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State of Minnesota
HOUSE OF REPRESENTATIVES

**EIGHTY-SIXTH
SESSION**

HOUSE FILE No. 3729

March 22, 2010

Authored by Lenczewski

The bill was read for the first time and referred to the Committee on Taxes

A bill for an act

1.1 relating to the financing of state and local government; making technical, policy,
1.2 administrative, enforcement, and clarifying changes to individual income,
1.3 corporate franchise, estate, sales and use, lodging, gross receipts, cigarette,
1.4 tobacco, insurance, property, credits, payments, minerals, petroleum, local
1.5 taxes, local government aid, job opportunity building zones, emergency debt
1.6 certificates, and various taxes and tax-related provisions; clarifying nexus
1.7 standards for sales and income taxes; specifying duties of assessors; tax
1.8 increment financing; tax-forfeited lands; increasing watershed district borrowing
1.9 authority; amending Minnesota Statutes 2008, sections 60A.209, subdivision
1.10 1; 82B.035, subdivision 2; 103D.335, subdivision 17; 270.41, subdivision 5;
1.11 270C.34, subdivision 1; 270C.52, subdivision 2; 270C.87; 270C.94, subdivision
1.12 3; 272.02, subdivision 42; 272.025, subdivisions 1, 3; 272.029, subdivisions
1.13 4, 7; 273.061, subdivisions 7, 8; 273.113, subdivision 3; 273.1392; 275.71,
1.14 subdivision 5; 279.01, subdivision 3; 279.37, subdivision 1; 282.01, subdivisions
1.15 1, 1a, 1b, 1c, 1d, 2, 3, 4, 7, 7a, by adding subdivisions; 289A.08, subdivision
1.16 7; 289A.09, subdivision 2; 289A.10, subdivision 1; 289A.12, subdivision 14;
1.17 289A.30, subdivision 2; 289A.50, subdivisions 2, 4; 289A.60, subdivision
1.18 7; 290.014, subdivision 2; 290.067, subdivision 1; 290.0921, subdivision 3;
1.19 290.17, subdivision 2; 295.55, subdivisions 2, 3; 297A.61, subdivisions 3, 7, by
1.20 adding subdivisions; 297A.62, as amended; 297A.66, by adding a subdivision;
1.21 297A.665; 297A.68, subdivision 39, by adding a subdivision; 297A.70,
1.22 subdivision 13; 297A.995, subdivisions 10, 11; 297F.01, subdivision 22a;
1.23 297F.04, by adding a subdivision; 297F.07, subdivision 4; 297F.25, subdivision
1.24 1; 297I.01, subdivision 9; 297I.05, subdivision 7; 297I.30, subdivisions 1, 2,
1.25 7, 8; 297I.40, subdivisions 1, 5; 297I.65, by adding a subdivision; 298.282,
1.26 subdivision 1; 469.319, subdivision 5; 469.3193; Minnesota Statutes 2009
1.27 Supplement, sections 134.34, subdivision 4; 273.111, subdivision 9; 273.114,
1.28 subdivision 2; 273.124, subdivision 3a; 273.13, subdivision 25; 275.065,
1.29 subdivision 3; 275.70, subdivision 5; 289A.18, subdivision 1; 290.01,
1.30 subdivisions 19a, 19b, 19d; 290.06, subdivision 2c; 290.0671, subdivision 1;
1.31 290.091, subdivision 2; 291.005, subdivision 1; 297I.35, subdivision 2; 469.174,
1.32 subdivision 22; 475.755; 477A.013, subdivision 8; Laws 2001, First Special
1.33 Session chapter 5, article 3, section 50, as amended; Laws 2009, chapter 88,
1.34 article 4, section 5; proposing coding for new law in Minnesota Statutes,
1.35 chapters 270C; 296A; 645; repealing Minnesota Statutes 2008, sections 282.01,
1.36 subdivisions 9, 10, 11; 297I.30, subdivisions 4, 5, 6; 383A.76; Laws 2009,
1.37 chapter 88, article 12, section 21.
1.38

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

2.2 **ARTICLE 1**

2.3 **INDIVIDUAL INCOME, CORPORATE FRANCHISE, AND ESTATE TAXES**

2.4 Section 1. Minnesota Statutes 2008, section 289A.08, subdivision 7, is amended to
2.5 read:

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

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

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

2.20 (d) The electing partner must not have any Minnesota source income other than
2.21 the income from the partnership and other electing partnerships. If it is determined that
2.22 the electing partner has other Minnesota source income, the inclusion of the income
2.23 and tax liability for that partner under this provision will not constitute a return to
2.24 satisfy the requirements of subdivision 1. The tax paid for the individual as part of the
2.25 composite return is allowed as a payment of the tax by the individual on the date on
2.26 which the composite return payment was made. If the electing nonresident partner has no
2.27 other Minnesota source income, filing of the composite return is a return for purposes of
2.28 subdivision 1.

2.29 (e) This subdivision does not negate the requirement that an individual pay estimated
2.30 tax if the individual's liability would exceed the requirements set forth in section 289A.25.
2.31 A composite estimate may, however, be filed in a manner similar to and containing the
2.32 information required under paragraph (a).

2.33 (f) If an electing partner's share of the partnership's gross income from Minnesota
2.34 sources is less than the filing requirements for a nonresident under this subdivision, the tax

3.1 liability is zero. However, a statement showing the partner's share of gross income must
3.2 be included as part of the composite return.

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

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

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

3.14 (j) For the purposes of this subdivision, "income" means the partner's share of
3.15 federal adjusted gross income from the partnership modified by the additions provided in
3.16 section 290.01, subdivision 19a, clauses (6) to (10), and the subtractions provided in: (i)
3.17 section 290.01, subdivision 19b, clause ~~(9)~~ (8), to the extent the amount is assignable or
3.18 allocable to Minnesota under section 290.17; and (ii) section 290.01, subdivision 19b,
3.19 clause ~~(14)~~ (13). The subtraction allowed under section 290.01, subdivision 19b, clause
3.20 ~~(9)~~ (8), is only allowed on the composite tax computation to the extent the electing partner
3.21 would have been allowed the subtraction.

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

3.23 Sec. 2. Minnesota Statutes 2008, section 289A.09, subdivision 2, is amended to read:

3.24 Subd. 2. **Withholding statement.** (a) A person required to deduct and withhold
3.25 from an employee a tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision
3.26 2, or who would have been required to deduct and withhold a tax under section 290.92,
3.27 subdivision 2a or 3, or persons required to withhold tax under section 290.923, subdivision
3.28 2, determined without regard to section 290.92, subdivision 19, if the employee or payee
3.29 had claimed no more than one withholding exemption, or who paid wages or made
3.30 payments not subject to withholding under section 290.92, subdivision 2a or 3, or 290.923,
3.31 subdivision 2, to an employee or person receiving royalty payments in excess of \$600,
3.32 or who has entered into a voluntary withholding agreement with a payee under section
3.33 290.92, subdivision 20, must give every employee or person receiving royalty payments in
3.34 respect to the remuneration paid by the person to the employee or person receiving royalty
3.35 payments during the calendar year, on or before January 31 of the succeeding year, or, if

4.1 employment is terminated before the close of the calendar year, within 30 days after the
4.2 date of receipt of a written request from the employee if the 30-day period ends before
4.3 January 31, a written statement showing the following:

4.4 (1) name of the person;

4.5 (2) the name of the employee or payee and the employee's or payee's Social Security
4.6 account number;

4.7 (3) the total amount of wages as that term is defined in section 290.92, subdivision
4.8 1, paragraph (1); the total amount of remuneration subject to withholding under section
4.9 290.92, subdivision 20; the amount of sick pay as required under section 6051(f) of the
4.10 Internal Revenue Code; and the amount of royalties subject to withholding under section
4.11 290.923, subdivision 2; and

4.12 (4) the total amount deducted and withheld as tax under section 290.92, subdivision
4.13 2a or 3, or 290.923, subdivision 2.

4.14 (b) The statement required to be furnished by paragraph (a) with respect to any
4.15 remuneration must be furnished at those times, must contain the information required, and
4.16 must be in the form the commissioner prescribes.

4.17 (c) The commissioner may prescribe rules providing for reasonable extensions of
4.18 time, not in excess of 30 days, to employers or payers required to give the statements to
4.19 their employees or payees under this subdivision.

4.20 (d) A duplicate of any statement made under this subdivision and in accordance
4.21 with rules prescribed by the commissioner, along with a reconciliation in the form the
4.22 commissioner prescribes of the statements for the calendar year, including a reconciliation
4.23 of the quarterly returns required to be filed under subdivision 1, must be filed with the
4.24 commissioner on or before February 28 of the year after the payments were made.

4.25 (e) If an employer cancels the employer's Minnesota withholding account number
4.26 required by section 290.92, subdivision 24, the information required by paragraph (d),
4.27 must be filed with the commissioner within 30 days of the end of the quarter in which
4.28 the employer cancels its account number.

4.29 (f) The employer must submit the statements required to be sent to the commissioner
4.30 in the same manner required to satisfy the federal reporting requirements of section
4.31 6011(e) of the Internal Revenue Code and the regulations issued under it. ~~For wages paid~~
4.32 ~~in calendar year 2008~~, An employer must submit statements to the commissioner required
4.33 by this section by electronic means if the employer is required to send more than ~~100~~
4.34 25 statements to the commissioner, even though the employer is not required to submit
4.35 the returns federally by electronic means. ~~For calendar year 2009, the 100 statements~~
4.36 ~~threshold is reduced to 50, and for calendar year 2010, the threshold is reduced to 25, and~~

5.1 ~~for~~ statements issued for wages paid in 2011 and after, the threshold is ~~reduced to~~ ten.
 5.2 All statements issued for withholding required under section 290.92 are aggregated for
 5.3 purposes of determining whether the electronic submission threshold is met.

5.4 (g) A "third-party bulk filer" as defined in section 290.92, subdivision 30, paragraph
 5.5 (a), clause (2), must submit the returns required by this subdivision and subdivision 1,
 5.6 paragraph (a), with the commissioner by electronic means.

5.7 **EFFECTIVE DATE.** This section is effective for statements required to be filed
 5.8 after December 31, 2010.

5.9 Sec. 3. Minnesota Statutes 2008, section 289A.10, subdivision 1, is amended to read:

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

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

5.14 (2) the federal gross estate exceeds ~~\$700,000 for estates of decedents dying after~~
 5.15 ~~December 31, 2001, and before January 1, 2004; \$850,000 for estates of decedents dying~~
 5.16 ~~after December 31, 2003, and before January 1, 2005; \$950,000 for estates of decedents~~
 5.17 ~~dying after December 31, 2004, and before January 1, 2006; and \$1,000,000 for estates of~~
 5.18 ~~decedents dying after December 31, 2005.~~

5.19 The return must contain a computation of the Minnesota estate tax due. The return
 5.20 must be signed by the personal representative.

5.21 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after
 5.22 December 31, 2005.

5.23 Sec. 4. Minnesota Statutes 2008, section 289A.12, subdivision 14, is amended to read:

5.24 Subd. 14. **Regulated investment companies; reporting exempt-interest**

5.25 **dividends.** (a) A regulated investment company paying \$10 or more in exempt-interest
 5.26 dividends to an individual who is a resident of Minnesota must make a return indicating
 5.27 the amount of the exempt-interest dividends, the name, address, and Social Security
 5.28 number of the recipient, and any other information that the commissioner specifies. The

5.29 return must be provided to the shareholder ~~no later than 30 days after the close of the~~
 5.30 ~~taxable year~~ by February 15 of the year following the year of the payment. The return

5.31 provided to the shareholder must include a clear statement, in the form prescribed by the
 5.32 commissioner, that the exempt-interest dividends must be included in the computation of
 5.33 Minnesota taxable income. ~~The regulated investment company is required in a manner~~

6.1 ~~prescribed by the commissioner to file a copy of the return with the commissioner. By~~
 6.2 June 1 of each year, the regulated investment company must file a copy of the return
 6.3 with the commissioner.

6.4 (b) This subdivision applies to regulated investment companies required to register
 6.5 under chapter 80A.

6.6 (c) For purposes of this subdivision, the following definitions apply.

6.7 (1) "Exempt-interest dividends" mean exempt-interest dividends as defined in
 6.8 section 852(b)(5) of the Internal Revenue Code, but does not include the portion of
 6.9 exempt-interest dividends that are not required to be added to federal taxable income
 6.10 under section 290.01, subdivision 19a, clause (1)(ii).

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

6.14 **EFFECTIVE DATE.** This section is effective for returns due after December 31,
 6.15 2010.

6.16 Sec. 5. Minnesota Statutes 2009 Supplement, section 289A.18, subdivision 1, is
 6.17 amended to read:

6.18 Subdivision 1. **Individual income, fiduciary income, corporate franchise, and**
 6.19 **entertainment taxes; partnership and S corporation returns; information returns;**
 6.20 **mining company returns.** The returns required to be made under sections 289A.08 and
 6.21 289A.12 must be filed at the following times:

6.22 (1) returns made on the basis of the calendar year must be filed on April 15
 6.23 following the close of the calendar year, except that returns of corporations must be filed
 6.24 on ~~March 15 following the close of the calendar year~~ the due date for filing the federal
 6.25 income tax return;

6.26 (2) returns made on the basis of the fiscal year must be filed on the 15th day of the
 6.27 fourth month following the close of the fiscal year, except that returns of corporations
 6.28 must be filed on the ~~15th day of the third month following the close of the fiscal year~~ due
 6.29 date for filing the federal income tax return;

6.30 (3) returns for a fractional part of a year must be filed on the ~~15th day of the fourth~~
 6.31 ~~month following the end of the month in which falls the last day of the period for which~~
 6.32 ~~the return is made, except that the returns of corporations must be filed on the 15th day of~~
 6.33 ~~the third month following the end of the tax year; or, in the case of a corporation which~~
 6.34 ~~is a member of a unitary group, the return of the corporation must be filed on the 15th~~
 6.35 ~~day of the third month following the end of the tax year of the unitary group in which~~

7.1 ~~falls the last day of the period for which the return is made~~ due date for filing the federal
7.2 income tax return;

7.3 (4) in the case of a final return of a decedent for a fractional part of a year, the return
7.4 must be filed on the 15th day of the fourth month following the close of the 12-month
7.5 period that began with the first day of that fractional part of a year;

7.6 (5) in the case of the return of a cooperative association, returns must be filed on or
7.7 before the 15th day of the ninth month following the close of the taxable year;

7.8 (6) if a corporation has been divested from a unitary group and files a return for
7.9 a fractional part of a year in which it was a member of a unitary business that files a
7.10 combined report under section 290.17, subdivision 4, the divested corporation's return
7.11 must be filed on the 15th day of the third month following the close of the common
7.12 accounting period that includes the fractional year;

7.13 (7) returns of entertainment entities must be filed on April 15 following the close of
7.14 the calendar year;

7.15 (8) returns required to be filed under section 289A.08, subdivision 4, must be filed
7.16 on the 15th day of the fifth month following the close of the taxable year;

7.17 (9) returns of mining companies must be filed on May 1 following the close of the
7.18 calendar year; and

7.19 (10) returns required to be filed with the commissioner under section 289A.12,
7.20 subdivision 2, 4 to 10, or 16 must be filed within 30 days after being demanded by the
7.21 commissioner.

7.22 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
7.23 December 31, 2009.

7.24 Sec. 6. Minnesota Statutes 2008, section 289A.30, subdivision 2, is amended to read:

7.25 Subd. 2. **Estate tax.** Where good cause exists, the commissioner may extend the
7.26 time for payment of estate tax for a period of not more than six months. If an extension to
7.27 pay the federal estate tax has been granted under section 6161 of the Internal Revenue
7.28 Code, the time for payment of the estate tax without penalty is extended for that period. A
7.29 taxpayer who owes at least \$5,000 in taxes and who, under section 6161 or 6166 of the
7.30 Internal Revenue Code has been granted an extension for payment of the tax shown on the
7.31 return, may elect to pay the tax due to the commissioner in equal amounts at the same
7.32 time as required for federal purposes. A taxpayer electing to pay the tax in installments
7.33 shall defer a percentage of tax that does not exceed the percentage of federal tax deferred
7.34 and must notify the commissioner in writing no later than nine months after the death of
7.35 the person whose estate is subject to taxation. If the taxpayer fails to pay an installment on

8.1 time, unless it is shown that the failure is due to reasonable cause, the election is revoked
8.2 and the entire amount of unpaid tax plus accrued interest is due and payable 90 days after
8.3 the date on which the installment was payable.

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

8.5 Sec. 7. Minnesota Statutes 2008, section 289A.50, subdivision 4, is amended to read:

8.6 Subd. 4. **Notice of refund.** The commissioner shall determine the amount of refund,
8.7 if any, that is due, and notify the taxpayer of the determination as soon as practicable
8.8 after a claim has been filed.

8.9 If the commissioner determines that the address provided by the taxpayer to claim a
8.10 refund is invalid or is no longer the current address of the taxpayer, then the date of the
8.11 mailing of the notification provided under this subdivision is considered the date that
8.12 the refund is paid for purposes of the payment of interest under section 289A.56 and is
8.13 considered the date of issuance of the original warrant or check for purposes of issuing a
8.14 new warrant or check under section 270C.347.

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

8.16 Sec. 8. Minnesota Statutes 2008, section 289A.60, subdivision 7, is amended to read:

8.17 Subd. 7. **Penalty for frivolous return.** If a taxpayer files what purports to be
8.18 a tax return or a claim for refund but which does not contain information on which
8.19 the substantial correctness of the purported return or claim for refund may be judged
8.20 or contains information that on its face shows that the purported return or claim for
8.21 refund is substantially incorrect and the conduct is due to a position that is frivolous or
8.22 a desire that appears on the purported return or claim for refund to delay or impede the
8.23 administration of Minnesota tax laws, then the ~~individual~~ taxpayer shall pay a penalty of
8.24 the greater of \$1,000 or 25 percent of the amount of tax required to be shown on the
8.25 return. In a proceeding involving the issue of whether or not a ~~person~~ taxpayer is liable for
8.26 this penalty, the burden of proof is on the commissioner.

8.27 **EFFECTIVE DATE.** This section is effective for returns filed after the day
8.28 following final enactment.

