 2, paragraph (d),  
171.31 \$50,000,000, plus associated bonding costs for street reconstruction;

172.1 (2) notwithstanding Minnesota Statutes, section 297A.99, subdivision 2, paragraph (d),  
172.2 \$40,000,000, plus associated bonding costs for flood control and water quality;

172.3 (3) \$65,000,000, plus associated bonding costs for a Regional Community and Recreation  
172.4 Complex; and

172.5 (4) additional project costs for the projects described in clauses (1) to (3), provided that  
172.6 sufficient revenue from the tax has been received to pay for the project costs in clauses (1)  
172.7 to (3) and to pay the costs related to issuance of any bonds under subdivision 4a, paragraph  
172.8 (b).

172.9 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
172.10 city of Rochester and its chief clerical officer comply with Minnesota Statutes, section  
172.11 645.021, subdivisions 2 and 3.

172.12 Sec. 6. Laws 1998, chapter 389, article 8, section 43, as amended by Laws 2005, First  
172.13 Special Session chapter 3, article 5, sections 28, 29, and 30, Laws 2011, First Special Session  
172.14 chapter 7, article 4, sections 5, 6, and 7, and Laws 2013, chapter 143, article 10, sections  
172.15 11, 12, and 13, is amended by adding a subdivision to read:

172.16 **Subd. 4a. Bonding authority; additional projects and extension of tax.** (a) The city  
172.17 of Rochester may issue bonds under Minnesota Statutes, chapter 475, to finance all or a  
172.18 portion of the costs of the projects authorized in subdivision 3a and approved by the voters  
172.19 as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The  
172.20 bonds may be paid from or secured by any funds available to the city of Rochester, including  
172.21 the tax authorized under subdivision 1a and the full faith and credit of the city. The issuance  
172.22 of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and  
172.23 275.61.

172.24 (b) The aggregate principal amount of bonds issued under this subdivision for the projects  
172.25 described in subdivision 3a, clauses (1) to (3), may not exceed \$155,000,000, plus an amount  
172.26 to be applied to the payment of the costs of issuing the bonds.

172.27 (c) The bonds are not included in computing any debt limitation applicable to the city  
172.28 of Rochester, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal  
172.29 and interest on the bonds is not subject to any levy limitation. A separate election to approve  
172.30 the bonds under Minnesota Statutes, section 475.58, is not required.

172.31 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
172.32 city of Rochester and its chief clerical officer comply with Minnesota Statutes, section  
172.33 645.021, subdivisions 2 and 3.

173.1 Sec. 7. Laws 1998, chapter 389, article 8, section 43, subdivision 5, as amended by Laws  
173.2 2005, First Special Session chapter 3, article 5, section 30, Laws 2011, First Special Session  
173.3 chapter 7, article 4, section 7, and Laws 2013, chapter 143, article 10, section 13, is amended  
173.4 to read:

173.5 Subd. 5. **Termination of taxes.** (a) The taxes imposed under subdivisions 1 and 2 expire  
173.6 at the later of (1) December 31, 2009, or (2) when the city council determines that sufficient  
173.7 funds have been received from the taxes to finance the first \$71,500,000 of capital  
173.8 expenditures and bonds for the projects authorized in subdivision 3, including the amount  
173.9 to prepay or retire at maturity the principal, interest, and premium due on any bonds issued  
173.10 for the projects under subdivision 4, unless the taxes are extended as allowed in paragraph  
173.11 (b). Any funds remaining after completion of the project and retirement or redemption of  
173.12 the bonds shall also be used to fund the projects under subdivision 3. The taxes imposed  
173.13 under subdivisions 1 and 2 may expire at an earlier time if the city so determines by  
173.14 ordinance.

173.15 (b) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any other  
173.16 contrary provision of law, ordinance, or city charter, the city of Rochester may, by ordinance,  
173.17 extend the taxes authorized in subdivisions 1 and 2 beyond December 31, 2009, if approved  
173.18 by the voters of the city at a special election in 2005 or the general election in 2006. The  
173.19 question put to the voters must indicate that an affirmative vote would allow up to an  
173.20 additional \$40,000,000 of sales tax revenues be raised and up to \$40,000,000 of bonds to  
173.21 be issued above the amount authorized in the June 23, 1998, referendum for the projects  
173.22 specified in subdivision 3. If the taxes authorized in subdivisions 1 and 2 are extended under  
173.23 this paragraph, the taxes expire when the city council determines that sufficient funds have  
173.24 been received from the taxes to finance the projects and to prepay or retire at maturity the  
173.25 principal, interest, and premium due on any bonds issued for the projects under subdivision  
173.26 4. Any funds remaining after completion of the project and retirement or redemption of the  
173.27 bonds may be placed in the general fund of the city.

173.28 (c) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any other  
173.29 contrary provision of law, ordinance, or city charter, the city of Rochester may, by ordinance,  
173.30 extend the taxes authorized in subdivisions 1, paragraph (a), and 2, up to December 31,  
173.31 2049, provided that all additional revenues above those necessary to fund the projects and  
173.32 associated financing costs listed in subdivision 3, paragraphs (a) to (e), are committed to  
173.33 fund public infrastructure projects contained in the development plan adopted under  
173.34 Minnesota Statutes, section 469.43, including all financing costs; otherwise the taxes  
173.35 terminate when the city council determines that sufficient funds have been received from

174.1 the taxes to finance expenditures and bonds for the projects authorized in subdivision 3,  
174.2 paragraphs (a) to (e), plus an amount equal to the costs of issuance of the bonds and including  
174.3 the amount to prepay or retire at maturity the principal, interest, and premiums due on any  
174.4 bonds issued for the projects under subdivision 4.

174.5 (d) The tax imposed under subdivision 1, paragraph (b), expires at the earlier of December  
174.6 31, 2049, or when the city council determines that sufficient funds have been raised from  
174.7 the tax plus all other city funding sources authorized in this article to meet the city obligation  
174.8 for financing the public infrastructure projects contained in the development plan adopted  
174.9 under Minnesota Statutes, section 469.43, including all financing costs.

174.10 (e) The tax imposed under subdivision 1a expires at the earlier of (1) 16-1/2 years after  
174.11 first imposed, or (2) when the city council determines that the amount of revenues received  
174.12 from the tax is sufficient to pay for the project costs authorized under subdivision 3a for  
174.13 projects approved by the voters as required under Minnesota Statutes, section 297A.99,  
174.14 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance  
174.15 of the bonds under subdivision 4a, including interest on the bonds. Except as otherwise  
174.16 provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds  
174.17 remaining after payment of the allowed costs due to the timing of the termination of the tax  
174.18 under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general  
174.19 fund of the city. The tax imposed under subdivision 1a may expire at an earlier time if the  
174.20 city so determines by ordinance.

174.21 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
174.22 city of Rochester and its chief clerical officer comply with Minnesota Statutes, section  
174.23 645.021, subdivisions 2 and 3.

174.24 Sec. 8. Laws 2008, chapter 366, article 7, section 17, is amended to read:

174.25 Sec. 17. **COOK COUNTY; LODGING AND ADMISSIONS TAXES TAX.**

174.26 Subdivision 1. **Lodging tax.** Notwithstanding Minnesota Statutes, section 477A.016,  
174.27 or any other provision of law, ordinance, or city charter, the Board of Commissioners of  
174.28 Cook County may impose, by ordinance, a tax of up to one percent on the gross receipts  
174.29 subject to the lodging tax under Minnesota Statutes, section 469.190. This tax is in addition  
174.30 to any tax imposed under Minnesota Statutes, section 469.190, and the total tax imposed  
174.31 under that section and this provision must not exceed four percent.

174.32 ~~Subd. 2. **Admissions and recreation tax.** Notwithstanding Minnesota Statutes, section~~  
174.33 ~~477A.016, or any other provision of law, ordinance, or city charter, the Board of~~

175.1 ~~Commissioners of Cook County may impose, by ordinance, a tax of up to three percent on~~  
175.2 ~~admissions to entertainment and recreational facilities and rental of recreation equipment.~~

175.3 Subd. 3. **Use of taxes.** The ~~taxes~~ tax imposed in ~~subdivisions~~ subdivision 1 and 2 must  
175.4 be used to fund a new Cook County Event and Visitors Bureau as established by the Board  
175.5 of Commissioners of Cook County. The Board of Commissioners of Cook County must  
175.6 annually review the budget of the Cook County Event and Visitors Bureau. The event and  
175.7 visitors bureau may not receive revenues raised from the ~~taxes~~ tax imposed in ~~subdivisions~~  
175.8 subdivision 1 and 2 until the board of commissioners approves the annual budget.

175.9 Subd. 4. **Termination.** The ~~taxes~~ tax imposed in ~~subdivisions~~ subdivision 1 and 2  
175.10 ~~terminate 15~~ terminates 30 years after ~~they are~~ it is first imposed.

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

175.12 Sec. 9. Laws 2011, First Special Session chapter 7, article 4, section 14, is amended to  
175.13 read:

175.14 Sec. 14. **CITY OF MARSHALL; SALES AND USE TAX.**

175.15 Subdivision 1. **Authorization.** Notwithstanding Minnesota Statutes, section 297A.99,  
175.16 subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city charter, the city of  
175.17 Marshall, if approved by the voters at a general election held within two years of the date  
175.18 of final enactment of this section, may impose the tax authorized under subdivision 2. Two  
175.19 separate ballot questions must be presented to the voters, one for each of the two facility  
175.20 projects named in subdivision 3.

175.21 Subd. 2. **Sales and use tax authorized.** The city of Marshall may impose by ordinance  
175.22 a sales and use tax of up to one-half of one percent for the purposes specified in subdivision  
175.23 3. The provisions of Minnesota Statutes, section 297A.99, except subdivisions 1 and 2,  
175.24 govern the imposition, administration, collection, and enforcement of the tax authorized  
175.25 under this subdivision.

175.26 Subd. 2a. **Authorization; extension.** Notwithstanding Minnesota Statutes, section  
175.27 297A.99, subdivision 3, paragraph (d), or 477A.016, or any other law, ordinance, or city  
175.28 charter, after payment of the bonds authorized under subdivision 4, and if approved by the  
175.29 voters at a general election as required under Minnesota Statutes, section 297A.99,  
175.30 subdivision 3, the city of Marshall may extend the sales and use tax of one-half of one  
175.31 percent authorized under subdivision 2 for the purposes specified in subdivision 3a. Except  
175.32 as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,

176.1 govern the imposition, administration, collection, and enforcement of the tax authorized  
176.2 under this subdivision. The tax imposed under this subdivision is in addition to any local  
176.3 sales and use tax imposed under any other special law.

176.4 Subd. 3. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
176.5 under subdivision 2 must be used by the city of Marshall to pay the costs of collecting and  
176.6 administering the sales and use tax and to pay all or part of the costs of the new and existing  
176.7 facilities of the Minnesota Emergency Response and Industry Training Center and all or  
176.8 part of the costs of the new facilities of the Southwest Minnesota Regional Amateur Sports  
176.9 Center. Authorized expenses include, but are not limited to, acquiring property, predesign,  
176.10 design, and paying construction, furnishing, and equipment costs related to these facilities  
176.11 and paying debt service on bonds or other obligations issued by the city of Marshall under  
176.12 subdivision 4 to finance the capital costs of these facilities.

176.13 Subd. 3a. **Use of sales and use tax revenues; aquatic center.** The revenues derived  
176.14 from the extension of the tax authorized under subdivision 2a must be used by the city of  
176.15 Marshall to pay the costs of collecting and administering the tax and paying for \$16,000,000  
176.16 plus associated bonding costs for the construction of a new municipal aquatic center in the  
176.17 city, including securing and paying debt service on bonds issued to finance the project.

176.18 Subd. 4. **Bonds.** (a) If the imposition of a sales and use tax is approved by the voters,  
176.19 the city of Marshall may issue bonds under Minnesota Statutes, chapter 475, to finance all  
176.20 or a portion of the costs of the facilities authorized in subdivision 3, and may issue bonds  
176.21 to refund bonds previously issued. The aggregate principal amount of bonds issued under  
176.22 this subdivision may not exceed \$17,290,000, plus an amount to be applied to the payment  
176.23 of the costs of issuing the bonds. The bonds may be paid from or secured by any funds  
176.24 available to the city of Marshall, including the tax authorized under subdivision 2.

176.25 (b) The bonds are not included in computing any debt limitation applicable to the city  
176.26 of Marshall, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal  
176.27 and interest on the bonds, is not subject to any levy limitation. A separate election to approve  
176.28 the bonds under Minnesota Statutes, section 475.58, is not required.

176.29 Subd. 4a. **Bonds; additional use and extension of tax.** (a) After payment of the bonds  
176.30 authorized under subdivision 4, the city of Marshall may issue bonds under Minnesota  
176.31 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in  
176.32 subdivision 2a and approved by the voters as required under Minnesota Statutes, section  
176.33 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued  
176.34 under this subdivision may not exceed \$16,000,000, plus an amount to be applied to the

177.1 payment of the costs of issuing the bonds. The bonds may be paid from or secured by any  
177.2 funds available to the city of Marshall, including the tax authorized under subdivision 2a.  
177.3 The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections  
177.4 275.60 and 275.61.

177.5 (b) The bonds are not included in computing any debt limitation applicable to the city  
177.6 of Marshall, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal  
177.7 and interest on the bonds is not subject to any levy limitation. A separate election to approve  
177.8 the bonds under Minnesota Statutes, section 475.58, is not required.

177.9 **Subd. 5. Termination of taxes.** (a) The tax imposed under subdivision 2 expires at the  
177.10 earlier of (1) 15 years after the tax is first imposed, or (2) when the city council determines  
177.11 that the amount of revenues received from the tax to pay for the capital and administrative  
177.12 costs of the facilities under subdivision 3 first equals or exceeds the amount authorized to  
177.13 be spent for the facilities plus the additional amount needed to pay the costs related to  
177.14 issuance of the bonds under subdivision 4, including interest on the bonds. Any funds  
177.15 remaining after payment of all such costs and retirement or redemption of the bonds shall  
177.16 be placed in the general fund of the city. The tax imposed under subdivision 2 may expire  
177.17 at an earlier time if the city so determines by ordinance.

177.18 (b) The tax imposed under subdivision 2a expires at the earlier of (1) 30 years after the  
177.19 tax under subdivision 2 is first imposed, or (2) when the city council determines that the  
177.20 amount of revenues received from the tax is sufficient to pay for the project costs authorized  
177.21 under subdivision 3a for the project approved by the voters as required under Minnesota  
177.22 Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay  
177.23 the costs related to issuance of the bonds under subdivision 4a, including interest on the  
177.24 bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision  
177.25 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing  
177.26 of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12,  
177.27 shall be placed in the general fund of the city. The tax imposed under subdivision 2a may  
177.28 expire at an earlier time if the city so determines by ordinance.

177.29 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
177.30 city of Marshall and its chief clerical officer comply with Minnesota Statutes, section  
177.31 645.021, subdivisions 2 and 3.

178.1 Sec. 10. Laws 2019, First Special Session chapter 6, article 6, section 25, is amended to  
178.2 read:

178.3 **Sec. 25. CITY OF PLYMOUTH; LOCAL LODGING TAX AUTHORIZED.**

178.4 (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of  
178.5 law, ordinance, or city charter, the city council for the city of Plymouth may impose by  
178.6 ordinance a tax of up to three percent on the gross receipts subject to the lodging tax under  
178.7 Minnesota Statutes, section 469.190. This tax is in addition to any tax imposed under  
178.8 Minnesota Statutes, section 469.190, and the total tax imposed under that section and this  
178.9 provision must not exceed six percent.

178.10 (b) Two-thirds of the revenue from the tax imposed under this section must be dedicated  
178.11 and used for capital improvements to public recreational facilities and marketing and  
178.12 promotion of the community, and the remaining one-third of the revenue must be used for  
178.13 the same purposes as a tax imposed under Minnesota Statutes, section 469.190.

178.14 ~~(c) The tax imposed under this authority terminates at the earlier of: (1) ten years after~~  
178.15 ~~the tax is first imposed; or (2) December 31, 2030.~~

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

178.17 Sec. 11. Laws 2021, First Special Session chapter 14, article 8, section 5, is amended to  
178.18 read:

178.19 **Sec. 5. CITY OF EDINA; TAXES AUTHORIZED.**

178.20 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
178.21 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,  
178.22 and if approved by the voters at a general election as required under Minnesota Statutes,  
178.23 section 297A.99, subdivision 3, the city of Edina may impose by ordinance a sales and use  
178.24 tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise  
178.25 provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the  
178.26 imposition, administration, collection, and enforcement of the tax authorized under this  
178.27 subdivision. The tax imposed under this subdivision is in addition to any local sales and  
178.28 use tax imposed under any other special law.

178.29 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
178.30 under subdivision 1 must be used by the city of Edina to pay the costs of collecting and  
178.31 administering the tax and paying for the following projects in the city, including securing  
178.32 and paying debt service on bonds issued to finance all or part of the following projects:

179.1 (1) \$17,700,000 plus associated bonding costs for development of Fred Richards Park  
 179.2 as identified in the Fred Richards Park Master Plan; ~~and~~

179.3 (2) ~~\$21,600,000~~ \$46,900,000 plus associated bonding costs for improvements to Braemar  
 179.4 Park as identified in the Braemar Park Master Plan; and

179.5 (3) capital improvement projects to the city's park and recreation system, plus associated  
 179.6 bonding costs, provided that sufficient revenue from the tax has been received to pay for  
 179.7 the project costs in clauses (1) and (2) and to pay the costs related to issuance of any bonds  
 179.8 under subdivision 3, paragraph (b).

179.9 Subd. 3. **Bonding authority.** ~~(a) The city of Edina may issue bonds under Minnesota~~  
 179.10 ~~Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in~~  
 179.11 ~~subdivision 2 and approved by the voters as required under Minnesota Statutes, section~~  
 179.12 ~~297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued~~  
 179.13 ~~under this subdivision may not exceed: (1) \$17,700,000 for the project listed in subdivision~~  
 179.14 ~~2, clause (1), plus an amount to be applied to the payment of the costs of issuing the bonds;~~  
 179.15 ~~and (2) \$21,600,000 for the project listed in subdivision 2, clause (2), plus an amount to be~~  
 179.16 ~~applied to the payment of the costs of issuing the bonds. The bonds may be paid from or~~  
 179.17 ~~secured by any funds available to the city of Edina, including the tax authorized under~~  
 179.18 ~~subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota~~  
 179.19 ~~Statutes, sections 275.60 and 275.61.~~

179.20 (a) The city of Edina may issue bonds under Minnesota Statutes, chapter 475, to finance  
 179.21 all or a portion of the costs of the projects authorized in subdivision 2 and approved by the  
 179.22 voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a).  
 179.23 The bonds may be paid from or secured by any funds available to the city of Edina, including  
 179.24 the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not  
 179.25 subject to Minnesota Statutes, sections 275.60 and 275.61.

179.26 (b) For the projects described in subdivision 2, clauses (1) and (2), the aggregate principal  
 179.27 amount of bonds issued under this subdivision may not exceed:

179.28 (1) \$17,700,000 for the project listed in subdivision 2, clause (1), plus an amount to be  
 179.29 applied to the payment of the costs of issuing the bonds; and

179.30 (2) \$46,900,000 for the project listed in subdivision 2, clause (2), plus an amount to be  
 179.31 applied to the payment of the costs of issuing the bonds.

179.32 ~~(b)~~ (c) The bonds are not included in computing any debt limitation applicable to the  
 179.33 city of Edina, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal

180.1 and interest on the bonds is not subject to any levy limitation. A separate election to approve  
180.2 the bonds under Minnesota Statutes, section 475.58, is not required.

180.3 **Subd. 4. Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,  
180.4 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) ~~19~~ 17 years  
180.5 after the tax is first imposed, or (2) when the city council determines that the amount received  
180.6 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for  
180.7 projects approved by voters as required under Minnesota Statutes, section 297A.99,  
180.8 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance  
180.9 of any bonds authorized under subdivision 3, including interest on the bonds. Except as  
180.10 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),  
180.11 any funds remaining after payment of the allowed costs due to the timing of the termination  
180.12 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, must be placed in the  
180.13 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time  
180.14 if the city so determines by ordinance.

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

180.18 Sec. 12. Laws 2021, First Special Session chapter 14, article 8, section 7, is amended to  
180.19 read:

180.20 **Sec. 7. CITY OF GRAND RAPIDS; TAXES AUTHORIZED.**

180.21 **Subdivision 1. Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
180.22 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,  
180.23 and if approved by the voters at a general election as required under Minnesota Statutes,  
180.24 section 297A.99, subdivision 3, the city of Grand Rapids may impose by ordinance a sales  
180.25 and use tax of one-half of one percent for the purposes specified in subdivision 2. Except  
180.26 as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,  
180.27 govern the imposition, administration, collection, and enforcement of the tax authorized  
180.28 under this subdivision. The tax imposed under this subdivision is in addition to any local  
180.29 sales and use tax imposed under any other special law.

180.30 **Subd. 2. Use of sales and use tax revenues.** The revenues derived from the tax authorized  
180.31 under subdivision 1 must be used by the city of Grand Rapids to pay the costs of collecting  
180.32 and administering the tax including securing and paying debt service on bonds issued and  
180.33 to finance up to ~~\$5,980,000~~ \$10,600,000 for reconstruction, remodeling, and upgrades to

181.1 the Grand Rapids IRA Civic Center. Authorized costs include design, construction,  
181.2 reconstruction, mechanical upgrades, and engineering costs, as well as the associated bond  
181.3 costs for any bonds issued under subdivision 3.

181.4 Subd. 3. **Bonding authority.** (a) The city of Grand Rapids may issue bonds under  
181.5 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities  
181.6 authorized in subdivision 2. The aggregate principal amount of bonds issued under this  
181.7 subdivision may not exceed ~~\$5,980,000~~ \$10,600,000, plus an amount to be applied to the  
181.8 payment of the costs of issuing the bonds. The bonds may be paid from or secured by any  
181.9 funds available to the city of Grand Rapids, including the tax authorized under subdivision  
181.10 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections  
181.11 275.60 and 275.61.

181.12 (b) The bonds are not included in computing any debt limitation applicable to the city  
181.13 of Grand Rapids, and any levy of taxes under Minnesota Statutes, section 475.61, to pay  
181.14 principal and interest on the bonds is not subject to any levy limitation. A separate election  
181.15 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

181.16 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
181.17 earlier of: (1) ~~seven~~ 12 years after the tax is first imposed; or (2) when the city council  
181.18 determines that it has received from this tax ~~\$5,980,000~~ \$10,600,000 to fund the project  
181.19 listed in subdivision 2 for projects approved by the voters as required under Minnesota  
181.20 Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay  
181.21 the costs related to issuance of any bonds authorized under subdivision 3, including interest  
181.22 on the bonds. Any funds remaining after payment of all such costs and retirement or  
181.23 redemption of the bonds shall be placed in the general fund of the city, except for funds  
181.24 required to be retained in the state general fund under Minnesota Statutes, section 297A.99,  
181.25 subdivision 3. The tax imposed under subdivision 1 may expire at an earlier time if the city  
181.26 so determines by ordinance.

181.27 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
181.28 city of Grand Rapids and its chief clerical officer comply with Minnesota Statutes, section  
181.29 645.021, subdivisions 2 and 3.

181.30 Sec. 13. **CITY OF AITKIN; TAXES AUTHORIZED.**

181.31 **Subdivision 1. Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
181.32 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters  
181.33 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,  
181.34 the city of Aitkin may impose by ordinance a sales and use tax of one percent for the purposes

182.1 specified in subdivision 2. Except as otherwise provided in this section, the provisions of  
182.2 Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and  
182.3 enforcement of the tax authorized under this subdivision. The tax imposed under this  
182.4 subdivision is in addition to any local sales and use tax imposed under any other special  
182.5 law.

182.6 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
182.7 under subdivision 1 must be used by the city of Aitkin to pay the costs of collecting and  
182.8 administering the tax and paying for the following projects in the city, including securing  
182.9 and paying debt service on bonds issued to finance all or part of the following projects:

182.10 (1) \$8,300,000 plus associated bonding costs for construction of a new municipal  
182.11 building; and

182.12 (2) \$1,000,000 plus associated bonding costs for improvements to parks and trails.

182.13 Subd. 3. **Bonding authority.** (a) The city of Aitkin may issue bonds under Minnesota  
182.14 Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in  
182.15 subdivision 2 and approved by the voters as required under Minnesota Statutes, section  
182.16 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued  
182.17 under this subdivision may not exceed:

182.18 (1) \$8,300,000 for the project listed in subdivision 2, clause (1), plus an amount to be  
182.19 applied to the payment of the costs of issuing the bonds; and

182.20 (2) \$1,000,000 for the project listed in subdivision 2, clause (2), plus an amount to be  
182.21 applied to the payment of the costs of issuing the bonds.

182.22 The bonds may be paid from or secured by any funds available to the city of Aitkin, including  
182.23 the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not  
182.24 subject to Minnesota Statutes, sections 275.60 and 275.61.

182.25 (b) The bonds are not included in computing any debt limitation applicable to the city  
182.26 of Aitkin, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal  
182.27 and interest on the bonds is not subject to any levy limitation. A separate election to approve  
182.28 the bonds under Minnesota Statutes, section 475.58, is not required.

182.29 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,  
182.30 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 19 years  
182.31 after being first imposed, or (2) when the city council determines that the amount received  
182.32 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for  
182.33 projects approved by voters as required under Minnesota Statutes, section 297A.99,

183.1 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance  
183.2 of any bonds authorized under subdivision 3, including interest on the bonds. Except as  
183.3 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),  
183.4 any funds remaining after payment of the allowed costs due to the timing of the termination  
183.5 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the  
183.6 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time  
183.7 if the city so determines by ordinance.

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

183.11 **Sec. 14. CITY OF BLACKDUCK; TAXES AUTHORIZED.**

183.12 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
183.13 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters  
183.14 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,  
183.15 the city of Blackduck may impose by ordinance a sales and use tax of one-half of one percent  
183.16 for the purposes specified in subdivision 2. Except as otherwise provided in this section,  
183.17 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
183.18 collection, and enforcement of the tax authorized under this subdivision. The tax imposed  
183.19 under this subdivision is in addition to any local sales and use tax imposed under any other  
183.20 special law.

183.21 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
183.22 under subdivision 1 must be used by the city of Blackduck to pay the costs of collecting  
183.23 and administering the tax and paying for the following projects in the city, including securing  
183.24 and paying debt service on bonds issued to finance all or part of the following projects:

183.25 (1) \$200,000 plus associated bonding costs for improvements to a city campground;

183.26 (2) \$300,000 plus associated bonding costs for improvements to a walking trail;

183.27 (3) \$250,000 plus associated bonding costs for improvements to a wayside rest;

183.28 (4) \$150,000 plus associated bonding costs for golf course irrigation improvements; and

183.29 (5) \$100,000 plus associated bonding costs for reconstruction of a library.

183.30 Subd. 3. **Bonding authority.** (a) The city of Blackduck may issue bonds under Minnesota  
183.31 Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in  
183.32 subdivision 2 and approved by the voters as required under Minnesota Statutes, section

184.1 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued  
184.2 under this subdivision may not exceed:

184.3 (1) \$200,000 for the project listed in subdivision 2, clause (1), plus an amount to be  
184.4 applied to the payment of the costs of issuing the bonds;

184.5 (2) \$300,000 for the project listed in subdivision 2, clause (2), plus an amount to be  
184.6 applied to the payment of the costs of issuing the bonds;

184.7 (3) \$250,000 for the project listed in subdivision 2, clause (3), plus an amount to be  
184.8 applied to the payment of the costs of issuing the bonds;

184.9 (4) \$150,000 for the project listed in subdivision 2, clause (4), plus an amount to be  
184.10 applied to the payment of the costs of issuing the bonds; and

184.11 (5) \$100,000 for the project listed in subdivision 2, clause (5), plus an amount to be  
184.12 applied to the payment of the costs of issuing the bonds.

184.13 The bonds may be paid from or secured by any funds available to the city of Blackduck,  
184.14 including the tax authorized under subdivision 1. The issuance of bonds under this  
184.15 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

184.16 (b) The bonds are not included in computing any debt limitation applicable to the city  
184.17 of Blackduck, and any levy of taxes under Minnesota Statutes, section 475.61, to pay  
184.18 principal and interest on the bonds is not subject to any levy limitation. A separate election  
184.19 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

184.20 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,  
184.21 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years  
184.22 after being first imposed, or (2) when the city council determines that the amount received  
184.23 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for  
184.24 projects approved by voters as required under Minnesota Statutes, section 297A.99,  
184.25 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance  
184.26 of any bonds authorized under subdivision 3, including interest on the bonds. Except as  
184.27 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),  
184.28 any funds remaining after payment of the allowed costs due to the timing of the termination  
184.29 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the  
184.30 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time  
184.31 if the city so determines by ordinance.

185.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
185.2 city of Blackduck and its chief clerical officer comply with Minnesota Statutes, section  
185.3 645.021, subdivisions 2 and 3.

185.4 Sec. 15. **CITY OF BLOOMINGTON; TAXES AUTHORIZED.**

185.5 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
185.6 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters  
185.7 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,  
185.8 the city of Bloomington may impose by ordinance a sales and use tax of one-half of one  
185.9 percent for the purposes specified in subdivision 2. Except as otherwise provided in this  
185.10 section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition,  
185.11 administration, collection, and enforcement of the tax authorized under this subdivision.  
185.12 The tax imposed under this subdivision is in addition to any local sales and use tax imposed  
185.13 under any other special law.

185.14 Subd. 2. **Use of sales and use tax revenues.** (a) The revenues derived from the tax  
185.15 authorized under subdivision 1 must be used by the city of Bloomington to pay the costs of  
185.16 collecting and administering the tax and paying for the following projects in the city,  
185.17 including securing and paying debt service on bonds issued to finance all or part of the  
185.18 following projects:

185.19 (1) \$32,000,000 plus associated bonding costs for construction of improvements and  
185.20 rehabilitation of the Bloomington Ice Garden and associated infrastructure;

185.21 (2) \$70,000,000 plus associated bonding costs for construction of a new Community  
185.22 Health and Wellness Center and associated infrastructure; and

185.23 (3) \$33,000,000 plus associated bonding costs for construction of an expansion to the  
185.24 Bloomington Center for the Arts Concert Hall and associated infrastructure.

185.25 (b)(1) For purposes of this subdivision, "associated infrastructure" includes any or all  
185.26 of the following activities: demolition, reconstruction, expansion, improvement, construction,  
185.27 or rehabilitation, related to the existing facility or the new project, or both.

185.28 (2) Associated infrastructure activities described in clause (1) include but are not limited  
185.29 to the following activities associated with the capital project or projects that are needed for  
185.30 safe access or use: facilities, roads, lighting, sidewalks, parking, landscaping, or utilities.

185.31 (3) Costs include all the costs associated with delivering the projects.

186.1 Subd. 3. **Bonding authority.** (a) The city of Bloomington may issue bonds under  
186.2 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities  
186.3 authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes,  
186.4 section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds  
186.5 issued under this subdivision may not exceed:

186.6 (1) \$32,000,000 for the project listed in subdivision 2, clause (1), plus an amount to be  
186.7 applied to the payment of the costs of issuing the bonds;

186.8 (2) \$70,000,000 for the project listed in subdivision 2, clause (2), plus an amount to be  
186.9 applied to the payment of the costs of issuing the bonds; and

186.10 (3) \$33,000,000 for the project listed in subdivision 2, clause (3), plus an amount to be  
186.11 applied to the payment of the costs of issuing the bonds.

186.12 The bonds may be paid from or secured by any funds available to the city of Bloomington,  
186.13 including the tax authorized under subdivision 1. The issuance of bonds under this  
186.14 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

186.15 (b) The bonds are not included in computing any debt limitation applicable to the city  
186.16 of Bloomington, and any levy of taxes under Minnesota Statutes, section 475.61, to pay  
186.17 principal and interest on the bonds is not subject to any levy limitation. A separate election  
186.18 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

186.19 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,  
186.20 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years  
186.21 after being first imposed, or (2) when the city council determines that the amount received  
186.22 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for  
186.23 projects approved by voters as required under Minnesota Statutes, section 297A.99,  
186.24 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance  
186.25 of any bonds authorized under subdivision 3, including interest on the bonds. Except as  
186.26 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),  
186.27 any funds remaining after payment of the allowed costs due to the timing of the termination  
186.28 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the  
186.29 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time  
186.30 if the city so determines by ordinance.

186.31 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
186.32 city of Bloomington and its chief clerical officer comply with Minnesota Statutes, section  
186.33 645.021, subdivisions 2 and 3.

187.1 **Sec. 16. CITY OF BROOKLYN CENTER; TAXES AUTHORIZED.**

187.2 **Subdivision 1. Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
187.3 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters  
187.4 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,  
187.5 the city of Brooklyn Center may impose by ordinance a sales and use tax of one-half of one  
187.6 percent for the purposes specified in subdivision 2. Except as otherwise provided in this  
187.7 section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition,  
187.8 administration, collection, and enforcement of the tax authorized under this subdivision.  
187.9 The tax imposed under this subdivision is in addition to any local sales and use tax imposed  
187.10 under any other special law.

187.11 **Subd. 2. Use of sales and use tax revenues.** The revenues derived from the tax authorized  
187.12 under subdivision 1 must be used by the city of Brooklyn Center to pay the costs of collecting  
187.13 and administering the tax and to finance up to \$55,000,000, plus associated bonding costs,  
187.14 for the renovation and expansion of the Brooklyn Center Community Center.

187.15 **Subd. 3. Bonding authority.** (a) The city of Brooklyn Center may issue bonds under  
187.16 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities  
187.17 authorized in subdivision 2. The aggregate principal amount of bonds issued under this  
187.18 subdivision may not exceed \$55,000,000 plus an amount to be applied to the payment of  
187.19 the costs of issuing the bonds. The bonds may be paid from or secured by any funds available  
187.20 to the city of Brooklyn Center, including the tax authorized under subdivision 1 and the full  
187.21 faith and credit of the city. The issuance of bonds under this subdivision is not subject to  
187.22 Minnesota Statutes, sections 275.60 and 275.61.

187.23 (b) The bonds are not included in computing any debt limitation applicable to the city  
187.24 of Brooklyn Center and any levy of taxes under Minnesota Statutes, section 475.61, to pay  
187.25 principal and interest on the bonds is not subject to any levy limitation. A separate election  
187.26 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

187.27 **Subd. 4. Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,  
187.28 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years  
187.29 after being first imposed, or (2) when the city council determines that the amount received  
187.30 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for  
187.31 projects approved by voters as required under Minnesota Statutes, section 297A.99,  
187.32 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance  
187.33 of any bonds authorized under subdivision 3, including interest on the bonds. Except as  
187.34 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),

188.1 any funds remaining after payment of the allowed costs due to the timing of the termination  
188.2 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the  
188.3 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time  
188.4 if the city so determines by ordinance.

188.5 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
188.6 city of Brooklyn Center and its chief clerical officer comply with Minnesota Statutes, section  
188.7 645.021, subdivisions 2 and 3.

188.8 **Sec. 17. CITY OF EAST GRAND FORKS; TAXES AUTHORIZED.**

188.9 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
188.10 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters  
188.11 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,  
188.12 the city of East Grand Forks may impose by ordinance a sales and use tax of 1.25 percent  
188.13 for the purposes specified in subdivision 2. Except as otherwise provided in this section,  
188.14 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
188.15 collection, and enforcement of the tax authorized under this subdivision. The tax imposed  
188.16 under this subdivision is in addition to any local sales and use tax imposed under any other  
188.17 special law.

188.18 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
188.19 under subdivision 1 must be used by the city of East Grand Forks to pay the costs of  
188.20 collecting and administering the tax and paying for the following projects in the city,  
188.21 including securing and paying debt service on bonds issued to finance all or part of the  
188.22 following projects:

188.23 (1) \$15,500,000 plus associated bonding costs for reconstruction and remodeling of,  
188.24 and upgrades and additions to, the Civic Center Sports Complex; and

188.25 (2) \$6,000,000 plus associated bonding costs for reconstruction and remodeling of, and  
188.26 upgrades and additions to, the VFW Memorial and Blue Line Arena.

188.27 Subd. 3. **Bonding authority.** (a) The city of East Grand Forks may issue bonds under  
188.28 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities  
188.29 authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes,  
188.30 section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds  
188.31 issued under this subdivision may not exceed:

188.32 (1) \$15,500,000 for the projects listed in subdivision 2, clause (1), plus an amount to be  
188.33 applied to the payment of the costs of issuing the bonds; and

189.1 (2) \$6,000,000 for the projects listed in subdivision 2, clause (2), plus an amount to be  
189.2 applied to the payment of the costs of issuing the bonds.

189.3 (b) The bonds may be paid from or secured by any funds available to the city of East  
189.4 Grand Forks, including the tax authorized under subdivision 1 and the full faith and credit  
189.5 of the city. The issuance of bonds under this subdivision is not subject to Minnesota Statutes,  
189.6 sections 275.60 and 275.61.

189.7 (c) The bonds are not included in computing any debt limitation applicable to the city  
189.8 of East Grand Forks and any levy of taxes under Minnesota Statutes, section 475.61, to pay  
189.9 principal and interest on the bonds is not subject to any levy limitation. A separate election  
189.10 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

189.11 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,  
189.12 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years  
189.13 after being first imposed, or (2) when the city council determines that the amount received  
189.14 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for  
189.15 projects approved by voters as required under Minnesota Statutes, section 297A.99,  
189.16 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance  
189.17 of any bonds authorized under subdivision 3, including interest on the bonds. Except as  
189.18 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),  
189.19 any funds remaining after payment of the allowed costs due to the timing of the termination  
189.20 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the  
189.21 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time  
189.22 if the city so determines by ordinance.

189.23 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
189.24 city of East Grand Forks and its chief clerical officer comply with Minnesota Statutes,  
189.25 section 645.021, subdivisions 2 and 3.

189.26 Sec. 18. **CITY OF GOLDEN VALLEY; TAXES AUTHORIZED.**

189.27 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
189.28 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters  
189.29 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,  
189.30 the city of Golden Valley may impose by ordinance a sales and use tax of three-quarters of  
189.31 one percent for the purposes specified in subdivision 2. Except as otherwise provided in  
189.32 this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition,  
189.33 administration, collection, and enforcement of the tax authorized under this subdivision.

190.1 The tax imposed under this subdivision is in addition to any local sales and use tax imposed  
190.2 under any other special law.

190.3 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
190.4 under subdivision 1 must be used by the city of Golden Valley to pay the costs of collecting  
190.5 and administering the tax and paying for the following projects in the city, including securing  
190.6 and paying debt service on bonds issued to finance all or part of the following projects:

190.7 (1) \$38,000,000 plus associated bonding costs for construction of a new public works  
190.8 facility; and

190.9 (2) \$35,000,000 plus associated bonding costs for construction of a new public safety  
190.10 facility.

190.11 Subd. 3. **Bonding authority.** (a) The city of Golden Valley may issue bonds under  
190.12 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the projects  
190.13 authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes,  
190.14 section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds  
190.15 issued under this subdivision may not exceed:

190.16 (1) \$38,000,000 for the project listed in subdivision 2, clause (1), plus an amount to be  
190.17 applied to the payment of the costs of issuing the bonds; and

190.18 (2) \$35,000,000 for the project listed in subdivision 2, clause (2), plus an amount to be  
190.19 applied to the payment of the costs of issuing the bonds.

190.20 (b) The bonds may be paid from or secured by any funds available to the city of Golden  
190.21 Valley, including the tax authorized under subdivision 1. The issuance of bonds under this  
190.22 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

190.23 (c) The bonds are not included in computing any debt limitation applicable to the city  
190.24 of Golden Valley, and any levy of taxes under Minnesota Statutes, section 475.61, to pay  
190.25 principal and interest on the bonds is not subject to any levy limitation. A separate election  
190.26 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

190.27 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,  
190.28 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 30 years  
190.29 after the tax is first imposed, or (2) when the city council determines that the amount received  
190.30 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for  
190.31 projects approved by voters as required under Minnesota Statutes, section 297A.99,  
190.32 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance  
190.33 of any bonds authorized under subdivision 3, including interest on the bonds. Except as

191.1 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),  
191.2 any funds remaining after payment of the allowed costs due to the timing of the termination  
191.3 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, must be placed in the  
191.4 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time  
191.5 if the city so determines by ordinance.

191.6 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
191.7 city of Golden Valley and its chief clerical officer comply with Minnesota Statutes, section  
191.8 645.021, subdivisions 2 and 3.

191.9 **Sec. 19. CITY OF HENDERSON; TAXES AUTHORIZED.**

191.10 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
191.11 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters  
191.12 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,  
191.13 the city of Henderson may impose by ordinance a sales and use tax of one-half of one percent  
191.14 for the purposes specified in subdivision 2. Except as otherwise provided in this section,  
191.15 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
191.16 collection, and enforcement of the tax authorized under this subdivision. The tax imposed  
191.17 under this subdivision is in addition to any local sales and use tax imposed under any other  
191.18 special law.

191.19 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
191.20 under subdivision 1 must be used by the city of Henderson to pay the costs of collecting  
191.21 and administering the tax, and to finance up to \$240,000 plus associated bonding costs for  
191.22 the Allanson's Park Campground and Trail project. Authorized project costs include  
191.23 improvements to trails, improvements to the park campground and related facilities, utility  
191.24 improvements, handicap access improvements, and other improvements related to linkage  
191.25 to other local trails, as well as the associated bond costs for any bonds issued under  
191.26 subdivision 3.

191.27 Subd. 3. **Bonding authority.** (a) The city of Henderson may issue bonds under Minnesota  
191.28 Statutes, chapter 475, to finance up to \$240,000 of the portion of the costs of the project  
191.29 authorized in subdivision 2, and approved by the voters as required under Minnesota Statutes,  
191.30 section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds  
191.31 issued under this subdivision may not exceed \$240,000 plus an amount to be applied to the  
191.32 payment of the costs of issuing the bonds. The bonds may be paid from or secured by any  
191.33 funds available to the city of Henderson, including the tax authorized under subdivision 1.

192.1 The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections  
192.2 275.60 and 275.61.

192.3 (b) The bonds are not included in computing any debt limitation applicable to the city  
192.4 of Henderson, and any levy of taxes under Minnesota Statutes, section 475.61, to pay  
192.5 principal and interest on the bonds is not subject to any levy limitation. A separate election  
192.6 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

192.7 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,  
192.8 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of: (1) 15 years  
192.9 after the tax is first imposed; or (2) when the city council determines that the amount received  
192.10 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for  
192.11 projects approved by voters as required under Minnesota Statutes, section 297A.99,  
192.12 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance  
192.13 of any bonds authorized under subdivision 3, including interest on the bonds. Except as  
192.14 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),  
192.15 any funds remaining after payment of the allowed costs due to the timing of the termination  
192.16 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the  
192.17 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time  
192.18 if the city so determines by ordinance.

192.19 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
192.20 city of Henderson and its chief clerical officer comply with Minnesota Statutes, section  
192.21 645.021, subdivisions 2 and 3.

192.22 Sec. 20. **CITY OF PROCTOR; TAXES AUTHORIZED.**

192.23 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
192.24 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters  
192.25 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,  
192.26 the city of Proctor may impose by ordinance a sales and use tax of one-half of one percent  
192.27 for the purposes specified in subdivision 2. Except as otherwise provided in this section,  
192.28 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
192.29 collection, and enforcement of the tax authorized under this subdivision. The tax imposed  
192.30 under this subdivision is in addition to any local sales and use tax imposed under any other  
192.31 special law.

192.32 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
192.33 under subdivision 1 must be used by the city of Proctor to pay the costs of collecting and  
192.34 administering the tax and to finance up to \$3,850,000 plus associated bonding costs for

193.1 construction of a new regional and statewide trail spur in the city, including securing and  
193.2 paying debt service on bonds issued to finance all or part of the project.

193.3 Subd. 3. **Bonding authority.** The city of Proctor may issue bonds under Minnesota  
193.4 Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in  
193.5 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may  
193.6 not exceed \$3,850,000, plus an amount to be applied to the payment of the costs of issuing  
193.7 the bonds.

193.8 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,  
193.9 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years  
193.10 after being first imposed, or (2) when the city council determines that the amount received  
193.11 from the tax is sufficient to pay for the project costs authorized under subdivision 2, plus  
193.12 an amount sufficient to pay the costs related to issuance of any bonds authorized under  
193.13 subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota  
193.14 Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment  
193.15 of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes,  
193.16 section 297A.99, subdivision 12, shall be placed in the general fund of the city. The tax  
193.17 imposed under subdivision 1 may expire at an earlier time if the city so determines by  
193.18 ordinance.

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

193.22 Sec. 21. **RICE COUNTY; TAXES AUTHORIZED.**

193.23 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
193.24 section 477A.016, or any other law or ordinance, and if approved by the voters at a general  
193.25 election as required under Minnesota Statutes, section 297A.99, subdivision 3, Rice County  
193.26 may impose by ordinance a sales and use tax of three-eighths of one percent for the purposes  
193.27 specified in subdivision 2. Except as otherwise provided in this section, the provisions of  
193.28 Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and  
193.29 enforcement of the tax authorized under this subdivision. The tax imposed under this  
193.30 subdivision is in addition to any local sales and use tax imposed under any other special  
193.31 law.

193.32 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
193.33 under subdivision 1 must be used by Rice County to pay the costs of collecting and  
193.34 administering the tax and paying for up to \$77,000,000 plus associated bonding costs for

194.1 construction of a public safety facility in the county, including associated bond costs for  
194.2 any bonds issued under subdivision 3.

194.3 Subd. 3. **Bonding authority.** (a) Rice County may issue bonds under Minnesota Statutes,  
194.4 chapter 475, to finance all or a portion of the costs of the facilities authorized in subdivision  
194.5 2 and approved by the voters as required under Minnesota Statutes, section 297A.99,  
194.6 subdivision 3, paragraph (a). The aggregate principal amount of bonds issued under this  
194.7 subdivision may not exceed \$77,000,000, plus an amount to be applied to the payment of  
194.8 the costs of issuing the bonds. The bonds may be paid from or secured by any funds available  
194.9 to Rice County, including the tax authorized under subdivision 1. The issuance of bonds  
194.10 under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

194.11 (b) The bonds are not included in computing any debt limitation applicable to Rice  
194.12 County, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal  
194.13 and interest on the bonds is not subject to any levy limitation. A separate election to approve  
194.14 the bonds under Minnesota Statutes, section 475.58, is not required.

194.15 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,  
194.16 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 30 years  
194.17 after being first imposed, or (2) when the county board of commissioners determines that  
194.18 the amount received from the tax is sufficient to pay for the project costs authorized under  
194.19 subdivision 2, plus an amount sufficient to pay the costs related to issuance of any bonds  
194.20 authorized under subdivision 3, including interest on the bonds. Except as otherwise provided  
194.21 in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining  
194.22 after payment of the allowed costs due to the timing of the termination of the tax under  
194.23 Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of  
194.24 the county. The tax imposed under subdivision 1 may expire at an earlier time if the county  
194.25 so determines by ordinance.

194.26 **EFFECTIVE DATE.** This section is effective the day after the governing body of Rice  
194.27 County and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
194.28 subdivisions 2 and 3.

194.29 Sec. 22. **CITY OF ROSEVILLE; TAXES AUTHORIZED.**

194.30 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
194.31 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters  
194.32 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,  
194.33 the city of Roseville may impose by ordinance a sales and use tax of one-half of one percent  
194.34 for the purposes specified in subdivision 2. Except as otherwise provided in this section,

195.1 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
195.2 collection, and enforcement of the tax authorized under this subdivision. The tax imposed  
195.3 under this subdivision is in addition to any local sales and use tax imposed under any other  
195.4 special law.

195.5 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
195.6 under subdivision 1 must be used by the city of Roseville to pay the costs of collecting and  
195.7 administering the tax and paying for the following projects in the city, including securing  
195.8 and paying debt service on bonds issued to finance all or part of the following projects:

195.9 (1) \$42,000,000 plus associated bonding costs for construction of a new maintenance  
195.10 facility;

195.11 (2) \$7,000,000 plus associated bonding costs for construction of a new license and  
195.12 passport center; and

195.13 (3) \$16,000,000 plus associated bonding costs for construction of a pedestrian bridge.

195.14 Subd. 3. **Bonding authority.** (a) The city of Roseville may issue bonds under Minnesota  
195.15 Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in  
195.16 subdivision 2 and approved by the voters as required under Minnesota Statutes, section  
195.17 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued  
195.18 under this subdivision may not exceed:

195.19 (1) \$42,000,000 for the project listed in subdivision 2, clause (1), plus an amount to be  
195.20 applied to the payment of the costs of issuing the bonds;

195.21 (2) \$7,000,000 for the project listed in subdivision 2, clause (2), plus an amount to be  
195.22 applied to the payment of the costs of issuing the bonds; and

195.23 (3) \$16,000,000 for the project listed in subdivision 2, clause (3), plus an amount to be  
195.24 applied to the payment of the costs of issuing the bonds.

195.25 The bonds may be paid from or secured by any funds available to the city of Roseville,  
195.26 including the tax authorized under subdivision 1. The issuance of bonds under this  
195.27 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

195.28 (b) The bonds are not included in computing any debt limitation applicable to the city  
195.29 of Roseville, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal  
195.30 and interest on the bonds is not subject to any levy limitation. A separate election to approve  
195.31 the bonds under Minnesota Statutes, section 475.58, is not required.

196.1 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,  
196.2 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 16 years  
196.3 after the tax is first imposed, or (2) when the city council determines that the amount received  
196.4 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for  
196.5 projects approved by voters as required under Minnesota Statutes, section 297A.99,  
196.6 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance  
196.7 of any bonds authorized under subdivision 3, including interest on the bonds. Except as  
196.8 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),  
196.9 any funds remaining after payment of the allowed costs due to the timing of the termination  
196.10 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the  
196.11 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time  
196.12 if the city so determines by ordinance.

196.13 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
196.14 city of Roseville and its chief clerical officer comply with Minnesota Statutes, section  
196.15 645.021, subdivisions 2 and 3.

196.16 Sec. 23. **WINONA COUNTY; TAXES AUTHORIZED.**

196.17 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
196.18 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters  
196.19 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,  
196.20 Winona County may impose, by ordinance, a sales and use tax of one-quarter of one percent  
196.21 for the purposes specified in subdivision 2. Except as otherwise provided in this section,  
196.22 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
196.23 collection, and enforcement of the tax authorized under this subdivision. The tax imposed  
196.24 under this subdivision is in addition to any local sales and use tax imposed under any other  
196.25 special law.

196.26 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
196.27 under subdivision 1 must be used by Winona County to pay the costs of collecting and  
196.28 administering the tax, and to finance up to \$28,000,000 plus associated bonding costs for  
196.29 construction of a new correctional facility or upgrades to an existing correctional facility,  
196.30 as well as the associated bond costs for any bonds issued under subdivision 3.

196.31 Subd. 3. **Bonding authority.** (a) Winona County may issue bonds under Minnesota  
196.32 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in  
196.33 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may  
196.34 not exceed \$28,000,000, plus an amount applied to the payment of costs of issuing the

197.1 bonds. The bonds may be paid from or secured by any funds available to the county,  
197.2 including the tax authorized under subdivision 1. The issuance of bonds under this  
197.3 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

197.4 (b) The bonds are not included in computing any debt limitation applicable to the county.  
197.5 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest  
197.6 on the bonds is not subject to any levy limitation. A separate election to approve the bonds  
197.7 under Minnesota Statutes, section 475.58, is not required.

197.8 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
197.9 earlier of: (1) 25 years after the tax is first imposed; or (2) when the county determines that  
197.10 it has received from this tax \$28,000,000 to fund the project listed in subdivision 2, plus an  
197.11 amount sufficient to pay costs related to issuance of any bonds authorized under subdivision  
197.12 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes,  
197.13 section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the  
197.14 allowed costs due to timing of the termination of the tax under Minnesota Statutes, section  
197.15 297A.99, subdivision 12, shall be placed in the county's general fund. The tax imposed  
197.16 under subdivision 1 may expire at an earlier time if the county determines by ordinance.

197.17 **EFFECTIVE DATE.** This section is effective the day after the governing body of  
197.18 Winona County and its chief clerical officer comply with Minnesota Statutes, section  
197.19 645.021, subdivisions 2 and 3.

197.20 Sec. 24. **CITY OF WOODBURY; LOCAL LODGING TAX AUTHORIZED.**

197.21 Notwithstanding the disposition of proceeds requirement in Minnesota Statutes, section  
197.22 469.190, subdivision 3, or any other provision of law, ordinance, or city charter, the city  
197.23 council for the city of Woodbury may by ordinance dedicate two-thirds of the revenue  
197.24 derived from a tax imposed under Minnesota Statutes, section 469.190, to be used for capital  
197.25 improvements to public recreational facilities. The remaining one-third must be used as  
197.26 required under Minnesota Statutes, section 469.190, subdivision 3.

197.27 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
197.28 city of Woodbury and its chief clerical officer comply with Minnesota Statutes, section  
197.29 645.021, subdivisions 2 and 3.

198.1

**ARTICLE 8**

198.2

**RENTER'S TAX CREDIT**

198.3 Section 1. Minnesota Statutes 2020, section 270B.12, subdivision 8, is amended to read:

198.4 Subd. 8. **County assessors; homestead classification and ~~renter~~ renter's credit.** The  
198.5 commissioner may disclose names and Social Security numbers of individuals who have  
198.6 applied for both homestead classification under section 273.13 and a ~~property tax refund~~  
198.7 ~~as a renter under chapter 290A~~ renter's credit under section 290.0693 for the purpose of and  
198.8 to the extent necessary to administer section 290A.25.

198.9 **EFFECTIVE DATE.** This section is effective for credits based on rent paid after  
198.10 December 31, 2021.

198.11 Sec. 2. Minnesota Statutes 2020, section 289A.38, subdivision 4, is amended to read:

198.12 Subd. 4. **Property tax refund.** For purposes of computing the limitation under this  
198.13 section, the due date of the property tax refund return as provided for in chapter 290A is  
198.14 the due date for an income tax return covering ~~the year in which the rent was paid or the~~  
198.15 year preceding the year in which the property taxes are payable.

198.16 **EFFECTIVE DATE.** This section is effective for credits based on rent paid after  
198.17 December 31, 2021.

198.18 Sec. 3. Minnesota Statutes 2020, section 289A.56, subdivision 6, is amended to read:

198.19 Subd. 6. **Property tax refunds under chapter 290A.** ~~(a) When a renter is owed a~~  
198.20 ~~property tax refund, an unpaid refund bears interest after August 14, or 60 days after the~~  
198.21 ~~refund claim was made, whichever is later, until the date the refund is paid.~~

198.22 ~~(b)~~ (b) When any other a claimant is owed a property tax refund under chapter 290A, the  
198.23 unpaid refund bears interest after September 29, or 60 days after the refund claim was made,  
198.24 whichever is later, until the date the refund is paid.

198.25 **EFFECTIVE DATE.** This section is effective for credits based on rent paid after  
198.26 December 31, 2021.

198.27 Sec. 4. Minnesota Statutes 2020, section 289A.60, subdivision 12, is amended to read:

198.28 Subd. 12. **Penalties relating to property tax refunds.** (a) If it is determined that a  
198.29 property tax refund claim is excessive and was negligently prepared, a claimant is liable

199.1 for a penalty of ten percent of the disallowed claim. If the claim has been paid, the amount  
199.2 disallowed must be recovered by assessment and collection.

199.3 (b) An owner who without reasonable cause fails to give a certificate of rent constituting  
199.4 property tax to a renter, as required by ~~section~~ sections 290.0693, subdivision 4, and 290A.19,  
199.5 paragraph (a), is liable to the commissioner for a penalty of \$100 for each failure.

199.6 (c) If the owner or managing agent knowingly gives rent certificates that report total  
199.7 rent constituting property taxes in excess of the amount of actual rent constituting property  
199.8 taxes paid on the rented part of a property, the owner or managing agent is liable for a  
199.9 penalty equal to the greater of (1) \$100 or (2) 50 percent of the excess that is reported. An  
199.10 overstatement of rent constituting property taxes is presumed to be knowingly made if it  
199.11 exceeds by ten percent or more the actual rent constituting property taxes.

199.12 **EFFECTIVE DATE.** This section is effective for credits based on rent paid after  
199.13 December 31, 2021.

199.14 Sec. 5. **[290.0693] RENTER'S CREDIT.**

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

199.17 (b) "Dependent" means any individual who is considered a dependent under sections  
199.18 151 and 152 of the Internal Revenue Code.

199.19 (c) "Disability" has the meaning given in section 290A.03, subdivision 10.

199.20 (d) "Exemption amount" means the exemption amount under section 290.0121,  
199.21 subdivision 1, paragraph (b).

199.22 (e) "Gross rent" means rent paid for the right of occupancy, at arm's length, of a  
199.23 homestead, exclusive of charges for any medical services furnished by the landlord as a  
199.24 part of the rental agreement, whether expressly set out in the rental agreement or not. The  
199.25 gross rent of a resident of a nursing home or intermediate care facility is \$530 per month.  
199.26 The gross rent of a resident of an adult foster care home is \$830 per month. The commissioner  
199.27 shall annually adjust the amounts in this paragraph as provided in section 270C.22. The  
199.28 statutory year is 2022. If the landlord and tenant have not dealt with each other at arm's  
199.29 length and the commissioner determines that the gross rent charged was excessive, the  
199.30 commissioner may adjust the gross rent to a reasonable amount for purposes of this chapter.