8.29 Sec. 9. Minnesota Statutes 2009 Supplement, section 290.01, subdivision 19a, is
8.30 amended to read:

8.31 Subd. 19a. **Additions to federal taxable income.** For individuals, estates, and
8.32 trusts, there shall be added to federal taxable income:

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

9.5 (ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue
9.6 Code, except:

9.7 (A) the portion of the exempt-interest dividends exempt from state taxation under
9.8 the laws of the United States; and

9.9 (B) the portion of the exempt-interest dividends derived from interest income
9.10 on obligations of the state of Minnesota or its political or governmental subdivisions,
9.11 municipalities, governmental agencies or instrumentalities, but only if the portion of the
9.12 exempt-interest dividends from such Minnesota sources paid to all shareholders represents
9.13 95 percent or more of the exempt-interest dividends, including any dividends exempt
9.14 under subitem (A), that are paid by the regulated investment company as defined in section
9.15 851(a) of the Internal Revenue Code, or the fund of the regulated investment company as
9.16 defined in section 851(g) of the Internal Revenue Code, making the payment; and

9.17 (iii) for the purposes of items (i) and (ii), interest on obligations of an Indian tribal
9.18 government described in section 7871(c) of the Internal Revenue Code shall be treated as
9.19 interest income on obligations of the state in which the tribe is located;

9.20 (2) the amount of income, sales and use, motor vehicle sales, or excise taxes paid
9.21 or accrued within the taxable year under this chapter and the amount of taxes based on
9.22 net income paid, sales and use, motor vehicle sales, or excise taxes paid to any other
9.23 state or to any province or territory of Canada, to the extent allowed as a deduction
9.24 under section 63(d) of the Internal Revenue Code, but the addition may not be more
9.25 than the amount by which the itemized deductions as allowed under section 63(d) of
9.26 the Internal Revenue Code exceeds the amount of the standard deduction as defined in
9.27 section 63(c) of the Internal Revenue Code, disregarding the amounts allowed under
9.28 sections 63(c)(1)(C) and 63(c)(1)(E) of the Internal Revenue Code. For the purpose of
9.29 this paragraph, the disallowance of itemized deductions under section 68 of the Internal
9.30 Revenue Code of 1986, income, sales and use, motor vehicle sales, or excise taxes are
9.31 the last itemized deductions disallowed;

9.32 (3) the capital gain amount of a lump-sum distribution to which the special tax under
9.33 section 1122(h)(3)(B)(ii) of the Tax Reform Act of 1986, Public Law 99-514, applies;

9.34 (4) the amount of income taxes paid or accrued within the taxable year under this
9.35 chapter and taxes based on net income paid to any other state or any province or territory
9.36 of Canada, to the extent allowed as a deduction in determining federal adjusted gross

10.1 income. For the purpose of this paragraph, income taxes do not include the taxes imposed
10.2 by sections 290.0922, subdivision 1, paragraph (b), 290.9727, 290.9728, and 290.9729;

10.3 (5) the amount of expense, interest, or taxes disallowed pursuant to section 290.10
10.4 other than expenses or interest used in computing net interest income for the subtraction
10.5 allowed under subdivision 19b, clause (1);

10.6 (6) the amount of a partner's pro rata share of net income which does not flow
10.7 through to the partner because the partnership elected to pay the tax on the income under
10.8 section 6242(a)(2) of the Internal Revenue Code;

10.9 (7) 80 percent of the depreciation deduction allowed under section 168(k) of the
10.10 Internal Revenue Code. For purposes of this clause, if the taxpayer has an activity that
10.11 in the taxable year generates a deduction for depreciation under section 168(k) and the
10.12 activity generates a loss for the taxable year that the taxpayer is not allowed to claim for
10.13 the taxable year, "the depreciation allowed under section 168(k)" for the taxable year is
10.14 limited to excess of the depreciation claimed by the activity under section 168(k) over the
10.15 amount of the loss from the activity that is not allowed in the taxable year. In succeeding
10.16 taxable years when the losses not allowed in the taxable year are allowed, the depreciation
10.17 under section 168(k) is allowed;

10.18 (8) 80 percent of the amount by which the deduction allowed by section 179 of the
10.19 Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal
10.20 Revenue Code of 1986, as amended through December 31, 2003;

10.21 (9) to the extent deducted in computing federal taxable income, the amount of the
10.22 deduction allowable under section 199 of the Internal Revenue Code;

10.23 (10) the exclusion allowed under section 139A of the Internal Revenue Code for
10.24 federal subsidies for prescription drug plans;

10.25 (11) the amount of expenses disallowed under section 290.10, subdivision 2;

10.26 (12) the amount deducted for qualified tuition and related expenses under section
10.27 222 of the Internal Revenue Code, to the extent deducted from gross income;

10.28 (13) the amount deducted for certain expenses of elementary and secondary school
10.29 teachers under section 62(a)(2)(D) of the Internal Revenue Code, to the extent deducted
10.30 from gross income;

10.31 (14) the additional standard deduction for property taxes payable that is allowable
10.32 under section 63(c)(1)(C) of the Internal Revenue Code;

10.33 (15) the additional standard deduction for qualified motor vehicle sales taxes
10.34 allowable under section 63(c)(1)(E) of the Internal Revenue Code;

10.35 (16) discharge of indebtedness income resulting from reacquisition of business
10.36 indebtedness and deferred under section 108(i) of the Internal Revenue Code; and

11.1 (17) the amount of unemployment compensation exempt from tax under section
11.2 85(c) of the Internal Revenue Code.

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

11.4 Sec. 10. Minnesota Statutes 2009 Supplement, section 290.01, subdivision 19b,
11.5 is amended to read:

11.6 Subd. 19b. **Subtractions from federal taxable income.** For individuals, estates,
11.7 and trusts, there shall be subtracted from federal taxable income:

11.8 (1) net interest income on obligations of any authority, commission, or
11.9 instrumentality of the United States to the extent includable in taxable income for federal
11.10 income tax purposes but exempt from state income tax under the laws of the United States;

11.11 (2) if included in federal taxable income, the amount of any overpayment of income
11.12 tax to Minnesota or to any other state, for any previous taxable year, whether the amount
11.13 is received as a refund or as a credit to another taxable year's income tax liability;

11.14 (3) the amount paid to others, less the amount used to claim the credit allowed under
11.15 section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten
11.16 to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and
11.17 transportation of each qualifying child in attending an elementary or secondary school
11.18 situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a
11.19 resident of this state may legally fulfill the state's compulsory attendance laws, which
11.20 is not operated for profit, and which adheres to the provisions of the Civil Rights Act
11.21 of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or
11.22 tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause,
11.23 "textbooks" includes books and other instructional materials and equipment purchased
11.24 or leased for use in elementary and secondary schools in teaching only those subjects
11.25 legally and commonly taught in public elementary and secondary schools in this state.
11.26 Equipment expenses qualifying for deduction includes expenses as defined and limited in
11.27 section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional
11.28 books and materials used in the teaching of religious tenets, doctrines, or worship, the
11.29 purpose of which is to instill such tenets, doctrines, or worship, nor does it include books
11.30 or materials for, or transportation to, extracurricular activities including sporting events,
11.31 musical or dramatic events, speech activities, driver's education, or similar programs. No
11.32 deduction is permitted for any expense the taxpayer incurred in using the taxpayer's or
11.33 the qualifying child's vehicle to provide such transportation for a qualifying child. For
11.34 purposes of the subtraction provided by this clause, "qualifying child" has the meaning
11.35 given in section 32(c)(3) of the Internal Revenue Code;

12.1 (4) income as provided under section 290.0802;

12.2 (5) to the extent included in federal adjusted gross income, income realized on
12.3 disposition of property exempt from tax under section 290.491;

12.4 (6) to the extent not deducted or not deductible pursuant to section 408(d)(8)(E)
12.5 of the Internal Revenue Code in determining federal taxable income by an individual
12.6 who does not itemize deductions for federal income tax purposes for the taxable year, an
12.7 amount equal to 50 percent of the excess of charitable contributions over \$500 allowable
12.8 as a deduction for the taxable year under section 170(a) of the Internal Revenue Code and
12.9 under the provisions of Public Law 109-1;

12.10 ~~(7) for taxable years beginning before January 1, 2008, the amount of the federal~~
12.11 ~~small ethanol producer credit allowed under section 40(a)(3) of the Internal Revenue Code~~
12.12 ~~which is included in gross income under section 87 of the Internal Revenue Code;~~

12.13 ~~(8)~~ (7) for individuals who are allowed a federal foreign tax credit for taxes that do
12.14 not qualify for a credit under section 290.06, subdivision 22, an amount equal to the
12.15 carryover of subnational foreign taxes for the taxable year, but not to exceed the total
12.16 subnational foreign taxes reported in claiming the foreign tax credit. For purposes of
12.17 this clause, "federal foreign tax credit" means the credit allowed under section 27 of the
12.18 Internal Revenue Code, and "carryover of subnational foreign taxes" equals the carryover
12.19 allowed under section 904(c) of the Internal Revenue Code minus national level foreign
12.20 taxes to the extent they exceed the federal foreign tax credit;

12.21 ~~(9)~~ (8) in each of the five tax years immediately following the tax year in which an
12.22 addition is required under subdivision 19a, clause (7), or 19c, clause (15), in the case
12.23 of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth
12.24 of the delayed depreciation. For purposes of this clause, "delayed depreciation" means
12.25 the amount of the addition made by the taxpayer under subdivision 19a, clause (7), or
12.26 subdivision 19c, clause (15), in the case of a shareholder of an S corporation, minus the
12.27 positive value of any net operating loss under section 172 of the Internal Revenue Code
12.28 generated for the tax year of the addition. The resulting delayed depreciation cannot be
12.29 less than zero;

12.30 ~~(10)~~ (9) job opportunity building zone income as provided under section 469.316;

12.31 ~~(11)~~ (10) to the extent included in federal taxable income, the amount of
12.32 compensation paid to members of the Minnesota National Guard or other reserve
12.33 components of the United States military for active service performed in Minnesota,
12.34 excluding compensation for services performed under the Active Guard Reserve (AGR)
12.35 program. For purposes of this clause, "active service" means (i) state active service as
12.36 defined in section 190.05, subdivision 5a, clause (1); (ii) federally funded state active

13.1 service as defined in section 190.05, subdivision 5b; or (iii) federal active service as
13.2 defined in section 190.05, subdivision 5c, but "active service" excludes service performed
13.3 in accordance with section 190.08, subdivision 3;

13.4 ~~(12)~~ (11) to the extent included in federal taxable income, the amount of
13.5 compensation paid to Minnesota residents who are members of the armed forces of the
13.6 United States or United Nations for active duty performed outside Minnesota under United
13.7 States Code, title 10, section 101(d); United States Code, title 32, section 101(12); or the
13.8 authority of the United Nations;

13.9 ~~(13)~~ (12) an amount, not to exceed \$10,000, equal to qualified expenses related to a
13.10 qualified donor's donation, while living, of one or more of the qualified donor's organs
13.11 to another person for human organ transplantation. For purposes of this clause, "organ"
13.12 means all or part of an individual's liver, pancreas, kidney, intestine, lung, or bone marrow;
13.13 "human organ transplantation" means the medical procedure by which transfer of a human
13.14 organ is made from the body of one person to the body of another person; "qualified
13.15 expenses" means unreimbursed expenses for both the individual and the qualified donor
13.16 for (i) travel, (ii) lodging, and (iii) lost wages net of sick pay, except that such expenses
13.17 may be subtracted under this clause only once; and "qualified donor" means the individual
13.18 or the individual's dependent, as defined in section 152 of the Internal Revenue Code. An
13.19 individual may claim the subtraction in this clause for each instance of organ donation for
13.20 transplantation during the taxable year in which the qualified expenses occur;

13.21 ~~(14)~~ (13) in each of the five tax years immediately following the tax year in which an
13.22 addition is required under subdivision 19a, clause (8), or 19c, clause (16), in the case of a
13.23 shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the
13.24 addition made by the taxpayer under subdivision 19a, clause (8), or 19c, clause (16), in the
13.25 case of a shareholder of a corporation that is an S corporation, minus the positive value of
13.26 any net operating loss under section 172 of the Internal Revenue Code generated for the
13.27 tax year of the addition. If the net operating loss exceeds the addition for the tax year, a
13.28 subtraction is not allowed under this clause;

13.29 ~~(15)~~ (14) to the extent included in federal taxable income, compensation paid to a
13.30 service member as defined in United States Code, title 10, section 101(a)(5), for military
13.31 service as defined in the Servicemembers Civil Relief Act, Public Law 108-189, section
13.32 101(2);

13.33 ~~(16)~~ (15) international economic development zone income as provided under
13.34 section 469.325;

13.35 ~~(17)~~ (16) to the extent included in federal taxable income, the amount of national
13.36 service educational awards received from the National Service Trust under United States

14.1 Code, title 42, sections 12601 to 12604, for service in an approved Americorps National
14.2 Service program; and

14.3 ~~(18)~~ (17) to the extent included in federal taxable income, discharge of indebtedness
14.4 income resulting from reacquisition of business indebtedness included in federal taxable
14.5 income under section 108(i) of the Internal Revenue Code. This subtraction applies only
14.6 to the extent that the income was included in net income in a prior year as a result of the
14.7 addition under section 290.01, subdivision 19a, clause (16).

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

14.9 Sec. 11. Minnesota Statutes 2009 Supplement, section 290.01, subdivision 19d,
14.10 is amended to read:

14.11 Subd. 19d. **Corporations; modifications decreasing federal taxable income.** For
14.12 corporations, there shall be subtracted from federal taxable income after the increases
14.13 provided in subdivision 19c:

14.14 (1) the amount of foreign dividend gross-up added to gross income for federal
14.15 income tax purposes under section 78 of the Internal Revenue Code;

14.16 (2) the amount of salary expense not allowed for federal income tax purposes due to
14.17 claiming the work opportunity credit under section 51 of the Internal Revenue Code;

14.18 (3) any dividend (not including any distribution in liquidation) paid within the
14.19 taxable year by a national or state bank to the United States, or to any instrumentality of
14.20 the United States exempt from federal income taxes, on the preferred stock of the bank
14.21 owned by the United States or the instrumentality;

14.22 (4) amounts disallowed for intangible drilling costs due to differences between
14.23 this chapter and the Internal Revenue Code in taxable years beginning before January
14.24 1, 1987, as follows:

14.25 (i) to the extent the disallowed costs are represented by physical property, an amount
14.26 equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09,
14.27 subdivision 7, subject to the modifications contained in subdivision 19e; and

14.28 (ii) to the extent the disallowed costs are not represented by physical property, an
14.29 amount equal to the allowance for cost depletion under Minnesota Statutes 1986, section
14.30 290.09, subdivision 8;

14.31 (5) the deduction for capital losses pursuant to sections 1211 and 1212 of the
14.32 Internal Revenue Code, except that:

14.33 (i) for capital losses incurred in taxable years beginning after December 31, 1986,
14.34 capital loss carrybacks shall not be allowed;

15.1 (ii) for capital losses incurred in taxable years beginning after December 31, 1986,
15.2 a capital loss carryover to each of the 15 taxable years succeeding the loss year shall be
15.3 allowed;

15.4 (iii) for capital losses incurred in taxable years beginning before January 1, 1987, a
15.5 capital loss carryback to each of the three taxable years preceding the loss year, subject to
15.6 the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed; and

15.7 (iv) for capital losses incurred in taxable years beginning before January 1, 1987,
15.8 a capital loss carryover to each of the five taxable years succeeding the loss year to the
15.9 extent such loss was not used in a prior taxable year and subject to the provisions of
15.10 Minnesota Statutes 1986, section 290.16, shall be allowed;

15.11 (6) an amount for interest and expenses relating to income not taxable for federal
15.12 income tax purposes, if (i) the income is taxable under this chapter and (ii) the interest and
15.13 expenses were disallowed as deductions under the provisions of section 171(a)(2), 265 or
15.14 291 of the Internal Revenue Code in computing federal taxable income;

15.15 (7) in the case of mines, oil and gas wells, other natural deposits, and timber for
15.16 which percentage depletion was disallowed pursuant to subdivision 19c, clause (9), a
15.17 reasonable allowance for depletion based on actual cost. In the case of leases the deduction
15.18 must be apportioned between the lessor and lessee in accordance with rules prescribed
15.19 by the commissioner. In the case of property held in trust, the allowable deduction must
15.20 be apportioned between the income beneficiaries and the trustee in accordance with the
15.21 pertinent provisions of the trust, or if there is no provision in the instrument, on the basis
15.22 of the trust's income allocable to each;

15.23 (8) for certified pollution control facilities placed in service in a taxable year
15.24 beginning before December 31, 1986, and for which amortization deductions were elected
15.25 under section 169 of the Internal Revenue Code of 1954, as amended through December
15.26 31, 1985, an amount equal to the allowance for depreciation under Minnesota Statutes
15.27 1986, section 290.09, subdivision 7;

15.28 (9) amounts included in federal taxable income that are due to refunds of income,
15.29 excise, or franchise taxes based on net income or related minimum taxes paid by the
15.30 corporation to Minnesota, another state, a political subdivision of another state, the
15.31 District of Columbia, or a foreign country or possession of the United States to the extent
15.32 that the taxes were added to federal taxable income under section 290.01, subdivision 19c,
15.33 clause (1), in a prior taxable year;

15.34 (10) 80 percent of royalties, fees, or other like income accrued or received from a
15.35 foreign operating corporation or a foreign corporation which is part of the same unitary
15.36 business as the receiving corporation, unless the income resulting from such payments or

16.1 accruals is income from sources within the United States as defined in subtitle A, chapter
16.2 1, subchapter N, part 1, of the Internal Revenue Code;

16.3 (11) income or gains from the business of mining as defined in section 290.05,
16.4 subdivision 1, clause (a), that are not subject to Minnesota franchise tax;

16.5 (12) the amount of disability access expenditures in the taxable year which are not
16.6 allowed to be deducted or capitalized under section 44(d)(7) of the Internal Revenue Code;

16.7 (13) the amount of qualified research expenses not allowed for federal income tax
16.8 purposes under section 280C(c) of the Internal Revenue Code, but only to the extent that
16.9 the amount exceeds the amount of the credit allowed under section 290.068;

16.10 (14) the amount of salary expenses not allowed for federal income tax purposes due
16.11 to claiming the Indian employment credit under section 45A(a) of the Internal Revenue
16.12 Code;

16.13 ~~(15) for taxable years beginning before January 1, 2008, the amount of the federal~~
16.14 ~~small ethanol producer credit allowed under section 40(a)(3) of the Internal Revenue Code~~
16.15 ~~which is included in gross income under section 87 of the Internal Revenue Code;~~

16.16 ~~(16)~~ (15) for a corporation whose foreign sales corporation, as defined in section
16.17 922 of the Internal Revenue Code, constituted a foreign operating corporation during any
16.18 taxable year ending before January 1, 1995, and a return was filed by August 15, 1996,
16.19 claiming the deduction under section 290.21, subdivision 4, for income received from
16.20 the foreign operating corporation, an amount equal to 1.23 multiplied by the amount of
16.21 income excluded under section 114 of the Internal Revenue Code, provided the income is
16.22 not income of a foreign operating company;

16.23 ~~(17)~~ (16) any decrease in subpart F income, as defined in section 952(a) of the
16.24 Internal Revenue Code, for the taxable year when subpart F income is calculated without
16.25 regard to the provisions of Division C, title III, section 303(b) of Public Law 110-343;

16.26 ~~(18)~~ (17) in each of the five tax years immediately following the tax year in which
16.27 an addition is required under subdivision 19c, clause (15), an amount equal to one-fifth
16.28 of the delayed depreciation. For purposes of this clause, "delayed depreciation" means
16.29 the amount of the addition made by the taxpayer under subdivision 19c, clause (15). The
16.30 resulting delayed depreciation cannot be less than zero;

16.31 ~~(19)~~ (18) in each of the five tax years immediately following the tax year in which an
16.32 addition is required under subdivision 19c, clause (16), an amount equal to one-fifth of
16.33 the amount of the addition; and

16.34 ~~(20)~~ (19) to the extent included in federal taxable income, discharge of indebtedness
16.35 income resulting from reacquisition of business indebtedness included in federal taxable
16.36 income under section 108(i) of the Internal Revenue Code. This subtraction applies only

17.1 to the extent that the income was included in net income in a prior year as a result of the
17.2 addition under section 290.01, subdivision 19c, clause (25).