199.31 (f) "Homestead" has the meaning given in section 290A.03, subdivision 6.

199.32 (g) "Household" has the meaning given in section 290A.03, subdivision 4.

200.1 (h) "Household income" means all income received by all persons of a household in a  
200.2 taxable year while members of the household, other than income of a dependent.

200.3 (i) "Income" means adjusted gross income, minus:

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

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

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

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

200.8 (5) for the taxpayer's fifth dependent, the exemption amount; and

200.9 (6) if the taxpayer or taxpayer's spouse had a disability or attained the age of 65 on or  
200.10 before the close of the taxable year, the exemption amount.

200.11 (j) "Rent constituting property taxes" means 17 percent of the gross rent actually paid  
200.12 in cash, or its equivalent, or the portion of rent paid in lieu of property taxes, in any taxable  
200.13 year by a claimant for the right of occupancy of the claimant's Minnesota homestead in the  
200.14 taxable year, and which rent constitutes the basis, in the succeeding taxable year of a claim  
200.15 for a credit under this section by the claimant. If an individual occupies a homestead with  
200.16 another person or persons not related to the individual as the individual's spouse or as  
200.17 dependents, and the other person or persons are residing at the homestead under a rental or  
200.18 lease agreement with the individual, the amount of rent constituting property tax for the  
200.19 individual equals that portion not covered by the rental agreement.

200.20 Subd. 2. **Credit allowed; refundable.** (a) An individual is allowed a credit against the  
200.21 tax due under this chapter equal to the amount that rent constituting property taxes exceeds  
200.22 the percentage of the household income of the claimant specified in subdivision 3 in the  
200.23 taxable year in which the rent was paid as specified in that subdivision.

200.24 (b) If the amount of credit which a taxpayer is eligible to receive under this section  
200.25 exceeds the taxpayer's liability for tax under this chapter, the commissioner shall refund the  
200.26 excess to the taxpayer.

200.27 Subd. 3. **Renters.** (a) A taxpayer whose rent constituting property taxes exceeds the  
200.28 percentage of the household income stated below must pay an amount equal to the percent  
200.29 of income shown for the appropriate household income level along with the co-payment of  
200.30 the remaining amount of rent constituting property taxes. The credit under subdivision 2  
200.31 equals the amount of rent constituting property taxes that remain, up to the maximum credit  
200.32 amount shown below.

	<u>Household Income</u>	<u>Percent of Income</u>	<u>Co-payment</u>	<u>Maximum Credit</u>
201.1				
201.2	<u>\$0 to 5,879</u>	<u>1.0 percent</u>	<u>5 percent</u>	<u>\$ 2,400</u>
201.3	<u>5,880 to 7,809</u>	<u>1.0 percent</u>	<u>10 percent</u>	<u>\$ 2,400</u>
201.4	<u>7,810 to 9,769</u>	<u>1.1 percent</u>	<u>10 percent</u>	<u>\$ 2,330</u>
201.5	<u>9,770 to 13,699</u>	<u>1.2 percent</u>	<u>10 percent</u>	<u>\$ 2,280</u>
201.6	<u>13,700 to 17,609</u>	<u>1.3 percent</u>	<u>15 percent</u>	<u>\$ 2,210</u>
201.7	<u>17,610 to 19,559</u>	<u>1.4 percent</u>	<u>15 percent</u>	<u>\$ 2,150</u>
201.8	<u>19,560 to 21,499</u>	<u>1.4 percent</u>	<u>20 percent</u>	<u>\$ 2,100</u>
201.9	<u>21,500 to 25,429</u>	<u>1.5 percent</u>	<u>20 percent</u>	<u>\$ 2,030</u>
201.10	<u>25,430 to 27,379</u>	<u>1.6 percent</u>	<u>20 percent</u>	<u>\$ 1,980</u>
201.11	<u>27,380 to 29,329</u>	<u>1.7 percent</u>	<u>25 percent</u>	<u>\$ 1,980</u>
201.12	<u>29,330 to 33,249</u>	<u>1.8 percent</u>	<u>25 percent</u>	<u>\$ 1,980</u>
201.13	<u>33,250 to 35,189</u>	<u>1.9 percent</u>	<u>30 percent</u>	<u>\$ 1,980</u>
201.14	<u>35,190 to 41,059</u>	<u>2.0 percent</u>	<u>30 percent</u>	<u>\$ 1,980</u>
201.15	<u>41,060 to 46,919</u>	<u>2.0 percent</u>	<u>35 percent</u>	<u>\$ 1,980</u>
201.16	<u>46,920 to 54,759</u>	<u>2.0 percent</u>	<u>40 percent</u>	<u>\$ 1,980</u>
201.17	<u>54,760 to 56,699</u>	<u>2.0 percent</u>	<u>45 percent</u>	<u>\$ 1,800</u>
201.18	<u>56,700 to 58,669</u>	<u>2.0 percent</u>	<u>45 percent</u>	<u>\$ 1,620</u>
201.19	<u>58,670 to 60,629</u>	<u>2.0 percent</u>	<u>45 percent</u>	<u>\$ 1,370</u>
201.20	<u>60,630 to 62,569</u>	<u>2.0 percent</u>	<u>50 percent</u>	<u>\$ 1,190</u>
201.21	<u>62,570 to 64,539</u>	<u>2.0 percent</u>	<u>50 percent</u>	<u>\$ 1,080</u>
201.22	<u>64,540 to 66,489</u>	<u>2.0 percent</u>	<u>50 percent</u>	<u>\$ 600</u>
201.23	<u>66,490 to 68,439</u>	<u>2.0 percent</u>	<u>50 percent</u>	<u>\$ 230</u>

201.24 The credit is the amount calculated under this subdivision. No credit is allowed if the  
 201.25 taxpayer's household income is \$68,440 or more.

201.26 (b) The commissioner must annually adjust the dollar amounts of the income thresholds  
 201.27 and the maximum refunds in paragraph (a), as provided in section 270C.22. The statutory  
 201.28 year is 2022.

201.29 (c) The commissioner shall construct and make available to taxpayers a comprehensive  
 201.30 table showing the rent constituting property taxes to be paid and refund allowed at various  
 201.31 levels of income and assessment. The table shall follow the schedule of income percentages,  
 201.32 maximums, and other provisions specified in paragraph (a), except that the commissioner  
 201.33 may graduate the transition between income brackets. All refunds shall be computed in  
 201.34 accordance with tables prepared and issued by the commissioner.

201.35 Subd. 4. Owner or managing agent to furnish rent certificate. (a) The owner or  
 201.36 managing agent of any property for which rent is paid for occupancy as a homestead must

202.1 furnish a certificate of rent paid to a person who is a renter on December 31, in the form  
202.2 prescribed by the commissioner. If the renter moves before December 31, the owner or  
202.3 managing agent may give the certificate to the renter at the time of moving, or mail the  
202.4 certificate to the forwarding address if an address has been provided by the renter. The  
202.5 certificate must be made available to the renter before February 1 of the year following the  
202.6 year in which the rent was paid. The owner or managing agent must retain a duplicate of  
202.7 each certificate or an equivalent record showing the same information for a period of three  
202.8 years. The duplicate or other record must be made available to the commissioner upon  
202.9 request.

202.10 (b) The commissioner may require the owner or managing agent, through a simple  
202.11 process, to furnish to the commissioner on or before March 1 a copy of each certificate of  
202.12 rent paid furnished to a renter for rent paid in the prior year. The commissioner shall prescribe  
202.13 the content, format, and manner of the form pursuant to section 270C.30. The commissioner  
202.14 may require the Social Security number, individual taxpayer identification number, federal  
202.15 employer identification number, or Minnesota taxpayer identification number of the owner  
202.16 or managing agent who is required to furnish a certificate of rent paid under this paragraph.  
202.17 Before implementation, the commissioner, after consulting with representatives of owners  
202.18 or managing agents, shall develop an implementation and administration plan for the  
202.19 requirements of this paragraph that attempts to minimize financial burdens, administration  
202.20 and compliance costs, and takes into consideration existing systems of owners and managing  
202.21 agents.

202.22 Subd. 5. **Eligibility; residency.** (a) A taxpayer is eligible for the credit under this section  
202.23 if the taxpayer is an individual, other than a dependent, as defined under sections 151 and  
202.24 152 of the Internal Revenue Code, disregarding section 152(b)(3) of the Internal Revenue  
202.25 Code, who filed for a credit and who was a resident of this state during the taxable year for  
202.26 which the credit was claimed.

202.27 (b) In the case of a credit for rent constituting property taxes of a part-year Minnesota  
202.28 resident, the household income and rent constituting property taxes reflected in this  
202.29 computation shall be for the period of Minnesota residency only. Any rental expenses paid  
202.30 that may be reflected in arriving at federal adjusted gross income cannot be utilized for this  
202.31 computation.

202.32 (c) When two individuals of a household are able to meet the qualifications to claim a  
202.33 credit under this section, the individuals may determine among them as to which individual  
202.34 may claim the credit. If the individuals are unable to agree, the matter shall be referred to  
202.35 the commissioner of revenue whose decision shall be final.

203.1 (d) To claim a credit under this section, the taxpayer must have resided in a rented or  
203.2 leased unit on which ad valorem taxes or payments made in lieu of ad valorem taxes,  
203.3 including payments of special assessments imposed in lieu of ad valorem taxes, are payable  
203.4 at some time during the taxable year for which the taxpayer claimed the credit.

203.5 Subd. 6. Residents of nursing homes, intermediate care facilities, long-term care  
203.6 facilities, or facilities accepting housing support payments. (a) A taxpayer must not claim  
203.7 a credit under this section if the taxpayer is a resident of a nursing home, intermediate care  
203.8 facility, long-term residential facility, or a facility that accepts housing support payments  
203.9 whose rent constituting property taxes is paid pursuant to the Supplemental Security Income  
203.10 program under title XVI of the Social Security Act, the Minnesota supplemental aid program  
203.11 under sections 256D.35 to 256D.54, the medical assistance program pursuant to title XIX  
203.12 of the Social Security Act, or the housing support program under chapter 256I.

203.13 (b) If only a portion of the rent constituting property taxes is paid by these programs,  
203.14 the resident is eligible for a credit, but the credit calculated must be multiplied by a fraction,  
203.15 the numerator of which is adjusted gross income, reduced by the total amount of income  
203.16 from the above sources other than vendor payments under the medical assistance program  
203.17 and the denominator of which is adjusted gross income, plus vendor payments under the  
203.18 medical assistance program, to determine the allowable credit.

203.19 (c) Notwithstanding paragraphs (a) and (b), if the taxpayer was a resident of the nursing  
203.20 home, intermediate care facility, long-term residential facility, or facility for which the rent  
203.21 was paid for the claimant by the housing support program for only a portion of the taxable  
203.22 year covered by the claim, the taxpayer may compute rent constituting property taxes by  
203.23 disregarding the rent constituting property taxes from the nursing home or facility and may  
203.24 use only that amount of rent constituting property taxes or property taxes payable relating  
203.25 to that portion of the year when the taxpayer was not in the facility. The taxpayer's household  
203.26 income is the income for the entire taxable year covered by the claim.

203.27 Subd. 7. Credit for unmarried taxpayers residing in the same household. If a  
203.28 homestead is occupied by two or more renters who are not married to each other, the rent  
203.29 shall be deemed to be paid equally by each renter, and separate claims shall be filed by each  
203.30 renter. The income of each renter shall be each renter's household income for purposes of  
203.31 computing the amount of credit to be allowed.

203.32 Subd. 8. One claimant per household. Only one taxpayer per household per year is  
203.33 entitled to claim a credit under this section. In the case of a married taxpayer filing a separate  
203.34 return, only one spouse may claim the credit under this section. The credit amount for the

204.1 spouse that claims the credit must be calculated based on household income and not solely  
204.2 on the income of the spouse.

204.3 Subd. 9. **Proof of claim.** (a) Every taxpayer claiming a credit under this section shall  
204.4 supply to the commissioner of revenue, in support of the claim, proof of eligibility under  
204.5 this section, including but not limited to amount of rent paid, name and address of owner  
204.6 or managing agent of property rented, changes in household membership, and household  
204.7 income.

204.8 (b) Taxpayers with a disability shall submit proof of disability in the form and manner  
204.9 as the commissioner prescribes. The department may require examination and certification  
204.10 by the taxpayer's physician or by a physician designated by the commissioner. The cost of  
204.11 any examination shall be borne by the taxpayer, unless the examination proves the disability,  
204.12 in which case the cost of the examination shall be borne by the commissioner.

204.13 (c) A determination of disability of a taxpayer by the Social Security Administration  
204.14 under Title II or Title XVI of the Social Security Act shall constitute presumptive proof of  
204.15 disability.

204.16 Subd. 10. **No relief allowed in certain cases.** No claim for a credit under this section  
204.17 shall be allowed if the commissioner determines that the claimant received tenancy to the  
204.18 homestead primarily for the purpose of receiving a credit under this section and not for bona  
204.19 fide residence purposes.

204.20 Subd. 11. **Appropriation.** The amount necessary to pay the refunds under this section  
204.21 is appropriated from the general fund to the commissioner.

204.22 Subd. 12. **Simplified filing for individuals without an income tax liability.** The  
204.23 commissioner of revenue must establish a simplified filing process through which a taxpayer  
204.24 who did not file an individual income tax return due to a lack of tax liability may file a  
204.25 return to claim the credit under this section. The filing process and forms may be in the  
204.26 form or manner determined by the commissioner, but must be designed to reduce the  
204.27 complexity of the filing process and the time needed to file for individuals without an income  
204.28 tax liability.

204.29 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
204.30 31, 2021.

205.1 Sec. 6. Minnesota Statutes 2020, section 290A.02, is amended to read:

205.2 **290A.02 PURPOSE.**

205.3 The purpose of this chapter is to provide property tax relief to certain persons who own  
205.4 ~~or rent~~ their homesteads.

205.5 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2022  
205.6 and following years.

205.7 Sec. 7. Minnesota Statutes 2021 Supplement, section 290A.03, subdivision 3, is amended  
205.8 to read:

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

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

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

205.12 (i) all nontaxable income;

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

205.16 (iii) an amount equal to the total of any discharge of qualified farm indebtedness of a  
205.17 solvent individual excluded from gross income under section 108(g) of the Internal Revenue  
205.18 Code;

205.19 (iv) cash public assistance and relief;

205.20 (v) any pension or annuity (including railroad retirement benefits, all payments received  
205.21 under the federal Social Security Act, Supplemental Security Income, and veterans benefits),  
205.22 which was not exclusively funded by the claimant or spouse, or which was funded exclusively  
205.23 by the claimant or spouse and which funding payments were excluded from federal adjusted  
205.24 gross income in the years when the payments were made;

205.25 (vi) interest received from the federal or a state government or any instrumentality or  
205.26 political subdivision thereof;

205.27 (vii) workers' compensation;

205.28 (viii) nontaxable strike benefits;

206.1 (ix) the gross amounts of payments received in the nature of disability income or sick  
206.2 pay as a result of accident, sickness, or other disability, whether funded through insurance  
206.3 or otherwise;

206.4 (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of  
206.5 1986, as amended through December 31, 1995;

206.6 (xi) contributions made by the claimant to an individual retirement account, including  
206.7 a qualified voluntary employee contribution; simplified employee pension plan;  
206.8 self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of  
206.9 the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal  
206.10 Revenue Code, to the extent the sum of amounts exceeds the retirement base amount for  
206.11 the claimant and spouse;

206.12 (xii) to the extent not included in federal adjusted gross income, distributions received  
206.13 by the claimant or spouse from a traditional or Roth style retirement account or plan;

206.14 (xiii) nontaxable scholarship or fellowship grants;

206.15 (xiv) alimony received to the extent not included in the recipient's income;

206.16 (xv) the amount of deduction allowed under section 220 or 223 of the Internal Revenue  
206.17 Code;

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

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

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

206.27 (b) "Income" does not include:

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

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

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

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

207.6 (5) relief granted under this chapter;

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

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

207.12 (8) alimony paid; or

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

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

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

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

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

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

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

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

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

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

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

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

208.3 EFFECTIVE DATE. This section is effective for claims based on rent paid in 2022  
208.4 and following years.

208.5 Sec. 8. Minnesota Statutes 2020, section 290A.03, subdivision 6, is amended to read:

208.6 Subd. 6. **Homestead.** "Homestead" means the dwelling occupied as the claimant's  
208.7 principal residence and so much of the land surrounding it, not exceeding ten acres, as is  
208.8 reasonably necessary for use of the dwelling as a home and any other property used for  
208.9 purposes of a homestead as defined in section 273.13, subdivision 22, except for agricultural  
208.10 land assessed as part of a homestead pursuant to section 273.13, subdivision 23, "homestead"  
208.11 is limited to the house and garage and immediately surrounding one acre of land. The  
208.12 homestead may be owned ~~or rented and may be~~ as a part of a multidwelling or multipurpose  
208.13 building and the land on which it is built. A manufactured home, as defined in section  
208.14 273.125, subdivision 8, or a park trailer taxed as a manufactured home under section 168.012,  
208.15 subdivision 9, assessed as personal property may be a dwelling for purposes of this  
208.16 subdivision.

208.17 EFFECTIVE DATE. This section is effective for claims based on rent paid in 2022  
208.18 and following years.

208.19 Sec. 9. Minnesota Statutes 2020, section 290A.03, subdivision 8, is amended to read:

208.20 Subd. 8. **Claimant.** ~~(a)~~ "Claimant" means a person, other than a dependent, as defined  
208.21 under sections 151 and 152 of the Internal Revenue Code disregarding section 152(b)(3)  
208.22 of the Internal Revenue Code, who filed a claim authorized by this chapter and who was a  
208.23 resident of this state as provided in chapter 290 during the calendar year for which the claim  
208.24 for relief was filed.

208.25 ~~(b) In the case of a claim relating to rent constituting property taxes, the claimant shall~~  
208.26 ~~have resided in a rented or leased unit on which ad valorem taxes or payments made in lieu~~  
208.27 ~~of ad valorem taxes, including payments of special assessments imposed in lieu of ad valorem~~  
208.28 ~~taxes, are payable at some time during the calendar year covered by the claim.~~

208.29 ~~(c) "Claimant" shall not include a resident of a nursing home, intermediate care facility,~~  
208.30 ~~long-term residential facility, or a facility that accepts housing support payments whose~~  
208.31 ~~rent constituting property taxes is paid pursuant to the Supplemental Security Income~~  
208.32 ~~program under title XVI of the Social Security Act, the Minnesota supplemental aid program~~

209.1 ~~under sections 256D.35 to 256D.54, the medical assistance program pursuant to title XIX~~  
209.2 ~~of the Social Security Act, or the housing support program under chapter 256I.~~

209.3 ~~If only a portion of the rent constituting property taxes is paid by these programs, the~~  
209.4 ~~resident shall be a claimant for purposes of this chapter, but the refund calculated pursuant~~  
209.5 ~~to section 290A.04 shall be multiplied by a fraction, the numerator of which is income as~~  
209.6 ~~defined in subdivision 3, paragraphs (a) and (b), reduced by the total amount of income~~  
209.7 ~~from the above sources other than vendor payments under the medical assistance program~~  
209.8 ~~and the denominator of which is income as defined in subdivision 3, paragraphs (a) and (b),~~  
209.9 ~~plus vendor payments under the medical assistance program, to determine the allowable~~  
209.10 ~~refund pursuant to this chapter.~~

209.11 ~~(d) Notwithstanding paragraph (c), if the claimant was a resident of the nursing home,~~  
209.12 ~~intermediate care facility, long-term residential facility, or facility for which the rent was~~  
209.13 ~~paid for the claimant by the housing support program for only a portion of the calendar year~~  
209.14 ~~covered by the claim, the claimant may compute rent constituting property taxes by~~  
209.15 ~~disregarding the rent constituting property taxes from the nursing home or facility and use~~  
209.16 ~~only that amount of rent constituting property taxes or property taxes payable relating to~~  
209.17 ~~that portion of the year when the claimant was not in the facility. The claimant's household~~  
209.18 ~~income is the income for the entire calendar year covered by the claim.~~

209.19 ~~(e) In the case of a claim for rent constituting property taxes of a part-year Minnesota~~  
209.20 ~~resident, the income and rent reflected in this computation shall be for the period of~~  
209.21 ~~Minnesota residency only. Any rental expenses paid which may be reflected in arriving at~~  
209.22 ~~federal adjusted gross income cannot be utilized for this computation. When two individuals~~  
209.23 ~~of a household are able to meet the qualifications for a claimant, they may determine among~~  
209.24 ~~them as to who the claimant shall be. If they are unable to agree, the matter shall be referred~~  
209.25 ~~to the commissioner of revenue whose decision shall be final. If a homestead property owner~~  
209.26 ~~was a part-year Minnesota resident, the income reflected in the computation made pursuant~~  
209.27 ~~to section 290A.04 shall be for the entire calendar year, including income not assignable to~~  
209.28 ~~Minnesota.~~

209.29 ~~(f) If a homestead is occupied by two or more renters, who are not married to each other,~~  
209.30 ~~the rent shall be deemed to be paid equally by each, and separate claims shall be filed by~~  
209.31 ~~each. The income of each shall be each renter's household income for purposes of computing~~  
209.32 ~~the amount of credit to be allowed.~~

209.33 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2022  
209.34 and following years.

210.1 Sec. 10. Minnesota Statutes 2020, section 290A.03, subdivision 12, is amended to read:

210.2 Subd. 12. **Gross rent.** (a) "Gross rent" means rent paid for the right of occupancy, at  
210.3 arm's length, of a site on which a homestead, ~~exclusive of charges for any medical services~~  
210.4 ~~furnished by the landlord as a part of the rental agreement, whether expressly set out in the~~  
210.5 ~~rental agreement or not~~ which is a manufactured home as defined in section 273.125,  
210.6 subdivision 8, including a manufactured home located in a manufactured home community  
210.7 owned by a cooperative organized under chapter 308A or 308B, and park trailers taxed as  
210.8 manufactured homes under section 168.012, subdivision 9, is located.

210.9 ~~(b) The gross rent of a resident of a nursing home or intermediate care facility is \$500~~  
210.10 ~~per month. The gross rent of a resident of an adult foster care home is \$780 per month. The~~  
210.11 ~~commissioner shall annually adjust the amounts in this paragraph as provided in section~~  
210.12 ~~270C.22. The statutory year is 2018.~~

210.13 ~~(e)~~ (b) If the landlord and tenant have not dealt with each other at arm's length and the  
210.14 commissioner determines that the gross rent charged was excessive, the commissioner may  
210.15 adjust the gross rent to a reasonable amount for purposes of this chapter.

210.16 ~~(d)~~ (c) Any amount paid by a claimant residing in property assessed pursuant to section  
210.17 273.124, subdivision 3, 4, 5, or 6 for occupancy in that property ~~shall be excluded from~~  
210.18 ~~gross rent for purposes of this chapter. However, property taxes imputed to the homestead~~  
210.19 ~~of the claimant or the dwelling unit occupied by the claimant that qualifies for homestead~~  
210.20 ~~treatment pursuant to section 273.124, subdivision 3, 4, 5, or 6 shall be included within the~~  
210.21 term "property taxes payable" as defined in subdivision 13, to the extent allowed,  
210.22 notwithstanding the fact that ownership is not in the name of the claimant.

210.23 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2022  
210.24 and following years.

210.25 Sec. 11. Minnesota Statutes 2020, section 290A.04, subdivision 1, is amended to read:

210.26 Subdivision 1. **Refund.** A refund shall be allowed each claimant in the amount that  
210.27 property taxes payable ~~or rent constituting property taxes~~ exceed the percentage of the  
210.28 household income of the claimant specified in subdivision 2 ~~or 2a~~ in the year for which the  
210.29 taxes were levied ~~or in the year in which the rent was paid~~ as specified in subdivision 2 ~~or~~  
210.30 2a. If the amount of property taxes payable ~~or rent constituting property taxes~~ is equal to  
210.31 or less than the percentage of the household income of the claimant specified in subdivision  
210.32 2 ~~or 2a~~ in the year for which the taxes were levied ~~or in the year in which the rent was paid,~~  
210.33 the claimant shall not be eligible for a state refund pursuant to this section.

211.1 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2022  
 211.2 and following years.

211.3 Sec. 12. Minnesota Statutes 2020, section 290A.04, subdivision 4, is amended to read:

211.4 Subd. 4. **Inflation adjustment.** The commissioner shall annually adjust the dollar  
 211.5 amounts of the income thresholds and the maximum refunds under ~~subdivisions~~ subdivision  
 211.6 2 and 2a as provided in section 270C.22. The statutory year is 2018.

211.7 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2022  
 211.8 and following years.

211.9 Sec. 13. Minnesota Statutes 2020, section 290A.05, is amended to read:

211.10 **290A.05 COMBINED HOUSEHOLD INCOME; RENTAL AGREEMENTS AND**  
 211.11 **REDUCTION OF PROPERTY TAXES PAYABLE.**

211.12 (a) If a person occupies a homestead with another person not related to the person as  
 211.13 the person's spouse, excluding dependents, roomers or boarders on contract, and has property  
 211.14 tax payable with respect to the homestead, the household income of the claimant or claimants  
 211.15 for the purpose of computing the refund allowed by section 290A.04 shall include the total  
 211.16 income received by the other persons residing in the homestead. For purposes of this section,  
 211.17 "dependent" includes a parent of the claimant or spouse who lives in the claimant's homestead  
 211.18 and does not have an ownership interest in the homestead.

211.19 (b) If a person occupies a homestead with another person or persons not related to the  
 211.20 person as the person's spouse or as dependents, ~~the property tax payable or rent constituting~~  
 211.21 ~~property tax shall be reduced as follows.~~

211.22 ~~If~~ and the other person or persons are residing at the homestead under a rental or lease  
 211.23 agreement with the homeowner, the amount of property tax payable ~~or rent constituting~~  
 211.24 ~~property tax shall be~~ equals that portion not covered by the rental agreement.

211.25 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2022  
 211.26 and property taxes payable in 2023, and following years.

211.27 Sec. 14. Minnesota Statutes 2020, section 290A.07, subdivision 2a, is amended to read:

211.28 Subd. 2a. **Time of payment to ~~renter or~~ manufactured home homeowner.** A claimant  
 211.29 who is ~~a renter or~~ a homeowner who occupies a manufactured home, as defined in section  
 211.30 273.125, subdivision 8, paragraph (c), or a park trailer taxed as a manufactured home under

212.1 section 168.012, subdivision 9, shall receive full payment after August 1 and before August  
212.2 15 or 60 days after receipt of the application, whichever is later.

212.3 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2022  
212.4 and following years.

212.5 Sec. 15. Minnesota Statutes 2020, section 290A.08, is amended to read:

212.6 **290A.08 ONE CLAIMANT PER HOUSEHOLD.**

212.7 Only one claimant per household per year is entitled to relief under this chapter. Payment  
212.8 of the claim for relief may be made payable to the spouses as one claimant. The  
212.9 commissioner, upon written request, may issue separate checks, to the spouses for one-half  
212.10 of the relief provided the original check has not been issued or has been returned. Individuals  
212.11 related as spouses who were married during the year may elect to file a joint claim which  
212.12 shall include each spouse's income, ~~rent constituting property taxes,~~ and property taxes  
212.13 payable. Spouses who were married for the entire year and were domiciled in the same  
212.14 household for the entire year must file a joint claim. The maximum dollar amount allowable  
212.15 for a joint claim shall not exceed the amount that one person could receive.

212.16 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2022  
212.17 and following years.

212.18 Sec. 16. Minnesota Statutes 2020, section 290A.09, is amended to read:

212.19 **290A.09 PROOF OF CLAIM.**

212.20 Every claimant shall supply to the commissioner of revenue, in support of the claim,  
212.21 proof of eligibility under this chapter, including but not limited to amount of ~~rent paid or~~  
212.22 ~~property taxes accrued, name and address of owner or managing agent of property rented,~~  
212.23 changes in homestead, household membership, household income, size and nature of property  
212.24 claimed as a homestead.

212.25 Persons with a disability filing claims shall submit proof of disability in the form and  
212.26 manner as the commissioner may prescribe. The department may require examination and  
212.27 certification by the claimant's physician or by a physician designated by the commissioner.  
212.28 The cost of any examination shall be borne by the claimant, unless the examination proves  
212.29 the disability, in which case the cost of the examination shall be borne by the commissioner.

212.30 A determination of disability of a claimant by the Social Security Administration under  
212.31 Title II or Title XVI of the Social Security Act shall constitute presumptive proof of disability.

213.1 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2022  
 213.2 and following years.

213.3 Sec. 17. Minnesota Statutes 2020, section 290A.091, is amended to read:

213.4 **290A.091 CLAIMS OF TENANTS IN LEASEHOLD COOPERATIVES.**

213.5 The cooperative manager of a leasehold cooperative shall furnish a statement to each  
 213.6 tenant by March 31 of the year in which the property tax is payable showing each unit's  
 213.7 share of the gross property tax and each unit's share of any property tax credits. Each tenant  
 213.8 may apply for a property tax refund under this chapter as a homeowner based on each  
 213.9 tenant's share of property taxes. The tenant may not ~~include any rent constituting property~~  
 213.10 ~~taxes paid on that unit~~ claim the renter's credit under section 290.0693. For the purposes of  
 213.11 this section, a leasehold cooperative is formed on the day that leasehold cooperative status  
 213.12 is granted by the appropriate county official.

213.13 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2022  
 213.14 and following years.

213.15 Sec. 18. Minnesota Statutes 2020, section 290A.13, is amended to read:

213.16 **290A.13 NO RELIEF ALLOWED IN CERTAIN CASES.**

213.17 No claim for relief under this chapter shall be allowed if the commissioner determines  
 213.18 that the claimant received title ~~or tenancy~~ to the homestead primarily for the purpose of  
 213.19 receiving benefits under this chapter and not for bona fide residence purposes.

213.20 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2022  
 213.21 and following years.

213.22 Sec. 19. Minnesota Statutes 2020, section 290A.19, is amended to read:

213.23 **290A.19 OWNER OR MANAGING AGENT TO FURNISH RENT CERTIFICATE.**

213.24 (a) The park owner ~~or managing agent of any~~ of a property for which rent is paid for  
 213.25 occupancy as a homestead must furnish a certificate of rent paid to a person who is a renter  
 213.26 on December 31, in the form prescribed by the commissioner. If the renter moves before  
 213.27 December 31, the park owner ~~or managing agent~~ may give the certificate to the renter at  
 213.28 the time of moving, or mail the certificate to the forwarding address if an address has been  
 213.29 provided by the renter. The certificate must be made available to the renter before February  
 213.30 1 of the year following the year in which the rent was paid. The park owner ~~or managing~~  
 213.31 ~~agent~~ must retain a duplicate of each certificate or an equivalent record showing the same

214.1 information for a period of three years. The duplicate or other record must be made available  
214.2 to the commissioner upon request.

214.3 (b) The commissioner may require the park owner ~~or managing agent~~, through a simple  
214.4 process, to furnish to the commissioner on or before March 1 a copy of each certificate of  
214.5 rent paid furnished to a renter for rent paid in the prior year. The commissioner shall prescribe  
214.6 the content, format, and manner of the form pursuant to section 270C.30. Prior to  
214.7 implementation, the commissioner, after consulting with representatives of park owners ~~or~~  
214.8 ~~managing agents~~, shall develop an implementation and administration plan for the  
214.9 requirements of this paragraph that attempts to minimize financial burdens, administration  
214.10 and compliance costs, and takes into consideration existing systems of park owners ~~and~~  
214.11 ~~managing agents~~.

214.12 (c) For the purposes of this section, ~~"owner" includes~~ "park owner" means a park owner  
214.13 as defined under section 327C.01, subdivision 6, and "property" includes a lot as defined  
214.14 under section 327C.01, subdivision 3.

214.15 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2022  
214.16 and following years.

214.17 Sec. 20. Minnesota Statutes 2020, section 290A.25, is amended to read:

214.18 **290A.25 VERIFICATION OF SOCIAL SECURITY NUMBERS.**

214.19 Annually, the commissioner of revenue shall furnish a list to the county assessor  
214.20 containing the names and Social Security numbers of persons who have applied for both  
214.21 homestead classification under section 273.13 and a ~~property tax refund as a renter under~~  
214.22 ~~this chapter~~ renter's credit under section 290.0693.

214.23 Within 90 days of the notification, the county assessor shall investigate to determine if  
214.24 the homestead classification was improperly claimed. If the property owner does not qualify,  
214.25 the county assessor shall notify the county auditor who will determine the amount of  
214.26 homestead benefits that has been improperly allowed. For the purpose of this section,  
214.27 "homestead benefits" has the meaning given in section 273.124, subdivision 13b. The county  
214.28 auditor shall send a notice to persons who owned the affected property at the time the  
214.29 homestead application related to the improper homestead was filed, demanding  
214.30 reimbursement of the homestead benefits plus a penalty equal to 100 percent of the homestead  
214.31 benefits. The person notified may appeal the county's determination with the Minnesota  
214.32 Tax Court within 60 days of the date of the notice from the county as provided in section  
214.33 273.124, subdivision 13b.

215.1 If the amount of homestead benefits and penalty is not paid within 60 days, and if no  
215.2 appeal has been filed, the county auditor shall certify the amount of taxes and penalty to  
215.3 the county treasurer. The county treasurer will add interest to the unpaid homestead benefits  
215.4 and penalty amounts at the rate provided for delinquent personal property taxes for the  
215.5 period beginning 60 days after demand for payment was made until payment. If the person  
215.6 notified is the current owner of the property, the treasurer may add the total amount of  
215.7 benefits, penalty, interest, and costs to the real estate taxes otherwise payable on the property  
215.8 in the following year. If the person notified is not the current owner of the property, the  
215.9 treasurer may collect the amounts due under the Revenue Recapture Act in chapter 270A,  
215.10 or use any of the powers granted in sections 277.20 and 277.21 without exclusion, to enforce  
215.11 payment of the benefits, penalty, interest, and costs, as if those amounts were delinquent  
215.12 tax obligations of the person who owned the property at the time the application related to  
215.13 the improperly allowed homestead was filed. The treasurer may relieve a prior owner of  
215.14 personal liability for the benefits, penalty, interest, and costs, and instead extend those  
215.15 amounts on the tax lists against the property for taxes payable in the following year to the  
215.16 extent that the current owner agrees in writing.

215.17 Any amount of homestead benefits recovered by the county from the property owner  
215.18 shall be distributed to the county, city or town, and school district where the property is  
215.19 located in the same proportion that each taxing district's levy was to the total of the three  
215.20 taxing districts' levy for the current year. Any amount recovered attributable to taconite  
215.21 homestead credit shall be transmitted to the St. Louis County auditor to be deposited in the  
215.22 taconite property tax relief account. Any amount recovered that is attributable to supplemental  
215.23 homestead credit is to be transmitted to the commissioner of revenue for deposit in the  
215.24 general fund of the state treasury. The total amount of penalty collected must be deposited  
215.25 in the county general fund.

215.26 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2022  
215.27 and following years.

215.28 Sec. 21. Minnesota Statutes 2020, section 462A.05, subdivision 24, is amended to read:

215.29 Subd. 24. **Housing for elderly, persons with physical or developmental disabilities,**  
215.30 **and single parent families.** (a) It may engage in housing programs for low- and  
215.31 moderate-income elderly, persons with physical or developmental disabilities, or single  
215.32 parent families in the case of home sharing programs, as defined by the agency, to provide  
215.33 grants or loans, with or without interest, for:

215.34 (1) accessibility improvements to residences occupied by elderly persons;

216.1 (2) housing sponsors, as defined by the agency, of home sharing programs to match  
216.2 existing homeowners with prospective tenants who will contribute either rent or services  
216.3 to the homeowner, where either the homeowner or the prospective tenant is elderly, a person  
216.4 with physical or developmental disabilities, or the head of a single parent family;

216.5 (3) the construction of or conversion of existing buildings into structures for occupancy  
216.6 by the elderly that contain from three to 12 private sleeping rooms with shared cooking  
216.7 facilities and common space; and

216.8 (4) housing sponsors, as defined by the agency, to demonstrate the potential for home  
216.9 equity conversion in Minnesota for the elderly, in both rural and urban areas, and to determine  
216.10 the need in those equity conversions for consumer safeguards.

216.11 (b) In making the grants or loans, the agency shall determine the terms and conditions  
216.12 of repayment and the appropriate security, if any, should repayment be required. The agency  
216.13 may provide technical assistance to sponsors of home sharing programs or may contract or  
216.14 delegate the provision of the technical assistance in accordance with section 462A.07,  
216.15 subdivision 12.

216.16 (c) Housing sponsors who receive funding through these programs shall provide  
216.17 homeowners and tenants participating in a home sharing program with information regarding  
216.18 their rights and obligations as they relate to federal and state tax law including, but not  
216.19 limited to, taxable rental income, homestead classification under chapter 273, the renter's  
216.20 credit under section 290.0693, and the property tax refund act under chapter 290A.

216.21 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2022  
216.22 and following years.

216.23 Sec. 22. **REPEALER.**

216.24 Minnesota Statutes 2020, sections 290A.03, subdivisions 9 and 11; 290A.04, subdivisions  
216.25 2a and 5; and 290A.23, subdivision 1, are repealed.

216.26 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2022  
216.27 and following years.

217.1 **ARTICLE 9**217.2 **PUBLIC FINANCE**

217.3 Section 1. Minnesota Statutes 2020, section 123B.61, is amended to read:

217.4 **123B.61 PURCHASE OF CERTAIN EQUIPMENT.**

217.5 The board of a district may issue general obligation certificates of indebtedness or capital  
217.6 notes subject to the district debt limits to: (a) purchase vehicles, computers, telephone  
217.7 systems, cable equipment, photocopy and office equipment, technological equipment for  
217.8 instruction, and other capital equipment having an expected useful life at least as long as  
217.9 the terms of the certificates or notes; (b) purchase computer hardware and software, without  
217.10 regard to its expected useful life, whether bundled with machinery or equipment or  
217.11 unbundled, together with application development services and training related to the use  
217.12 of the computer; and (c) prepay special assessments. The certificates or notes must be  
217.13 payable in not more than ~~ten~~ 20 years and must be issued on the terms and in the manner  
217.14 determined by the board, ~~except that certificates or notes issued to prepay special assessments~~  
217.15 ~~must be payable in not more than 20 years.~~ The certificates or notes may be issued by  
217.16 resolution and without the requirement for an election. The certificates or notes are general  
217.17 obligation bonds for purposes of section 126C.55. A tax levy must be made for the payment  
217.18 of the principal and interest on the certificates or notes, in accordance with section 475.61,  
217.19 as in the case of bonds. The sum of the tax levies under this section and section 123B.62  
217.20 for each year must not exceed the lesser of the amount of the district's total operating capital  
217.21 revenue or the sum of the district's levy in the general and community service funds excluding  
217.22 the adjustments under this section for the year preceding the year the initial debt service  
217.23 levies are certified. The district's general fund levy for each year must be reduced by the  
217.24 sum of (1) the amount of the tax levies for debt service certified for each year for payment  
217.25 of the principal and interest on the certificates or notes issued under this section as required  
217.26 by section 475.61, (2) the amount of the tax levies for debt service certified for each year  
217.27 for payment of the principal and interest on bonds issued under section 123B.62, and (3)  
217.28 any excess amount in the debt redemption fund used to retire bonds, certificates, or notes  
217.29 issued under this section or section 123B.62 after April 1, 1997, other than amounts used  
217.30 to pay capitalized interest. If the district's general fund levy is less than the amount of the  
217.31 reduction, the balance shall be deducted first from the district's community service fund  
217.32 levy, and next from the district's general fund or community service fund levies for the  
217.33 following year. A district using an excess amount in the debt redemption fund to retire the  
217.34 certificates or notes shall report the amount used for this purpose to the commissioner by  
217.35 July 15 of the following fiscal year. A district having an outstanding capital loan under

218.1 section 126C.69 or an outstanding debt service loan under section 126C.68 must not use an  
218.2 excess amount in the debt redemption fund to retire the certificates or notes.

218.3 Sec. 2. Minnesota Statutes 2020, section 366.095, subdivision 1, is amended to read:

218.4 Subdivision 1. **Certificates of indebtedness.** The town board may issue certificates of  
218.5 indebtedness within the debt limits for a town purpose otherwise authorized by law. The  
218.6 certificates shall be payable in not more than ~~ten~~ 20 years and be issued on the terms and  
218.7 in the manner as determined by the board ~~may determine, provided that notes issued for~~  
218.8 ~~projects that eliminate R-22, as defined in section 240A.09, paragraph (b), clause (2), must~~  
218.9 ~~be payable in not more than 20 years.~~ If the amount of the certificates to be issued exceeds  
218.10 0.25 percent of the estimated market value of the town, they shall not be issued for at least  
218.11 ten days after publication in a newspaper of general circulation in the town of the board's  
218.12 resolution determining to issue them. If within that time, a petition asking for an election  
218.13 on the proposition signed by voters equal to ten percent of the number of voters at the last  
218.14 regular town election is filed with the clerk, the certificates shall not be issued until their  
218.15 issuance has been approved by a majority of the votes cast on the question at a regular or  
218.16 special election. A tax levy shall be made to pay the principal and interest on the certificates  
218.17 as in the case of bonds.

218.18 Sec. 3. Minnesota Statutes 2020, section 373.01, subdivision 3, is amended to read:

218.19 Subd. 3. **Capital notes.** (a) A county board may, by resolution and without referendum,  
218.20 issue capital notes subject to the county debt limit to purchase capital equipment useful for  
218.21 county purposes that has an expected useful life at least equal to the term of the notes. The  
218.22 notes shall be payable in not more than ~~ten~~ 20 years and shall be issued on the terms and in  
218.23 ~~a~~ the manner determined by the board ~~determines~~. A tax levy shall be made for payment of  
218.24 the principal and interest on the notes, in accordance with section 475.61, as in the case of  
218.25 bonds.

218.26 (b) For purposes of this subdivision, "capital equipment" means:

218.27 (1) public safety, ambulance, road construction or maintenance, ~~and~~ medical equipment,  
218.28 and other capital equipment; and

218.29 (2) computer hardware and software, whether bundled with machinery or equipment or  
218.30 unbundled, together with application development services and training related to the use  
218.31 of the computer hardware or software.

219.1 Sec. 4. Minnesota Statutes 2020, section 383B.117, subdivision 2, is amended to read:

219.2 Subd. 2. **Equipment acquisition; capital notes.** The board may, by resolution and  
219.3 without public referendum, issue capital notes within existing debt limits for the purpose  
219.4 of purchasing ambulance and other medical equipment, road construction or maintenance  
219.5 equipment, public safety equipment and other capital equipment having an expected useful  
219.6 life at least equal to the term of the notes issued. The notes shall be payable in not more  
219.7 than ~~ten~~ 20 years and shall be issued on the terms and in ~~a~~ the manner as determined by the  
219.8 board ~~determines, provided that notes issued for projects that eliminate R-22, as defined in~~  
219.9 ~~section 240A.09, paragraph (b), clause (2), must be payable in not more than 20 years.~~ The  
219.10 total principal amount of the notes issued for any fiscal year shall not exceed one percent  
219.11 of the total annual budget for that year and shall be issued solely for the purchases authorized  
219.12 in this subdivision. A tax levy shall be made for the payment of the principal and interest  
219.13 on such notes as in the case of bonds. For purposes of this subdivision, "equipment" includes  
219.14 computer hardware and software, whether bundled with machinery or equipment or  
219.15 unbundled. For purposes of this subdivision, the term "medical equipment" includes computer  
219.16 hardware and software and other intellectual property for use in medical diagnosis, medical  
219.17 procedures, research, record keeping, billing, and other hospital applications, together with  
219.18 application development services and training related to the use of the computer hardware  
219.19 and software and other intellectual property, all without regard to their useful life. For  
219.20 purposes of determining the amount of capital notes which the county may issue in any  
219.21 year, the budget of the county and Hennepin Healthcare System, Inc. shall be combined  
219.22 and the notes issuable under this subdivision shall be in addition to obligations issuable  
219.23 under section 373.01, subdivision 3.

219.24 Sec. 5. Minnesota Statutes 2020, section 410.32, is amended to read:

219.25 **410.32 CITIES MAY ISSUE CAPITAL NOTES FOR CAPITAL EQUIPMENT.**

219.26 (a) Notwithstanding any contrary provision of other law or charter, a home rule charter  
219.27 city may, by resolution and without public referendum, issue capital notes subject to the  
219.28 city debt limit to purchase capital equipment.

219.29 (b) For purposes of this section, "capital equipment" means:

219.30 (1) public safety equipment, ambulance and other medical equipment, road construction  
219.31 and maintenance equipment, and other capital equipment; and

220.1 (2) computer hardware and software, whether bundled with machinery or equipment or  
220.2 unbundled, together with application development services and training related to the use  
220.3 of the computer hardware and software.

220.4 (c) The equipment or software must have an expected useful life at least as long as the  
220.5 term of the notes.

220.6 (d) The notes shall be payable in not more than ~~ten~~ 20 years and be issued on the terms  
220.7 and in the manner determined by the city ~~determines, provided that notes issued for projects~~  
220.8 ~~that eliminate R-22, as defined in section 240A.09, paragraph (b), clause (2), must be payable~~  
220.9 ~~in not more than 20 years~~. The total principal amount of the capital notes issued in a fiscal  
220.10 year shall not exceed 0.03 percent of the estimated market value of taxable property in the  
220.11 city for that year.

220.12 (e) A tax levy shall be made for the payment of the principal and interest on the notes,  
220.13 in accordance with section 475.61, as in the case of bonds.

220.14 (f) Notes issued under this section shall require an affirmative vote of two-thirds of the  
220.15 governing body of the city.

220.16 (g) Notwithstanding a contrary provision of other law or charter, a home rule charter  
220.17 city may also issue capital notes subject to its debt limit in the manner and subject to the  
220.18 limitations applicable to statutory cities pursuant to section 412.301.

220.19 Sec. 6. Minnesota Statutes 2020, section 412.301, is amended to read:

220.20 **412.301 FINANCING PURCHASE OF CERTAIN EQUIPMENT.**

220.21 (a) The council may issue certificates of indebtedness or capital notes subject to the city  
220.22 debt limits to purchase capital equipment.

220.23 (b) For purposes of this section, "capital equipment" means:

220.24 (1) public safety equipment, ambulance and other medical equipment, road construction  
220.25 and maintenance equipment, and other capital equipment; and

220.26 (2) computer hardware and software, whether bundled with machinery or equipment or  
220.27 unbundled, together with application development services and training related to the use  
220.28 of the computer hardware or software.

220.29 (c) The equipment or software must have an expected useful life at least as long as the  
220.30 terms of the certificates or notes.

221.1 (d) Such certificates or notes shall be payable in not more than ~~ten~~ 20 years and shall  
221.2 be issued on ~~such~~ the terms and in ~~such~~ the manner as determined by the council ~~may~~  
221.3 ~~determine, provided, however, that notes issued for projects that eliminate R-22, as defined~~  
221.4 ~~in section 240A.09, paragraph (b), clause (2), must be payable in not more than 20 years.~~

221.5 (e) If the amount of the certificates or notes to be issued to finance any such purchase  
221.6 exceeds 0.25 percent of the estimated market value of taxable property in the city, they shall  
221.7 not be issued for at least ten days after publication in the official newspaper of a council  
221.8 resolution determining to issue them; and if before the end of that time, a petition asking  
221.9 for an election on the proposition signed by voters equal to ten percent of the number of  
221.10 voters at the last regular municipal election is filed with the clerk, such certificates or notes  
221.11 shall not be issued until the proposition of their issuance has been approved by a majority  
221.12 of the votes cast on the question at a regular or special election.

221.13 (f) A tax levy shall be made for the payment of the principal and interest on such  
221.14 certificates or notes, in accordance with section 475.61, as in the case of bonds.

## 221.15 ARTICLE 10

### 221.16 MISCELLANEOUS

221.17 Section 1. Minnesota Statutes 2021 Supplement, section 16A.152, subdivision 2, is  
221.18 amended to read:

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

221.24 (1) the cash flow account established in subdivision 1 until that account reaches  
221.25 \$350,000,000;

221.26 (2) the budget reserve account established in subdivision 1a until that account reaches  
221.27 \$2,377,399,000;

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

222.1 (4) the amount necessary to restore all or a portion of the net aid reductions under section  
222.2 127A.441 and to reduce the property tax revenue recognition shift under section 123B.75,  
222.3 subdivision 5, by the same amount;

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

222.9 (6) for a forecast in November only, the amount remaining after the transfer under clause  
222.10 (5) must be used to reduce the percentage of accelerated June liability mortgage registry,  
222.11 deed, sales, cigarette and tobacco, and liquor tax payments required under section sections  
222.12 287.12, paragraph (c); 287.29, subdivision 1, paragraph (c); 289A.20, subdivision 4,  
222.13 paragraph (b); 297F.09, subdivision 10; and 297G.09, subdivision 9, until the percentage  
222.14 equals zero, rounded to the nearest tenth of a percent. By March 15 following the November  
222.15 forecast, the commissioner must provide the commissioner of revenue with the percentage  
222.16 of accelerated June liability owed based on the reduction required by this clause. By April  
222.17 15 each year, the commissioner of revenue must certify the percentage of June liability  
222.18 owed by vendors, counties, and distributors based on the reduction required by this clause;  
222.19 and

222.20 (7) for a forecast in November only, the amount remaining after the transfer under clause  
222.21 (6) must be used to decrease the percentage of the aids payable in calendar year 2023 and  
222.22 every year thereafter for the payments due on July 20 under section 477A.015 until the  
222.23 percentage equals zero, rounded to the nearest tenth of a percent. By January 15 following  
222.24 the November forecast, the commissioner must provide the commissioner of revenue with  
222.25 the percentage reduction in the payments due on July 20, based on the reductions required  
222.26 by this clause. By February 15 each year, the commissioner of revenue must notify local  
222.27 taxing jurisdictions of the percentage reduction for the payments due on July 20, based on  
222.28 the reduction of the payments due on July 20 required by this clause.

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

222.33 (c) The commissioner of management and budget shall certify the total dollar amount  
222.34 of the reductions under paragraph (a), clauses (3) and (4), to the commissioner of education.

223.1 The commissioner of education shall increase the aid payment percentage and reduce the  
223.2 property tax shift percentage by these amounts and apply those reductions to the current  
223.3 fiscal year and thereafter.

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

223.5 Sec. 2. Minnesota Statutes 2020, section 270A.03, subdivision 2, is amended to read:

223.6 Subd. 2. **Claimant agency.** "Claimant agency" means any state agency, as defined by  
223.7 section 14.02, subdivision 2, the regents of the University of Minnesota, any district court  
223.8 of the state, any county, any statutory or home rule charter city, including a city that is  
223.9 presenting a claim for a municipal hospital or a public library or a municipal ambulance  
223.10 service, a hospital district, ~~a private nonprofit hospital that leases its building from the county~~  
223.11 ~~or city in which it is located~~, any ambulance service licensed under chapter 144E, any public  
223.12 agency responsible for child support enforcement, any public agency responsible for the  
223.13 collection of court-ordered restitution, and any public agency established by general or  
223.14 special law that is responsible for the administration of a low-income housing program.

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

223.16 Sec. 3. Minnesota Statutes 2020, section 287.12, is amended to read:

223.17 **287.12 TAXES, HOW APPORTIONED.**

223.18 (a) All taxes paid to the county treasurer under the provisions of sections 287.01 to  
223.19 287.12 must be apportioned, 97 percent to the general fund of the state, and three percent  
223.20 to the county revenue fund.

223.21 (b) On or before the 20th day of each month the county treasurer shall determine and  
223.22 pay to the commissioner of revenue for deposit in the state treasury and credit to the general  
223.23 fund the state's portion of the receipts from the mortgage registry tax during the preceding  
223.24 month subject to the electronic payment requirements of section 270C.42. The county  
223.25 treasurer shall provide any related reports requested by the commissioner of revenue.

223.26 (c) Counties must remit 100 percent of the state's portion of the June receipts collected  
223.27 through June 25, or a reduced percentage of the June receipts as certified by the commissioner  
223.28 under section 16A.152, subdivision 2, paragraph (a), clause (6), and 100 percent of the  
223.29 estimated state's portion of the receipts to be collected during the remainder of the month  
223.30 or a reduced percentage of the June receipts as certified by the commissioner under section  
223.31 16A.152, subdivision 2, paragraph (a), clause (6), to the commissioner of revenue two  
223.32 business days before June 30 of each year. The remaining amount of the June receipts is

224.1 due on August 20. This paragraph expires after the percentage of estimated payment is  
224.2 reduced to zero in accordance with section 16A.152, subdivision 2, paragraph (a), clause  
224.3 (6).

224.4 **EFFECTIVE DATE.** This section is effective for remittances required after July 1,  
224.5 2022.

224.6 Sec. 4. Minnesota Statutes 2020, section 287.29, is amended to read:

224.7 **287.29 PAYMENT OF RECEIPTS TO STATE GENERAL FUND; REPORTS.**

224.8 Subdivision 1. **Appointment and payment of tax proceeds.** (a) The proceeds of the  
224.9 taxes levied and collected under sections 287.21 to 287.385 must be apportioned, 97 percent  
224.10 to the general fund of the state, and three percent to the county revenue fund.

224.11 (b) On or before the 20th day of each month, the county treasurer shall determine and  
224.12 pay to the commissioner of revenue for deposit in the state treasury and credit to the general  
224.13 fund the state's portion of the receipts for deed tax from the preceding month subject to the  
224.14 electronic transfer requirements of section 270C.42. The county treasurer shall provide any  
224.15 related reports requested by the commissioner of revenue.

224.16 (c) Counties must remit 100 percent of the state's portion of the June receipts collected  
224.17 through June 25, or a reduced percentage of the June receipts as certified by the commissioner  
224.18 under section 16A.152, subdivision 2, paragraph (a), clause (6), and 100 percent of the  
224.19 estimated state's portion of the receipts to be collected during the remainder of the month  
224.20 or a reduced percentage of the June receipts as certified by the commissioner under section  
224.21 16A.152, subdivision 2, paragraph (a), clause (6), to the commissioner of revenue two  
224.22 business days before June 30 of each year. The remaining amount of the June receipts is  
224.23 due on August 20. This paragraph expires after the percentage of estimated payment is  
224.24 reduced to zero in accordance with section 16A.152, subdivision 2, paragraph (a), clause  
224.25 (6).

224.26 **EFFECTIVE DATE.** This section is effective for remittances required after July 1,  
224.27 2022.

224.28 Sec. 5. Minnesota Statutes 2020, section 287.31, subdivision 3, is amended to read:

224.29 Subd. 3. **Underpayments of accelerated payment of June tax receipts.** (a) If a county  
224.30 fails to timely remit the state portion of the actual June tax receipts at the time required by  
224.31 section 287.12 or 287.29, the county shall pay a penalty equal to ten percent of the state  
224.32 portion of actual June receipts, or a reduced percentage of the June receipts as certified by

225.1 the commissioner under section 16A.152, subdivision 2, paragraph (a), clause (6), less the  
 225.2 amount remitted to the commissioner of revenue in June. The penalty must not be imposed,  
 225.3 however, if the amount remitted in June equals either:

225.4 (1) 90 percent of the state's portion of the preceding May's receipts, or a reduced  
 225.5 percentage of the May receipts using the reduced percentage for June receipts as certified  
 225.6 by the commissioner under section 16A.152, subdivision 2, paragraph (a), clause (6); or

225.7 (2) 90 percent of the average monthly amount of the state's portion for the previous  
 225.8 calendar year, or a reduced percentage of the average receipts using the reduced percentage  
 225.9 for June receipts as certified by the commissioner under section 16A.152, subdivision 2,  
 225.10 paragraph (a), clause (6).

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

225.13 **EFFECTIVE DATE.** This section is effective for remittances required after July 1,  
 225.14 2022.

225.15 Sec. 6. Minnesota Statutes 2020, section 290A.04, subdivision 2, is amended to read:

225.16 Subd. 2. **Homeowners; homestead credit refund.** A claimant whose property taxes  
 225.17 payable are in excess of the percentage of the household income stated below shall pay an  
 225.18 amount equal to the percent of income shown for the appropriate household income level  
 225.19 along with the percent to be paid by the claimant of the remaining amount of property taxes  
 225.20 payable. The state refund equals the amount of property taxes payable that remain, up to  
 225.21 the state refund amount shown below.