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

17.4 Sec. 12. Minnesota Statutes 2008, section 290.014, subdivision 2, is amended to read:

17.5 Subd. 2. **Nonresident individuals.** Except as provided in section 290.015, a
17.6 nonresident individual is subject to the return filing requirements and to tax as provided in
17.7 this chapter to the extent that the income of the nonresident individual is:

17.8 (1) allocable to this state under section 290.17, 290.191, or 290.20;

17.9 (2) taxed to the individual under the Internal Revenue Code (or not taxed under the
17.10 Internal Revenue Code by reason of its character but of a character which is taxable under
17.11 this chapter) in the individual's capacity as a beneficiary of an estate with income allocable
17.12 to this state under section 290.17, 290.191, or 290.20 and the income, taking into account
17.13 the income character provisions of section 662(b) of the Internal Revenue Code, would be
17.14 allocable to this state under section 290.17, 290.191, or 290.20 if realized by the individual
17.15 directly from the source from which realized by the estate;

17.16 (3) taxed to the individual under the Internal Revenue Code (or not taxed under the
17.17 Internal Revenue Code by reason of its character but of a character that is taxable under
17.18 this chapter) in the individual's capacity as a beneficiary or grantor or other person treated
17.19 as a substantial owner of a trust with income allocable to this state under section 290.17,
17.20 290.191, or 290.20 and the income, taking into account the income character provisions of
17.21 section 652(b), 662(b), or 664(b) of the Internal Revenue Code, would be allocable to this
17.22 state under section 290.17, 290.191, or 290.20 if realized by the individual directly from
17.23 the source from which realized by the trust;

17.24 (4) taxed to the individual under the Internal Revenue Code (or not taxed under the
17.25 Internal Revenue Code by reason of its character but of a character which is taxable under
17.26 this chapter) in the individual's capacity as a limited or general partner in a partnership
17.27 with income allocable to this state under section 290.17, 290.191, or 290.20 and the
17.28 income, taking into account the income character provisions of section 702(b) of the
17.29 Internal Revenue Code, would be allocable to this state under section 290.17, 290.191,
17.30 or 290.20 if realized by the individual directly from the source from which realized by
17.31 the partnership; ~~or~~

17.32 (5) taxed to the individual under the Internal Revenue Code (or not taxed under the
17.33 Internal Revenue Code by reason of its character but of a character which is taxable under
17.34 this chapter) in the individual's capacity as a shareholder of a corporation treated as an
17.35 "S" corporation under section 290.9725, and income allocable to this state under section

18.1 290.17, 290.191, or 290.20 and the income, taking into account the income character
 18.2 provisions of section 1366(b) of the Internal Revenue Code, would be allocable to this
 18.3 state under section 290.17, 290.191, or 290.20 if realized by the individual directly from
 18.4 the source from which realized by the corporation; or

18.5 (6) taxed to the individual under the Internal Revenue Code (or not taxed under the
 18.6 Internal Revenue Code by reason of its character but of a character which is taxable under
 18.7 this chapter) in the individual's capacity as the sole member of a limited liability company
 18.8 that is disregarded for federal income tax purposes, with income allocable to this state
 18.9 under section 290.17, 290.191, or 290.20, as though realized by the individual directly
 18.10 from the source from which it was realized by the limited liability company.

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

18.12 Sec. 13. Minnesota Statutes 2009 Supplement, section 290.06, subdivision 2c, is
 18.13 amended to read:

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

- 18.18 (1) On the first \$25,680, 5.35 percent;
- 18.19 (2) On all over \$25,680, but not over \$102,030, 7.05 percent;
- 18.20 (3) On all over \$102,030, 7.85 percent.

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

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

- 18.26 (1) On the first \$17,570, 5.35 percent;
- 18.27 (2) On all over \$17,570, but not over \$57,710, 7.05 percent;
- 18.28 (3) On all over \$57,710, 7.85 percent.

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

- 18.32 (1) On the first \$21,630, 5.35 percent;
- 18.33 (2) On all over \$21,630, but not over \$86,910, 7.05 percent;
- 18.34 (3) On all over \$86,910, 7.85 percent.

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

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

19.12 (1) the numerator is the individual's Minnesota source federal adjusted gross income
 19.13 as defined in section 62 of the Internal Revenue Code and increased by the additions
 19.14 required under section 290.01, subdivision 19a, clauses (1), (5), (6), (7), (8), (9), (12),
 19.15 (13), (16), and (17), and reduced by the Minnesota assignable portion of the subtraction
 19.16 for United States government interest under section 290.01, subdivision 19b, clause
 19.17 (1), and the subtractions under section 290.01, subdivision 19b, clauses ~~(9), (10), (14),~~
 19.18 ~~(15), (16), and (18)~~ (8), (9), (13), (14), (15), and (17), after applying the allocation and
 19.19 assignability provisions of section 290.081, clause (a), or 290.17; and

19.20 (2) the denominator is the individual's federal adjusted gross income as defined in
 19.21 section 62 of the Internal Revenue Code of 1986, increased by the amounts specified in
 19.22 section 290.01, subdivision 19a, clauses (1), (5), (6), (7), (8), (9), (12), (13), (16), and
 19.23 (17), and reduced by the amounts specified in section 290.01, subdivision 19b, clauses (1),
 19.24 ~~(9), (10), (14), (15), (16), and (18)~~ (8), (9), (13), (14), (15), and (17).

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

19.26 Sec. 14. Minnesota Statutes 2008, section 290.067, subdivision 1, is amended to read:

19.27 Subdivision 1. **Amount of credit.** (a) A taxpayer may take as a credit against the
 19.28 tax due from the taxpayer and a spouse, if any, under this chapter an amount equal to the
 19.29 dependent care credit for which the taxpayer is eligible pursuant to the provisions of
 19.30 section 21 of the Internal Revenue Code subject to the limitations provided in subdivision
 19.31 2 except that in determining whether the child qualified as a dependent, income received
 19.32 as a Minnesota family investment program grant or allowance to or on behalf of the child
 19.33 must not be taken into account in determining whether the child received more than half
 19.34 of the child's support from the taxpayer, and the provisions of section 32(b)(1)(D) of
 19.35 the Internal Revenue Code do not apply.

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

20.10 (c) If a married couple:

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

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

20.14 (3) does not participate in a dependent care assistance program as defined in section
20.15 129 of the Internal Revenue Code, in lieu of the actual employment related expenses paid
20.16 for that child under paragraph (a) or the deemed amount under paragraph (b), the lesser of
20.17 (i) the combined earned income of the couple or (ii) the amount of the maximum limit for
20.18 one qualified individual under section 21(c) and (d) of the Internal Revenue Code will
20.19 be deemed to be the employment related expense paid for that child. The earned income
20.20 limitation of section 21(d) of the Internal Revenue Code shall not apply to this deemed
20.21 amount. These deemed amounts apply regardless of whether any employment-related
20.22 expenses have been paid.

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

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

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

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

20.33 In the case of a nonresident, part-year resident, or a person who has earned income
20.34 not subject to tax under this chapter including earned income excluded pursuant to section
20.35 290.01, subdivision 19b, clause ~~(10)~~ (9) or ~~(16)~~ (15), the credit determined under section
20.36 21 of the Internal Revenue Code must be allocated based on the ratio by which the earned

21.1 income of the claimant and the claimant's spouse from Minnesota sources bears to the
21.2 total earned income of the claimant and the claimant's spouse.

21.3 For residents of Minnesota, the subtractions for military pay under section 290.01,
21.4 subdivision 19b, clauses ~~(11)~~ (10) and ~~(12)~~ (11), are not considered "earned income not
21.5 subject to tax under this chapter."

21.6 For residents of Minnesota, the exclusion of combat pay under section 112 of the
21.7 Internal Revenue Code is not considered "earned income not subject to tax under this
21.8 chapter."

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

21.10 Sec. 15. Minnesota Statutes 2009 Supplement, section 290.0671, subdivision 1,
21.11 is amended to read:

21.12 Subdivision 1. **Credit allowed.** (a) An individual is allowed a credit against the tax
21.13 imposed by this chapter equal to a percentage of earned income. To receive a credit, a
21.14 taxpayer must be eligible for a credit under section 32 of the Internal Revenue Code.

21.15 (b) For individuals with no qualifying children, the credit equals 1.9125 percent of
21.16 the first \$4,620 of earned income. The credit is reduced by 1.9125 percent of earned
21.17 income or adjusted gross income, whichever is greater, in excess of \$5,770, but in no
21.18 case is the credit less than zero.

21.19 (c) For individuals with one qualifying child, the credit equals 8.5 percent of the first
21.20 \$6,920 of earned income and 8.5 percent of earned income over \$12,080 but less than
21.21 \$13,450. The credit is reduced by 5.73 percent of earned income or adjusted gross income,
21.22 whichever is greater, in excess of \$15,080, but in no case is the credit less than zero.

21.23 (d) For individuals with two or more qualifying children, the credit equals ten
21.24 percent of the first \$9,720 of earned income and 20 percent of earned income over
21.25 \$14,860 but less than \$16,800. The credit is reduced by 10.3 percent of earned income
21.26 or adjusted gross income, whichever is greater, in excess of \$17,890, but in no case is
21.27 the credit less than zero.

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

21.30 (f) For a person who was a resident for the entire tax year and has earned income
21.31 not subject to tax under this chapter, including income excluded under section 290.01,
21.32 subdivision 19b, clause ~~(10)~~ (9) or ~~(16)~~ (15), the credit must be allocated based on the
21.33 ratio of federal adjusted gross income reduced by the earned income not subject to tax
21.34 under this chapter over federal adjusted gross income. For purposes of this paragraph, the

22.1 subtractions for military pay under section 290.01, subdivision 19b, clauses ~~(11)~~ (10) and
 22.2 ~~(12)~~ (11), are not considered "earned income not subject to tax under this chapter."

22.3 For the purposes of this paragraph, the exclusion of combat pay under section 112
 22.4 of the Internal Revenue Code is not considered "earned income not subject to tax under
 22.5 this chapter."

22.6 (g) For tax years beginning after December 31, 2007, and before December 31,
 22.7 2010, the \$5,770 in paragraph (b), the \$15,080 in paragraph (c), and the \$17,890 in
 22.8 paragraph (d), after being adjusted for inflation under subdivision 7, are each increased by
 22.9 \$3,000 for married taxpayers filing joint returns. For tax years beginning after December
 22.10 31, 2008, the commissioner shall annually adjust the \$3,000 by the percentage determined
 22.11 pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in
 22.12 section 1(f)(3)(B), the word "2007" shall be substituted for the word "1992." For 2009,
 22.13 the commissioner shall then determine the percent change from the 12 months ending on
 22.14 August 31, 2007, to the 12 months ending on August 31, 2008, and in each subsequent
 22.15 year, from the 12 months ending on August 31, 2007, to the 12 months ending on August
 22.16 31 of the year preceding the taxable year. The earned income thresholds as adjusted
 22.17 for inflation must be rounded to the nearest \$10. If the amount ends in \$5, the amount
 22.18 is rounded up to the nearest \$10. The determination of the commissioner under this
 22.19 subdivision is not a rule under the Administrative Procedure Act.

22.20 (h) The commissioner shall construct tables showing the amount of the credit at
 22.21 various income levels and make them available to taxpayers. The tables shall follow
 22.22 the schedule contained in this subdivision, except that the commissioner may graduate
 22.23 the transition between income brackets.

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

22.25 Sec. 16. Minnesota Statutes 2009 Supplement, section 290.091, subdivision 2, is
 22.26 amended to read:

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

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

22.31 (1) the taxpayer's federal alternative minimum taxable income as defined in section
 22.32 55(b)(2) of the Internal Revenue Code;

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

- 23.1 (i) the charitable contribution deduction under section 170 of the Internal Revenue
 23.2 Code;
- 23.3 (ii) the medical expense deduction;
- 23.4 (iii) the casualty, theft, and disaster loss deduction; and
- 23.5 (iv) the impairment-related work expenses of a disabled person;
- 23.6 (3) for depletion allowances computed under section 613A(c) of the Internal
 23.7 Revenue Code, with respect to each property (as defined in section 614 of the Internal
 23.8 Revenue Code), to the extent not included in federal alternative minimum taxable income,
 23.9 the excess of the deduction for depletion allowable under section 611 of the Internal
 23.10 Revenue Code for the taxable year over the adjusted basis of the property at the end of the
 23.11 taxable year (determined without regard to the depletion deduction for the taxable year);
- 23.12 (4) to the extent not included in federal alternative minimum taxable income, the
 23.13 amount of the tax preference for intangible drilling cost under section 57(a)(2) of the
 23.14 Internal Revenue Code determined without regard to subparagraph (E);
- 23.15 (5) to the extent not included in federal alternative minimum taxable income, the
 23.16 amount of interest income as provided by section 290.01, subdivision 19a, clause (1); and
- 23.17 (6) the amount of addition required by section 290.01, subdivision 19a, clauses (7)
 23.18 to (9), (12), (13), (16), and (17);
- 23.19 less the sum of the amounts determined under the following:
- 23.20 (1) interest income as defined in section 290.01, subdivision 19b, clause (1);
- 23.21 (2) an overpayment of state income tax as provided by section 290.01, subdivision
 23.22 19b, clause (2), to the extent included in federal alternative minimum taxable income;
- 23.23 (3) the amount of investment interest paid or accrued within the taxable year on
 23.24 indebtedness to the extent that the amount does not exceed net investment income, as
 23.25 defined in section 163(d)(4) of the Internal Revenue Code. Interest does not include
 23.26 amounts deducted in computing federal adjusted gross income; and
- 23.27 (4) amounts subtracted from federal taxable income as provided by section 290.01,
 23.28 subdivision 19b, clauses (6), ~~(9)~~ (8) to ~~(16)~~ (15), and ~~(18)~~ (17).
- 23.29 In the case of an estate or trust, alternative minimum taxable income must be
 23.30 computed as provided in section 59(c) of the Internal Revenue Code.
- 23.31 (b) "Investment interest" means investment interest as defined in section 163(d)(3)
 23.32 of the Internal Revenue Code.
- 23.33 (c) "Net minimum tax" means the minimum tax imposed by this section.
- 23.34 (d) "Regular tax" means the tax that would be imposed under this chapter (without
 23.35 regard to this section and section 290.032), reduced by the sum of the nonrefundable
 23.36 credits allowed under this chapter.

24.1 (e) "Tentative minimum tax" equals 6.4 percent of alternative minimum taxable
24.2 income after subtracting the exemption amount determined under subdivision 3.

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

24.4 Sec. 17. Minnesota Statutes 2008, section 290.0921, subdivision 3, is amended to read:

24.5 Subd. 3. **Alternative minimum taxable income.** "Alternative minimum taxable
24.6 income" is Minnesota net income as defined in section 290.01, subdivision 19, and
24.7 includes the adjustments and tax preference items in sections 56, 57, 58, and 59(d), (e),
24.8 (f), and (h) of the Internal Revenue Code. If a corporation files a separate company
24.9 Minnesota tax return, the minimum tax must be computed on a separate company basis.
24.10 If a corporation is part of a tax group filing a unitary return, the minimum tax must be
24.11 computed on a unitary basis. The following adjustments must be made.

24.12 (1) For purposes of the depreciation adjustments under section 56(a)(1) and
24.13 56(g)(4)(A) of the Internal Revenue Code, the basis for depreciable property placed in
24.14 service in a taxable year beginning before January 1, 1990, is the adjusted basis for federal
24.15 income tax purposes, including any modification made in a taxable year under section
24.16 290.01, subdivision 19e, or Minnesota Statutes 1986, section 290.09, subdivision 7,
24.17 paragraph (c).

24.18 For taxable years beginning after December 31, 2000, the amount of any remaining
24.19 modification made under section 290.01, subdivision 19e, or Minnesota Statutes 1986,
24.20 section 290.09, subdivision 7, paragraph (c), not previously deducted is a depreciation
24.21 allowance in the first taxable year after December 31, 2000.

24.22 (2) The portion of the depreciation deduction allowed for federal income tax
24.23 purposes under section 168(k) of the Internal Revenue Code that is required as an
24.24 addition under section 290.01, subdivision 19c, clause (15), is disallowed in determining
24.25 alternative minimum taxable income.

24.26 (3) The subtraction for depreciation allowed under section 290.01, subdivision
24.27 19d, clause ~~(18)~~ (17), is allowed as a depreciation deduction in determining alternative
24.28 minimum taxable income.

24.29 (4) The alternative tax net operating loss deduction under sections 56(a)(4) and 56(d)
24.30 of the Internal Revenue Code does not apply.

24.31 (5) The special rule for certain dividends under section 56(g)(4)(C)(ii) of the Internal
24.32 Revenue Code does not apply.

24.33 (6) The special rule for dividends from section 936 companies under section
24.34 56(g)(4)(C)(iii) does not apply.

25.1 (7) The tax preference for depletion under section 57(a)(1) of the Internal Revenue
25.2 Code does not apply.

25.3 (8) The tax preference for intangible drilling costs under section 57(a)(2) of the
25.4 Internal Revenue Code must be calculated without regard to subparagraph (E) and the
25.5 subtraction under section 290.01, subdivision 19d, clause (4).

25.6 (9) The tax preference for tax exempt interest under section 57(a)(5) of the Internal
25.7 Revenue Code does not apply.

25.8 (10) The tax preference for charitable contributions of appreciated property under
25.9 section 57(a)(6) of the Internal Revenue Code does not apply.

25.10 (11) For purposes of calculating the tax preference for accelerated depreciation or
25.11 amortization on certain property placed in service before January 1, 1987, under section
25.12 57(a)(7) of the Internal Revenue Code, the deduction allowable for the taxable year is the
25.13 deduction allowed under section 290.01, subdivision 19e.

25.14 For taxable years beginning after December 31, 2000, the amount of any remaining
25.15 modification made under section 290.01, subdivision 19e, not previously deducted is a
25.16 depreciation or amortization allowance in the first taxable year after December 31, 2004.

25.17 (12) For purposes of calculating the adjustment for adjusted current earnings in
25.18 section 56(g) of the Internal Revenue Code, the term "alternative minimum taxable
25.19 income" as it is used in section 56(g) of the Internal Revenue Code, means alternative
25.20 minimum taxable income as defined in this subdivision, determined without regard to the
25.21 adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code.

25.22 (13) For purposes of determining the amount of adjusted current earnings under
25.23 section 56(g)(3) of the Internal Revenue Code, no adjustment shall be made under section
25.24 56(g)(4) of the Internal Revenue Code with respect to (i) the amount of foreign dividend
25.25 gross-up subtracted as provided in section 290.01, subdivision 19d, clause (1), (ii) the
25.26 amount of refunds of income, excise, or franchise taxes subtracted as provided in section
25.27 290.01, subdivision 19d, clause (9), or (iii) the amount of royalties, fees or other like
25.28 income subtracted as provided in section 290.01, subdivision 19d, clause (10).

25.29 (14) Alternative minimum taxable income excludes the income from operating in a
25.30 job opportunity building zone as provided under section 469.317.

25.31 (15) Alternative minimum taxable income excludes the income from operating in a
25.32 biotechnology and health sciences industry zone as provided under section 469.337.

25.33 (16) Alternative minimum taxable income excludes the income from operating in an
25.34 international economic development zone as provided under section 469.326.

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

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

26.2 Sec. 18. Minnesota Statutes 2008, section 290.17, subdivision 2, is amended to read:

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

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

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

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

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

26.26 (ii) The amount of income to be assigned to Minnesota for an individual who is a
26.27 nonresident, and who is an athlete or entertainer not listed in clause (i), for that person's
26.28 athletic or entertainment performance in Minnesota shall be determined by assigning to
26.29 this state all income from performances or athletic contests in this state.

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

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

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

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

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

27.17 Gain on the sale of goodwill or income from a covenant not to compete that is
27.18 connected with a business operating all or partially in Minnesota is allocated to this state
27.19 to the extent that the income from the business in the year preceding the year of sale was
27.20 assignable to Minnesota under subdivision 3.

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

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

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

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

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

27.33 Sec. 19. Minnesota Statutes 2009 Supplement, section 291.005, subdivision 1, is
27.34 amended to read:

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

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

28.5 (2) "Federal gross estate" means the gross estate of a decedent as required to
28.6 be valued and otherwise determined for federal estate tax purposes ~~by federal taxing~~
28.7 ~~authorities pursuant to the provisions of~~ under the Internal Revenue Code.

28.8 (3) "Internal Revenue Code" means the United States Internal Revenue Code of
28.9 1986, as amended through March 31, 2009, but without regard to the provisions of
28.10 sections 501 and 901 of Public Law 107-16.

28.11 (4) "Minnesota adjusted taxable estate" means federal adjusted taxable estate as
28.12 defined by section 2011(b)(3) of the Internal Revenue Code, increased by the amount of
28.13 deduction for state death taxes allowed under section 2058 of the Internal Revenue Code.

28.14 (5) "Minnesota gross estate" means the federal gross estate of a decedent after (a)
28.15 excluding therefrom any property included therein which has its situs outside Minnesota,
28.16 and (b) including therein any property omitted from the federal gross estate which is
28.17 includable therein, has its situs in Minnesota, and was not disclosed to federal taxing
28.18 authorities.

28.19 (6) "Nonresident decedent" means an individual whose domicile at the time of
28.20 death was not in Minnesota.

28.21 (7) "Personal representative" means the executor, administrator or other person
28.22 appointed by the court to administer and dispose of the property of the decedent. If there
28.23 is no executor, administrator or other person appointed, qualified, and acting within this
28.24 state, then any person in actual or constructive possession of any property having a situs in
28.25 this state which is included in the federal gross estate of the decedent shall be deemed
28.26 to be a personal representative to the extent of the property and the Minnesota estate tax
28.27 due with respect to the property.

28.28 (8) "Resident decedent" means an individual whose domicile at the time of death
28.29 was in Minnesota.

28.30 (9) "Situs of property" means, with respect to real property, the state or country in
28.31 which it is located; with respect to tangible personal property, the state or country in which
28.32 it was normally kept or located at the time of the decedent's death; and with respect to
28.33 intangible personal property, the state or country in which the decedent was domiciled
28.34 at death. For a nonresident decedent with an ownership interest in a pass-through entity
28.35 with assets that include real or tangible personal property, situs of the real or tangible
28.36 personal property is determined as if the pass-through entity does not exist and the real

29.1 or tangible personal property is personally owned by the decedent. If the pass-through
 29.2 entity is owned by a person or persons in addition to the decedent, ownership of the
 29.3 property is attributed to the decedent in proportion to the decedent's capital ownership
 29.4 share of the pass-through entity.

29.5 (10) "Pass-through entity" includes the following:

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

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

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

29.12 (iv) a trust.

29.13 **EFFECTIVE DATE.** (a) The amendments to clauses (2) and (3) are effective the
 29.14 day following final enactment and apply regardless of when the decedent died.

29.15 (b) The amendment to clause (9) and the addition of clause (10) are effective for
 29.16 estates of decedents dying after December 31, 2009.

29.17 **ARTICLE 2**

29.18 **SALES AND USE TAXES**

29.19 Section 1. Minnesota Statutes 2008, section 289A.50, subdivision 2, is amended to
 29.20 read:

29.21 Subd. 2. **Refund of sales tax to vendors; limitation.** (a) If a vendor has collected
 29.22 from a purchaser and remitted to the state a tax on a transaction that is not subject to the
 29.23 tax imposed by chapter 297A, the tax is refundable to the vendor only if and to the extent
 29.24 that the tax and any interest earned on the tax is credited to amounts due to the vendor by
 29.25 the purchaser or returned to the purchaser by the vendor.

29.26 (b) In addition to the requirements of subdivision 1, a claim for refund under this
 29.27 subdivision must state in writing that the tax and interest earned on the tax has been or
 29.28 will be refunded or credited to the purchaser by the vendor.

29.29 (c) Within 60 days after the date the commissioner issues the refund, any amount not
 29.30 refunded or credited to the purchaser by the vendor, as required by paragraph (a), must be
 29.31 returned to the commissioner by the vendor.

29.32 (d) After the commissioner refunds the tax and interest to the vendor, if the
 29.33 commissioner determines that the vendor did not refund or credit the tax and interest as
 29.34 provided in this subdivision, or did not return the amount required to be returned under

30.1 paragraph (c), the commissioner may assess the vendor for underpayment of tax and
 30.2 interest equal to that portion of the amount that was not refunded or credited to the
 30.3 purchaser. The assessment bears interest which is computed at the rate specified in section
 30.4 270C.40, subdivision 5, on the unpaid amount from the date the commissioner issues the
 30.5 refund until the date the amount is paid to the commissioner. The assessment may be made
 30.6 at any time within 3-1/2 years after the commissioner refunds the tax and interest to the
 30.7 vendor. If part of the refund was induced by fraud or misrepresentation of a material fact,
 30.8 the assessment may be made at any time.

30.9 **EFFECTIVE DATE.** This section is effective for refunds issued after June 30, 2010.

30.10 Sec. 2. Minnesota Statutes 2008, section 297A.61, subdivision 3, is amended to read:

30.11 Subd. 3. **Sale and purchase.** (a) "Sale" and "purchase" include, but are not limited
 30.12 to, each of the transactions listed in this subdivision.

30.13 (b) Sale and purchase include:

30.14 (1) any transfer of title or possession, or both, of tangible personal property, whether
 30.15 absolutely or conditionally, for a consideration in money or by exchange or barter; and

30.16 (2) the leasing of or the granting of a license to use or consume, for a consideration
 30.17 in money or by exchange or barter, tangible personal property, other than a manufactured
 30.18 home used for residential purposes for a continuous period of 30 days or more.

30.19 (c) Sale and purchase include the production, fabrication, printing, or processing of
 30.20 tangible personal property for a consideration for consumers who furnish either directly or
 30.21 indirectly the materials used in the production, fabrication, printing, or processing.

30.22 (d) Sale and purchase include the preparing for a consideration of food.

30.23 Notwithstanding section 297A.67, subdivision 2, taxable food includes, but is not limited
 30.24 to, the following:

30.25 (1) prepared food sold by the retailer;

30.26 (2) soft drinks;

30.27 (3) candy;

30.28 (4) dietary supplements; and

30.29 (5) all food sold through vending machines.

30.30 (e) A sale and a purchase includes the furnishing for a consideration of electricity,
 30.31 gas, water, or steam for use or consumption within this state.

30.32 (f) A sale and a purchase includes the transfer for a consideration of prewritten
 30.33 computer software whether delivered electronically, by load and leave, or otherwise.

30.34 (g) A sale and a purchase includes the furnishing for a consideration of the following
 30.35 services:

31.1 (1) the privilege of admission to places of amusement, recreational areas, or athletic
31.2 events, and the making available of amusement devices, tanning facilities, reducing
31.3 salons, steam baths, Turkish baths, health clubs, and spas or athletic facilities;

31.4 (2) lodging and related services by a hotel, rooming house, resort, campground,
31.5 motel, or trailer camp, including furnishing the guest of the facility with access to
31.6 telecommunication services, and the granting of any similar license to use real property in
31.7 a specific facility, other than the renting or leasing of it for a continuous period of 30 days
31.8 or more under an enforceable written agreement that may not be terminated without prior
31.9 notice and including accommodations intermediary services provided in connection with
31.10 other services provided under this clause;

31.11 (3) nonresidential parking services, whether on a contractual, hourly, or other
31.12 periodic basis, except for parking at a meter;

31.13 (4) the granting of membership in a club, association, or other organization if:

31.14 (i) the club, association, or other organization makes available for the use of its
31.15 members sports and athletic facilities, without regard to whether a separate charge is
31.16 assessed for use of the facilities; and

31.17 (ii) use of the sports and athletic facility is not made available to the general public
31.18 on the same basis as it is made available to members.

31.19 Granting of membership means both onetime initiation fees and periodic membership
31.20 dues. Sports and athletic facilities include golf courses; tennis, racquetball, handball, and
31.21 squash courts; basketball and volleyball facilities; running tracks; exercise equipment;
31.22 swimming pools; and other similar athletic or sports facilities;

31.23 (5) delivery of aggregate materials by a third party, excluding delivery of aggregate
31.24 material used in road construction, and delivery of concrete block by a third party if
31.25 the delivery would be subject to the sales tax if provided by the seller of the concrete
31.26 block; and

31.27 (6) services as provided in this clause:

31.28 (i) laundry and dry cleaning services including cleaning, pressing, repairing, altering,
31.29 and storing clothes, linen services and supply, cleaning and blocking hats, and carpet,
31.30 drapery, upholstery, and industrial cleaning. Laundry and dry cleaning services do not
31.31 include services provided by coin operated facilities operated by the customer;

31.32 (ii) motor vehicle washing, waxing, and cleaning services, including services
31.33 provided by coin operated facilities operated by the customer, and rustproofing,
31.34 undercoating, and towing of motor vehicles;

31.35 (iii) building and residential cleaning, maintenance, and disinfecting services and
31.36 pest control and exterminating services;

32.1 (iv) detective, security, burglar, fire alarm, and armored car services; but not
32.2 including services performed within the jurisdiction they serve by off-duty licensed peace
32.3 officers as defined in section 626.84, subdivision 1, or services provided by a nonprofit
32.4 organization for monitoring and electronic surveillance of persons placed on in-home
32.5 detention pursuant to court order or under the direction of the Minnesota Department
32.6 of Corrections;

32.7 (v) pet grooming services;

32.8 (vi) lawn care, fertilizing, mowing, spraying and sprigging services; garden planting
32.9 and maintenance; tree, bush, and shrub pruning, bracing, spraying, and surgery; indoor
32.10 plant care; tree, bush, shrub, and stump removal, except when performed as part of a land
32.11 clearing contract as defined in section 297A.68, subdivision 40; and tree trimming for
32.12 public utility lines. Services performed under a construction contract for the installation of
32.13 shrubbery, plants, sod, trees, bushes, and similar items are not taxable;

32.14 (vii) massages, except when provided by a licensed health care facility or
32.15 professional or upon written referral from a licensed health care facility or professional for
32.16 treatment of illness, injury, or disease; and

32.17 (viii) the furnishing of lodging, board, and care services for animals in kennels and
32.18 other similar arrangements, but excluding veterinary and horse boarding services.

32.19 In applying the provisions of this chapter, the terms "tangible personal property"
32.20 and "retail sale" include taxable services listed in clause (6), items (i) to (vi) and (viii),
32.21 and the provision of these taxable services, unless specifically provided otherwise.

32.22 Services performed by an employee for an employer are not taxable. Services performed
32.23 by a partnership or association for another partnership or association are not taxable if
32.24 one of the entities owns or controls more than 80 percent of the voting power of the
32.25 equity interest in the other entity. Services performed between members of an affiliated
32.26 group of corporations are not taxable. For purposes of the preceding sentence, "affiliated
32.27 group of corporations" means those entities that would be classified as members of an
32.28 affiliated group as defined under United States Code, title 26, section 1504, disregarding
32.29 the exclusions in section 1504(b).

32.30 For purposes of clause (5), "road construction" means construction of (1) public
32.31 roads, (2) cartways, and (3) private roads in townships located outside of the seven-county
32.32 metropolitan area up to the point of the emergency response location sign.

32.33 (h) A sale and a purchase includes the furnishing for a consideration of tangible
32.34 personal property or taxable services by the United States or any of its agencies or
32.35 instrumentalities, or the state of Minnesota, its agencies, instrumentalities, or political
32.36 subdivisions.

33.1 (i) A sale and a purchase includes the furnishing for a consideration of
33.2 telecommunications services, ancillary services associated with telecommunication
33.3 services, cable television services, and direct satellite services, ~~and ring tones.~~

33.4 Telecommunication services include, but are not limited to, the following services,
33.5 as defined in section 297A.669: air-to-ground radiotelephone service, mobile
33.6 telecommunication service, postpaid calling service, prepaid calling service, prepaid
33.7 wireless calling service, and private communication services. The services in this
33.8 paragraph are taxed to the extent allowed under federal law.

33.9 (j) A sale and a purchase includes the furnishing for a consideration of installation if
33.10 the installation charges would be subject to the sales tax if the installation were provided
33.11 by the seller of the item being installed.

33.12 (k) A sale and a purchase includes the rental of a vehicle by a motor vehicle dealer
33.13 to a customer when (1) the vehicle is rented by the customer for a consideration, or (2)
33.14 the motor vehicle dealer is reimbursed pursuant to a service contract as defined in section
33.15 65B.29, subdivision 1, clause (1).

33.16 **EFFECTIVE DATE.** (a) The amendments to paragraph (g), clause (2), are effective
33.17 the day following final enactment and confirms the interpretation of the legislature that the
33.18 original legislative intent of the tax on lodging and related services applied to the full price
33.19 and charges paid by the final consumer for the occupancy, including any reservation or
33.20 similar ancillary services that are part of the transaction.

33.21 (b) The amendment to paragraph (i) is effective for sales and purchases made after
33.22 June 30, 2010.

33.23 Sec. 3. Minnesota Statutes 2008, section 297A.61, subdivision 7, is amended to read:

33.24 Subd. 7. **Sales price.** (a) "Sales price" means the measure subject to sales tax, and
33.25 means the total amount of consideration, including cash, credit, personal property, and
33.26 services, for which personal property or services are sold, leased, or rented, valued in
33.27 money, whether received in money or otherwise, without any deduction for the following:

33.28 (1) the seller's cost of the property sold;

33.29 (2) the cost of materials used, labor or service cost, interest, losses, all costs of
33.30 transportation to the seller, all taxes imposed on the seller, and any other expenses of
33.31 the seller;

33.32 (3) charges by the seller for any services necessary to complete the sale, other than
33.33 delivery and installation charges;

33.34 (4) delivery charges, except the percentage of the delivery charge allocated to
33.35 delivery of tax exempt property, when the delivery charge is allocated by using either (i) a

34.1 percentage based on the total sales price of the taxable property compared to the total sales
34.2 price of all property in the shipment, or (ii) a percentage based on the total weight of the
34.3 taxable property compared to the total weight of all property in the shipment; and

34.4 (5) installation charges.

34.5 (b) Sales price does not include:

34.6 (1) discounts, including cash, terms, or coupons, that are not reimbursed by a third
34.7 party and that are allowed by the seller and taken by a purchaser on a sale;

34.8 (2) interest, financing, and carrying charges from credit extended on the sale of
34.9 personal property or services, if the amount is separately stated on the invoice, bill of sale,
34.10 or similar document given to the purchaser; and

34.11 (3) any taxes legally imposed directly on the consumer that are separately stated on
34.12 the invoice, bill of sale, or similar document given to the purchaser.

34.13 (c) Sales price includes consideration received by the seller from third parties if:

34.14 (1) the seller actually receives consideration from a party other than the purchaser
34.15 and the consideration is directly related to a price reduction or discount on the sale;

34.16 (2) the seller has an obligation to pass the price reduction or discount through to
34.17 the purchaser;

34.18 (3) the amount of the consideration attributable to the sale is fixed and determinable
34.19 by the seller at the time of the sale of the item to the purchaser; and

34.20 (4) one of the following criteria is met:

34.21 (i) the purchaser presents a coupon, certificate, or other documentation to the seller
34.22 to claim a price reduction or discount when the coupon, certificate, or documentation is
34.23 authorized, distributed, or granted by a third party with the understanding that the third
34.24 party will reimburse any seller to whom the coupon, certificate, or documentation is
34.25 presented;

34.26 (ii) the purchaser identifies himself or herself to the seller as a member of a group or
34.27 organization entitled to a price reduction or discount. A "preferred customer" card that is
34.28 available to any customer does not constitute membership in such a group; or

34.29 (iii) the price reduction or discount is identified as a third-party price reduction or
34.30 discount on the invoice received by the purchaser or on a coupon, certificate, or other
34.31 documentation presented by the purchaser.

34.32 (d) For services as defined in subdivision 3, paragraph (g), clause (2), sales price
34.33 includes amounts charged for services provided by an accommodations intermediary
34.34 delivered or provided in connection with services defined in subdivision 3, paragraph
34.35 (g), clause (2).

35.1 **EFFECTIVE DATE.** This section is effective the day following final enactment
35.2 and confirms the interpretation of the legislature that the original legislative intent of
35.3 the tax on lodging and related services applied to the full price and charges paid by the
35.4 final consumer for the occupancy, including any reservation or similar ancillary services
35.5 that are part of the transaction.

35.6 Sec. 4. Minnesota Statutes 2008, section 297A.61, is amended by adding a subdivision
35.7 to read:

35.8 **Subd. 47. Accommodations intermediary.** "Accommodations intermediary"
35.9 means any person or entity, other than an accommodations provider, that facilitates the
35.10 sale of lodging as defined in section 297A.61, subdivision 3, paragraph (g), clause (2),
35.11 and that charges a room charge to the customer. The term "facilitates the sale" includes
35.12 brokering, coordinating, or in any way arranging for the purchase of or the right to use
35.13 accommodations by a customer.

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

35.15 Sec. 5. Minnesota Statutes 2008, section 297A.61, is amended by adding a subdivision
35.16 to read:

35.17 **Subd. 48. Accommodations provider.** "Accommodations provider" means any
35.18 person or entity that furnishes lodging as defined in section 297A.61, subdivision 3,
35.19 paragraph (g), clause (2), to the general public for compensation. The term "furnishes"
35.20 includes the sale of use or possession, or the sale of the right to use or possess.

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

35.22 Sec. 6. Minnesota Statutes 2008, section 297A.62, as amended by Laws 2009, chapter
35.23 88, article 4, section 4, is amended to read:

35.24 **297A.62 SALES TAX IMPOSED; RATES.**

35.25 Subdivision 1. **Generally.** Except as otherwise provided in subdivision 3 or in this
35.26 chapter, a sales tax of 6.5 percent is imposed on the gross receipts from retail sales as
35.27 defined in section 297A.61, subdivision 4, made in this state or to a destination in this
35.28 state by a person who is required to have or voluntarily obtains a permit under section
35.29 297A.83, subdivision 1.

35.30 Subd. 1a. **Constitutionally required sales tax increase.** Except as otherwise
35.31 provided in subdivision 3 or in this chapter, an additional sales tax of 0.375 percent, as
35.32 required under the Minnesota Constitution, article XI, section 15, is imposed on the gross

36.1 receipts from retail sales as defined in section 297A.61, subdivision 4, made in this state or
36.2 to a destination in this state by a person who is required to have or voluntarily obtains a
36.3 permit under section 297A.83, subdivision 1. This additional tax expires July 1, 2034.

36.4 **Subd. 3. Manufactured housing and park trailers.** For retail sales of
36.5 manufactured homes as defined in section 327.31, subdivision 6, for residential uses, the
36.6 sales tax under ~~subdivision~~ subdivisions 1 and 1a is imposed on 65 percent of the dealer's
36.7 cost of the manufactured home. For retail sales of new or used park trailers, as defined in
36.8 section 168.002, subdivision 23, the sales tax under ~~subdivision~~ subdivisions 1 and 1a is
36.9 imposed on 65 percent of the sales price of the park trailer.