225.22			Percent Paid by	Maximum
225.23			Claimant	State
225.24	Household Income	Percent of Income		Refund
225.25	<del>\$0 to 1,739</del>			<del>2,770</del>
225.26	<u>\$0 to \$1,939</u>	1.0 percent	15 percent	\$ <u>3,290</u>
225.27	<del>1,740 to 3,459</del>			<del>2,770</del>
225.28	<u>\$1,940 to \$3,859</u>	1.1 percent	15 percent	\$ <u>3,290</u>
225.29	<del>3,460 to 5,239</del>			<del>2,770</del>
225.30	<u>\$3,860 to \$5,849</u>	1.2 percent	15 percent	\$ <u>3,290</u>
225.31	<del>5,240 to 6,989</del>			<del>2,770</del>
225.32	<u>\$5,850 to \$7,799</u>	1.3 percent	20 percent	\$ <u>3,290</u>
225.33	<del>6,990 to 8,719</del>			<del>2,770</del>
225.34	<u>\$7,800 to \$9,729</u>	1.4 percent	20 percent	\$ <u>3,290</u>
225.35	<del>8,720 to 12,219</del>			<del>2,770</del>
225.36	<u>\$9,730 to \$13,639</u>	1.5 percent	20 percent	\$ <u>3,290</u>

226.1	<del>12,220 to 13,949</del>			<del>2,770</del>
226.2	<u>\$13,640 to \$15,569</u>	1.6 percent	20 percent	\$ <u>3,290</u>
226.3	<del>13,950 to 15,709</del>			<del>2,770</del>
226.4	<u>\$15,570 to \$17,529</u>	1.7 percent	20 percent	\$ <u>3,290</u>
226.5	<del>15,710 to 17,449</del>			<del>2,770</del>
226.6	<u>\$17,530 to \$19,479</u>	1.8 percent	20 percent	\$ <u>3,290</u>
226.7	<del>17,450 to 19,179</del>			<del>2,770</del>
226.8	<u>\$19,480 to \$21,409</u>	1.9 percent	25 percent	\$ <u>3,290</u>
226.9	<del>19,180 to 24,429</del>	<del>2.0 percent</del>		<del>2,770</del>
226.10	<u>\$21,410 to \$27,269</u>	<u>1.9 percent</u>	25 percent	\$ <u>3,290</u>
226.11	<del>24,430 to 26,169</del>	<del>2.0 percent</del>		<del>2,770</del>
226.12	<u>\$27,270 to \$29,209</u>	<u>1.9 percent</u>	30 percent	\$ <u>3,290</u>
226.13	<del>26,170 to 29,669</del>	<del>2.0 percent</del>		<del>2,770</del>
226.14	<u>\$29,210 to \$33,119</u>	<u>1.9 percent</u>	30 percent	\$ <u>3,290</u>
226.15	<del>29,670 to 41,859</del>		<del>35 percent</del>	<del>2,770</del>
226.16	<u>\$33,120 to \$46,719</u>	2.0 percent	<u>30 percent</u>	\$ <u>3,290</u>
226.17	<del>41,860 to 61,049</del>		<del>35 percent</del>	<del>2,240</del>
226.18	<u>\$46,720 to \$68,139</u>	2.0 percent	<u>30 percent</u>	\$ <u>2,700</u>
226.19	<del>61,050 to 69,769</del>		<del>40 percent</del>	<del>1,960</del>
226.20	<u>\$68,140 to \$77,869</u>	2.0 percent	<u>35 percent</u>	\$ <u>2,390</u>
226.21	<del>69,770 to 78,499</del>			<del>1,620</del>
226.22	<u>\$77,870 to \$87,619</u>	2.1 percent	40 percent	\$ <u>2,010</u>
226.23	<del>78,500 to 87,219</del>			<del>1,450</del>
226.24	<u>\$87,620 to \$97,349</u>	2.2 percent	40 percent	\$ <u>1,820</u>
226.25	<del>87,220 to 95,939</del>			<del>1,270</del>
226.26	<u>\$97,350 to \$107,079</u>	2.3 percent	40 percent	\$ <u>1,620</u>
226.27	<del>95,940 to 101,179</del>			<del>1,070</del>
226.28	<u>\$107,080 to \$112,929</u>	2.4 percent	45 percent	\$ <u>1,390</u>
226.29	<del>101,180 to 104,689</del>			<del>890</del>
226.30	<u>\$112,930 to \$116,849</u>	2.5 percent	45 percent	\$ <u>1,190</u>
226.31	<del>104,690 to 108,919</del>			<del>730</del>
226.32	<u>\$116,850 to \$121,569</u>	2.5 percent	50 percent	\$ <u>1,010</u>
226.33	<del>108,920 to 113,149</del>			<del>540</del>
226.34	<u>\$121,570 to \$126,289</u>	2.5 percent	50 percent	\$ <u>800</u>

226.35 The payment made to a claimant shall be the amount of the state refund calculated under  
 226.36 this subdivision. No payment is allowed if the claimant's household income is ~~\$113,150~~  
 226.37 \$126,290 or more.

226.38 **EFFECTIVE DATE.** This section is effective for claims based on property taxes payable  
 226.39 in 2023 and following years.

227.1 Sec. 7. Minnesota Statutes 2020, section 290A.04, subdivision 2h, is amended to read:

227.2 Subd. 2h. **Additional refund.** (a) If the gross property taxes payable on a homestead  
227.3 increase more than ~~12~~ ten percent over the property taxes payable in the prior year on the  
227.4 same property that is owned and occupied by the same owner on January 2 of both years,  
227.5 and the amount of that increase is \$100 or more, a claimant who is a homeowner shall be  
227.6 allowed an additional refund equal to 60 percent of the amount of the increase over the  
227.7 greater of ~~12~~ ten percent of the prior year's property taxes payable or \$100. This subdivision  
227.8 shall not apply to any increase in the gross property taxes payable attributable to  
227.9 improvements made to the homestead after the assessment date for the prior year's taxes.  
227.10 This subdivision shall not apply to any increase in the gross property taxes payable  
227.11 attributable to the termination of valuation exclusions under section 273.11, subdivision  
227.12 16.

227.13 The maximum refund allowed under this subdivision is ~~\$1,000~~ \$2,000.

227.14 (b) For purposes of this subdivision "gross property taxes payable" means property taxes  
227.15 payable determined without regard to the refund allowed under this subdivision.

227.16 (c) In addition to the other proofs required by this chapter, each claimant under this  
227.17 subdivision shall file with the property tax refund return a copy of the property tax statement  
227.18 for taxes payable in the preceding year or other documents required by the commissioner.

227.19 (d) Upon request, the appropriate county official shall make available the names and  
227.20 addresses of the property taxpayers who may be eligible for the additional property tax  
227.21 refund under this section. The information shall be provided on a magnetic computer disk.  
227.22 The county may recover its costs by charging the person requesting the information the  
227.23 reasonable cost for preparing the data. The information may not be used for any purpose  
227.24 other than for notifying the homeowner of potential eligibility and assisting the homeowner,  
227.25 without charge, in preparing a refund claim.

227.26 **EFFECTIVE DATE.** This section is effective for refund claims based on taxes payable  
227.27 in 2023 and thereafter.

227.28 Sec. 8. Minnesota Statutes 2020, section 290A.04, subdivision 4, is amended to read:

227.29 Subd. 4. **Inflation adjustment.** The commissioner shall annually adjust the dollar  
227.30 amounts of the income thresholds and the maximum refunds under subdivisions 2 and 2a  
227.31 as provided in section 270C.22. The statutory year for subdivision 2 is 2022. The statutory  
227.32 year for subdivision 2a is 2018.

228.1 **EFFECTIVE DATE.** This section is effective for claims based on property taxes payable  
228.2 in 2024 and following years.

228.3 Sec. 9. Minnesota Statutes 2021 Supplement, section 297F.09, subdivision 10, is amended  
228.4 to read:

228.5 Subd. 10. **Accelerated tax payment.** A cigarette distributor, tobacco products distributor,  
228.6 retailer, or out-of-state retailer having a liability of \$250,000 or more during a fiscal year  
228.7 ending June 30, shall remit the June liability for the next year in the following manner:

228.8 (a) Two business days before June 30 of calendar year 2021, the distributor shall remit  
228.9 the actual May liability and 87.5 percent of the estimated June liability to the commissioner  
228.10 and file the return in the form and manner prescribed by the commissioner. Two business  
228.11 days before June 30 of calendar year 2022 and each calendar year thereafter, the distributor  
228.12 must remit the actual May liability and 84.5 percent, or a reduced percentage as certified  
228.13 by the commissioner under section 16A.152, subdivision 2, paragraph (a), clause (6), of the  
228.14 estimated June liability to the commissioner and file the return in the form and manner  
228.15 prescribed by the commissioner.

228.16 (b) On or before August 18 of the year, the distributor, retailer, or out-of-state retailer  
228.17 shall submit a return showing the actual June liability and pay any additional amount of tax  
228.18 not remitted in June. A penalty is imposed equal to ten percent of the amount of June liability  
228.19 required to be paid in June, less the amount remitted in June. However, the penalty is not  
228.20 imposed if the amount remitted in June equals:

228.21 (1) for calendar year 2021, the lesser of 87.5 percent of the actual June liability for that  
228.22 calendar year or 87.5 percent of the May liability for that calendar year; or

228.23 (2) for calendar year 2022 and each calendar year thereafter, the lesser of 84.5 percent,  
228.24 or a reduced percentage as certified by the commissioner under section 16A.152, subdivision  
228.25 2, paragraph (a), clause (6), of the actual June liability for that calendar year or 84.5 percent,  
228.26 or a reduced percentage as certified by the commissioner under section 16A.152, subdivision  
228.27 2, paragraph (a), clause (6), of the May liability for that calendar year.

228.28 (c) This subdivision expires after the percentage of estimated payment is reduced to zero  
228.29 in accordance with section 16A.152, subdivision 2, paragraph (a), clause (6).

228.30 **EFFECTIVE DATE.** This section is effective for estimated payments required to be  
228.31 made after July 1, 2022.

229.1 Sec. 10. Minnesota Statutes 2021 Supplement, section 297G.09, subdivision 9, is amended  
229.2 to read:

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

229.6 (a) Two business days before June 30 of calendar year 2021, the taxpayer shall remit  
229.7 the actual May liability and 87.5 percent of the estimated June liability to the commissioner  
229.8 and file the return in the form and manner prescribed by the commissioner. Two business  
229.9 days before June 30 of calendar year 2022 and each calendar year thereafter, the distributor  
229.10 must remit the actual May liability and 84.5 percent, or a reduced percentage as certified  
229.11 by the commissioner under section 16A.152, subdivision 2, paragraph (a), clause (6), of the  
229.12 estimated June liability to the commissioner and file the return in the form and manner  
229.13 prescribed by the commissioner.

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

229.19 (1) for calendar year 2021, the lesser of 87.5 percent of the actual June liability for that  
229.20 calendar year or 87.5 percent of the May liability for that calendar year; or

229.21 (2) for calendar year 2022 and each calendar year thereafter, the lesser of 84.5 percent,  
229.22 or a reduced percentage as certified by the commissioner under section 16A.152, subdivision  
229.23 2, paragraph (a), clause (6), of the actual June liability for that calendar year or 84.5 percent,  
229.24 or a reduced percentage as certified by the commissioner under section 16A.152, subdivision  
229.25 2, paragraph (a), clause (6), of the May liability for that calendar year.

229.26 (c) This subdivision expires after the percentage of estimated payment is reduced to zero  
229.27 in accordance with section 16A.152, subdivision 2, paragraph (a), clause (6).

229.28 **EFFECTIVE DATE.** This section is effective for estimated payments required to be  
229.29 made after July 1, 2022.

229.30 Sec. 11. Minnesota Statutes 2020, section 297H.13, subdivision 2, is amended to read:

229.31 Subd. 2. **Allocation of revenues.** (a) ~~\$33,760,000, or 70 percent, whichever is greater,~~  
229.32 Of the amounts remitted under this chapter, 73 percent in fiscal year 2023 and thereafter  
229.33 must be credited to the environmental fund established in section 16A.531, subdivision 1.

230.1 (b) The remainder must be deposited into the general fund.

230.2 (c) Beginning in fiscal year 2023 and continuing each year thereafter, the difference  
230.3 between the amount deposited in the environmental fund under paragraph (a) and the amount  
230.4 that would have been deposited under paragraph (a) before being amended by this act must  
230.5 be expended on activities listed in section 115A.557, subdivision 2, paragraph (a), clauses  
230.6 (1) to (7) and (9) to (11).

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

230.8 Sec. 12. Minnesota Statutes 2020, section 298.28, subdivision 7a, is amended to read:

230.9 Subd. 7a. **Iron Range school consolidation and cooperatively operated school**  
230.10 **account.** (a) The following amounts must be allocated to the commissioner of Iron Range  
230.11 resources and rehabilitation to be deposited in the Iron Range school consolidation and  
230.12 cooperatively operated school account that is hereby created:

230.13 (1)(i) for distributions in 2015 through ~~2023~~ 2043, ten cents per taxable ton of the tax  
230.14 imposed under section 298.24; and

230.15 (ii) for distributions beginning in ~~2024~~ 2044, five cents per taxable ton of the tax imposed  
230.16 under section 298.24;

230.17 (2) the amount as determined under section 298.17, paragraph (b), clause (3); and

230.18 (3) any other amount as provided by law.

230.19 (b) Expenditures from this account may be approved as ongoing annual expenditures  
230.20 and shall be made only to provide disbursements to assist school districts with the payment  
230.21 of bonds that were issued for qualified school projects, or for any other school disbursement  
230.22 as approved by the commissioner of Iron Range resources and rehabilitation after consultation  
230.23 with the Iron Range Resources and Rehabilitation Board. For purposes of this section,  
230.24 "qualified school projects" means school projects within the taconite assistance area as  
230.25 defined in section 273.1341, that were (1) approved, by referendum, after April 3, 2006;  
230.26 and (2) approved by the commissioner of education pursuant to section 123B.71.

230.27 (c) Beginning in fiscal year 2019, the disbursement to school districts for payments for  
230.28 bonds issued under section 123A.482, subdivision 9, must be increased each year to offset  
230.29 any reduction in debt service equalization aid that the school district qualifies for in that  
230.30 year, under section 123B.53, subdivision 6, compared with the amount the school district  
230.31 qualified for in fiscal year 2018.

231.1 (d) No expenditure under this section shall be made unless approved by the commissioner  
231.2 of Iron Range resources and rehabilitation after consultation with the Iron Range Resources  
231.3 and Rehabilitation Board.

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

231.5 Sec. 13. Minnesota Statutes 2020, section 298.28, subdivision 9b, is amended to read:

231.6 Subd. 9b. **Taconite environmental fund.** Five cents per ton through distributions in  
231.7 2043 must be paid to the taconite environmental fund for use under section 298.2961,  
231.8 subdivision 4. Beginning with distributions in 2044, ten cents per ton must be paid to the  
231.9 taconite environmental fund of which five cents per ton must be used as provided under  
231.10 section 298.2961, subdivision 4.

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

231.12 Sec. 14. **[428B.01] DEFINITIONS.**

231.13 Subdivision 1. **Applicability.** As used in sections 428B.01 to 428B.09, the terms in this  
231.14 section have the meanings given them.

231.15 Subd. 2. **Activity.** "Activity" means but is not limited to all of the following:

231.16 (1) promotion of tourism within the district;

231.17 (2) promotion of business activity, including but not limited to tourism, of businesses  
231.18 subject to the service charge within the tourism improvement district;

231.19 (3) marketing, sales, and economic development; and

231.20 (4) other services provided for the purpose of conferring benefits upon businesses located  
231.21 in the tourism improvement district that are subject to the tourism improvement district  
231.22 service charge.

231.23 Subd. 3. **Business.** "Business" means the type or class of lodging business that is  
231.24 described in the municipality's ordinance, which benefits from district activities, adopted  
231.25 under section 428B.02.

231.26 Subd. 4. **Business owner.** "Business owner" means a person recognized by a municipality  
231.27 as the owner of a business.

231.28 Subd. 5. **City.** "City" means a home rule charter or statutory city.

231.29 Subd. 6. **Clerk.** "Clerk" means the chief clerical officer of the municipality.

232.1 Subd. 7. **Governing body.** "Governing body" means, with respect to a city, a city council  
232.2 or other governing body of a city. With respect to a town, governing body means a town  
232.3 board or other governing body of a town. With respect to a county, governing body means  
232.4 a board of commissioners or other governing body of a county.

232.5 Subd. 8. **Impacted business owners.** "Impacted business owners" means a majority of  
232.6 business owners located within a proposed or established tourism improvement district.

232.7 Subd. 9. **Municipality.** "Municipality" means a county, city, or town.

232.8 Subd. 10. **Tourism improvement association.** "Tourism improvement association"  
232.9 means a new or existing and tax-exempt nonprofit corporation, entity, or agency charged  
232.10 with promoting tourism within the tourism improvement district and that is under contract  
232.11 with the municipality to administer the tourism improvement district and implement the  
232.12 activities and improvements listed in the municipality's ordinance.

232.13 Subd. 11. **Tourism improvement district.** "Tourism improvement district" means a  
232.14 tourism improvement district established under this chapter.

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

232.16 Sec. 15. **[428B.02] ESTABLISHMENT OF TOURISM IMPROVEMENT DISTRICT.**

232.17 Subdivision 1. **Ordinance.** (a) Upon a petition by impacted business owners, a governing  
232.18 body of a municipality may adopt an ordinance establishing a tourism improvement district  
232.19 after holding a public hearing on the district. The ordinance must include:

232.20 (1) a map that identifies the tourism improvement district boundaries in sufficient detail  
232.21 to allow a business owner to determine whether a business is located within the tourism  
232.22 improvement district boundaries;

232.23 (2) the name of the tourism improvement association designated to administer the tourism  
232.24 improvement district and implement the approved activities and improvements;

232.25 (3) a list of the proposed activities and improvements in the tourism improvement district;

232.26 (4) the time and manner of collecting the service charge and any interest and penalties  
232.27 for nonpayment;

232.28 (5) a definition describing the type or class of businesses to be included in the tourism  
232.29 improvement district and subject to the service charge;

233.1 (6) the rate, method, and basis of the service charge with intent, and penalties on  
233.2 delinquent payments for the district, including the portion dedicated to covering expenses  
233.3 listed in subdivision 4, paragraph (b); and

233.4 (7) the number of years the service charge will be in effect.

233.5 (b) If the boundaries of a proposed tourism improvement district overlap with the  
233.6 boundaries of an existing special service district, the tourism improvement district ordinance  
233.7 may list measures to avoid any impediments on the ability of the special service district to  
233.8 continue to provide its services to benefit its property owners.

233.9 Subd. 2. **Notice.** A municipality must provide notice of the hearing by publication in at  
233.10 least two issues of the official newspaper of the municipality. The two publications must  
233.11 be two weeks apart and the municipality must hold the hearing at least three days after the  
233.12 last publication. Not less than ten days before the hearing, the municipality must mail, or  
233.13 deliver by electronic means, notice to the business owner of each business subject to the  
233.14 proposed service charge by the tourism improvement district. The notice must include:

233.15 (1) a map showing the boundaries of the proposed district;

233.16 (2) the time and place of the hearing;

233.17 (3) a statement that all interested persons will be given an opportunity to be heard at the  
233.18 hearing regarding the proposed service charge; and

233.19 (4) a brief description of the proposed activities, improvements, and service charge.

233.20 Subd. 3. **Business owner determination.** A business must provide ownership information  
233.21 to the municipality. A municipality has no obligation to obtain other information regarding  
233.22 the ownership of businesses, and its determination of ownership shall be final for the purposes  
233.23 of this chapter. If this chapter requires the signature of a business owner, the signature of  
233.24 the authorized representative of a business owner is sufficient.

233.25 Subd. 4. **Service charges; relationship to services.** (a) A municipality may impose a  
233.26 service charge on a business pursuant to this chapter for the purpose of providing activities  
233.27 and improvements that will provide benefits to a business that is located within the tourism  
233.28 improvement district and subject to the tourism improvement district service charge. Each  
233.29 business paying a service charge within a district must benefit directly or indirectly from  
233.30 improvements provided by a tourism improvement association, provided, however, the  
233.31 business need not benefit equally. Service charges must be based on a percent of gross  
233.32 business revenue, a fixed dollar amount per transaction, or any other reasonable method  
233.33 based upon benefit and approved by the municipality.

234.1 (b) Service charges may be used to cover the costs of collections, as well as other  
234.2 administrative costs associated with operating, forming, or maintaining the district.

234.3 Subd. 5. **Public hearing.** At the hearing regarding the adoption of the ordinance  
234.4 establishing a tourism improvement district, business owners and persons affected by the  
234.5 proposed district may testify on issues relevant to the proposed district. The hearing may  
234.6 be adjourned from time to time. The ordinance establishing the district may be adopted at  
234.7 any time within six months after the date of the conclusion of the hearing by a vote of the  
234.8 majority of the governing body of the municipality.

234.9 Subd. 6. **Appeal to district court.** Within 45 days after the adoption of the ordinance  
234.10 establishing a tourism improvement district, a person aggrieved, who is not precluded by  
234.11 failure to object before or at the hearing, may appeal to the district court by serving a notice  
234.12 on the clerk of the municipality or governing body. The validity of the tourism improvement  
234.13 district and the service charge imposed under this chapter shall not be contested in an action  
234.14 or proceeding unless the action or proceeding is commenced within 45 days after the adoption  
234.15 of the ordinance establishing a tourism improvement district. The petitioner must file notice  
234.16 with the court administrator of the district court within ten days after its service. The clerk  
234.17 of the municipality must provide the petitioner with a certified copy of the findings and  
234.18 determination of the governing body. The court may affirm the action objected to or, if the  
234.19 petitioner's objections have merit, modify or cancel it. If the petitioner does not prevail on  
234.20 the appeal, the costs incurred shall be charged to the petitioner by the court and judgment  
234.21 entered for them. All objections shall be deemed waived unless presented on appeal.

234.22 Subd. 7. **Notice to the commissioner of revenue.** Within 30 days of adoption of the  
234.23 ordinance, the governing body must send a copy of the ordinance to the commissioner of  
234.24 revenue.

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

234.26 Sec. 16. **[428B.03] SERVICE CHARGE AUTHORITY; NOTICE; HEARING**  
234.27 **REQUIREMENT.**

234.28 Subdivision 1. **Authority.** A municipality may impose service charges authorized under  
234.29 section 428B.02, subdivision 4, to finance an activity or improvement in the tourism  
234.30 improvement district that is provided by the municipality if the activity or improvement is  
234.31 provided in the tourism improvement district at an increased level of service. The service  
234.32 charges may be imposed in the amount needed to pay for the increased level of service  
234.33 provided by the activity or improvement.

235.1 Subd. 2. Annual hearing requirement; notice. Beginning one year after the  
235.2 establishment of the tourism improvement district, the municipality must hold an annual  
235.3 public hearing regarding continuation of the service charges in the tourism improvement  
235.4 district. The municipality must provide notice of the hearing by publication in the official  
235.5 newspaper at least seven days before the hearing. The municipality must mail, or deliver  
235.6 by electronic means, notice of the hearing to business owners subject to the service charge  
235.7 at least seven days before the hearing. At the hearing, a person affected by the proposed  
235.8 district may testify on issues relevant to the proposed district. Within six months of the  
235.9 hearing, the municipality may adopt a resolution to continue imposing service charges within  
235.10 the district not exceeding the amount or rate expressed in the notice. For purposes of this  
235.11 section, the notice must include:

235.12 (1) a map showing the boundaries of the district;

235.13 (2) the time and place of the hearing;

235.14 (3) a statement that all interested persons will be given an opportunity to be heard at the  
235.15 hearing regarding the proposed service charge;

235.16 (4) a brief description of the proposed activities and improvements;

235.17 (5) the estimated annual amount of proposed expenditures for activities and  
235.18 improvements;

235.19 (6) the rate of the service charge for the district during the year and the nature and  
235.20 character of the proposed activities and improvements for the district during the year in  
235.21 which service charges are collected;

235.22 (7) the number of years the service charge will be in effect; and

235.23 (8) a statement that the petition requirement of section 428B.07 has either been met or  
235.24 does not apply to the proposed service charge.

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

235.26 Sec. 17. **[428B.04] MODIFICATION OF ORDINANCE.**

235.27 Subdivision 1. **Adoption of ordinance; request for modification.** Upon written request  
235.28 of the tourism improvement association, the governing body of a municipality may adopt  
235.29 an ordinance to modify the district after conducting a public hearing on the proposed  
235.30 modifications. If the modification includes a change to the rate, method, and basis of  
235.31 imposing the service charge or the expansion of the tourism improvement district's geographic

236.1 boundaries, a petition as described in section 428B.07 must be submitted by impacted  
236.2 business owners to initiate proceedings for modification.

236.3 Subd. 2. **Notice of modification.** A municipality must provide notice of the hearing by  
236.4 publication in at least two issues of the municipality's official newspaper. The two  
236.5 publications must be two weeks apart and the municipality must hold a hearing at least three  
236.6 days after the last publication. Not less than ten days before the hearing, the municipality  
236.7 must mail, or deliver by electronic means, notice to the business owner of each business  
236.8 subject to the service charge by the tourism improvement district. The notice must include:

236.9 (1) a map showing the boundaries of the district and any proposed changes to the  
236.10 boundaries of the district;

236.11 (2) the time and place of the hearing;

236.12 (3) a statement that all interested persons will be given an opportunity to be heard at the  
236.13 hearing regarding the proposed service charge; and

236.14 (4) a brief description of the proposed modification to the ordinance.

236.15 Subd. 3. **Hearing on modification.** At the hearing regarding modification to the  
236.16 ordinance, business owners and persons affected by the proposed modification may testify  
236.17 on issues relevant to the proposed modification. Within six months after the conclusion of  
236.18 the hearing, the municipality may adopt the ordinance modifying the district by a vote of  
236.19 the majority of the governing body in accordance with the request for modification by the  
236.20 tourism improvement association and as described in the notice.

236.21 Subd. 4. **Objection.** If the modification of the ordinance includes the expansion of the  
236.22 tourism improvement district's geographic boundaries, the ordinance modifying the district  
236.23 may be adopted after following the notice and veto requirements in section 428B.08;  
236.24 however, a successful objection will be determined based on a majority of business owners  
236.25 who will pay the service charge in the expanded area of the district. For all other  
236.26 modifications, the ordinance modifying the district may be adopted following the notice  
236.27 and veto requirements in section 428B.08.

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

236.29 Sec. 18. **[428B.05] COLLECTION OF SERVICE CHARGES; PENALTIES.**

236.30 The service charges imposed under this chapter may be collected by the municipality,  
236.31 tourism improvement association, or other designated agency or entity. Collection of the  
236.32 service charges must be made at the time and in the manner set forth in the ordinance. The

237.1 entity collecting the service charges may charge interest and penalties on delinquent payments  
237.2 for service charges imposed under this chapter as set forth in the municipality's ordinance.

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

237.4 Sec. 19. **[428B.06] TOURISM IMPROVEMENT ASSOCIATION.**

237.5 Subdivision 1. **Composition and duties.** The tourism improvement association must  
237.6 be designated in the municipality's ordinance. The tourism improvement association shall  
237.7 appoint a governing board or committee composed of a majority of business owners who  
237.8 pay the tourism improvement district service charge, or the representatives of those business  
237.9 owners. The governing board or committee must manage the funds raised by the tourism  
237.10 improvement district and fulfill the obligations of the tourism improvement district. A  
237.11 tourism improvement association has full discretion to select the specific activities and  
237.12 improvements that are funded with tourism improvement district service charges within the  
237.13 authorized activities and improvements described in the ordinance.

237.14 Subd. 2. **Annual report.** The tourism improvement association must submit to the  
237.15 municipality an annual report for each year in which a service charge is imposed. The report  
237.16 must include a financial statement of revenue raised by the district. The municipality may  
237.17 also, as part of the enabling ordinance, require the submission of other relevant information  
237.18 related to the association.

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

237.20 Sec. 20. **[428B.07] PETITION REQUIRED.**

237.21 A municipality may not establish a tourism improvement district under section 428B.02  
237.22 unless impacted business owners file a petition requesting a public hearing on the proposed  
237.23 action with the clerk of the municipality.

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

237.25 Sec. 21. **[428B.08] VETO POWER OF OWNERS.**

237.26 Subdivision 1. **Notice of right to file objections.** The effective date of an ordinance or  
237.27 resolution adopted under this chapter must be at least 45 days after it is adopted by the  
237.28 municipality. Within five days after the municipality adopts the ordinance or resolution,  
237.29 the municipality must mail a summary of the ordinance or resolution to each business owner  
237.30 subject to the service charge within the tourism improvement district in the same manner  
237.31 that notice is mailed, or delivered by electronic means, under section 428B.02. The mailing

238.1 must include a notice that business owners subject to the service charge have the right to  
238.2 veto, by a simple majority, the ordinance or resolution by filing the required number of  
238.3 objections with the clerk of the municipality before the effective date of the ordinance or  
238.4 resolution and include notice that a copy of the ordinance or resolution is available for public  
238.5 inspection with the clerk of the municipality.

238.6 Subd. 2. **Requirements for veto.** If impacted business owners file an objection to the  
238.7 ordinance or resolution before the effective date of the ordinance or resolution, the ordinance  
238.8 or resolution does not become effective.