36.10 **Subd. 4. Combined rates.** In this chapter, wherever there is a reference to the rate
36.11 under subdivision 1, or to a combined rate under subdivisions 1 and 1a, the rate to be
36.12 applied is the combined rate under subdivisions 1 and 1a until the additional tax imposed
36.13 by subdivision 1a expires. This subdivision does not apply to section 297A.65.

36.14 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
36.15 made after June 30, 2009, except for sales and purchases subject to subdivision 3. This
36.16 section is effective for sales and purchases subject to subdivision 3 made after June 30,
36.17 2010.

36.18 Sec. 7. Minnesota Statutes 2008, section 297A.66, is amended by adding a subdivision
36.19 to read:

36.20 **Subd. 6. Lodging services.** An accommodations intermediary shall collect sales
36.21 and use tax and remit them to the commissioner under section 297A.77 for services
36.22 provided in connection with or for lodging located in this state. The accommodation
36.23 provider is deemed to be the agent of the accommodations intermediary for purposes of
36.24 establishing the intermediary's obligation to collect.

36.25 **EFFECTIVE DATE.** This section is effective for lodging and related services
36.26 provided after June 30, 2010.

36.27 Sec. 8. Minnesota Statutes 2008, section 297A.665, is amended to read:

36.28 **297A.665 PRESUMPTION OF TAX; BURDEN OF PROOF.**

36.29 (a) For the purpose of the proper administration of this chapter and to prevent
36.30 evasion of the tax, until the contrary is established, it is presumed that:

36.31 (1) all gross receipts are subject to the tax; and

36.32 (2) all retail sales for delivery in Minnesota are for storage, use, or other consumption
36.33 in Minnesota.

37.1 (b) The burden of proving that a sale is not a taxable retail sale is on the seller.

37.2 However, a seller is relieved of liability if:

37.3 (1) the seller obtains a fully completed exemption certificate or all the relevant
37.4 information required by section 297A.72, subdivision 2, at the time of the sale or within
37.5 90 days after the date of the sale; or

37.6 (2) if the seller has not obtained a fully completed exemption certificate or all the
37.7 relevant information required by section 297A.72, subdivision 2, within the time provided
37.8 in clause (1), within 120 days after a request for substantiation by the commissioner,
37.9 the seller either:

37.10 (i) obtains in good faith a fully completed exemption certificate or all the relevant
37.11 information required by section 297A.72, subdivision 2, from the purchaser; or

37.12 (ii) proves by other means that the transaction was not subject to tax.

37.13 (c) Notwithstanding paragraph (b), relief from liability does not apply to a seller who:

37.14 (1) fraudulently fails to collect the tax; or

37.15 (2) solicits purchasers to participate in the unlawful claim of an exemption.

37.16 (d) A certified service provider, as defined in section 297A.995, subdivision 2, is
37.17 relieved of liability under this section to the extent a seller who is its client is relieved of
37.18 liability.

37.19 (e) A purchaser of tangible personal property or any items listed in section 297A.63
37.20 that are shipped or brought to Minnesota by the purchaser has the burden of proving
37.21 that the property was not purchased from a retailer for storage, use, or consumption in
37.22 Minnesota.

37.23 (f) If a seller claiming that certain sales are exempt and does not provide the
37.24 certificate, information, or proof required by paragraph (b), clause (2), within 120 days
37.25 after the date of the commissioner's request for substantiation, then the exemptions
37.26 claimed by the seller that required substantiation are disallowed.

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

37.28 Sec. 9. Minnesota Statutes 2008, section 297A.68, subdivision 39, is amended to read:

37.29 Subd. 39. **Preexisting bids or contracts.** (a) The sale of tangible personal property
37.30 or services is exempt from tax or a tax rate increase for a period of six months from
37.31 the effective date of the law change that results in the imposition of the tax or the tax
37.32 rate increase under this chapter if:

37.33 (1) the act imposing the tax or increasing the tax rate does not have transitional
37.34 effective date language for existing construction contracts and construction bids; and

37.35 (2) the requirements of paragraph (b) are met.

38.1 (b) A sale is tax exempt under paragraph (a) if it meets the requirements of either
38.2 clause (1) or (2):

38.3 (1) For a construction contract:

38.4 (i) the goods or services sold must be used for the performance of a bona fide written
38.5 lump sum or fixed price construction contract;

38.6 (ii) the contract must be entered into before the date the goods or services become
38.7 subject to the sales tax or the tax rate was increased;

38.8 (iii) the contract must not provide for allocation of future taxes; and

38.9 (iv) for each qualifying contract the contractor must ~~give the seller~~ keep
38.10 documentation of the contract on which an exemption is to be claimed.

38.11 (2) For a construction bid:

38.12 (i) the goods or services sold must be used pursuant to an obligation of a bid or bids;

38.13 (ii) the bid or bids must be submitted and accepted before the date the goods or
38.14 services became subject to the sales tax or the tax rate was increased;

38.15 (iii) the bid or bids must not be able to be withdrawn, modified, or changed without
38.16 forfeiting a bond; and

38.17 (iv) for each qualifying bid, the contractor must ~~give the seller~~ keep documentation
38.18 of the bid on which an exemption is to be claimed.

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

38.20 Sec. 10. Minnesota Statutes 2008, section 297A.68, is amended by adding a
38.21 subdivision to read:

38.22 **Subd. 42. Lodging services purchased for resale.** Services purchased from an
38.23 accommodations provider for resale by an accommodations intermediary are exempt.

38.24 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
38.25 June 30, 2010.

38.26 Sec. 11. Minnesota Statutes 2008, section 297A.70, subdivision 13, is amended to read:

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

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

38.32 (2) all sales made by an organization that is a senior citizen group or association of
38.33 groups if (i) in general it limits membership to persons age 55 or older; (ii) it is organized

39.1 and operated exclusively for pleasure, recreation, and other nonprofit purposes; and (iii)
39.2 no part of its net earnings inures to the benefit of any private shareholders;

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

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

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

39.9 (1) the exemption under paragraph (a), clauses (1) and (2), applies only if the gross
39.10 annual receipts of the organization from fund-raising do not exceed \$10,000; and

39.11 (2) the exemption under paragraph (a), clause (1), does not apply if the sales are
39.12 derived from admission charges or from activities for which the money must be deposited
39.13 with the school district treasurer under section 123B.49, subdivision 2, or be recorded in
39.14 the same manner as other revenues or expenditures of the school district under section
39.15 123B.49, subdivision 4.

39.16 (c) Sales of tangible personal property are exempt if the entire proceeds, less the
39.17 necessary expenses for obtaining the property, will be contributed to a registered combined
39.18 charitable organization described in section 43A.50, to be used exclusively for charitable,
39.19 religious, or educational purposes, and the registered combined charitable organization
39.20 has given its written permission for the sale. Sales that occur over a period of more than
39.21 24 days per year are not exempt under this paragraph.

39.22 (d) For purposes of this subdivision, a club, association, or other organization of
39.23 elementary or secondary school students organized for the purpose of carrying on sports,
39.24 educational, or other extracurricular activities is a separate organization from the school
39.25 district or school for purposes of applying the \$10,000 limit.

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

39.27 Sec. 12. Minnesota Statutes 2008, section 297A.995, subdivision 10, is amended to
39.28 read:

39.29 Subd. 10. **Relief from certain liability.** (a) Notwithstanding subdivision 9, sellers
39.30 and certified service providers are relieved from liability to the state for having charged
39.31 and collected the incorrect amount of sales or use tax resulting from the seller or certified
39.32 service provider (1) relying on erroneous data provided by the commissioner in the
39.33 database files on tax rates, boundaries, or taxing jurisdiction assignments, or (2) relying
39.34 on erroneous data provided by the state in its taxability matrix concerning the taxability
39.35 of products and services.

40.1 (b) Notwithstanding subdivision 9, sellers and certified service providers are
 40.2 relieved from liability to the state for having charged and collected the incorrect amount
 40.3 of sales or use tax resulting from the seller or certified service provider relying on the
 40.4 certification by the commissioner as to the accuracy of a certified automated system as to
 40.5 the taxability of product categories. The relief from liability provided by this paragraph
 40.6 does not apply when the sellers or certified service providers have incorrectly classified
 40.7 an item or transaction into a product category, unless the item or transaction within a
 40.8 product category was approved by the commissioner or approved jointly by the states that
 40.9 are signatories to the agreement. The sellers and certified service providers must revise a
 40.10 classification within ten days after receipt of notice from the commissioner that an item or
 40.11 transaction within a product category is incorrectly classified as to its taxability, or they
 40.12 are not relieved from liability for the incorrect classification following the notification.

40.13 (c) Notwithstanding subdivision 9, if there are not at least 30 days between the
 40.14 enactment of a new tax rate and the effective date of the new rate, sellers and certified
 40.15 service providers shall be relieved from liability for failing to collect tax at the new rate
 40.16 during the first 30 days of the rate change, beginning on the day after the date of enactment
 40.17 of the rate change, provided the seller or certified service provider continued to impose
 40.18 and collect the tax at the immediately preceding tax rate during this period. Relief from
 40.19 liability provided by this paragraph shall not apply if the failure to collect at the newly
 40.20 effective rate extends beyond 30 days after the enactment of the new rate. The relief
 40.21 provided by this paragraph shall not apply if the commissioner determines that the seller or
 40.22 certified service provider fraudulently failed to collect at the new rate or that the seller or
 40.23 certified service provider solicited purchasers based on the immediately preceding tax rate.

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

40.25 Sec. 13. Minnesota Statutes 2008, section 297A.995, subdivision 11, is amended to
 40.26 read:

40.27 Subd. 11. **Purchaser relief from certain liability.** (a) Notwithstanding other
 40.28 provisions in the law, a purchaser is relieved from liability resulting from having paid
 40.29 the incorrect amount of sales or use tax if a purchaser, whether or not ~~holding a the~~
 40.30 commissioner gave the purchaser direct pay permit authorization, or a purchaser's seller or
 40.31 certified service provider relied on erroneous data provided by this state in the database
 40.32 files on tax rates, boundaries, taxing jurisdiction assignments, or in the taxability matrix.
 40.33 After providing an address-based database for assigning taxing jurisdictions and their
 40.34 associated rates, no relief for errors resulting from the purchaser's reliance on a database
 40.35 using zip codes is allowed.

41.1 (b) With respect to reliance on the taxability matrix provided by this state in
41.2 paragraph (a), relief is limited to erroneous classifications in the taxability matrix for
41.3 items included within the classifications as "taxable," "exempt," "included in sales
41.4 price," "excluded from sales price," "included in the definition," and "excluded from
41.5 the definition."

41.6 (c) Notwithstanding other provisions in the law, if there are not at least 30 days
41.7 between the enactment of a new tax rate and the effective date of the new rate, a purchaser
41.8 shall be relieved from liability resulting from failing to pay the tax at the new rate during
41.9 the first 30 days of the rate change, beginning on the day after the date of enactment of
41.10 the rate change, whether or not the purchaser has been given direct pay authorization by
41.11 the commissioner. Relief from liability provided by this paragraph shall not apply if the
41.12 failure to pay at the newly effective rate extends beyond 30 days after the enactment of
41.13 the new rate, and shall not apply to a purchaser that did not continue to pay the tax at the
41.14 immediately preceding tax rate during the 30-day period. The relief provided by this
41.15 paragraph shall not apply if the commissioner determines that the purchaser fraudulently
41.16 failed to pay at the new rate.

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

41.18 Sec. 14. **[645.025] SPECIAL LAWS; LOCAL TAXES.**

41.19 Subdivision 1. Definitions. (a) If a special law grants a local government unit
41.20 or group of units the authority to impose a local tax other than sales tax, including but
41.21 not limited to taxes such as lodging, entertainment, admissions, or food and beverage
41.22 taxes, and the Department of Revenue either has agreed to or is required to administer
41.23 the tax, such that the tax is reported and paid with the chapter 297A taxes, then the local
41.24 government unit or group of units must adopt each definition used in the special law
41.25 as follows:

41.26 (1) the definition must be identical to the definition found in chapter 297A or in
41.27 Minnesota Rules, chapter 8130; or

41.28 (2) if the specific term is not defined either in chapter 297A or in Minnesota Rules,
41.29 chapter 8130, then the definition must be consistent with the position of the Department of
41.30 Revenue as to the extent of the tax base.

41.31 (b) This subdivision does not apply to terms that are defined by the authorizing
41.32 special law.

41.33 Subd. 2. Application. This section applies to a special law that is described in
41.34 subdivision 1 that was:

42.1 (1) originally enacted prior to 2010, and that was amended by special law in or after
 42.2 2010, to extend the time for imposing the tax or to modify the tax base; or
 42.3 (2) first enacted in or after 2010.

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

42.5 Sec. 15. Laws 2009, chapter 88, article 4, section 5, the effective date, is amended to
 42.6 read:

42.7 **EFFECTIVE DATE.** This section is effective July 1, 2009, and applies to
 42.8 ~~registrations~~ leases or rentals made or renewed on or after that date.

42.9 **EFFECTIVE DATE.** This section is effective retroactively for leases or rentals
 42.10 made or renewed after June 30, 2009.

42.11 Sec. 16. **TRANSITION PROVISION.**

42.12 (a) This section applies to sales and use tax imposed on accommodations
 42.13 intermediaries for sales made before July 1, 2010, if the lodging was purchased by the
 42.14 accommodations intermediary for resale and the accommodations provider imposed tax
 42.15 under Minnesota Statutes, chapter 297A, on the sale. In computing the sales price for
 42.16 the tax to be collected from the accommodations intermediary, the amount paid by the
 42.17 accommodations intermediary to the accommodations provider is excluded.

42.18 (b) The provisions of this section apply to local taxes imposed under Minnesota
 42.19 Statutes, section 469.190, or any special law.

42.20 (c) For purposes of this section, the terms defined under Minnesota Statutes, chapter
 42.21 297A, apply.

42.22 **EFFECTIVE DATE.** This section is effective for sales and purchases made before
 42.23 July 1, 2010.

42.24 **ARTICLE 3**

42.25 **SPECIAL TAXES**

42.26 Section 1. Minnesota Statutes 2008, section 60A.209, subdivision 1, is amended to
 42.27 read:

42.28 Subdivision 1. **Authorization; regulation.** A resident of this state may obtain
 42.29 insurance from an ineligible surplus lines insurer in this state through a surplus lines
 42.30 licensee. The licensee shall first attempt to place the insurance with a licensed insurer, or
 42.31 if that is not possible, with an eligible surplus lines insurer. If coverage is not obtainable

43.1 from a licensed insurer or an eligible surplus lines insurer, the licensee shall certify to the
 43.2 commissioner, on a form prescribed by the commissioner, that these attempts were made.
 43.3 Upon obtaining coverage from an ineligible surplus lines insurer, the licensee shall:

43.4 (a) Have printed, typed, or stamped in red ink upon the face of the policy in
 43.5 not less than 10-point type the following notice: "THIS INSURANCE IS ISSUED
 43.6 PURSUANT TO THE MINNESOTA SURPLUS LINES INSURANCE ACT. THIS
 43.7 INSURANCE IS PLACED WITH AN INSURER THAT IS NOT LICENSED BY THE
 43.8 STATE NOR RECOGNIZED BY THE COMMISSIONER OF COMMERCE AS AN
 43.9 ELIGIBLE SURPLUS LINES INSURER. IN CASE OF ANY DISPUTE RELATIVE
 43.10 TO THE TERMS OR CONDITIONS OF THE POLICY OR THE PRACTICES OF
 43.11 THE INSURER, THE COMMISSIONER OF COMMERCE WILL NOT BE ABLE TO
 43.12 ASSIST IN THE DISPUTE. IN CASE OF INSOLVENCY, PAYMENT OF CLAIMS IS
 43.13 NOT GUARANTEED." The notice may not be covered or concealed in any manner; and

43.14 (b) Collect from the insured appropriate premium taxes, as provided under chapter
 43.15 297I, and report the transaction to the commissioner of revenue on a form prescribed by
 43.16 the commissioner. If the insured fails to pay the taxes when due, the insured shall be
 43.17 subject to a civil fine of not more than \$3,000, plus accrued interest from the inception of
 43.18 the insurance.

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

43.20 Sec. 2. Minnesota Statutes 2008, section 295.55, subdivision 2, is amended to read:

43.21 Subd. 2. **Estimated tax; hospitals; surgical centers.** (a) Each hospital or surgical
 43.22 center must make estimated payments of the taxes for the calendar year in monthly
 43.23 installments to the commissioner within 15 days after the end of the month.

43.24 (b) Estimated tax payments are not required of hospitals or surgical centers if: (1)
 43.25 the tax for the current calendar year is ~~less than~~ \$500 or less; or (2) the tax for the previous
 43.26 calendar year is ~~less than \$500, if the taxpayer had a tax liability and was doing business~~
 43.27 ~~the entire year~~ or less.

43.28 (c) Underpayment of estimated installments bear interest at the rate specified in
 43.29 section 270C.40, from the due date of the payment until paid or until the due date of the
 43.30 annual return whichever comes first. An underpayment of an estimated installment is the
 43.31 difference between the amount paid and the lesser of (1) 90 percent of one-twelfth of the
 43.32 tax for the calendar year or (2) one-twelfth of the total tax for the previous calendar year
 43.33 ~~if the taxpayer had a tax liability and was doing business the entire year.~~

44.1 **EFFECTIVE DATE.** This section is effective for gross revenues received after
 44.2 December 31, 2010.

44.3 Sec. 3. Minnesota Statutes 2008, section 295.55, subdivision 3, is amended to read:

44.4 Subd. 3. **Estimated tax; other taxpayers.** (a) Each taxpayer, other than a hospital
 44.5 or surgical center, must make estimated payments of the taxes for the calendar year in
 44.6 quarterly installments to the commissioner by April 15, July 15, October 15, and January
 44.7 15 of the following calendar year.

44.8 (b) Estimated tax payments are not required if: (1) the tax for the current calendar
 44.9 year is ~~less than~~ \$500 or less; or (2) the tax for the previous calendar year is ~~less than~~
 44.10 \$500, if the taxpayer had a tax liability and was doing business the entire year or less.

44.11 (c) Underpayment of estimated installments bear interest at the rate specified in
 44.12 section 270C.40, from the due date of the payment until paid or until the due date of the
 44.13 annual return whichever comes first. An underpayment of an estimated installment is the
 44.14 difference between the amount paid and the lesser of (1) 90 percent of one-quarter of the
 44.15 tax for the calendar year or (2) one-quarter of the total tax for the previous calendar year
 44.16 ~~if the taxpayer had a tax liability and was doing business the entire year.~~

44.17 **EFFECTIVE DATE.** This section is effective for gross revenues received after
 44.18 December 31, 2010.

44.19 Sec. 4. **[296A.061] CANCELLATION OR NONRENEWAL OF LICENSES.**

44.20 The commissioner may cancel a license or not renew a license if one of the following
 44.21 conditions occurs:

44.22 (1) the license holder has not filed a petroleum tax return or report for at least one
 44.23 year;

44.24 (2) the license holder has not reported any petroleum tax liability on the license
 44.25 holder's returns or reports for at least one year; or

44.26 (3) the license holder requests cancellation of the license.

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

44.28 Sec. 5. Minnesota Statutes 2008, section 297F.01, subdivision 22a, is amended to read:

44.29 Subd. 22a. **Weighted average retail price.** "Weighted average retail price" means
 44.30 (1) the average retail price per pack of 20 cigarettes, with the average price weighted by
 44.31 the number of packs sold at each price, (2) reduced by the sales tax included in the retail
 44.32 price, and (3) adjusted for the expected inflation ~~from the time of the survey to the average~~

45.1 ~~of the 12 months that the sales tax will be imposed. The commissioner shall make the~~
 45.2 ~~inflation adjustment in accordance with the Consumer Price Index for all urban consumers~~
 45.3 ~~inflation indicator as published in the most recent state budget forecast. The inflation~~
 45.4 ~~factor for the calendar year in which the new tax rate takes effect must be used. If the~~
 45.5 ~~survey indicates that the average retail price of cigarettes has not increased relative to the~~
 45.6 ~~average retail price in the previous year's survey, then no inflation adjustment must be~~
 45.7 ~~made as provided in section 297F.25, subdivision 1.~~

45.8 **EFFECTIVE DATE.** This section is effective January 1, 2011.

45.9 Sec. 6. Minnesota Statutes 2008, section 297F.04, is amended by adding a subdivision
 45.10 to read:

45.11 **Subd. 2a. Cancellation or nonrenewal.** The commissioner may cancel a license or
 45.12 not renew a license if one of the following conditions occurs:

45.13 (1) the license holder has not filed a cigarette or tobacco products tax return for at
 45.14 least one year;

45.15 (2) the license holder has not reported any cigarette or tobacco products tax liability
 45.16 on the license holder's returns for at least one year; or

45.17 (3) the license holder requests cancellation of the license.

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

45.19 Sec. 7. Minnesota Statutes 2008, section 297F.07, subdivision 4, is amended to read:

45.20 **Subd. 4. Sales to nonqualified buyers.** A retailer who sells or otherwise disposes of
 45.21 unstamped or untaxed stock other than to a qualified purchaser shall collect from the buyer
 45.22 or transferee the tax imposed by section 297F.05, and remit the tax to the Department of
 45.23 Revenue at the same time and manner as required by section 297F.09. If the retailer fails
 45.24 to collect the tax from the buyer or transferee, or fails to remit the tax, the retailer is
 45.25 personally responsible for the tax and the commissioner may seize any product destined to
 45.26 be delivered to the retailer. The product so seized shall be considered contraband and be
 45.27 subject to the procedures outlined in section 297F.21, subdivision 3. ~~The proceeds of the~~
 45.28 ~~sale of the stock may be applied to any tax liability owed by the retailer after deducting all~~
 45.29 ~~costs and expenses.~~

45.30 This section does not relieve the buyer or possessor of unstamped or untaxed stock
 45.31 from personal liability for the tax.

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

46.1 Sec. 8. Minnesota Statutes 2008, section 297F.25, subdivision 1, is amended to read:

46.2 Subdivision 1. **Imposition.** (a) A tax is imposed on distributors on the sale of
 46.3 cigarettes by a cigarette distributor to a retailer or cigarette subjobber for resale in this
 46.4 state. The tax is equal to 6.5 percent of the weighted average retail price. ~~The weighted~~
 46.5 ~~average retail price and~~ must be expressed in cents per pack ~~when~~ rounded to the nearest
 46.6 one-tenth of a cent. The weighted average retail price must be determined annually,
 46.7 with new rates published by ~~May~~ November 1, and effective for sales on or after ~~August~~
 46.8 January 1 of the following year. The weighted average retail price must be established
 46.9 by surveying cigarette retailers statewide in a manner and time determined by the
 46.10 commissioner. The commissioner shall make an inflation adjustment in accordance with
 46.11 the Consumer Price Index for all urban consumers inflation indicator as published in the
 46.12 most recent state budget forecast. The commissioner shall use the inflation factor for
 46.13 the calendar year in which the new tax rate takes effect. If the survey indicates that the
 46.14 average retail price of cigarettes has not increased relative to the average retail price in
 46.15 the previous year's survey, then the commissioner shall not make an inflation adjustment.
 46.16 The determination of the commissioner pursuant to this subdivision is not a "rule" and is
 46.17 not subject to the Administrative Procedure Act contained in chapter 14. ~~As of August 1,~~
 46.18 ~~2005, the tax is 25.5 cents per pack of 20 cigarettes.~~ For packs of cigarettes with other
 46.19 than 20 cigarettes, the tax must be adjusted proportionally.

46.20 (b) Notwithstanding paragraph (a), and in lieu of a survey of cigarette retailers, the
 46.21 tax calculation of the weighted average retail price for the sales of cigarettes from August
 46.22 1, 2011, through December 31, 2011, shall be calculated by (1) increasing the average
 46.23 retail price per pack of 20 cigarettes from the most recent survey by the percentage change
 46.24 in a weighted average of the presumed legal prices for cigarettes during the year after
 46.25 completion of that survey, as reported and published by the Department of Commerce
 46.26 under section 325D.371; (2) subtracting the sales tax included in the retail price; and (3)
 46.27 adjusting for expected inflation. The rate is published by May 1 and is effective for sales
 46.28 after July 31. If the weighted average of the presumed legal prices indicates that the
 46.29 average retail price of cigarettes has not increased relative to the average retail price in the
 46.30 most recent survey, then no inflation adjustment must be made. For packs of cigarettes
 46.31 with other than 20 cigarettes, the tax must be adjusted proportionally.

46.32 **EFFECTIVE DATE.** This section is effective January 1, 2011.

46.33 Sec. 9. Minnesota Statutes 2008, section 297I.01, subdivision 9, is amended to read:

46.34 Subd. 9. **Gross premiums.** "Gross premiums" means total premiums paid by
 46.35 policyholders and applicants of policies, whether received in the form of money or other

47.1 valuable consideration, on property, persons, lives, interests and other risks located,
 47.2 resident, or to be performed in this state, but excluding consideration and premiums for
 47.3 reinsurance assumed from other insurance companies.

47.4 ~~The term~~ (a) "Gross premiums" includes the total consideration paid to bail bond
 47.5 agents for bail bonds.

47.6 (b) For title insurance companies, "gross premiums" means the charge for title
 47.7 insurance made by a title insurance company or its agents according to the company's rate
 47.8 filing approved by the commissioner of commerce without a deduction for commissions
 47.9 paid to or retained by the agent. Gross premiums of a title insurance company does not
 47.10 include any other charge or fee for abstracting, searching, or examining the title, or
 47.11 escrow, closing, or other related services.

47.12 ~~The term~~ (c) "Gross premiums" includes any workers' compensation special
 47.13 compensation fund premium surcharge pursuant to section 176.129.

47.14 (d) "Gross premiums" for surplus lines insurance includes all charges, commissions,
 47.15 and fees received by the licensee. "Gross premiums" does not include the stamping fee,
 47.16 as provided under section 60A.2085, subdivision 7, nor the operating assessment, as
 47.17 provided under section 60A.208, subdivision 8.

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

47.19 Sec. 10. Minnesota Statutes 2008, section 297I.05, subdivision 7, is amended to read:

47.20 Subd. 7. **Surplus lines tax.** (a) A tax is imposed on surplus lines licensees. The rate
 47.21 of tax is equal to three percent of the gross premiums less return premiums ~~received by the~~
 47.22 ~~licensee minus any licensee association operating assessments paid under section 60A.208.~~

47.23 (b) If surplus lines insurance placed by a surplus lines licensee and taxed under this
 47.24 subdivision covers a subject of insurance residing, located, or to be performed outside
 47.25 this state, a proper pro rata portion of the entire premium payable for all of that insurance
 47.26 must be allocated according to the subjects of insurance residing, located, or to be
 47.27 performed in this state.

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

47.29 Sec. 11. Minnesota Statutes 2008, section 297I.30, subdivision 1, is amended to read:

47.30 Subdivision 1. **General rule.** On or before March 1, every ~~insurer~~ taxpayer subject
 47.31 to taxation under section 297I.05, subdivisions 1 to ~~6~~ 5, 9, 10, and 12, paragraphs (a),
 47.32 clauses (1) to ~~(5)~~ (4), and (b), (c), and (d), and subdivision 14, shall file an annual return

48.1 for the preceding calendar year ~~setting forth such information as the commissioner may~~
 48.2 ~~reasonably require on forms~~ in the form prescribed by the commissioner.

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

48.4 Sec. 12. Minnesota Statutes 2008, section 297I.30, subdivision 2, is amended to read:

48.5 Subd. 2. **Surplus lines licensees and purchasing groups.** On or before February 15
 48.6 and August 15 of each year, every surplus lines licensee subject to taxation under section
 48.7 297I.05, subdivision 7, and every purchasing group or member of a purchasing group
 48.8 subject to tax under section 297I.05, subdivision 12, paragraph (a), clause ~~(6)~~ (5), shall file
 48.9 a return with the commissioner for the preceding six-month period ending December 31,
 48.10 or June 30, ~~setting forth any information the commissioner reasonably prescribes on forms~~
 48.11 in the form prescribed by the commissioner.

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

48.13 Sec. 13. Minnesota Statutes 2008, section 297I.30, subdivision 7, is amended to read:

48.14 Subd. 7. **Surcharge.** ~~(a)(1)~~ By April 30 of each year, every company required to pay
 48.15 the surcharge under section 297I.10, subdivision 1, shall file a return for the five-month
 48.16 period ending March 31 ~~setting forth any information the commissioner reasonably~~
 48.17 ~~requires on forms~~ in the form prescribed by the commissioner.

48.18 ~~(2)~~ (b) By June 30 of each year, every company required to pay the surcharge under
 48.19 section 297I.10, subdivision 1, shall file a return for the two-month period ending May 31
 48.20 ~~setting forth any information the commissioner reasonably requires on forms~~ in the form
 48.21 prescribed by the commissioner.

48.22 ~~(3)~~ (c) By November 30 of each year, every company required to pay the surcharge
 48.23 under section 297I.10, subdivision 1, shall file a return for the five-month period ending
 48.24 October 31 ~~setting forth any information the commissioner reasonably requires on forms~~
 48.25 in the form prescribed by the commissioner.

48.26 ~~(b) By February 15 and August 15 of each year, every company required to pay~~
 48.27 ~~a surcharge under section 297I.10, subdivision 2, must file a return for the preceding~~
 48.28 ~~six-month period ending December 31 and June 30.~~

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

48.30 Sec. 14. Minnesota Statutes 2008, section 297I.30, subdivision 8, is amended to read:

48.31 Subd. 8. **Fire insurance surcharge.** On or before May 15, August 15, November
 48.32 15, and February 15 of each year, every insurer required to pay the surcharge under

49.1 section 297I.06, subdivisions 1 and 2, shall file a return with the commissioner for the
49.2 preceding three-month period ending March 31, June 30, September 30, and December
49.3 31, ~~setting forth any information the commissioner reasonably requires on forms in the~~
49.4 form prescribed by the commissioner.

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

49.6 Sec. 15. Minnesota Statutes 2009 Supplement, section 297I.35, subdivision 2, is
49.7 amended to read:

49.8 Subd. 2. **Electronic payments.** If the aggregate amount of tax and surcharges
49.9 due under this chapter during a ~~calendar~~ fiscal year ending June 30 is equal to or
49.10 exceeds \$10,000, or if the taxpayer is required to make payment of any other tax to the
49.11 commissioner by electronic means, then all tax and surcharge payments in the subsequent
49.12 calendar year must be paid by electronic means.

49.13 **EFFECTIVE DATE.** This section is effective for payments due in calendar year
49.14 2010 and thereafter, based upon liabilities incurred in the fiscal year ending June 30,
49.15 2009, and in fiscal years thereafter.

49.16 Sec. 16. Minnesota Statutes 2008, section 297I.40, subdivision 1, is amended to read:

49.17 Subdivision 1. **Requirement to pay.** On or before March 15, June 15, September
49.18 15, and December 15 of the current year, every taxpayer subject to tax under section
49.19 297I.05, subdivisions 1 to ~~6~~ 5, and 12, paragraphs (a), clauses (1) to ~~(5), (b), and (c)~~ (4),
49.20 and subdivision 14, must pay to the commissioner an installment equal to one-fourth of
49.21 the insurer's total estimated tax for the current year.

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

49.23 Sec. 17. Minnesota Statutes 2008, section 297I.40, subdivision 5, is amended to read:

49.24 Subd. 5. **Definition of tax.** The term "tax" as used in this section means the tax
49.25 imposed by section 297I.05, subdivisions 1 to ~~6~~ 5, 11, and 12, paragraphs (a), clauses (1)
49.26 to ~~(5)~~ (4), (b), and (d), and 14, less any offset in section 297I.20.

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

49.28 Sec. 18. Minnesota Statutes 2008, section 297I.65, is amended by adding a subdivision
49.29 to read:

50.1 Subd. 4. **Omission in excess of 25 percent.** Additional taxes or surcharges may be
50.2 assessed within 6-1/2 years after the due date of the return or the date the return was filed,
50.3 whichever is later, if the taxpayer omits from a gross premiums tax or surcharge return an
50.4 amount of tax in excess of 25 percent of the tax or surcharge reported in the return.

50.5 **EFFECTIVE DATE.** This section is effective for premium taxes due after
50.6 December 31, 2010.

50.7 Sec. 19. Minnesota Statutes 2008, section 298.282, subdivision 1, is amended to read:

50.8 Subdivision 1. **Distribution of taconite municipal aid account.** The amount
50.9 deposited with the county as provided in section 298.28, subdivision 3, must be distributed
50.10 as provided by this section among: (1) the municipalities comprising a ~~tax relief~~ taconite
50.11 assistance area under section ~~273.134, paragraph (b)~~ 273.1341; (2) a township that
50.12 contains a state park consisting primarily of an underground iron ore mine; and (3) a city
50.13 located within five miles of that state park, each being referred to in this section as a
50.14 qualifying municipality.

50.15 **EFFECTIVE DATE.** This section is effective for distributions made after the
50.16 day following final enactment.

50.17 Sec. 20. **REPEALER.**

50.18 Minnesota Statutes 2008, section 297I.30, subdivisions 4, 5, and 6, are repealed.

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

50.20 ARTICLE 4

50.21 PROPERTY TAXES AND AIDS

50.22 Section 1. Minnesota Statutes 2008, section 82B.035, subdivision 2, is amended to read:

50.23 Subd. 2. **Assessors.** Nothing in this chapter shall be construed as requiring the
50.24 licensing of persons employed and acting in their capacity as assessors for political
50.25 subdivisions of the state and performing duties enumerated in section 273.061, subdivision
50.26 7 or 8.

50.27 **EFFECTIVE DATE.** This section is effective the day following final enactment
50.28 for testimony offered and opinions or reports prepared in cases or proceedings that have
50.29 not been finally resolved.

51.1 Sec. 2. Minnesota Statutes 2009 Supplement, section 134.34, subdivision 4, is
51.2 amended to read:

51.3 Subd. 4. **Limitation.** (a) For calendar year 2010 and later, a regional library
51.4 basic system support grant shall not be made to a regional public library system for a
51.5 participating city or county which decreases the dollar amount provided for support for
51.6 operating purposes of public library service below the amount provided by it for the
51.7 second, or third preceding year, whichever is less. For purposes of this subdivision and
51.8 subdivision 1, any funds provided under section 473.757, subdivision 2, for extending
51.9 library hours of operation shall not be considered amounts provided by a city or county for
51.10 support for operating purposes of public library service. This subdivision shall not apply
51.11 to participating cities or counties where the adjusted net tax capacity of that city or county
51.12 has decreased, if the dollar amount of the reduction in support is not greater than the dollar
51.13 amount by which support would be decreased if the reduction in support were made in
51.14 direct proportion to the decrease in adjusted net tax capacity.

51.15 (b) For calendar year 2009 and later, in any calendar year in which a city's or
51.16 county's aid under sections 477A.011 to 477A.014 or ~~credits~~ credit reimbursement under
51.17 section 273.1384 is reduced after the city or county has certified its levy payable in that
51.18 year, it may reduce its local support by the lesser of:

51.19 (1) ten percent; or

51.20 (2) a percent equal to the ratio of the aid and credit reimbursement reductions to the
51.21 city's or county's revenue base, based on aids certified for the current calendar year. For
51.22 calendar year 2009 only, the reduction under this paragraph shall be based on 2008 aid and
51.23 credit reimbursement reductions under the December 2008 unallotment, as well as any
51.24 aid and credit reimbursement reductions in calendar year 2009. For pay 2009 only, the
51.25 commissioner of revenue will calculate the reductions under this paragraph and certify
51.26 them to the commissioner of education within 15 days of May 17, 2009.

51.27 (c) For taxes payable in 2010 and later, in any payable year in which the total
51.28 amounts certified for city or county aids under sections 477A.011 to 477A.014 are less
51.29 than the total amounts paid under those sections in the previous calendar year, a city or
51.30 county may reduce its local support by the lesser of:

51.31 (1) ten percent; or

51.32 (2) a percent equal to the ratio of:

51.33 (i) the difference between (A) the sum of the aid it was paid under sections 477A.011
51.34 to 477A.014 and the ~~credits~~ credit reimbursement it received under section ~~273.1398~~
51.35 273.1384 in the previous calendar year and (B) the sum of the aid it is certified to be paid

52.1 in the current calendar year under sections 477A.011 to 477A.014 and the ~~credits~~ credit
 52.2 reimbursement estimated to be paid under section ~~273.1398~~ 273.1384; to

52.3 (ii) its revenue base for the previous year, based on aids actually paid in the previous
 52.4 calendar year. The commissioner of revenue shall calculate the percent aid cut for each
 52.5 county and city under this paragraph and certify the percentage cuts to the commissioner
 52.6 of education by August 1 of the year prior to the year in which the reduced aids and ~~credits~~
 52.7 credit reimbursements are to be paid. The percentage of reduction related to reductions to
 52.8 ~~credits~~ credit reimbursements under section 273.1384 shall be based on the best estimation
 52.9 available as of July 30.

52.10 (d) Notwithstanding paragraph (a), (b), or (c), no city or county shall reduce its
 52.11 support for public libraries below the minimum level specified in subdivision 1.

52.12 (e) For purposes of this subdivision, "revenue base" means the sum of:

52.13 (1) its levy for taxes payable in the current calendar year, including the levy on
 52.14 the fiscal disparities distribution under section 276A.06, subdivision 3, paragraph (a),
 52.15 or 473F.08, subdivision 3, paragraph (a);

52.16 (2) its aid under sections 477A.011 to 477A.014 in the current calendar year; and

52.17 (3) its taconite aid in the current calendar year under sections 298.28 and 298.282.

52.18 **EFFECTIVE DATE.** This section is effective retroactively for support in calendar
 52.19 year 2009 and thereafter and for library grants paid in fiscal year 2010 and thereafter.