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

238.10 Sec. 22. **[428B.09] DISESTABLISHMENT.**

238.11 Subdivision 1. **Procedure for disestablishment.** An ordinance adopted under this chapter  
238.12 must provide a 30-day period each year in which business owners subject to the service  
238.13 charge may request disestablishment of the district. Beginning one year after establishment  
238.14 of the tourism improvement district, an annual 30-day period of disestablishment begins  
238.15 with the anniversary of the date of establishment. Upon submission of a petition from  
238.16 impacted business owners, the municipality may disestablish a tourism improvement district  
238.17 by adopting an ordinance after holding a public hearing on the disestablishment. Prior to  
238.18 the hearing, the municipality must publish notice of the hearing on disestablishment in at  
238.19 least two issues of the municipality's official newspaper. The two publications must be two  
238.20 weeks apart and the municipality must hold the hearing at least three days after the last  
238.21 publication. Not less than ten days before the hearing, the municipality must mail, or deliver  
238.22 by electronic means, notice to the business owner of each business subject to the service  
238.23 charge. The notice must include:

238.24 (1) the time and place of the hearing;

238.25 (2) a statement that all interested persons will be given an opportunity to be heard at the  
238.26 hearing regarding disestablishment;

238.27 (3) the reason for disestablishment; and

238.28 (4) a proposal to dispose of any assets acquired with the revenues of the service charge  
238.29 imposed under the tourism improvement district.

238.30 Subd. 2. **Objection.** An ordinance disestablishing the tourism improvement district  
238.31 becomes effective following the notice and veto requirements in section 428B.08.

239.1 Subd. 3. Refund to business owners. (a) Upon the disestablishment of a tourism  
239.2 improvement district, any remaining revenues derived from the service charge, or any  
239.3 revenues derived from the sale of assets acquired with the service charge revenues, shall  
239.4 be refunded to business owners located and operating within the tourism improvement  
239.5 district in which service charges were imposed by applying the same method and basis that  
239.6 was used to calculate the service charges levied in the fiscal year in which the district is  
239.7 disestablished.

239.8 (b) If the disestablishment occurs before the service charge is imposed for the fiscal  
239.9 year, the method and basis that was used to calculate the service charge imposed in the  
239.10 immediate prior fiscal year shall be used to calculate the amount of a refund, if any.

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

239.12 **Sec. 23. [428B.10] COORDINATION OF DISTRICTS.**

239.13 If a county establishes a tourism improvement district in a city or town under this chapter,  
239.14 a city or town may not establish a tourism improvement district in the part of the city or  
239.15 town located in the county-established district. If a city or town establishes a tourism  
239.16 improvement district under this chapter, a county may not establish a tourism improvement  
239.17 district in the part of the city or town located in the city- or town-established district.

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

239.19 Sec. 24. Minnesota Statutes 2020, section 462A.38, is amended to read:

239.20 **462A.38 WORKFORCE AND AFFORDABLE HOMEOWNERSHIP**  
239.21 **DEVELOPMENT PROGRAM.**

239.22 Subdivision 1. **Establishment.** A workforce and affordable homeownership development  
239.23 program is established to award homeownership development grants and loans to cities,  
239.24 counties, Tribal governments, nonprofit organizations, cooperatives created under chapter  
239.25 308A or 308B, and community land trusts created for the purposes outlined in section  
239.26 462A.31, subdivision 1, for development of workforce and affordable homeownership  
239.27 projects. The purpose of the program is to increase the supply of workforce and affordable,  
239.28 owner-occupied multifamily or single-family housing throughout Minnesota.

239.29 Subd. 2. **Use of funds.** (a) Grant funds and loans awarded under this program may be  
239.30 used for:

239.31 (1) development costs;

240.1 (2) rehabilitation;

240.2 (3) land development; and

240.3 (4) residential housing, including storm shelters and related community facilities.

240.4 (b) A project funded through ~~the grant~~ this program shall serve households that meet  
240.5 the income limits as provided in section 462A.33, subdivision 5, unless a project is intended  
240.6 for the purpose outlined in section 462A.02, subdivision 6.

240.7 Subd. 3. **Application.** The commissioner shall develop forms and procedures for soliciting  
240.8 and reviewing applications for grants and loans under this section. The commissioner shall  
240.9 consult with interested stakeholders when developing the guidelines and procedures for the  
240.10 program. In making grants and loans, the commissioner shall establish semiannual application  
240.11 deadlines in which grants and loans will be authorized from all or part of the available  
240.12 appropriations.

240.13 Subd. 4. **Awarding grants and loans.** Among comparable proposals, preference must  
240.14 be given to proposals that include contributions from nonstate resources for the greatest  
240.15 portion of the total development cost.

240.16 Subd. 5. **Statewide program.** The agency shall attempt to make grants and loans in  
240.17 approximately equal amounts to applicants outside and within the metropolitan area, as  
240.18 defined in section 473.121, subdivision 2.

240.19 Subd. 6. **Report.** Beginning January 15, ~~2018~~ 2023, the commissioner must annually  
240.20 submit a report to the chairs and ranking minority members of the senate and house of  
240.21 representatives committees having jurisdiction over housing and workforce development  
240.22 specifying the projects that received grants and loans under this section and the specific  
240.23 purposes for which the grant or loan funds were used.

240.24 Subd. 7. **Workforce and affordable homeownership development account.** A  
240.25 workforce and affordable homeownership development account is established in the housing  
240.26 development fund. Money in the account, including interest, is appropriated to the  
240.27 commissioner of the Housing Finance Agency for the purposes of this section. The amount  
240.28 appropriated under this section must supplement traditional sources of funding for this  
240.29 purpose and must not be used as a substitute or to pay debt service on bonds.

240.30 Subd. 8. **Deposits; funding amount.** (a) In fiscal years 2023 to 2030, an amount equal  
240.31 to \$10,000,000 of the state's portion of the proceeds derived from the mortgage registry tax  
240.32 imposed under section 287.035 and the deed tax imposed under section 287.21 is appropriated  
240.33 from the general fund to the commissioner of the Housing Finance Agency to transfer to

241.1 the housing development fund for deposit into the workforce and affordable homeownership  
241.2 development account. The appropriation must be made annually by September 15.

241.3 (b) All loan repayments received under this section are to be deposited into the workforce  
241.4 and affordable homeownership development account in the housing development fund.

241.5 (c) This subdivision expires September 16, 2029.

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

241.7 Sec. 25. Minnesota Statutes 2020, section 477A.015, is amended to read:

241.8 **477A.015 PAYMENT DATES.**

241.9 (a) The commissioner of revenue shall annually make the payments of local government  
241.10 aid to affected taxing authorities in two installments. Except as provided in paragraph (b),  
241.11 the first installment of 50 percent, or a reduced percentage certified by the commissioner  
241.12 under section 16A.152, subdivision 2, paragraph (a), clause (7), of the payment is due on  
241.13 July 20 and the remaining amount of the first installment, if any, is due on March 15. The  
241.14 second installment of 50 percent is due on December 26 annually.

241.15 (b) The reduced percentage certified by the commissioner under section 16A.152,  
241.16 subdivision 2, paragraph (a), clause (7), does not apply to aid payments made pursuant to  
241.17 sections 6.91, 162.145, 477A.13, 477A.15, and 477A.23. Notwithstanding paragraph (a),  
241.18 for aids payable in 2019 only, the commissioner of revenue shall make payments of the aid  
241.19 payable under section 477A.013, subdivision 9, in three installments as follows: (1) 14.6  
241.20 percent of the aid shall be paid on June 15, 2019; (2) 35.4 percent of the aid shall be paid  
241.21 on July 20, 2019; and (3) 50 percent of the aid shall be paid on December 26, 2019.

241.22 (c) When the commissioner of public safety determines that a local government has  
241.23 suffered financial hardship due to a natural disaster, the commissioner of public safety shall  
241.24 notify the commissioner of revenue, who shall make payments of aids under sections  
241.25 477A.011 to 477A.014, which are otherwise due on December 26, as soon as is practical  
241.26 after the determination is made but not before July 20.

241.27 (d) The commissioner may pay all or part of the payments of aids under sections  
241.28 477A.011 to 477A.014, which are due on December 26 at any time after August 15 if a  
241.29 local government requests such payment as being necessary for meeting its cash flow needs.

241.30 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
241.31 and thereafter.

242.1 **Sec. 26. CITY OF VIRGINIA; NET DEBT LIMIT EXEMPTION.**

242.2 The city of Virginia may finance the construction of a public safety building in the city  
242.3 of Virginia by obtaining a loan from the United States Department of Agriculture secured  
242.4 by its general obligation pledge. Any bonds issued relating to this construction project or  
242.5 repayment of the loan must not be included in the computation of the city's limit on net debt  
242.6 under Minnesota Statutes, section 475.53, subdivision 1.

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

242.10 **Sec. 27. POLAR VORTEX RESPONSE; DISCLOSURE OF COSTS;**  
242.11 **REIMBURSEMENT FOR RESERVE FUNDS.**

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

242.14 (b) "Critical period" means the period beginning February 12, 2021, and ending February  
242.15 17, 2021.

242.16 (c) "Impacted volume" means the volume of natural gas a utility purchased for immediate  
242.17 delivery in Minnesota during the critical period.

242.18 (d) "Incremental cost" means the incremental cost of natural gas purchased during the  
242.19 critical period, calculated by multiplying the utility's incremental price by its impacted  
242.20 volume.

242.21 (e) "Incremental price" means the average unit price a utility paid for natural gas  
242.22 purchased for immediate delivery during the critical period, minus the average natural gas  
242.23 unit price for wholesale natural gas the utility paid during the period between February 5,  
242.24 2021, and February 10, 2021.

242.25 (f) "Utility" means a nonprofit municipal utility established under Minnesota Statutes,  
242.26 chapter 412, that (1) is owned by the city to which it provides service, and (2) sells natural  
242.27 gas to retail customers in Minnesota.

242.28 **Subd. 2. Utilities must disclose increased energy costs.** No later than July 1, 2022, a  
242.29 utility must calculate, for each customer to which the utility provided natural gas service  
242.30 during the critical period, the incremental price multiplied by the volume of natural gas  
242.31 consumed by the customer during the critical period. The utility must certify and forward  
242.32 that calculation in a written notice to each customer.

243.1 Subd. 3. Reimbursement for reserve revenues. A utility that paid for wholesale natural  
243.2 gas purchased during the critical period, in whole or in part, by drawing down accumulated  
243.3 reserve revenues may apply to the commissioner of commerce for a rebate equal to its  
243.4 incremental cost minus any payment of its incremental cost by natural gas customers. The  
243.5 commissioner shall require a utility to submit evidence supporting the rebate request amount  
243.6 with a rebate application.

243.7 Subd. 4. Appropriation. \$20,000,000 in fiscal year 2023 is appropriated from the general  
243.8 fund to the commissioner of commerce for the purpose of making rebates to municipal  
243.9 utilities under subdivision 3. This is a onetime appropriation. Any unexpended funds  
243.10 remaining on December 31, 2022, cancel to the general fund.

243.11 Sec. 28. TAX CREDIT FOR EXCESS ENERGY COSTS DUE TO THE POLAR  
243.12 VORTEX.

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

243.15 (b) "Excess energy costs" means the amount of energy costs disclosed to a taxpayer by  
243.16 a utility under section 27, subdivision 2, but is limited to amounts actually paid by the  
243.17 taxpayer.

243.18 (c) The definitions in section 27, subdivision 1, and Minnesota Statutes, section 290.01,  
243.19 apply for this section.

243.20 Subd. 2. Credit allowed. (a) An individual income taxpayer is allowed a credit against  
243.21 the tax due under Minnesota Statutes, chapter 290, equal to the amount of the taxpayer's  
243.22 excess energy costs.

243.23 (b) Credits allowed to a partnership, a limited liability company taxed as a partnership,  
243.24 or an S corporation are passed through pro rata to the partners, members, or shareholders  
243.25 based on their share of the entity's income for the taxable year.

243.26 Subd. 3. Credit refundable. (a) If the amount of credit which a taxpayer would be  
243.27 eligible to receive under this section exceeds the claimant's tax liability under Minnesota  
243.28 Statutes, chapter 290, the excess amount of the credit shall be refunded to the claimant by  
243.29 the commissioner of revenue.

243.30 (b) An amount sufficient to pay the refunds required by this section is appropriated to  
243.31 the commissioner of revenue from the general fund.

244.1 Subd. 4. Denial of double benefit. For a taxpayer who deducted excess energy costs in  
244.2 calculating adjusted gross income and claimed the credit under this section, the amount of  
244.3 excess energy costs is an addition, as defined in Minnesota Statutes, section 290.0131,  
244.4 subdivision 1. The rules governing additions in that section apply for this subdivision.

244.5 EFFECTIVE DATE. This section is effective retroactively for taxable years beginning  
244.6 after December 31, 2020, and before January 1, 2022.

244.7 Sec. 29. INCOME TAX SUBTRACTION; COVID-19 BUSINESS ASSISTANCE  
244.8 PROGRAMS.

244.9 Subdivision 1. Definitions. For the purposes of this section:

244.10 (1) for an individual, estate, or trust, "subtraction" has the meaning given in Minnesota  
244.11 Statutes, section 290.0132, subdivision 1, and the rules in that subdivision apply for this  
244.12 section;

244.13 (2) for a corporation other than an S corporation, "subtraction" has the meaning given  
244.14 in Minnesota Statutes, section 290.0134, subdivision 1, and the rules in that subdivision  
244.15 apply for this section;

244.16 (3) the definitions in Minnesota Statutes, section 290.01, apply for this section; and

244.17 (4) "qualifying business assistance" means grants, forgivable loans, and other financial  
244.18 assistance to businesses by the state, county, or local government that were included in  
244.19 adjusted gross income, and that meet the criteria in subdivision 4.

244.20 Subd. 2. Business assistance subtraction; individuals, estates, and trusts. For an  
244.21 individual, estate, or trust, the amount of qualifying business assistance is a subtraction.

244.22 Subd. 3. Business assistance subtraction; C corporations. For a corporation other  
244.23 than an S corporation, the amount of qualifying business assistance is a subtraction.

244.24 Subd. 4. Programs eligible for a subtraction. Only qualifying business assistance  
244.25 provided under the following sections of state or federal law is considered qualifying business  
244.26 assistance for the purposes of this section:

244.27 (1) business assistance provided under section 30, subdivision 2;

244.28 (2) forgivable loans under Executive Order No. 20-15;

244.29 (3) small business relief grants under Laws 2020, First Special Session chapter 1, section  
244.30 4;

245.1 (4) business relief payments under Laws 2020, Seventh Special Session chapter 2, article  
245.2 1;

245.3 (5) grants to movie theaters and convention centers under Laws 2020, Seventh Special  
245.4 Session chapter 2, article 4;

245.5 (6) county relief grants to local businesses under Laws 2020, Seventh Special Session  
245.6 chapter 2, article 5;

245.7 (7) grants through the Main Street Economic Revitalization Program in Laws 2021, First  
245.8 Special Session chapter 10, article 2, section 5;

245.9 (8) main street COVID-19 relief grants under Laws 2021, First Special Session chapter  
245.10 10, article 2, section 22;

245.11 (9) forgivable loans under Laws 2021, First Special Session chapter 10, article 2, section  
245.12 24;

245.13 (10) financial assistance to businesses provided by a county, city, or township using  
245.14 funds from the Coronavirus Relief Fund under section 5001 of Public Law 116-136; or

245.15 (11) financial assistance to businesses provided by a county, city, or township using  
245.16 funds from the State and Local Fiscal Recovery Fund in section 9901 of Public Law 117-2.

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

245.19 Sec. 30. **COUNTY PANDEMIC BUSINESS AND COMMUNITY RELIEF AID;**  
245.20 **APPROPRIATION.**

245.21 Subdivision 1. **Appropriation.** (a) \$75,000,000 in fiscal year 2023 is appropriated from  
245.22 the general fund to the commissioner of revenue for payments to counties under this section.  
245.23 This is a onetime appropriation.

245.24 (b) Of the amount under paragraph (a), \$50,000,000 must be used for payments to  
245.25 counties for economic assistance and aid to businesses under subdivision 2.

245.26 (c) Of the amount under paragraph (a), \$25,000,000 must be used for payments to  
245.27 counties to provide rental assistance under subdivision 6.

245.28 (d) After June 30, 2023, a county must return any unspent funds to the commissioner  
245.29 of revenue, and any amounts returned cancel to the general fund.

245.30 Subd. 2. **Economic assistance and aid to local businesses.** (a) From the amount available  
245.31 under subdivision 1, paragraph (b), each county shall be issued a payment of a per capita

246.1 amount determined by reference to the population of each county according to the most  
246.2 recently available 2020 population estimate from the state demographer as of January 1,  
246.3 2022.

246.4 (b) A county must use funds received under paragraph (a) to provide economic assistance  
246.5 to underserved communities under subdivision 3, aid to businesses under subdivision 4, or  
246.6 aid to venues under subdivision 5. A county may use funds for one or more of the approved  
246.7 uses in subdivisions 3, 4, and 5, but each county must assess the degree of need in the county  
246.8 for assistance to underserved communities under subdivision 3. A county that determines  
246.9 there is a need for assistance to underserved communities must prioritize aid to businesses  
246.10 under that subdivision.

246.11 (c) Each county may use the greater of \$6,250 or 2.5 percent of the total amount received  
246.12 under this subdivision for administrative costs incurred from making payments under this  
246.13 subdivision. A county may contract with a third party to administer the program on behalf  
246.14 of the county.

246.15 (d) Payments under this subdivision must be awarded by March 15, 2023.

246.16 Subd. 3. **Economic assistance to underserved communities.** (a) A county may use  
246.17 funds received under subdivision 2 to provide economic assistance to qualifying businesses.  
246.18 Economic assistance under this paragraph must be provided to qualifying businesses located  
246.19 in areas designated by the county as underserved communities. Economic assistance includes  
246.20 but is not limited to:

246.21 (1) grants, loans, or other financial assistance to businesses that pay their employees a  
246.22 living wage;

246.23 (2) grants, loans, or other financial assistance for maintenance and repair of commercial  
246.24 properties;

246.25 (3) down payment assistance for businesses seeking to purchase commercial property;  
246.26 or

246.27 (4) payments to commercial property owners to reduce rent costs for businesses.

246.28 (b) To provide economic assistance to businesses under paragraph (a), a county must  
246.29 designate census tracts representing five percent or less of the population in the county as  
246.30 "underserved communities." In making a designation under this subdivision, the county  
246.31 must consider the following characteristics of a census tract, among other considerations  
246.32 deemed relevant by the county:

246.33 (1) the unemployment rate;

247.1 (2) the poverty rate;

247.2 (3) the median income of the tract relative to the rest of the county; and

247.3 (4) the number of vacant commercial properties.

247.4 (c) For the purposes of this section:

247.5 (1) "qualifying business" means a business with 50 or fewer employees; and

247.6 (2) "living wage" means 150 percent of the minimum wage for large employers for 2022

247.7 under Minnesota Statutes, section 177.24.

247.8 Subd. 4. **Aid to businesses without income in 2019.** A county may use funds received

247.9 under subdivision 2 to provide economic assistance to businesses that were in operation in

247.10 calendar year 2020 or 2021, but not in calendar year 2019, and were ineligible to participate

247.11 in a state or federal business assistance program due to the lack of operations or revenue in

247.12 calendar year 2019. Economic assistance includes but is not limited to grants, loans, or any

247.13 other financial assistance deemed appropriate by the county.

247.14 Subd. 5. **Aid to venues.** (a) A county may use funds received under subdivision 2 to

247.15 provide grants to Minnesota-registered businesses in good standing or Minnesota-registered

247.16 nonprofits in good standing that:

247.17 (1) are directly engaged in the procurement, promotion, production, or presentation of

247.18 live entertainment events to an in-person audience; and

247.19 (2) experienced a decrease in revenues due to the COVID-19 pandemic.

247.20 (b) To qualify for a grant under this subdivision, a business or nonprofit must:

247.21 (1) meet the following revenue requirements:

247.22 (i) have derived at least 33 percent of its 2019 revenue from the sale of tickets for live

247.23 events; or

247.24 (ii) be directly reliant on ticketed live entertainment events but not directly in receipt of

247.25 those ticket revenues because the event is free to the general public and the revenue is

247.26 derived from avenues other than ticket sales;

247.27 (2) employ no more than 60 full-time equivalent employees, defined as an employee

247.28 who worked on average at least 30 hours per week or 130 hours per month;

247.29 (3) have been restricted from operating above 25 percent capacity or 250 attendees,

247.30 whichever is less, pursuant to an executive order issued during a peacetime emergency

247.31 declared regarding the infectious disease known as COVID-19;

248.1 (4) not have any current tax delinquency with the Department of Revenue at the time  
248.2 of application; and

248.3 (5) have its principal place of business in Minnesota.

248.4 (c) The following entities are ineligible for grants under this subdivision:

248.5 (1) bars, restaurants, and other facilities whose primary source of revenue is not  
248.6 entertainment events;

248.7 (2) multinational or publicly owned companies; and

248.8 (3) adult entertainment operations.

248.9 (d) Notwithstanding the requirements of paragraph (b), a county may authorize a grant  
248.10 to a business under this subdivision if the county determines that the business has  
248.11 substantially met the requirements of this subdivision, but was a new entertainment venue  
248.12 that had planned on opening in 2020 but was unable to begin operations based solely on  
248.13 the fact that COVID-19-related closures prevented the business from doing so. The business  
248.14 shall submit, on a form required by the county, any documentation the county deems  
248.15 necessary to determine whether the business applies for a discretionary grant under this  
248.16 subdivision.

248.17 Subd. 6. **Rental assistance payments.** (a) From the amount available under subdivision  
248.18 1, paragraph (c), each county shall be issued a payment equal to the product of the amount  
248.19 available under subdivision 1, paragraph (c), multiplied by the number of rent-burdened  
248.20 households in the county, divided by the number of rent-burdened households in the state.  
248.21 The number of rent-burdened households shall be determined using the 2020 experimental  
248.22 estimates provided by the American Community Survey of the United States Census Bureau.

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

248.24 (1) "eligible household" means a household in which household income is at or below  
248.25 50 percent of area median income, as adjusted for household size;

248.26 (2) "rent-burdened household" means a household in which gross rent is 30 percent or  
248.27 more of household income; and

248.28 (3) "rental assistance" means payments for:

248.29 (i) rent;

248.30 (ii) rental arrears;

248.31 (iii) utilities and home energy costs;

249.1 (iv) utilities and home energy costs arrears; and

249.2 (v) other expenses related to housing incurred due, directly or indirectly, to the novel  
249.3 coronavirus disease COVID-19 outbreak.

249.4 (c) A county receiving a payment under this subdivision must spend at least 90 percent  
249.5 of the payment received to provide rental assistance to eligible households.

249.6 (d) A county receiving a payment under this subdivision may use up to ten percent of  
249.7 the payment received for administrative costs attributable to providing rental assistance.

249.8 (e) A county receiving aid under this subdivision may distribute the aid to a community  
249.9 action agency or a nonprofit to provide rental assistance to eligible households.

249.10 Subd. 7. **Grants.** Grants and the process of making grants under this section are exempt  
249.11 from the following statutes and related policies: Minnesota Statutes, sections 16A.15,  
249.12 subdivision 3; 16B.97; and 16B.98, subdivisions 5, 7, and 8. A county opting to use a third  
249.13 party to administer grants is exempt from Minnesota Statutes, section 471.345, in the  
249.14 selection of the third-party administrator. The exemptions under this paragraph expire on  
249.15 March 15, 2023.

249.16 Subd. 8. **Report.** By January 31, 2024, the commissioner of revenue shall report to the  
249.17 legislative committees with jurisdiction over taxes on the grants provided under this section.  
249.18 The report must comply with Minnesota Statutes, sections 3.195 and 3.197. By July 1, 2023,  
249.19 each county must report to the commissioner of revenue how the county used the funds  
249.20 provided under this section.

249.21 **Sec. 31. INDEPENDENT SCHOOL DISTRICT NO. 696, ELY; BONDS.**

249.22 Subdivision 1. **Authorization.** Independent School District No. 696, Ely, may issue  
249.23 bonds in an aggregate principal amount not exceeding \$9,500,000, in addition to any bonds  
249.24 already issued or authorized, to provide funds to construct, equip, furnish, remodel,  
249.25 rehabilitate, and acquire land for school facilities and buildings. The district may spend the  
249.26 proceeds of the bond sale for those purposes and any architectural, engineering, and legal  
249.27 fees incidental to those purposes or the sale. Bonds may be issued under this section without  
249.28 a referendum. Except as permitted by this section, the bonds shall be authorized, issued,  
249.29 sold, executed, and delivered in the manner provided by Minnesota Statutes, chapter 475.  
249.30 An election on the question of issuing the bonds is not required. A resolution of the board  
249.31 levying taxes for the payment of principal and interest on the bonds as authorized by this  
249.32 section and pledging the proceeds of the levies for the payment of principal and interest on

250.1 the bonds shall be deemed to be in compliance with the provisions of Minnesota Statutes,  
250.2 chapter 475, with respect to the levying of taxes for their payment.

250.3 Subd. 2. **Levy limitations.** Taxes levied pursuant to this section shall be disregarded in  
250.4 the calculation of any other tax levies or limits on tax levies provided by other law.

250.5 Subd. 3. **Bonding limitations.** Bonds may be issued under authority of this section  
250.6 notwithstanding any limitations upon the indebtedness of a district, and their amounts shall  
250.7 not be included in computing the indebtedness of a district for any purpose, including the  
250.8 issuance of subsequent bonds and the incurring of subsequent indebtedness.

250.9 Subd. 4. **Local approval required.** This section is effective for Independent School  
250.10 District No. 696, Ely, the day after its governing body complies with Minnesota Statutes,  
250.11 section 645.021, subdivision 3.

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

250.13 Sec. 32. **DEPARTMENT OF REVENUE FREE FILING REPORT.**

250.14 (a) By January 15, 2023, the commissioner of revenue must provide a written report to  
250.15 the chairs and ranking minority members of the legislative committees with jurisdiction  
250.16 over taxes. The report must comply with the requirements of Minnesota Statutes, sections  
250.17 3.195 and 3.197, and must also provide information on free electronic filing options for  
250.18 preparing and filing Minnesota individual income tax returns.

250.19 (b) The commissioner must survey tax preparation software vendors for information on  
250.20 a free electronic preparation and filing option for taxpayers to file Minnesota individual  
250.21 income tax returns. The survey must request information from vendors that addresses the  
250.22 following concerns:

250.23 (1) system development, capability, security, and costs for consumer-based tax filing  
250.24 software;

250.25 (2) costs per return that would be charged to the state of Minnesota to provide an  
250.26 electronic individual income tax return preparation, submission, and payment remittance  
250.27 process;

250.28 (3) providing customer service and issue resolution to taxpayers using the software;

250.29 (4) providing and maintaining an appropriate link between the Department of Revenue  
250.30 and the Internal Revenue Service Modernized Electronic Filing Program;

251.1 (5) ensuring that taxpayer return information is maintained and protected as required by  
251.2 Minnesota Statutes, chapters 13 and 270B, Internal Revenue Service Publication 1075, and  
251.3 any other applicable requirements; and

251.4 (6) current availability of products for the free filing and submitting of both Minnesota  
251.5 and federal returns offered to customers and the income thresholds for using those products.

251.6 (c) The report by the commissioner must include at a minimum:

251.7 (1) a review of options that other states use for state electronic filing;

251.8 (2) an assessment of taxpayer needs for electronic filing, including current filing practices;

251.9 (3) an analysis of alternative options to provide free filing, such as tax credits, vendor  
251.10 incentives, or other benefits; and

251.11 (4) an analysis of the Internal Revenue Service Free File Program usage.

251.12 Sec. 33. **TAX EXPENDITURE PURPOSE STATEMENTS.**

251.13 Subdivision 1. **Intent.** In accordance with the requirements in Minnesota Statutes, section  
251.14 3.192, the purpose and goals for the tax expenditures in this act are listed in this section.

251.15 Subd. 2. **Sales tax purpose statements.** (a) The purpose of the tax expenditure in article  
251.16 3, sections 9, 11 to 15, and 19 to 27, is to reduce the cost of construction of public facilities,  
251.17 buildings, and infrastructure. The standard against which effectiveness is to be measured  
251.18 is the decrease in the growth in local property taxes and services in these communities.

251.19 (b) The purpose of the extension of the tax expenditure in article 3, section 17, is to  
251.20 provide grants to fund programs for schools and coaches and reduce the fee costs for student  
251.21 participants. The standard against which effectiveness is to be measured is the expansion  
251.22 and level of participation of these programs.

251.23 Subd. 3. **Income and corporate franchise tax purpose statements.** (a) The purpose  
251.24 of the emergency assistance for postsecondary student grants subtraction in article 2, section  
251.25 12, is to provide financial support to students experiencing homelessness and extreme  
251.26 financial hardship. The standard against which the effectiveness of the expenditure can be  
251.27 measured is the reduction in the rate at which grant recipients drop out of postsecondary  
251.28 programs due to financial hardship.