52.20 Sec. 3. Minnesota Statutes 2008, section 270.41, subdivision 5, is amended to read:

52.21 Subd. 5. **Prohibited activity.** A licensed assessor or other person employed by an
 52.22 assessment jurisdiction or contracting with an assessment jurisdiction for the purpose
 52.23 of valuing or classifying property for property tax purposes is prohibited from making
 52.24 appraisals or analyses, accepting an appraisal assignment, or preparing an appraisal report
 52.25 as defined in section 82B.02, subdivisions 2 to 5, on any property within the assessment
 52.26 jurisdiction where the individual is employed or performing the duties of the assessor
 52.27 under contract. Violation of this prohibition shall result in immediate revocation of the
 52.28 individual's license to assess property for property tax purposes. This prohibition must
 52.29 not be construed to prohibit an individual from carrying out any duties required for the
 52.30 proper assessment of property for property tax purposes or performing duties enumerated
 52.31 in section 273.061, subdivision 7 or 8. If a formal resolution has been adopted by the
 52.32 governing body of a governmental unit, which specifies the purposes for which such
 52.33 work will be done, this prohibition does not apply to appraisal activities undertaken on
 52.34 behalf of and at the request of the governmental unit that has employed or contracted with

53.1 the individual. The resolution may only allow appraisal activities which are related to
53.2 condemnations, right-of-way acquisitions, or special assessments.

53.3 **EFFECTIVE DATE.** This section is effective the day following final enactment
53.4 for testimony offered and opinions or reports prepared in cases or proceedings that have
53.5 not been finally resolved.

53.6 Sec. 4. Minnesota Statutes 2008, section 270C.87, is amended to read:

53.7 **270C.87 REVISION OF MINNESOTA ASSESSORS' MANUAL.**

53.8 In accordance with the provisions of section ~~270C.06~~ 270C.85, the commissioner
53.9 shall periodically revise the Minnesota assessors' manual.

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

53.11 Sec. 5. Minnesota Statutes 2008, section 270C.94, subdivision 3, is amended to read:

53.12 Subd. 3. **Failure to appraise.** When an assessor has failed to properly appraise at
53.13 least one-fifth of the parcels of property in a district or county as provided in section
53.14 273.01, the commissioner ~~shall~~ may appoint a special assessor and deputy assessor
53.15 as necessary and cause a reappraisal to be made of the property due for reassessment
53.16 in accordance with law.

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

53.18 Sec. 6. Minnesota Statutes 2008, section 272.02, subdivision 42, is amended to read:

53.19 Subd. 42. **Property leased to ~~school districts~~ schools.** (a) Property that is leased or
53.20 rented to a school district is exempt from taxation if it meets the following requirements:

53.21 (1) the lease must be for a period of at least 12 consecutive months;

53.22 (2) the terms of the lease must require the school district to pay a nominal
53.23 consideration for use of the building;

53.24 (3) the school district must use the property to provide direct instruction in any
53.25 grade from kindergarten through grade 12; special education for disabled children; adult
53.26 basic education as described in section 124D.52; preschool and early childhood family
53.27 education; or community education programs, including provision of administrative
53.28 services directly related to the educational program at that site; and

53.29 (4) the lease must provide that the school district has the exclusive use of the
53.30 property during the lease period.

- 54.1 (b) Property that is leased or rented to a charter school formed and operated under
 54.2 section 124D.10 is exempt from taxation if it meets all of the following requirements:
 54.3 (1) the lease is for a period of at least 12 consecutive months;
 54.4 (2) the charter school must use the property to provide direct instruction in any grade
 54.5 from kindergarten through grade 12, to provide special education for disabled children,
 54.6 or to provide administrative services directly related to the educational program at that
 54.7 site; and
 54.8 (3) except for lease provisions that allow for the shared use of the property by the
 54.9 charter school and another public or private school, by the charter school and a church,
 54.10 or by the charter school and the state or a political subdivision of the state, the lease
 54.11 must provide that the charter school has the exclusive right to use the property during
 54.12 the lease period.

54.13 **EFFECTIVE DATE.** This section is effective for taxes payable in 2011 and
 54.14 thereafter.

54.15 Sec. 7. Minnesota Statutes 2008, section 272.025, subdivision 1, is amended to read:

54.16 Subdivision 1. **Statement of exemption.** (a) Except in the case of ~~churches and~~
 54.17 ~~houses of worship, property solely used for educational purposes by academies, colleges,~~
 54.18 ~~universities or seminaries of learning,~~ property owned by the state of Minnesota or any
 54.19 political subdivision thereof, and property exempt from taxation under section 272.02,
 54.20 subdivisions 9, 10, 13, 15, 18, 20, and 22 to ~~26~~ 25, and at the times provided in subdivision
 54.21 3, a taxpayer claiming an exemption from taxation on property described in section
 54.22 272.02, subdivisions 1 to 33, ~~shall~~ must file a statement of exemption with the assessor of
 54.23 the assessment district in which the property is located.

54.24 (b) A taxpayer claiming an exemption from taxation on property described in section
 54.25 272.02, subdivision 10, ~~shall~~ must file a statement of exemption with the commissioner
 54.26 of revenue, on or before February 15 of each year for which the taxpayer claims an
 54.27 exemption.

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

54.31 (d) The commissioner of revenue shall prescribe the form and contents of the
 54.32 statement of exemption.

54.33 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and
 54.34 thereafter.

55.1 Sec. 8. Minnesota Statutes 2008, section 272.025, subdivision 3, is amended to read:

55.2 Subd. 3. **Filing dates.** (a) The statement required by subdivision 1, paragraph
55.3 (a), must be filed with the assessor by February 1 of the assessment year, however, any
55.4 taxpayer who has filed the statement required by subdivision 1 more than 12 months prior
55.5 to February 1, 1983, or February 1 of each third year after 1983, shall file a statement by
55.6 February 1, 1983, and by February 1 of each third year thereafter.

55.7 (b) For churches and houses of worship, and property solely used for educational
55.8 purposes by academies, colleges, universities, or seminaries of learning, no statement is
55.9 required after the statement filed for the assessment year in which the exemption began.

55.10 (c) This section does not apply to existing churches and houses of worship, and
55.11 property solely used for educational purposes by academies, colleges, universities, or
55.12 seminaries of learning that were exempt for taxes payable in 2011.

55.13 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and
55.14 thereafter.

55.15 Sec. 9. Minnesota Statutes 2008, section 272.029, subdivision 4, is amended to read:

55.16 Subd. 4. **Reports.** (a) An owner of a wind energy conversion system subject to tax
55.17 under subdivision 3 shall file a report with the commissioner of revenue annually on or
55.18 before February 1 detailing the amount of electricity in kilowatt-hours that was produced
55.19 by the wind energy conversion system for the previous calendar year. The commissioner
55.20 shall prescribe the form of the report. The report must contain the information required
55.21 by the commissioner to determine the tax due to each county under this section for the
55.22 current year. If an owner of a wind energy conversion system subject to taxation under
55.23 this section fails to file the report by the due date, the commissioner of revenue shall
55.24 determine the tax based upon the nameplate capacity of the system multiplied by a
55.25 capacity factor of ~~40~~ 60 percent.

55.26 (b) On or before February 28, the commissioner of revenue shall notify the owner of
55.27 the wind energy conversion systems of the tax due to each county for the current year and
55.28 shall certify to the county auditor of each county in which the systems are located the tax
55.29 due from each owner for the current year.

55.30 **EFFECTIVE DATE.** This section is effective beginning with reports due on
55.31 February 1, 2011, and thereafter.

55.32 Sec. 10. Minnesota Statutes 2008, section 272.029, subdivision 7, is amended to read:

56.1 Subd. 7. **Exemption.** The tax imposed under this section does not apply to
 56.2 electricity produced by wind energy conversion systems located in a job opportunity
 56.3 building zone, ~~designated under section 469.314~~, for the duration of the zone. The
 56.4 exemption applies beginning for the first calendar year after designation of the zone
 56.5 and applies to each calendar year that begins during the designation of the zone. The
 56.6 exemption only applies if the owner of the system is a qualified business under section
 56.7 469.310, subdivision 11, who has entered into a business subsidy agreement that covers
 56.8 the land on which the system is situated.

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

56.10 Sec. 11. Minnesota Statutes 2008, section 273.061, subdivision 7, is amended to read:

56.11 Subd. 7. **Division of duties between local and county assessor.** The duty of the
 56.12 duly appointed local assessor shall be to view and appraise the value of all property as
 56.13 provided by law, but all the book work shall be done by the county assessor, or the
 56.14 assessor's assistants, and the value of all property subject to assessment and taxation
 56.15 shall be determined by the county assessor, except as otherwise hereinafter provided. If
 56.16 directed by the county assessor, the local assessor shall perform the duties enumerated
 56.17 in subdivision 8, paragraph (16).

56.18 Sec. 12. Minnesota Statutes 2008, section 273.061, subdivision 8, is amended to read:

56.19 Subd. 8. **Powers and duties.** The county assessor shall have the following powers
 56.20 and duties:

56.21 (1) To call upon and confer with the township and city assessors in the county, and
 56.22 advise and give them the necessary instructions and directions as to their duties under
 56.23 the laws of this state, to the end that a uniform assessment of all real property in the
 56.24 county will be attained.

56.25 (2) To assist and instruct the local assessors in the preparation and proper use of land
 56.26 maps and record cards, in the property classification of real and personal property, and in
 56.27 the determination of proper standards of value.

56.28 (3) To keep the local assessors in the county advised of all changes in assessment
 56.29 laws and all instructions which the assessor receives from the commissioner of revenue
 56.30 relating to their duties.

56.31 (4) To have authority to require the attendance of groups of local assessors at
 56.32 sectional meetings called by the assessor for the purpose of giving them further assistance
 56.33 and instruction as to their duties.

57.1 (5) To immediately commence the preparation of a large scale topographical land
57.2 map of the county, in such form as may be prescribed by the commissioner of revenue,
57.3 showing thereon the location of all railroads, highways and roads, bridges, rivers and
57.4 lakes, swamp areas, wooded tracts, stony ridges and other features which might affect
57.5 the value of the land. Appropriate symbols shall be used to indicate the best, the fair, and
57.6 the poor land of the county. For use in connection with the topographical land map,
57.7 the assessor shall prepare and keep available in the assessor's office tables showing fair
57.8 average minimum and maximum market values per acre of cultivated, meadow, pasture,
57.9 cutover, timber and waste lands of each township. The assessor shall keep the map and
57.10 tables available in the office for the guidance of town assessors, boards of review, and
57.11 the county board of equalization.

57.12 (6) To also prepare and keep available in the office for the guidance of town
57.13 assessors, boards of review and the county board of equalization, a land valuation map
57.14 of the county, in such form as may be prescribed by the commissioner of revenue. This
57.15 map, which shall include the bordering tier of townships of each county adjoining, shall
57.16 show the average market value per acre, both with and without improvements, as finally
57.17 equalized in the last assessment of real estate, of all land in each town or unorganized
57.18 township which lies outside the corporate limits of cities.

57.19 (7) To regularly examine all conveyances of land outside the corporate limits of
57.20 cities of the first and second class, filed with the county recorder of the county, and keep a
57.21 file, by descriptions, of the considerations shown thereon. From the information obtained
57.22 by comparing the considerations shown with the market values assessed, the assessor
57.23 shall make recommendations to the county board of equalization of necessary changes in
57.24 individual assessments or aggregate valuations.

57.25 (8) To become familiar with the values of the different items of personal property
57.26 so as to be in a position when called upon to advise the boards of review and the county
57.27 board of equalization concerning property, market values thereof.

57.28 (9) While the county board of equalization is in session, to give it every possible
57.29 assistance to enable it to perform its duties. The assessor shall furnish the board with all
57.30 necessary charts, tables, comparisons, and data which it requires in its deliberations, and
57.31 shall make whatever investigations the board may desire.

57.32 (10) At the request of either the board of county commissioners or the commissioner
57.33 of revenue, to investigate applications for reductions of valuation and abatements and
57.34 settlements of taxes, examine the real or personal property involved, and submit written
57.35 reports and recommendations with respect to the applications, in such form as may be
57.36 prescribed by the board of county commissioners and commissioner of revenue.

58.1 (11) To make diligent search each year for real and personal property which has been
58.2 omitted from assessment in the county, and report all such omissions to the county auditor.

58.3 (12) To regularly confer with county assessors in all adjacent counties about the
58.4 assessment of property in order to uniformly assess and equalize the value of similar
58.5 properties and classes of property located in adjacent counties. The conference shall
58.6 emphasize the assessment of agricultural and commercial and industrial property or other
58.7 properties that may have an inadequate number of sales in a single county.

58.8 (13) To render such other services pertaining to the assessment of real and personal
58.9 property in the county as are not inconsistent with the duties set forth in this section, and as
58.10 may be required by the board of county commissioners or by the commissioner of revenue.

58.11 (14) To maintain a record, in conjunction with other county offices, of all transfers of
58.12 property to assist in determining the proper classification of property, including but not
58.13 limited to, transferring homestead property and name changes on homestead property.

58.14 (15) To determine if a homestead application is required due to the transfer of
58.15 homestead property or an owner's name change on homestead property.

58.16 (16) To perform appraisals of property, review the original assessment and determine
58.17 the accuracy of the original assessment, prepare an appraisal or appraisal report, and
58.18 testify before any court or other body as an expert or otherwise on behalf of the assessor's
58.19 jurisdiction with respect to properties in that jurisdiction.

58.20 **EFFECTIVE DATE.** This section is effective the day following final enactment
58.21 for testimony offered and opinions or reports prepared in cases or proceedings that have
58.22 not been finally resolved.

58.23 Sec. 13. Minnesota Statutes 2009 Supplement, section 273.111, subdivision 9, is
58.24 amended to read:

58.25 Subd. 9. **Additional taxes.** (a) Except as provided in paragraph (b), when real
58.26 property which is being, or has been valued and assessed under this section no longer
58.27 qualifies under subdivision 3, the portion no longer qualifying shall be subject to additional
58.28 taxes, in the amount equal to the difference between the taxes determined in accordance
58.29 with subdivision 4, and the amount determined under subdivision 5. Provided, however,
58.30 that the amount determined under subdivision 5 shall not be greater than it would have
58.31 been had the actual bona fide sale price of the real property at an arm's-length transaction
58.32 been used in lieu of the market value determined under subdivision 5. Such additional
58.33 taxes shall be extended against the property on the tax list for the current year, provided,
58.34 however, that no interest or penalties shall be levied on such additional taxes if timely

59.1 paid, and provided further, that such additional taxes shall only be levied with respect to
59.2 the last three years that the said property has been valued and assessed under this section.

59.3 (b) Real property that has been valued and assessed under this section prior to
59.4 May 29, 2008, and that ceases to qualify under this section after May 28, 2008, and is
59.5 withdrawn from the program before ~~May 1~~ August 16, 2010, is not subject to additional
59.6 taxes under this subdivision or subdivision 3, paragraph (c). If additional taxes have been
59.7 paid under this subdivision with respect to property described in this paragraph prior to
59.8 April 3, 2009, the county must repay the property owner in the manner prescribed by the
59.9 commissioner of revenue.

59.10 **EFFECTIVE DATE.** This section is effective for withdrawals after April 30, 2010.

59.11 Sec. 14. Minnesota Statutes 2008, section 273.113, subdivision 3, is amended to read:

59.12 Subd. 3. **Reimbursement for lost revenue.** The county auditor shall certify
59.13 to the commissioner of revenue, as part of the abstracts of tax lists required to be filed
59.14 with the commissioner under section 275.29, the amount of tax lost to the county from
59.15 the property tax credit under subdivision 2. Any prior year adjustments must also be
59.16 certified in the abstracts of tax lists. The commissioner of revenue shall review the
59.17 certifications to determine their accuracy. The commissioner may make the changes
59.18 in the certification that are considered necessary or return a certification to the county
59.19 auditor for corrections. The commissioner shall reimburse each taxing district, other than
59.20 school districts, for the taxes lost. The payments must be made at the time provided in
59.21 section 473H.10 for payment to taxing jurisdictions in the same proportion that the ad
59.22 valorem tax is distributed. Reimbursements to school districts must be made as provided
59.23 in section 273.1392. The amount necessary to make the reimbursements under this section
59.24 is annually appropriated from the general fund to the commissioner of revenue.

59.25 **EFFECTIVE DATE.** This section is effective retroactively for taxes payable in
59.26 2009 and thereafter.

59.27 Sec. 15. Minnesota Statutes 2009 Supplement, section 273.114, subdivision 2, is
59.28 amended to read:

59.29 Subd. 2. **Requirements.** Class 2a or 2b property that had been assessed under
59.30 Minnesota Statutes 2006, section 273.111, or that is part of an agricultural homestead
59.31 under Minnesota Statutes, section 273.13, subdivision 23, paragraph (a), is entitled to
59.32 valuation and tax deferment under this section if:

59.33 (1) the land consists of at least ten acres;

60.1 (2) a conservation management plan for the land must be prepared by an approved
 60.2 plan writer and implemented during the period in which the land is subject to valuation
 60.3 and deferment under this section;

60.4 (3) the land must be enrolled for a minimum of ten years; ~~and~~

60.5 (4) there are no delinquent property taxes on the land; and

60.6 ~~Real estate may~~ (5) the property is not ~~be also~~ enrolled for valuation and deferment
 60.7 under ~~this section and~~ section 273.111; or 273.112, ~~or 273.117~~; or chapter 290C;
 60.8 ~~concurrently~~ or 473H.

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

60.10 Sec. 16. Minnesota Statutes 2009 Supplement, section 273.124, subdivision 3a,
 60.11 is amended to read:

60.12 Subd. 3a. **Manufactured home park cooperative.** (a) When a manufactured home
 60.13 park is owned by a corporation or association organized under chapter 308A or 308B,
 60.14 and each person who owns a share or shares in the corporation or association is entitled
 60.15 to occupy a lot within the park, the corporation or association may claim homestead
 60.16 treatment for ~~each lot occupied by a shareholder~~ the park. Each lot must be designated
 60.17 by legal description or number, and each lot is limited to not more than one-half acre of
 60.18 land ~~for each homestead~~.

60.19 (b) The manufactured home park shall be ~~valued and assessed as if it were~~
 60.20 ~~homestead property within class 1~~ entitled to homestead treatment if all of the following
 60.21 criteria are met:

60.22 (1) ~~the occupant is using the property as a permanent residence;~~

60.23 ~~(2)~~ the occupant or the cooperative corporation or association is paying the ad
 60.24 valorem property taxes and any special assessments levied against the land and structure
 60.25 either directly, or indirectly through dues to the corporation or association; and

60.26 ~~(3)~~ (2) the corporation or association organized under chapter 308A or 308B is
 60.27 wholly owned by persons having a right to occupy a lot owned by the corporation or
 60.28 association.

60.29 (c) A charitable corporation, organized under the laws of Minnesota with no
 60.30 outstanding stock, and granted a ruling by the Internal Revenue Service for 501(c)(3)
 60.31 tax-exempt status, qualifies for homestead treatment with respect to ~~member residents of~~
 60.32 ~~the~~ a manufactured home park ~~who~~ if its members hold residential participation warrants
 60.33 entitling them to occupy a lot in the manufactured home park.

60.34 (d) "Homestead treatment" under this subdivision means the class rate provided for
 60.35 class 4c(5)(ii) property under section 273.13, subdivision 25. The homestead market

61.1 value credit under section 273.1384 does not apply and the property taxes assessed
 61.2 against the park shall not be included in the determination of taxes payable for rent paid
 61.3 under section 290A.03.

61.4 **EFFECTIVE DATE.** This section is effective for taxes payable in 2011 and
 61.5 thereafter.

61.6 Sec. 17. Minnesota Statutes 2009 Supplement, section 273.13, subdivision 25, is
 61.7 amended to read:

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

61.15 (b) Class 4b includes:

61.16 (1) residential real estate containing less than four units that does not qualify as class
 61.17 4bb, other than seasonal residential recreational property;

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

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

61.21 (4) unimproved property that is classified residential as determined under subdivision
 61.22 33.