251.29 (b) The purpose of the workforce incentive fund grants subtraction in article 2, section  
251.30 13, is to recruit and retain behavioral health, housing, disability, and home and  
251.31 community-based older adult providers. The standard against which the effectiveness of

252.1 the expenditure can be measured is the reduction in the number of job vacancies in the fields  
252.2 eligible for grants under Minnesota Statutes, section 256.4778.

252.3 (c) The purpose of the tax expenditure in article 2, sections 18 to 21 and 27, allowing  
252.4 the entirety of the credit for historic structure rehabilitation to be taken in the year property  
252.5 is placed in service, is to encourage investment in rehabilitating historic buildings. The  
252.6 standard against which effectiveness is to be measured is the increase in the number of  
252.7 historic rehabilitation projects in the state.

252.8 (d) The purpose of the tax expenditure in article 2, section 28, providing a subtraction  
252.9 for a portion of unemployment compensation, is to provide financial support to unemployed  
252.10 persons and to encourage economic activity in the state. The standard against which  
252.11 effectiveness is to be measured is the increase in after-tax income of unemployed persons  
252.12 and gross state product.

252.13 (e) The purpose of the tax expenditure in article 2, section 29, providing a refundable  
252.14 tax credit for qualifying children, is to provide financial support to families with children  
252.15 in the state and to reduce child poverty. The standard against which effectiveness is to be  
252.16 measured is the increase in after-tax income of families with qualifying children and the  
252.17 reduction in the child poverty rate.

252.18 (f) The purpose of the tax expenditure in article 10, section 28, providing a refundable  
252.19 tax credit for polar vortex energy costs, is to reduce the energy costs experienced by  
252.20 households due to the extreme cold temperatures in February 2021. The standard against  
252.21 which effectiveness is to be measured is the reduction in energy costs net of the credit that  
252.22 were paid in the covered period by those eligible for the credit.

252.23 (g) The purpose of the tax expenditure in article 10, section 29, providing an income tax  
252.24 subtraction for state and local business assistance programs, is to prevent the closure of  
252.25 businesses that experienced economic hardship due to the COVID-19 pandemic. The standard  
252.26 against which effectiveness is to be measured is the number of employees and the reduction  
252.27 in the closure rate for businesses receiving state and local economic assistance.

252.28 Subd. 4. **Property tax purpose statements.** (a) The provision in article 4, section 4,  
252.29 providing a reduction in net tax capacity for certain property at airports, is intended to reduce  
252.30 the tax burden on airport property located in cities with a population over 50,000 and under  
252.31 150,000. The standard against which effectiveness is to be measured is the reduction in  
252.32 property tax burden on these properties.

252.33 (b) The provision in article 4, section 6, extending a property tax exemption for certain  
252.34 property owned by an Indian Tribe, is intended to reduce the tax burden on Tribe-owned

253.1 property that fails to qualify for an exemption under Minnesota Statutes, section 272.02,  
253.2 subdivision 8. The standard against which effectiveness is to be measured is the reduction  
253.3 in property tax levied on Tribe-owned property.

253.4 (c) The provision in article 4, section 7, creating an elderly living facility property tax  
253.5 exemption, is intended to reduce the tax burden on nonprofit elderly living facilities located  
253.6 in a city of the first class with a population less than 110,000 that do not qualify for another  
253.7 property tax exemption under Minnesota Statutes, section 272.02. The standard against  
253.8 which effectiveness is to be measured is the reduction in property tax burden on these  
253.9 properties.

253.10 (d) The provision in article 4, section 8, creating a property tax exemption for energy  
253.11 storage systems, is intended to reduce the tax burden on energy storage systems and promote  
253.12 the development and use of energy storage systems in Minnesota. The standard against  
253.13 which effectiveness is to be measured is the reduction in property tax burden on energy  
253.14 storage systems and the number of energy storage systems in Minnesota.

253.15 (e) The provision in article 4, section 20, setting the classification rate of all manufactured  
253.16 home park property at 0.75 percent, is intended to reduce the tax burden on manufactured  
253.17 home parks and preserve manufactured home parks as an affordable housing option in  
253.18 Minnesota. The standard against which effectiveness is to be measured is the reduction in  
253.19 property tax burden on manufactured home parks and the number of manufactured home  
253.20 parks in Minnesota.

253.21 (f) The provision in article 4, section 20, setting the classification rate of certain  
253.22 community land trust property at 0.75 percent, is intended to reduce the tax burden on  
253.23 community land trust property and preserve community land trusts as an affordable option  
253.24 for home ownership in Minnesota. The standard against which effectiveness is to be measured  
253.25 is the reduction in property tax burden on community land trusts and the number of  
253.26 community land trust properties in Minnesota.

253.27 **Sec. 34. APPROPRIATION; DEPARTMENT OF REVENUE FREE FILING**  
253.28 **REPORT.**

253.29 \$175,000 in fiscal year 2023 is appropriated from the general fund to the commissioner  
253.30 of revenue for the free filing report required under section 33. This is a onetime appropriation.

## ARTICLE 11

## PARTNERSHIP TAXES

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Section 1. Minnesota Statutes 2021 Supplement, section 289A.08, subdivision 7a, is amended to read:

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

(1) "income" has the meaning given in subdivision 7, paragraph (j), modified by the addition provided in section 290.0131, subdivision 5, and the subtraction provided in section 290.0132, subdivision 3, except that the provisions that apply to a partnership apply to a qualifying entity and the provisions that apply to a partner apply to a qualifying owner. The income of both a resident and nonresident qualifying owner is allocated and assigned to this state as provided for nonresident partners and shareholders under sections 290.17, 290.191, and 290.20;

(2) "qualifying entity" means a partnership, limited liability company taxed as a partnership or S corporation, or S corporation including a qualified subchapter S subsidiary organized under section 1361(b)(3)(B) of the Internal Revenue Code. Qualifying entity does not include a partnership, limited liability company, or corporation that has a partnership, limited liability company other than a disregarded entity, or corporation as a partner, member, or shareholder; and

(3) "qualifying owner" means:

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

(ii) a resident or nonresident trust that is a shareholder of a qualifying entity that is an S corporation.

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

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

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

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

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

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

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

255.9 (1) nonbusiness deductions, standard deductions, or personal exemptions are not allowed;  
255.10 and

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

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

255.15 (f) This subdivision does not negate the requirement that a qualifying owner pay estimated  
255.16 tax if the qualifying owner's tax liability would exceed the requirements set forth in section  
255.17 289A.25. The qualifying owner's liability to pay estimated tax on the qualifying owner's  
255.18 tax liability as determined under paragraph (d) is, however, satisfied when the qualifying  
255.19 entity pays estimated tax in the manner prescribed in section 289A.25 for composite estimated  
255.20 tax.

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

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

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

255.30 (j) If a nonresident qualifying owner of a qualifying entity making the election to file  
255.31 and pay the tax under this subdivision has no other Minnesota source income, filing of the  
255.32 pass-through entity tax return is a return for purposes of subdivision 1, provided that the

256.1 nonresident qualifying owner must not have any Minnesota source income other than the  
256.2 income from the qualifying entity, other electing qualifying entities, and other partnerships  
256.3 electing to file a composite return under subdivision 7. If it is determined that the nonresident  
256.4 qualifying owner has other Minnesota source income, the inclusion of the income and tax  
256.5 liability for that owner under this provision will not constitute a return to satisfy the  
256.6 requirements of subdivision 1. The tax paid for the qualifying owner as part of the  
256.7 pass-through entity tax return is allowed as a payment of the tax by the qualifying owner  
256.8 on the date on which the pass-through entity tax return payment was made.

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

256.11 Sec. 2. Minnesota Statutes 2021 Supplement, section 289A.382, subdivision 2, is amended  
256.12 to read:

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

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

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

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

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

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

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

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

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

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

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

257.16 **ARTICLE 12**

257.17 **SALES AND USE TAXES AND SPECIAL TAXES**

257.18 Section 1. Minnesota Statutes 2020, section 296A.083, subdivision 3, is amended to read:

257.19 Subd. 3. **Surcharge rate.** (a) By ~~July 16, 2008, and each April 1 thereafter~~ May 1 each  
 257.20 year, the commissioner of revenue shall calculate and publish a surcharge as provided in  
 257.21 ~~paragraphs~~ paragraph (b) and (e). The surcharge is imposed ~~from August 1, 2008, through~~  
 257.22 ~~June 30, 2009, and each new surcharge thereafter is imposed~~ the following beginning July  
 257.23 1 of the year it is published through June 30 of the following year.

257.24 (b) ~~For fiscal years 2009 through 2012, the commissioner shall set the surcharge as~~  
 257.25 ~~specified in the following surcharge rate schedule.~~

257.26 **Surcharge Rate Schedule**

257.27	Fiscal Year	Rate (in cents per gallon)
257.28	2009	0.5
257.29	2010	2.1
257.30	2011	2.5
257.31	2012	3.0

258.1 ~~(e) For fiscal year 2013 and thereafter,~~ (b) The commissioner shall set the surcharge at  
258.2 the lesser of (1) 3.5 cents, or (2) an amount calculated so that the total proceeds from the  
258.3 surcharge deposited in the trunk highway fund from fiscal year 2009 to the upcoming fiscal  
258.4 year equals the total amount of debt service from fiscal years 2009 to 2039, and the surcharge  
258.5 is rounded to the nearest 0.1 cent.

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

258.7 Sec. 2. Minnesota Statutes 2020, section 297A.61, subdivision 29, is amended to read:

258.8 Subd. 29. **State.** Unless specifically provided otherwise, "state" means any state of the  
258.9 United States, ~~the Commonwealth of Puerto Rico, and the District of Columbia, and any~~  
258.10 territory of the United States, including American Samoa, Guam, Northern Mariana Islands,  
258.11 Puerto Rico, and the U.S. Virgin Islands.

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

## 258.13 ARTICLE 13

### 258.14 FIRE AND POLICE STATE AIDS

258.15 Section 1. Minnesota Statutes 2020, section 6.495, subdivision 3, is amended to read:

258.16 Subd. 3. **Report Reports to commissioner of revenue.** (a) On or before September 15,  
258.17 November 1, March 1, and June 1, the state auditor ~~shall~~ must file with the commissioner  
258.18 of revenue a financial compliance report certifying for each relief association:

258.19 (1) the completion of the annual financial report required under section 424A.014 and  
258.20 the auditing or certification of those financial reports under subdivision 1; and

258.21 (2) the receipt of any actuarial valuations required under section 424A.093 or Laws  
258.22 2013, chapter 111, article 5, sections 31 to 42.

258.23 (b) The commissioner of revenue shall prescribe the content, format, and manner of the  
258.24 financial compliance reports required by paragraph (a), pursuant to section 270C.30.

258.25 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
258.26 and thereafter.

258.27 Sec. 2. Minnesota Statutes 2020, section 477B.01, is amended by adding a subdivision to  
258.28 read:

258.29 Subd. 1a. **Apportionment agreement.** "Apportionment agreement" means an agreement  
258.30 between two or more fire departments that provide contracted fire protection service to the

259.1 same municipality and establishes the percentage of the population and the percentage of  
259.2 the estimated market value within the municipality serviced by each fire department.

259.3 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
259.4 and thereafter.

259.5 Sec. 3. Minnesota Statutes 2020, section 477B.01, subdivision 5, is amended to read:

259.6 Subd. 5. **Fire department.** (a) "Fire department" ~~includes~~ means:

259.7 (1) a municipal fire department and;

259.8 (2) an independent nonprofit firefighting corporation;

259.9 (3) a fire department established as or operated by a joint powers entity; or

259.10 (4) a fire protection special taxing district established under chapter 144F or special law.

259.11 (b) This subdivision only applies to this chapter.

259.12 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
259.13 and thereafter.

259.14 Sec. 4. Minnesota Statutes 2020, section 477B.01, is amended by adding a subdivision to  
259.15 read:

259.16 Subd. 7a. **Joint powers entity.** "Joint powers entity" means a joint powers entity created  
259.17 under section 471.59.

259.18 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
259.19 and thereafter.

259.20 Sec. 5. Minnesota Statutes 2020, section 477B.01, subdivision 10, is amended to read:

259.21 Subd. 10. **Municipality.** (a) "Municipality" means:

259.22 (1) a home rule charter or statutory city;

259.23 (2) an organized town;

259.24 (3) ~~a park district subject to chapter 398~~ a joint powers entity;

259.25 (4) ~~the University of Minnesota~~ a fire protection special taxing district; and or

259.26 (5) an American Indian tribal government entity located within a federally recognized  
259.27 American Indian reservation.

259.28 (b) This subdivision only applies to this chapter ~~477B~~.

260.1 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
260.2 and thereafter.

260.3 Sec. 6. Minnesota Statutes 2020, section 477B.01, subdivision 11, is amended to read:

260.4 Subd. 11. **Secretary.** (a) "Secretary" means:

260.5 (1) the secretary of an independent nonprofit firefighting corporation that has a subsidiary  
260.6 incorporated firefighters' relief association or whose firefighters participate in the statewide  
260.7 volunteer firefighter plan; or

260.8 (2) the secretary of a joint powers entity or fire protection special taxing district or, if  
260.9 there is no such person, the person primarily responsible for managing the finances of a  
260.10 joint powers entity or fire protection special taxing district.

260.11 (b) This subdivision only applies to this chapter.

260.12 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
260.13 and thereafter.

260.14 Sec. 7. Minnesota Statutes 2020, section 477B.02, subdivision 2, is amended to read:

260.15 Subd. 2. **Establishment of fire department.** (a) An independent nonprofit firefighting  
260.16 corporation must be created under the nonprofit corporation act of this state operating for  
260.17 the exclusive purpose of firefighting, or the governing body of a municipality must officially  
260.18 establish a fire department.

260.19 (b) The fire department must have provided firefighting services for at least one calendar  
260.20 year, and must have a current fire department identification number issued by the state fire  
260.21 marshal.

260.22 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
260.23 and thereafter.

260.24 Sec. 8. Minnesota Statutes 2020, section 477B.02, subdivision 3, is amended to read:

260.25 Subd. 3. ~~**Personnel and Benefits requirements.** (a) A fire department must have a~~  
260.26 ~~minimum of ten paid or volunteer firefighters, including a fire chief and assistant fire chief.~~

260.27 (b) ~~The fire department must have regular scheduled meetings and frequent drills that~~  
260.28 ~~include instructions in firefighting tactics and in the use, care, and operation of all fire~~  
260.29 ~~apparatus and equipment.~~

261.1 ~~(e)~~ (a) The fire department must have a separate subsidiary incorporated firefighters'  
 261.2 relief association that provides retirement benefits or must participate in the statewide  
 261.3 volunteer firefighter plan; or if the municipality solely employs full-time firefighters as  
 261.4 defined in section 299N.03, subdivision 5, retirement coverage must be provided by the  
 261.5 public employees police and fire retirement plan. For purposes of retirement benefits, a fire  
 261.6 department may be associated with only one volunteer firefighters' relief association or one  
 261.7 account in the voluntary statewide volunteer firefighter retirement plan at one time.

261.8 ~~(d)~~ (b) Notwithstanding paragraph ~~(e)~~ (a), a municipality without a relief association as  
 261.9 described under section 424A.08, paragraph (a), may still qualify to receive fire state aid if  
 261.10 all other requirements of this section are met.

261.11 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
 261.12 and thereafter.

261.13 Sec. 9. Minnesota Statutes 2020, section 477B.02, is amended by adding a subdivision to  
 261.14 read:

261.15 **Subd. 4a. Public safety answering point requirement.** The fire department must be  
 261.16 dispatched by a public safety answering point as defined in section 403.02, subdivision 19.

261.17 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
 261.18 and thereafter.

261.19 Sec. 10. Minnesota Statutes 2020, section 477B.02, subdivision 5, is amended to read:

261.20 **Subd. 5. Fire service contract or agreement; apportionment agreement filing**  
 261.21 **requirement requirements.** (a) Every municipality or independent nonprofit firefighting  
 261.22 corporation must file ~~a copy of any duly executed and valid fire service contract or agreement~~  
 261.23 with the commissioner (1) a copy of any duly executed and valid fire service contracts, (2)  
 261.24 written notification of any fire service contract terminations, and (3) written notification of  
 261.25 any dissolution of a fire department, within 60 days of contract execution or termination,  
 261.26 or department dissolution.

261.27 (b) If more than one fire department provides service to a municipality, the fire  
 261.28 departments furnishing service must ~~enter into an agreement apportioning among themselves~~  
 261.29 ~~the percentage of the population and the percentage of the estimated market value of each~~  
 261.30 ~~shared service fire department service area. The agreement must be in writing and must be~~  
 261.31 ~~filed~~ file an apportionment agreement with the commissioner.

262.1 (c) When a municipality is a joint powers entity, it must file its joint powers agreement  
262.2 with the commissioner. If the joint powers agreement does not include sufficient information  
262.3 defining the fire department service area of the joint powers entity for the purposes of  
262.4 calculating fire state aid, the secretary must file a written statement with the commissioner  
262.5 defining the fire department service area.

262.6 (d) When a municipality is a fire protection special taxing district, it must file its  
262.7 resolution establishing the fire protection special taxing district, and any agreements required  
262.8 for the establishment of the fire protection special taxing district, with the commissioner.  
262.9 If the resolution or agreement does not include sufficient information defining the fire  
262.10 department service area of the fire protection special taxing district, the secretary must file  
262.11 a written statement with the commissioner defining the fire department service area.

262.12 (e) The commissioner shall prescribe the content, format, and manner of the notifications,  
262.13 apportionment agreements, and written statements under paragraphs (a) to (d), pursuant to  
262.14 section 270C.30, except that copies of fire service contracts, joint powers agreements, and  
262.15 resolutions establishing fire protection special taxing districts shall be filed in their existing  
262.16 form.

262.17 (f) A document filed with the commissioner under this subdivision must be refiled any  
262.18 time it is updated within 60 days of the update. An apportionment agreement must be refiled  
262.19 only when a change in the averaged sum of the percentage of population and percentage of  
262.20 estimated market value serviced by a fire department subject to the apportionment agreement  
262.21 is at least one percent. The percentage amount must be rounded to the nearest whole  
262.22 percentage.

262.23 (g) Upon the request of the commissioner, the county auditor must provide information  
262.24 that the commissioner requires to accurately apportion the estimated market value of a fire  
262.25 department service area for a fire department providing service to an unorganized territory  
262.26 located in the county.

262.27 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
262.28 and thereafter.

262.29 Sec. 11. Minnesota Statutes 2020, section 477B.02, subdivision 8, is amended to read:

262.30 Subd. 8. **PERA certification to commissioner.** On or before February 1 each year, if  
262.31 ~~retirement coverage for a fire department is provided by the statewide volunteer firefighter~~  
262.32 ~~plan,~~ the executive director of the Public Employees Retirement Association must certify  
262.33 ~~the existence of retirement coverage.~~ to the commissioner the fire departments that transferred

263.1 retirement coverage to, or terminated participation in, the voluntary statewide volunteer  
263.2 firefighter retirement plan since the previous certification under this paragraph. This  
263.3 certification must include the number of active volunteer firefighters under section 477B.03,  
263.4 subdivision 5, paragraph (e).

263.5 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
263.6 and thereafter.

263.7 Sec. 12. Minnesota Statutes 2020, section 477B.02, subdivision 9, is amended to read:

263.8 Subd. 9. **Fire department certification to commissioner.** On or before March 15 of  
263.9 each year, the municipal clerk or the secretary, ~~and the fire chief,~~ must jointly certify to the  
263.10 commissioner ~~that the fire department exists and meets the qualification requirements of~~  
263.11 ~~this section~~ the fire department service area as of December 31 of the previous year, and  
263.12 that the fire department meets the qualification requirements of this section. The municipal  
263.13 clerk or the secretary must provide the commissioner with documentation that the  
263.14 commissioner deems necessary for determining eligibility for fire state aid or for calculating  
263.15 and apportioning fire state aid under section 477B.03. The commissioner shall prescribe  
263.16 the content, format, and manner of the certification ~~must be on a form prescribed by the~~  
263.17 ~~commissioner and must include all other information that the commissioner requires pursuant~~  
263.18 to section 270C.30. The municipal clerk or the secretary must send a copy of the certification  
263.19 filed under this subdivision to the fire chief within five business days of the date the  
263.20 certification was filed with the commissioner.

263.21 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
263.22 and thereafter.

263.23 Sec. 13. Minnesota Statutes 2020, section 477B.03, subdivision 2, is amended to read:

263.24 Subd. 2. **Apportionment of fire state aid.** (a) The amount of fire state aid available for  
263.25 apportionment, before the addition of the minimum fire state aid allocation amount under  
263.26 subdivision 5, is equal to 107 percent of the amount of premium taxes paid to the state upon  
263.27 the fire, lightning, sprinkler leakage, and extended coverage premiums reported to the  
263.28 commissioner by companies or insurance companies on the Minnesota Fire Premium Report,  
263.29 except that credits claimed under section 297I.20, subdivisions 3, 4, and 5, do not affect the  
263.30 calculation of the amount of fire state aid available for apportionment. This amount must  
263.31 be reduced by the amount required to pay the state auditor's costs and expenses of the audits  
263.32 or exams of the firefighters' relief associations.

264.1 (b) The total amount available for apportionment must not be less than two percent of  
264.2 the premiums less return premiums reported to the commissioner by companies or insurance  
264.3 companies on the Minnesota Fire Premium Report after subtracting the following amounts:

264.4 (1) the amount required to pay the state auditor's costs and expenses of the audits or  
264.5 exams of the firefighters' relief associations; and

264.6 (2) one percent of the premiums reported by township mutual insurance companies and  
264.7 mutual property and casualty companies with total assets of \$5,000,000 or less.

264.8 (c) The commissioner must apportion the fire state aid to each municipality or independent  
264.9 nonprofit firefighting corporation qualified under section 477B.02 relative to the premiums  
264.10 reported on the Minnesota Fire Premium Reports filed under this chapter.

264.11 (d) The commissioner must calculate the percentage of increase or decrease reflected in  
264.12 the apportionment over or under the previous year's available state aid using the same  
264.13 premiums as a basis for comparison.

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

264.15 Sec. 14. Minnesota Statutes 2020, section 477B.03, subdivision 3, is amended to read:

264.16 Subd. 3. **Population and estimated market value.** (a) ~~Official statewide federal census~~  
264.17 ~~figures~~ The most recent population estimates made by the state demographer pursuant to  
264.18 section 4A.02, paragraph (d), must be used in calculations requiring the use of population  
264.19 figures under this chapter. ~~Increases or decreases in population disclosed by reason of any~~  
264.20 ~~special census must not be taken into consideration.~~

264.21 (b) The ~~latest available~~ estimated market value property figures for the assessment year  
264.22 immediately preceding the year the aid is distributed must be used in calculations requiring  
264.23 the use of estimated market value property figures under this chapter.

264.24 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
264.25 and thereafter.

264.26 Sec. 15. Minnesota Statutes 2020, section 477B.03, subdivision 4, is amended to read:

264.27 Subd. 4. **Initial fire state aid allocation amount.** (a) The initial fire state aid allocation  
264.28 amount is the amount available for apportionment as fire state aid under subdivision 2,  
264.29 without the inclusion of any additional funding amount to support a minimum fire state aid  
264.30 amount under section 423A.02, subdivision 3. The initial fire state aid allocation amount  
264.31 is allocated one-half in proportion to the population for each fire department service area

265.1 and one-half in proportion to the estimated market value of each fire department service  
265.2 area, including (1) the estimated market value of tax-exempt property, and (2) the estimated  
265.3 market value of natural resources lands receiving in lieu payments under sections 477A.11  
265.4 to 477A.14 and 477A.17. The estimated market value of minerals is excluded.

265.5 (b) In the case of a municipality or independent nonprofit firefighting corporation  
265.6 furnishing fire protection to other municipalities as evidenced by valid fire service contracts,  
265.7 joint powers agreements, resolutions, and other supporting documents filed with the  
265.8 commissioner under section 477B.02, subdivision 5, the distribution must be adjusted  
265.9 proportionately to take into consideration the crossover fire protection service. Necessary  
265.10 adjustments must be made to subsequent apportionments.

265.11 (c) In the case of municipalities or independent nonprofit firefighting corporations  
265.12 qualifying for aid, the commissioner must calculate the state aid for the municipality or  
265.13 independent nonprofit firefighting corporation on the basis of the population and the estimated  
265.14 market value of the area furnished fire protection service by the fire department as evidenced  
265.15 by valid fire service agreements contracts, joint powers agreements, resolutions, and other  
265.16 supporting documents filed with the commissioner under section 477B.02, subdivision 5.

265.17 (d) In the case of more than one fire department furnishing contracted fire service to a  
265.18 municipality, the population and estimated market value in the apportionment agreement  
265.19 filed with the commissioner under section 477B.02, subdivision 5, must be used in calculating  
265.20 the state aid.

265.21 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
265.22 and thereafter.

265.23 Sec. 16. Minnesota Statutes 2020, section 477B.03, subdivision 5, is amended to read:

265.24 Subd. 5. **Minimum fire state aid allocation amount.** (a) The minimum fire state aid  
265.25 allocation amount is the amount derived from any additional funding amount to support a  
265.26 minimum fire state aid amount under section 423A.02, subdivision 3. The minimum fire  
265.27 state aid allocation amount is allocated to municipalities or independent nonprofit firefighting  
265.28 corporations with volunteer firefighters' relief associations or covered by the statewide  
265.29 volunteer firefighter plan. The amount is based on the number of active volunteer firefighters  
265.30 who are (1) members of the relief association as reported to the Office of the State Auditor  
265.31 in a specific annual financial reporting year as specified in paragraphs (b) to (d), or (2)  
265.32 covered by the statewide volunteer firefighter plan as specified in paragraph (e).

266.1 (b) For relief associations established in calendar year 1993 or a prior year, the number  
266.2 of active volunteer firefighters equals the number of active volunteer firefighters who were  
266.3 members of the relief association as reported in the annual financial reporting for calendar  
266.4 year 1993, but not to exceed 30 active volunteer firefighters.

266.5 (c) For relief associations established in calendar year 1994 through calendar year 1999,  
266.6 the number of active volunteer firefighters equals the number of active volunteer firefighters  
266.7 who were members of the relief association as reported in the annual financial reporting for  
266.8 calendar year 1998 to the Office of the State Auditor, but not to exceed 30 active volunteer  
266.9 firefighters.

266.10 (d) For relief associations established after calendar year 1999, the number of active  
266.11 volunteer firefighters equals the number of active volunteer firefighters who are members  
266.12 of the relief association as reported in the first annual financial reporting submitted to the  
266.13 Office of the State Auditor, but not to exceed 20 active volunteer firefighters.

266.14 (e) ~~If a relief association is terminated as a result of~~ For a municipality or independent  
266.15 nonprofit firefighting corporation that is providing retirement coverage for volunteer  
266.16 firefighters by the statewide volunteer firefighter plan under chapter 353G, the number of  
266.17 active volunteer firefighters equals the number of active volunteer firefighters of the  
266.18 municipality or independent nonprofit firefighting corporation covered by the statewide  
266.19 plan as certified by the executive director of the Public Employees Retirement Association  
266.20 to the commissioner and the state auditor by February 1 immediately following the date the  
266.21 municipality or independent nonprofit firefighting corporation begins coverage in the plan,  
266.22 but not to exceed 30 active firefighters.

266.23 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
266.24 and thereafter.

266.25 Sec. 17. Minnesota Statutes 2020, section 477B.03, subdivision 7, is amended to read:

266.26 Subd. 7. **Appeal.** A municipality, an independent nonprofit firefighting corporation, a  
266.27 fire relief association, or the statewide volunteer firefighter plan may object to the amount  
266.28 of fire state aid apportioned to it by filing a written request with the commissioner to review  
266.29 and adjust the apportionment of funds within the state. The objection of a municipality, an  
266.30 independent nonprofit firefighting corporation, a fire relief association, or the voluntary  
266.31 statewide volunteer firefighter retirement plan must be filed with the commissioner within  
266.32 60 days of the date the amount of apportioned fire state aid is paid. The decision of the  
266.33 commissioner is subject to appeal, review, and adjustment by the district court in the county  
266.34 in which the applicable municipality or independent nonprofit firefighting corporation is

267.1 located or by the Ramsey County District Court with respect to the statewide volunteer  
267.2 firefighter plan.

267.3 EFFECTIVE DATE. This section is effective for aids payable in calendar year 2023  
267.4 and thereafter.

267.5 Sec. 18. Minnesota Statutes 2020, section 477B.04, subdivision 1, is amended to read:

267.6 Subdivision 1. **Payments.** (a) The commissioner must make payments to the Public  
267.7 Employees Retirement Association for deposit in the statewide volunteer firefighter fund  
267.8 on behalf of a municipality or independent nonprofit firefighting corporation that is a member  
267.9 of the statewide volunteer firefighter plan under chapter 353G, ~~or directly to a municipality~~  
267.10 ~~or county designated by an independent nonprofit firefighting corporation.~~ The commissioner  
267.11 must directly pay all other municipalities qualifying for fire state aid, except as provided in  
267.12 paragraph (d). The payment is equal to the amount of fire state aid apportioned to the  
267.13 applicable fire state aid recipient under section 477B.03.

267.14 (b) Fire state aid is payable on October 1 annually. The amount of state aid due and not  
267.15 paid by October 1 accrues interest payable to the recipient at the rate of one percent for each  
267.16 month or part of a month that the amount remains unpaid after October 1.

267.17 (c) If the commissioner of revenue does not receive a financial compliance report  
267.18 described in section 6.495, subdivision 3, for a relief association, the amount of fire state  
267.19 aid apportioned to a municipality or independent nonprofit firefighting corporation under  
267.20 section 477B.03 for that relief association must be withheld from payment to the Public  
267.21 Employees Retirement Association or the municipality. The commissioner of revenue must  
267.22 issue a withheld payment within ten business days of receipt of a financial compliance report  
267.23 under section 6.495, subdivision 3. The interest under paragraph (b) does not apply ~~when~~  
267.24 ~~to a payment has not been made by October 1 due to noncompliance with sections 424A.014~~  
267.25 ~~and 477B.02, subdivision 7~~ withheld under this paragraph.

267.26 (d) The commissioner must make payments directly to the largest municipality in  
267.27 population located within any area included in a joint powers entity that does not have a  
267.28 designated agency under section 471.59, subdivision 3, or within the fire department service  
267.29 area of an eligible independent nonprofit firefighting corporation. If there is no city or town  
267.30 within the fire department service area of an eligible independent nonprofit firefighting  
267.31 corporation, fire state aid must be paid to the county where the independent nonprofit  
267.32 firefighting corporation is located.

268.1 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
268.2 and thereafter.

268.3 Sec. 19. Minnesota Statutes 2020, section 477B.04, is amended by adding a subdivision  
268.4 to read:

268.5 Subd. 4. **Aid amount corrections.** (a) An adjustment needed to correct a fire state aid  
268.6 overpayment or underpayment due to a clerical error must be made to subsequent fire state  
268.7 aid payments as provided in paragraphs (b) and (c). The authority to correct an aid payment  
268.8 under this subdivision is limited to three years after the payment was issued.

268.9 (b) If an overpayment equals more than ten percent of the most recently paid aid amount,  
268.10 the commissioner must reduce the aid a municipality or independent nonprofit firefighting  
268.11 corporation is to receive by the amount overpaid over a period of no more than three years.  
268.12 If an overpayment equals or is less than ten percent of the most recently paid aid amount,  
268.13 the commissioner must reduce the next aid payment occurring in 30 days or more by the  
268.14 amount overpaid.

268.15 (c) In the event of an underpayment, the commissioner must distribute the amount of  
268.16 underpaid funds to the municipality or independent nonprofit firefighting corporation over  
268.17 a period of no more than three years. An additional distribution to a municipality or  
268.18 independent nonprofit firefighting corporation must be paid from the general fund and must  
268.19 not diminish the payments made to other municipalities or independent nonprofit firefighting  
268.20 corporations under this chapter.

268.21 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
268.22 and thereafter.

268.23 Sec. 20. Minnesota Statutes 2020, section 477C.03, subdivision 2, is amended to read:

268.24 Subd. 2. **Apportionment of police state aid.** (a) The total amount available for  
268.25 apportionment as police state aid is equal to 104 percent of the amount of premium taxes  
268.26 paid to the state on the premiums reported to the commissioner by companies or insurance  
268.27 companies on the Minnesota Aid to Police Premium Report, except that credits claimed  
268.28 under section 297I.20, subdivisions 3, 4, and 5, do not affect the calculation of the total  
268.29 amount of police state aid available for apportionment. The total amount for apportionment  
268.30 for the police state aid program must not be less than two percent of the amount of premiums  
268.31 reported to the commissioner by companies or insurance companies on the Minnesota Aid  
268.32 to Police Premium Report.

269.1 (b) The commissioner must calculate the percentage of increase or decrease reflected in  
269.2 the apportionment over or under the previous year's available state aid using the same  
269.3 premiums as a basis for comparison.

269.4 (c) In addition to the amount for apportionment of police state aid under paragraph (a),  
269.5 each year \$100,000 must be apportioned for police state aid. An amount sufficient to pay  
269.6 this increase is annually appropriated from the general fund.

269.7 (d) The commissioner must apportion police state aid to all municipalities in proportion  
269.8 to the relationship that the total number of peace officers employed by that municipality for  
269.9 the prior calendar year and the proportional or fractional number who were employed less  
269.10 than a calendar year as credited under section 477C.02, subdivision 1, paragraph (c), bears  
269.11 to the total number of peace officers employed by all municipalities subject to any reduction  
269.12 under subdivision 3.

269.13 ~~(e) Any necessary additional adjustments must be made to subsequent police state aid~~  
269.14 ~~apportionments.~~

269.15 **EFFECTIVE DATE.** (a) The amendment to paragraph (a) is effective the day following  
269.16 final enactment.

269.17 (b) The amendment striking paragraph (e) is effective for aids payable in calendar year  
269.18 2023 and thereafter.

269.19 Sec. 21. Minnesota Statutes 2020, section 477C.03, subdivision 5, is amended to read:

269.20 Subd. 5. **Appeal.** A municipality may object to the amount of police state aid apportioned  
269.21 to it by filing a written request with the commissioner to review and adjust the apportionment  
269.22 of funds to the municipality. The objection of a municipality must be filed with the  
269.23 commissioner within 60 days of the date the amount of apportioned police state aid is paid.  
269.24 The decision of the commissioner is subject to appeal, review, and adjustment by the district  
269.25 court in the county in which the applicable municipality is located or by the Ramsey County  
269.26 District Court with respect to the Departments of Natural Resources or Public Safety.

269.27 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
269.28 and thereafter.

269.29 Sec. 22. Minnesota Statutes 2020, section 477C.04, is amended by adding a subdivision  
269.30 to read:

269.31 **Subd. 4. Aid amount corrections.** (a) An adjustment needed to correct a police state  
269.32 aid overpayment or underpayment due to a clerical error must be made to subsequent police

270.1 state aid payments as provided in paragraphs (b) and (c). The authority to correct an aid  
270.2 payment under this subdivision is limited to three years after the payment was issued.

270.3 (b) If an overpayment equals more than ten percent of the most recently paid aid amount,  
270.4 the commissioner must reduce the aid a municipality is to receive by the amount overpaid  
270.5 over a period of no more than three years. If an overpayment equals or is less than ten  
270.6 percent of the most recently paid aid amount, the commissioner must reduce the next aid  
270.7 payment occurring in 30 days or more by the amount overpaid.

270.8 (c) In the event of an underpayment, the commissioner must distribute the amount of  
270.9 underpaid funds to the municipality over a period of no more than three years. An additional  
270.10 distribution to a municipality must be paid from the general fund and must not diminish the  
270.11 payments made to other municipalities under this chapter.

270.12 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
270.13 and thereafter.

270.14 Sec. 23. **REPEALER.**

270.15 Minnesota Statutes 2020, sections 477B.02, subdivision 4; and 477B.03, subdivision 6,  
270.16 are repealed.

270.17 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
270.18 and thereafter.

## 270.19 **ARTICLE 14**

### 270.20 **MISCELLANEOUS TAX PROVISIONS**

270.21 Section 1. Minnesota Statutes 2020, section 290A.03, subdivision 13, is amended to read:

270.22 Subd. 13. **Property taxes payable.** "Property taxes payable" means the property tax  
270.23 exclusive of special assessments, penalties, and interest payable on a claimant's homestead  
270.24 after deductions made under sections 273.135, 273.1384, 273.1391, 273.42, subdivision 2,  
270.25 and any other state paid property tax credits in any calendar year, and after any refund  
270.26 claimed and allowable under section 290A.04, subdivision 2h, that is first payable in the  
270.27 year that the property tax is payable. In the case of a claimant who makes ground lease  
270.28 payments, "property taxes payable" includes the amount of the payments directly attributable  
270.29 to the property taxes assessed against the parcel on which the house is located. Regardless  
270.30 of the limitations in section 280A(c)(5) of the Internal Revenue Code, "property taxes  
270.31 payable" must be apportioned or reduced for the use of a portion of the claimant's homestead  
270.32 for a business purpose if the claimant deducts any business depreciation expenses for the

271.1 use of a portion of the homestead or deducts expenses under section 280A of the Internal  
271.2 Revenue Code for a business operated in the claimant's homestead. For homesteads which  
271.3 are manufactured homes as defined in section 273.125, subdivision 8, including manufactured  
271.4 homes located in a manufactured home community owned by a cooperative organized under  
271.5 chapter 308A or 308B, and park trailers taxed as manufactured homes under section 168.012,  
271.6 subdivision 9, "property taxes payable" shall also include 17 percent of the gross rent paid  
271.7 in the preceding year for the site on which the homestead is located. When a homestead is  
271.8 owned by two or more persons as joint tenants or tenants in common, such tenants shall  
271.9 determine between them which tenant may claim the property taxes payable on the  
271.10 homestead. If they are unable to agree, the matter shall be referred to the commissioner of  
271.11 revenue whose decision shall be final. Property taxes are considered payable in the year  
271.12 prescribed by law for payment of the taxes.

271.13 In the case of a claim relating to "property taxes payable," the claimant must have owned  
271.14 and occupied the homestead on January 2 of the year in which the tax is payable and (i) the  
271.15 property must have been classified as homestead property pursuant to section 273.124, on  
271.16 or before December ~~45~~ 31 of the assessment year to which the "property taxes payable"  
271.17 relate; or (ii) the claimant must provide documentation from the local assessor that application  
271.18 for homestead classification has been made on or before December ~~45~~ 31 of the year in  
271.19 which the "property taxes payable" were payable and that the assessor has approved the  
271.20 application.

271.21 **EFFECTIVE DATE.** This section is effective for refund claims based on property taxes  
271.22 payable in 2022 and thereafter.

271.23 Sec. 2. Minnesota Statutes 2020, section 290A.19, is amended to read:

271.24 **290A.19 OWNER OR MANAGING AGENT TO FURNISH RENT CERTIFICATE.**

271.25 (a) The owner or managing agent of any property for which rent is paid for occupancy  
271.26 as a homestead must furnish a certificate of rent paid to a person who is a renter on December  
271.27 31, in the form prescribed by the commissioner. If the renter moves before December 31,  
271.28 the owner or managing agent may give the certificate to the renter at the time of moving,  
271.29 or mail the certificate to the forwarding address if an address has been provided by the  
271.30 renter. The certificate must be made available to the renter before February 1 of the year  
271.31 following the year in which the rent was paid. The owner or managing agent must retain a  
271.32 duplicate of each certificate or an equivalent record showing the same information for a  
271.33 period of three years. The duplicate or other record must be made available to the  
271.34 commissioner upon request.

272.1 (b) The commissioner may require the owner or managing agent, through a simple  
272.2 process, to furnish to the commissioner on or before March 1 a copy of each certificate of  
272.3 rent paid furnished to a renter for rent paid in the prior year. The commissioner shall prescribe  
272.4 the content, format, and manner of the form pursuant to section 270C.30. The commissioner  
272.5 may require the Social Security number, individual taxpayer identification number, federal  
272.6 employer identification number, or Minnesota taxpayer identification number of the owner  
272.7 or managing agent who is required to furnish a certificate of rent paid under this paragraph.  
272.8 Prior to implementation, the commissioner, after consulting with representatives of owners  
272.9 or managing agents, shall develop an implementation and administration plan for the  
272.10 requirements of this paragraph that attempts to minimize financial burdens, administration  
272.11 and compliance costs, and takes into consideration existing systems of owners and managing  
272.12 agents.

272.13 (c) For the purposes of this section, "owner" includes a park owner as defined under  
272.14 section 327C.01, subdivision 6, and "property" includes a lot as defined under section  
272.15 327C.01, subdivision 3.

272.16 **EFFECTIVE DATE.** This section is effective for refund claims based on rent paid in  
272.17 2022 and thereafter.

## **6.91 LOCAL PERFORMANCE MEASUREMENT AND REPORTING.**

Subdivision 1. **Reports of local performance measures.** (a) A county or city that elects to participate in the standard measures program must report its results to its citizens annually through publication, direct mailing, posting on the jurisdiction's website, or through a public hearing at which the budget and levy will be discussed and public input allowed.

(b) Each year, jurisdictions participating in the local performance measurement and improvement program must file a report with the state auditor by July 1, in a form prescribed by the auditor. All reports must include a declaration that the jurisdiction has complied with, or will have complied with by the end of the year, the requirement in paragraph (a). For jurisdictions participating in the standard measures program, the report shall consist of the jurisdiction's results for the standard set of performance measures under section 6.90, subdivision 2, paragraph (a). In 2012, jurisdictions participating in the comprehensive performance measurement program must submit a resolution approved by its local governing body indicating that it either has implemented or is in the process of implementing a local performance measurement system that meets the minimum standards specified by the council under section 6.90, subdivision 2, paragraph (b). In 2013 and thereafter, jurisdictions participating in the comprehensive performance measurement program must submit a statement approved by its local governing body affirming that it has implemented a local performance measurement system that meets the minimum standards specified by the council under section 6.90, subdivision 2, paragraph (b).

Subd. 2. **Benefits of participation.** (a) A county or city that elects to participate in the standard measures program for 2011 is: (1) eligible for per capita reimbursement of \$0.14 per capita, but not to exceed \$25,000 for any government entity; and (2) exempt from levy limits under sections 275.70 to 275.74 for taxes payable in 2012, if levy limits are in effect.

(b) Any county or city that elects to participate in the standard measures program for 2012 is eligible for per capita reimbursement of \$0.14 per capita, but not to exceed \$25,000 for any government entity. Any jurisdiction participating in the comprehensive performance measurement program is exempt from levy limits under sections 275.70 to 275.74 for taxes payable in 2013 if levy limits are in effect.

(c) Any county or city that elects to participate in the standard measures program for 2013 or any year thereafter is eligible for per capita reimbursement of \$0.14 per capita, but not to exceed \$25,000 for any government entity. Any jurisdiction participating in the comprehensive performance measurement program for 2013 or any year thereafter is exempt from levy limits under sections 275.70 to 275.74 for taxes payable in the following year, if levy limits are in effect.

Subd. 3. **Certification of participation.** (a) The state auditor shall certify to the commissioner of revenue by August 1 of each year the counties and cities that are participating in the standard measures program and the comprehensive performance measurement program.

(b) The commissioner of revenue shall make per capita aid payments under this section on the second payment date specified in section 477A.015, in the same year that the measurements were reported.

(c) The commissioner of revenue shall notify each county and city that is entitled to exemption from levy limits by August 10 of each levy year.

Subd. 4. **Appropriation.** (a) The amount necessary to fund obligations under subdivision 2 is annually appropriated from the general fund to the commissioner of revenue.

(b) The sum of \$6,000 in fiscal year 2011 and \$2,000 in each fiscal year thereafter is annually appropriated from the general fund to the state auditor to carry out the auditor's responsibilities under sections 6.90 to 6.91.

## **290.0111 TEMPORARY CONFORMITY TO CERTAIN FEDERAL TAX CHANGES.**

Subdivision 1. **Adopting Internal Revenue Code changes.** For the purposes of this chapter, "Internal Revenue Code," as defined in section 290.01, subdivisions 19 and 31, includes the sections of federal law specified in this section as enacted or amended through March 31, 2021.

Subd. 2. **Further Consolidated Appropriations Act, 2020.** (a) "Internal Revenue Code" includes the following provisions of the Taxpayer Certainty and Disaster Tax Relief Act of 2019 in Public Law 116-94:

(1) section 101;

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- (2) section 116;
- (3) section 117;
- (4) section 130;
- (5) section 131;
- (6) section 132;
- (7) section 144;
- (8) section 201;
- (9) section 202; and
- (10) section 204.

(b) "Internal Revenue Code" includes section 301 of the Setting Every Community Up for Retirement Enhancement Act of 2019 in Public Law 116-94.

Subd. 3. **CARES Act.** "Internal Revenue Code" includes the following sections of Public Law 116-136:

- (1) section 1106(i); and
- (2) section 2202.

Subd. 4. **Consolidated Appropriations Act, 2021.** (a) "Internal Revenue Code" includes the following provisions of the COVID-related Tax Relief Act of 2020 in Public Law 116-260:

- (1) section 275;
- (2) section 276; and
- (3) section 277.

(b) For taxable years beginning after December 31, 2019, and before January 1, 2021, "Internal Revenue Code" includes sections 278(b) and 278(c) of the COVID-related Tax Relief Act of 2020 in Public Law 116-260.

Subd. 5. **American Rescue Plan Act.** "Internal Revenue Code" includes section 9042 of Public Law 117-2.

**290.0674 MINNESOTA EDUCATION CREDIT.**

Subd. 2a. **Income.** (a) For purposes of this section, "income" means the sum of the following:

- (1) federal adjusted gross income as defined in section 62 of the Internal Revenue Code; and
- (2) the sum of the following amounts to the extent not included in clause (1):
  - (i) all nontaxable income;
  - (ii) the amount of a passive activity loss that is not disallowed as a result of section 469, paragraph (i) or (m) of the Internal Revenue Code and the amount of passive activity loss carryover allowed under section 469(b) of the Internal Revenue Code;
  - (iii) an amount equal to the total of any discharge of qualified farm indebtedness of a solvent individual excluded from gross income under section 108(g) of the Internal Revenue Code;
  - (iv) cash public assistance and relief;
  - (v) any pension or annuity (including railroad retirement benefits, all payments received under the federal Social Security Act, Supplemental Security Income, and veterans benefits), which was not exclusively funded by the claimant or spouse, or which was funded exclusively by the claimant or spouse and which funding payments were excluded from federal adjusted gross income in the years when the payments were made;
  - (vi) interest received from the federal or a state government or any instrumentality or political subdivision thereof;
  - (vii) workers' compensation;
  - (viii) nontaxable strike benefits;

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(ix) the gross amounts of payments received in the nature of disability income or sick pay as a result of accident, sickness, or other disability, whether funded through insurance or otherwise;

(x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1995;

(xi) contributions made by the claimant to an individual retirement account, including a qualified voluntary employee contribution; simplified employee pension plan; self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal Revenue Code;

(xii) nontaxable scholarship or fellowship grants;

(xiii) the amount of deduction allowed under section 199 of the Internal Revenue Code;

(xiv) the amount of deduction allowed under section 220 or 223 of the Internal Revenue Code;

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

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

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

(b) "Income" does not include:

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

(2) amounts of any pension or annuity that were exclusively funded by the claimant or spouse if the funding payments were not excluded from federal adjusted gross income in the years when the payments were made;

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

(4) relief granted under chapter 290A;

(5) child support payments received under a temporary or final decree of dissolution or legal separation; and

(6) restitution payments received by eligible individuals and excludable interest as defined in section 803 of the Economic Growth and Tax Relief Reconciliation Act of 2001, Public Law 107-16.

**290A.03 DEFINITIONS.**

Subd. 9. **Disabled claimant.** "Disabled claimant" means any claimant who has a disability.

Subd. 11. **Rent constituting property taxes.** "Rent constituting property taxes" means 17 percent of the gross rent actually paid in cash, or its equivalent, or the portion of rent paid in lieu of property taxes, in any calendar year by a claimant for the right of occupancy of the claimant's Minnesota homestead in the calendar year, and which rent constitutes the basis, in the succeeding calendar year of a claim for relief under this chapter by the claimant.

**290A.04 REFUND ALLOWABLE.**

Subd. 2a. **Renters.** A claimant whose rent constituting property taxes exceeds the percentage of the household income stated below must pay an amount equal to the percent of income shown for the appropriate household income level along with the percent to be paid by the claimant of the remaining amount of rent constituting property taxes. The state refund equals the amount of rent constituting property taxes that remain, up to the maximum state refund amount shown below.

Household Income	Percent of Income	Percent Paid by Claimant	Maximum State Refund
\$0 to 5,269	1.0 percent	5 percent	\$ 2,150
5,270 to 6,999	1.0 percent	10 percent	\$ 2,150

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7,000 to 8,749	1.1 percent	10 percent	\$ 2,090
8,750 to 12,269	1.2 percent	10 percent	\$ 2,040
12,270 to 15,779	1.3 percent	15 percent	\$ 1,980
15,780 to 17,519	1.4 percent	15 percent	\$ 1,930
17,520 to 19,259	1.4 percent	20 percent	\$ 1,880
19,260 to 22,779	1.5 percent	20 percent	\$ 1,820
22,780 to 24,529	1.6 percent	20 percent	\$ 1,770
24,530 to 26,279	1.7 percent	25 percent	\$ 1,770
26,280 to 29,789	1.8 percent	25 percent	\$ 1,770
29,790 to 31,529	1.9 percent	30 percent	\$ 1,770
31,530 to 36,789	2.0 percent	30 percent	\$ 1,770
36,790 to 42,039	2.0 percent	35 percent	\$ 1,770
42,040 to 49,059	2.0 percent	40 percent	\$ 1,770
49,060 to 50,799	2.0 percent	45 percent	\$ 1,610
50,800 to 52,559	2.0 percent	45 percent	\$ 1,450
52,560 to 54,319	2.0 percent	45 percent	\$ 1,230
54,320 to 56,059	2.0 percent	50 percent	\$ 1,070
56,060 to 57,819	2.0 percent	50 percent	\$ 970
57,820 to 59,569	2.0 percent	50 percent	\$ 540
59,570 to 61,319	2.0 percent	50 percent	\$ 210

The payment made to a claimant is the amount of the state refund calculated under this subdivision. No payment is allowed if the claimant's household income is \$61,320 or more.

Subd. 5. **Combined renter and homeowner refund.** In the case of a claimant who is entitled to a refund in a calendar year for claims based both on rent constituting property taxes and property taxes payable, the refund allowable equals the sum of the refunds allowable.

**290A.23 APPROPRIATION.**

Subdivision 1. **Renters credit.** There is appropriated from the general fund in the state treasury to the commissioner of revenue the amount necessary to make the payments required under section 290A.04, subdivision 2a.

**327C.01 DEFINITIONS.**

Subd. 13. **Class I manufactured home park.** A "class I manufactured home park" means a park that complies with the provisions of section 327C.16.

**327C.16 CLASS I MANUFACTURED HOME PARK.**

Subdivision 1. **Qualifications.** (a) To qualify as a class I manufactured home park, as defined in section 327C.01, subdivision 13, a park owner, or on-site attendant as an employee of the manufactured home park, must satisfy 12 hours of qualifying education courses every three years, as prescribed in this subdivision. Park owners or on-site attendants may begin accumulating qualifying hours to qualify as a class I manufactured home park beginning in 2017.

(b) The qualifying education courses required for classification under this subdivision must be continuing education courses approved by the Department of Labor and Industry or the Department of Commerce for:

- (1) continuing education in real estate; or
- (2) continuing education for residential contractors and manufactured home installers.

(c) The qualifying education courses must include:

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- (1) two hours on fair housing, approved for real estate licensure or residential contractor licensure;
- (2) one hour on the Americans with Disabilities Act, approved for real estate licensure or residential contractor licensure;
- (3) four hours on legal compliance related to any of the following: landlord/tenant, licensing requirements, or home financing under chapters 58, 327, 327B, 327C, and 504B, and Minnesota Rules, chapter 1350 or 4630;
- (4) three hours of general education approved for real estate, residential contractors, or manufactured home installers; and
- (5) two hours of HUD-specific manufactured home installer courses as required under section 327B.041.

(d) If the qualifying owner or employee attendant is no longer the person meeting the requirements under this subdivision, but did qualify during the current assessment year, then the manufactured home park shall still qualify for the class rate provided for class 4c property classified under section 273.13, subdivision 25, paragraph (d), clause (5), item (iii).

**Subd. 2. Proof of compliance.** (a) A park owner that has met the requirements of subdivision 1 shall provide an affidavit to the park owner's county assessor certifying that the park owner, corporate officer, or on-site attendant has complied with subdivision 1 and that the park meets the definition of a class I manufactured home park as defined in this section, and is entitled to the property tax classification rate for class I manufactured home parks in section 273.13, subdivision 25. The park owner shall retain the original course completion certificates issued by the course sponsor under this section for three years and, upon written request for verification, provide these to the county assessor within 30 days.

(b) A park owner must provide the county assessor written notice of any change in compliance status of the manufactured home park no later than December 15 of the assessment year.

**477A.011 DEFINITIONS.**

**Subd. 30a. Percent of housing built between 1940 and 1970.** "Percent of housing built between 1940 and 1970" is equal to 100 times the most recent count by the United States Bureau of the Census of all housing units in the city built after 1939 but before 1970, divided by the total number of all housing units in the city. Housing units includes both occupied and vacant housing units as defined by the federal census.

**Subd. 38. Household size.** "Household size" means the average number of persons per household in the jurisdiction as most recently estimated and reported by the state demographer and Metropolitan Council as of July 15 of the aid calculation year. A revision to an estimate or enumeration is effective for these purposes only if it is certified to the commissioner on or before July 15 of the aid calculation year. Clerical errors in the certification or use of estimates and counts established as of July 15 in the aid calculation year are subject to correction within the time periods allowed under section 477A.014.

**Subd. 42. Jobs per capita in the city.** "Jobs per capita in the city" means (1) the average annual number of employees in the city based on the data from the Quarterly Census of Employment and Wages, as reported by the Department of Employment and Economic Development, for the most recent calendar year available November 1 of every odd-numbered year, divided by (2) the city's population for the same calendar year as the employment data. The commissioner of the Department of Employment and Economic Development shall certify to the city the average annual number of employees for each city by January 1 of every even-numbered year beginning with January 1, 2014. A city may challenge an estimate under this paragraph by filing its specific objection, including the names of employers that it feels may have misreported data, in writing with the commissioner by December 1 of every odd-numbered year. The commissioner shall make every reasonable effort to address the specific objection and adjust the data as necessary. The commissioner shall certify the estimates of the annual employment to the commissioner of revenue by January 1 of all even-numbered years, including any estimates still under objection.

**Subd. 45. Sparsity adjustment.** For a city with a population of 10,000 or more, the sparsity adjustment is 100 for any city with an average population density less than 150 per square mile, according to the most recent federal census. For a city with a population less than 10,000, the sparsity adjustment is 200 for any city with an average population density less than 30 per square mile, according to the most recent federal census. The sparsity adjustment is zero for all other cities.

**477A.013 MUNICIPAL GOVERNMENT DISTRIBUTIONS.**

Subd. 13. **Certified aid adjustments.** (a) A city that received an aid base increase under Minnesota Statutes 2012, section 477A.011, subdivision 36, paragraph (e), shall have its total aid under subdivision 9 increased by an amount equal to \$150,000 for aids payable in 2014 through 2018.

(b) A city that received an aid base increase under Minnesota Statutes 2012, section 477A.011, subdivision 36, paragraph (r), shall have its total aid under subdivision 9 increased by an amount equal to \$160,000 for aids payable in 2014 and thereafter.

(c) A city that received a temporary aid increase under Minnesota Statutes 2012, section 477A.011, subdivision 36, paragraph (o), shall have its total aid under subdivision 9 increased by an amount equal to \$1,000,000 for aids payable in 2014 only.

**477B.02 QUALIFYING FOR FIRE STATE AID.**

Subd. 4. **Equipment requirements.** The fire department must have all of the following equipment, or the equivalent as determined by the state fire marshal, by December 31 of the year preceding the certification required in subdivision 8:

- (1) a motorized fire truck equipped with:
  - (i) a motorized pump;
  - (ii) a 250-gallon or larger water tank;
  - (iii) 300 feet of one inch or larger fire hose in two lines with combination spray and straight stream nozzles;
  - (iv) five-gallon hand pumps - tank extinguisher or equivalent;
  - (v) a dry chemical extinguisher or equivalent;
  - (vi) ladders;
  - (vii) extension ladders;
  - (viii) pike poles;
  - (ix) crowbars;
  - (x) axes;
  - (xi) lanterns; and
  - (xii) fire coats, helmets, and boots;
- (2) the items in clause (1) suitably housed in a building of good construction with facilities for care of hoses and equipment;
- (3) a reliable and adequate method of receiving fire alarms by telephone or with electric siren and suitable means of sounding an alarm; and
- (4) if response is to be provided outside the corporate limits of the municipality where the fire department is located, another piece of motorized apparatus to make the response.

**477B.03 CALCULATION OF FIRE STATE AID; APPEAL.**

Subd. 6. **Corrective aid adjustments.** Any adjustments needed to correct prior misallocations must be made to subsequent fire state aid apportionments.