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

61.24 (c) Class 4bb includes:

61.25 (1) nonhomestead residential real estate containing one unit, other than seasonal
 61.26 residential recreational property; and

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

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

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

61.33 (d) Class 4c property includes:

61.34 (1) except as provided in subdivision 22, paragraph (c), real and personal property
 61.35 devoted to temporary and seasonal residential occupancy for recreation purposes,

62.1 including real and personal property devoted to temporary and seasonal residential
62.2 occupancy for recreation purposes and not devoted to commercial purposes for more
62.3 than 250 days in the year preceding the year of assessment. For purposes of this clause,
62.4 property is devoted to a commercial purpose on a specific day if any portion of the
62.5 property is used for residential occupancy, and a fee is charged for residential occupancy.
62.6 Class 4c property under this clause must contain three or more rental units. A "rental unit"
62.7 is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site
62.8 equipped with water and electrical hookups for recreational vehicles. Class 4c property
62.9 under this clause must provide recreational activities such as renting ice fishing houses,
62.10 boats and motors, snowmobiles, downhill or cross-country ski equipment; provide marina
62.11 services, launch services, or guide services; or sell bait and fishing tackle. A camping pad
62.12 offered for rent by a property that otherwise qualifies for class 4c under this clause is also
62.13 class 4c under this clause regardless of the term of the rental agreement, as long as the use
62.14 of the camping pad does not exceed 250 days. In order for a property to be classified as
62.15 class 4c, seasonal residential recreational for commercial purposes under this clause, at
62.16 least 40 percent of the annual gross lodging receipts related to the property must be from
62.17 business conducted during 90 consecutive days and either (i) at least 60 percent of all paid
62.18 bookings by lodging guests during the year must be for periods of at least two consecutive
62.19 nights; or (ii) at least 20 percent of the annual gross receipts must be from charges for
62.20 rental of fish houses, boats and motors, snowmobiles, downhill or cross-country ski
62.21 equipment, or charges for marina services, launch services, and guide services, or the
62.22 sale of bait and fishing tackle. For purposes of this determination, a paid booking of
62.23 five or more nights shall be counted as two bookings. Class 4c property classified under
62.24 this clause also includes commercial use real property used exclusively for recreational
62.25 purposes in conjunction with other class 4c property classified under this clause and
62.26 devoted to temporary and seasonal residential occupancy for recreational purposes, up to a
62.27 total of two acres, provided the property is not devoted to commercial recreational use for
62.28 more than 250 days in the year preceding the year of assessment and is located within two
62.29 miles of the class 4c property with which it is used. Owners of real and personal property
62.30 devoted to temporary and seasonal residential occupancy for recreation purposes and all
62.31 or a portion of which was devoted to commercial purposes for not more than 250 days in
62.32 the year preceding the year of assessment desiring classification as class 4c, must submit a
62.33 declaration to the assessor designating the cabins or units occupied for 250 days or less in
62.34 the year preceding the year of assessment by January 15 of the assessment year. Those
62.35 cabins or units and a proportionate share of the land on which they are located must
62.36 be designated class 4c under this clause as otherwise provided. The remainder of the

63.1 cabins or units and a proportionate share of the land on which they are located will be
63.2 designated as class 3a. The owner of property desiring designation as class 4c property
63.3 under this clause must provide guest registers or other records demonstrating that the units
63.4 for which class 4c designation is sought were not occupied for more than 250 days in the
63.5 year preceding the assessment if so requested. The portion of a property operated as a
63.6 (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other
63.7 nonresidential facility operated on a commercial basis not directly related to temporary
63.8 and seasonal residential occupancy for recreation purposes does not qualify for class 4c;

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

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

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

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

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

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

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

63.26 For purposes of this clause,

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

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

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

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

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

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

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

64.21 (5)(i) manufactured home parks as defined in section 327.14, subdivision 3,
64.22 excluding manufactured home parks described in section 273.124, subdivision 3a, and (ii)
64.23 manufactured home parks as defined in section 327.14, subdivision 3, that are described in
64.24 section 273.124, subdivision 3a;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

65.20 (10) real property up to a maximum of three acres and operated as a restaurant
65.21 as defined under section 157.15, subdivision 12, provided it: (A) is located on a lake
65.22 as defined under section 103G.005, subdivision 15, paragraph (a), clause (3); and (B)
65.23 is either devoted to commercial purposes for not more than 250 consecutive days, or
65.24 receives at least 60 percent of its annual gross receipts from business conducted during
65.25 four consecutive months. Gross receipts from the sale of alcoholic beverages must be
65.26 included in determining the property's qualification under subitem (B). The property's
65.27 primary business must be as a restaurant and not as a bar. Gross receipts from gift shop
65.28 sales located on the premises must be excluded. Owners of real property desiring 4c
65.29 classification under this clause must submit an annual declaration to the assessor by
65.30 February 1 of the current assessment year, based on the property's relevant information for
65.31 the preceding assessment year; and

65.32 (11) lakeshore and riparian property and adjacent land, not to exceed six acres, used
65.33 as a marina, as defined in section 86A.20, subdivision 5, which is made accessible to
65.34 the public and devoted to recreational use for marina services. The marina owner must
65.35 annually provide evidence to the assessor that it provides services, including lake or
65.36 river access to the public. No more than 800 feet of lakeshore may be included in this

66.1 classification. Buildings used in conjunction with a marina for marina services, including
66.2 but not limited to buildings used to provide food and beverage services, fuel, boat repairs,
66.3 or the sale of bait or fishing tackle, are classified as class 3a property.

66.4 Class 4c property has a class rate of 1.5 percent of market value, except that (i) each
66.5 parcel of seasonal residential recreational property not used for commercial purposes has
66.6 the same class rates as class 4bb property, (ii) manufactured home parks assessed under
66.7 clause (5), item (i), have the same class rate as class 4b property, and the market value
66.8 of manufactured home parks assessed under clause (5), item (ii), has the same class rate
66.9 as class 4d property, (iii) commercial-use seasonal residential recreational property and
66.10 marina recreational land as described in clause (11), has a class rate of one percent for the
66.11 first \$500,000 of market value, and 1.25 percent for the remaining market value, (iv) the
66.12 market value of property described in clause (4) has a class rate of one percent, (v) the
66.13 market value of property described in clauses (2), (6), and (10) has a class rate of 1.25
66.14 percent, and (vi) that portion of the market value of property in clause (9) qualifying for
66.15 class 4c property has a class rate of 1.25 percent.

66.16 (e) Class 4d property is qualifying low-income rental housing certified to the assessor
66.17 by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion
66.18 of the units in the building qualify as low-income rental housing units as certified under
66.19 section 273.128, subdivision 3, only the proportion of qualifying units to the total number
66.20 of units in the building qualify for class 4d. The remaining portion of the building shall be
66.21 classified by the assessor based upon its use. Class 4d also includes the same proportion of
66.22 land as the qualifying low-income rental housing units are to the total units in the building.
66.23 For all properties qualifying as class 4d, the market value determined by the assessor must
66.24 be based on the normal approach to value using normal unrestricted rents.

66.25 Class 4d property has a class rate of 0.75 percent.

66.26 **EFFECTIVE DATE.** This section is effective for taxes payable in 2011 and
66.27 thereafter.

66.28 Sec. 18. Minnesota Statutes 2008, section 273.1392, is amended to read:

66.29 **273.1392 PAYMENT; SCHOOL DISTRICTS.**

66.30 The amounts of bovine tuberculosis credit reimbursements under section 273.113;
66.31 conservation tax credits under section 273.119; disaster or emergency reimbursement
66.32 under sections 273.1231 to 273.1235; homestead and agricultural credits under section
66.33 273.1384; aids and credits under section 273.1398; wetlands reimbursement under
66.34 section 275.295; enterprise zone property credit payments under section 469.171; and

67.1 metropolitan agricultural preserve reduction under section 473H.10 for school districts,
 67.2 shall be certified to the Department of Education by the Department of Revenue. The
 67.3 amounts so certified shall be paid according to section 127A.45, subdivisions 9 and 13.

67.4 **EFFECTIVE DATE.** This section is effective retroactively for taxes payable in
 67.5 2009 and thereafter.

67.6 Sec. 19. Minnesota Statutes 2009 Supplement, section 275.065, subdivision 3, is
 67.7 amended to read:

67.8 Subd. 3. **Notice of proposed property taxes.** (a) The county auditor shall prepare
 67.9 and the county treasurer shall deliver after November 10 and on or before November 24
 67.10 each year, by first class mail to each taxpayer at the address listed on the county's current
 67.11 year's assessment roll, a notice of proposed property taxes. Upon written request by
 67.12 the taxpayer, the treasurer may send the notice in electronic form or by electronic mail
 67.13 instead of on paper or by ordinary mail.

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

67.15 (c) The notice must inform taxpayers that it contains the amount of property taxes
 67.16 each taxing authority proposes to collect for taxes payable the following year. In the
 67.17 case of a town, or in the case of the state general tax, the final tax amount will be its
 67.18 proposed tax. The notice must clearly state for each city that has a population over 500,
 67.19 county, school district, regional library authority established under section 134.201, and
 67.20 metropolitan taxing districts as defined in paragraph (i), the time and place of ~~the a meeting~~
 67.21 for each taxing authorities' regularly scheduled meetings authority in which the budget
 67.22 and levy will be discussed and public input allowed, prior to the final budget and levy
 67.23 ~~determined, which must occur after November 24 determination.~~ The taxing authorities
 67.24 must provide the county auditor with the information to be included in the notice on or
 67.25 before the time it certifies its proposed levy under subdivision 1. The public must be
 67.26 allowed to speak at ~~the meetings and the meetings shall~~ that meeting, which must occur
 67.27 after November 24 and must not be held before 6:00 p.m. It must provide a telephone
 67.28 number for the taxing authority that taxpayers may call if they have questions related to
 67.29 the notice and an address where comments will be received by mail.

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

67.31 (1) the market value of the property as determined under section 273.11, and used
 67.32 for computing property taxes payable in the following year and for taxes payable in the
 67.33 current year as each appears in the records of the county assessor on November 1 of the
 67.34 current year; and, in the case of residential property, whether the property is classified as

68.1 homestead or nonhomestead. The notice must clearly inform taxpayers of the years to
68.2 which the market values apply and that the values are final values;

68.3 (2) the items listed below, shown separately by county, city or town, and state general
68.4 tax, net of the residential and agricultural homestead credit under section 273.1384, voter
68.5 approved school levy, other local school levy, and the sum of the special taxing districts,
68.6 and as a total of all taxing authorities:

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

68.8 (ii) the proposed tax amount.

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

68.12 In the case of a town or the state general tax, the final tax shall also be its proposed
68.13 tax unless the town changes its levy at a special town meeting under section 365.52. If a
68.14 school district has certified under section 126C.17, subdivision 9, that a referendum will
68.15 be held in the school district at the November general election, the county auditor must
68.16 note next to the school district's proposed amount that a referendum is pending and that, if
68.17 approved by the voters, the tax amount may be higher than shown on the notice. In the
68.18 case of the city of Minneapolis, the levy for Minneapolis Park and Recreation shall be
68.19 listed separately from the remaining amount of the city's levy. In the case of the city of
68.20 St. Paul, the levy for the St. Paul Library Agency must be listed separately from the
68.21 remaining amount of the city's levy. In the case of Ramsey County, any amount levied
68.22 under section 134.07 may be listed separately from the remaining amount of the county's
68.23 levy. In the case of a parcel where tax increment or the fiscal disparities areawide tax
68.24 under chapter 276A or 473F applies, the proposed tax levy on the captured value or the
68.25 proposed tax levy on the tax capacity subject to the areawide tax must each be stated
68.26 separately and not included in the sum of the special taxing districts; and

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

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

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

68.34 (1) special assessments;

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

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

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

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

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

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

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

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

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

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

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

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

69.29 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325,
69.30 473.446, 473.521, 473.547, or 473.834;

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

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

69.34 For purposes of this section, any levies made by the regional rail authorities in the
69.35 county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter
69.36 398A shall be included with the appropriate county's levy.

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

- 70.8 (1) the impact of inflation as measured by the implicit price deflator for state and
 70.9 local government purchases;
 70.10 (2) population growth and decline;
 70.11 (3) state or federal government action; and
 70.12 (4) other financial factors that affect the level of property taxation and local services
 70.13 that the governing body of the county, city, or school district may deem appropriate to
 70.14 include.

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

70.18 **EFFECTIVE DATE.** This section is effective retroactively for taxes payable in
 70.19 2010 and thereafter.

70.20 Sec. 20. Minnesota Statutes 2009 Supplement, section 275.70, subdivision 5, is
 70.21 amended to read:

70.22 Subd. 5. **Special levies.** "Special levies" means those portions of ad valorem taxes
 70.23 levied by a local governmental unit for the following purposes or in the following manner:

70.24 (1) to pay the costs of the principal and interest on bonded indebtedness or to
 70.25 reimburse for the amount of liquor store revenues used to pay the principal and interest
 70.26 due on municipal liquor store bonds in the year preceding the year for which the levy
 70.27 limit is calculated;

70.28 (2) to pay the costs of principal and interest on certificates of indebtedness issued for
 70.29 any corporate purpose except for the following:

- 70.30 (i) tax anticipation or aid anticipation certificates of indebtedness;
 70.31 (ii) certificates of indebtedness issued under sections 298.28 and 298.282;
 70.32 (iii) certificates of indebtedness used to fund current expenses or to pay the costs of
 70.33 extraordinary expenditures that result from a public emergency; or

71.1 (iv) certificates of indebtedness used to fund an insufficiency in tax receipts or an
71.2 insufficiency in other revenue sources, provided that nothing in this subdivision limits the
71.3 special levy authorized under section 475.755;

71.4 (3) to provide for the bonded indebtedness portion of payments made to another
71.5 political subdivision of the state of Minnesota;

71.6 (4) to fund payments made to the Minnesota State Armory Building Commission
71.7 under section 193.145, subdivision 2, to retire the principal and interest on armory
71.8 construction bonds;

71.9 (5) property taxes approved by voters which are levied against the referendum
71.10 market value as provided under section 275.61;

71.11 (6) to fund matching requirements needed to qualify for federal or state grants or
71.12 programs to the extent that either (i) the matching requirement exceeds the matching
71.13 requirement in calendar year 2001, or (ii) it is a new matching requirement that did not
71.14 exist prior to 2002;

71.15 (7) to pay the expenses reasonably and necessarily incurred in preparing for or
71.16 repairing the effects of natural disaster including the occurrence or threat of widespread
71.17 or severe damage, injury, or loss of life or property resulting from natural causes, in
71.18 accordance with standards formulated by the Emergency Services Division of the state
71.19 Department of Public Safety, as allowed by the commissioner of revenue under section
71.20 275.74, subdivision 2;

71.21 (8) pay amounts required to correct an error in the levy certified to the county
71.22 auditor by a city or county in a levy year, but only to the extent that when added to the
71.23 preceding year's levy it is not in excess of an applicable statutory, special law or charter
71.24 limitation, or the limitation imposed on the governmental subdivision by sections 275.70
71.25 to 275.74 in the preceding levy year;

71.26 (9) to pay an abatement under section 469.1815;

71.27 (10) to pay any costs attributable to increases in the employer contribution rates
71.28 under chapter 353, or locally administered pension plans, that are effective after June
71.29 30, 2001;

71.30 (11) to pay the operating or maintenance costs of a county jail as authorized in
71.31 section 641.01 or 641.262, or of a correctional facility as defined in section 241.021,
71.32 subdivision 1, paragraph (f), to the extent that the county can demonstrate to the
71.33 commissioner of revenue that the amount has been included in the county budget as
71.34 a direct result of a rule, minimum requirement, minimum standard, or directive of the
71.35 Department of Corrections, or to pay the operating or maintenance costs of a regional jail
71.36 as authorized in section 641.262. For purposes of this clause, a district court order is

72.1 not a rule, minimum requirement, minimum standard, or directive of the Department of
72.2 Corrections. If the county utilizes this special levy, except to pay operating or maintenance
72.3 costs of a new regional jail facility under sections 641.262 to 641.264 which will not
72.4 replace an existing jail facility, any amount levied by the county in the previous levy year
72.5 for the purposes specified under this clause and included in the county's previous year's
72.6 levy limitation computed under section 275.71, shall be deducted from the levy limit
72.7 base under section 275.71, subdivision 2, when determining the county's current year
72.8 levy limitation. The county shall provide the necessary information to the commissioner
72.9 of revenue for making this determination;

72.10 (12) to pay for operation of a lake improvement district, as authorized under section
72.11 103B.555. If the county utilizes this special levy, any amount levied by the county in the
72.12 previous levy year for the purposes specified under this clause and included in the county's
72.13 previous year's levy limitation computed under section 275.71 shall be deducted from
72.14 the levy limit base under section 275.71, subdivision 2, when determining the county's
72.15 current year levy limitation. The county shall provide the necessary information to the
72.16 commissioner of revenue for making this determination;

72.17 (13) to repay a state or federal loan used to fund the direct or indirect required
72.18 spending by the local government due to a state or federal transportation project or other
72.19 state or federal capital project. This authority may only be used if the project is not a
72.20 local government initiative;

72.21 (14) to pay for court administration costs as required under section 273.1398,
72.22 subdivision 4b, less the (i) county's share of transferred fines and fees collected by the
72.23 district courts in the county for calendar year 2001 and (ii) the aid amount certified to be
72.24 paid to the county in 2004 under section 273.1398, subdivision 4c; however, for taxes
72.25 levied to pay for these costs in the year in which the court financing is transferred to the
72.26 state, the amount under this clause is limited to the amount of aid the county is certified to
72.27 receive under section 273.1398, subdivision 4a;

72.28 (15) to fund a police or firefighters relief association as required under section 69.77
72.29 to the extent that the required amount exceeds the amount levied for this purpose in 2001;

72.30 (16) for purposes of a storm sewer improvement district under section 444.20;

72.31 (17) to pay for the maintenance and support of a city or county society for the
72.32 prevention of cruelty to animals under section 343.11, but not to exceed in any year
72.33 \$4,800 or the sum of \$1 per capita based on the county's or city's population as of the most
72.34 recent federal census, whichever is greater. If the city or county uses this special levy, any
72.35 amount levied by the city or county in the previous levy year for the purposes specified
72.36 in this clause and included in the city's or county's previous year's levy limit computed

73.1 under section 275.71, must be deducted from the levy limit base under section 275.71,
73.2 subdivision 2, in determining the city's or county's current year levy limit;

73.3 (18) for counties, to pay for the increase in their share of health and human service
73.4 costs caused by reductions in federal health and human services grants effective after
73.5 September 30, 2007;

73.6 (19) for a city, for the costs reasonably and necessarily incurred for securing,
73.7 maintaining, or demolishing foreclosed or abandoned residential properties, as allowed by
73.8 the commissioner of revenue under section 275.74, subdivision 2. A city must have either
73.9 (i) a foreclosure rate of at least 1.4 percent in 2007, or (ii) a foreclosure rate in 2007 in
73.10 the city or in a zip code area of the city that is at least 50 percent higher than the average
73.11 foreclosure rate in the metropolitan area, as defined in section 473.121, subdivision 2,
73.12 to use this special levy. For purposes of this paragraph, "foreclosure rate" means the
73.13 number of foreclosures, as indicated by sheriff sales records, divided by the number of
73.14 households in the city in 2007;

73.15 (20) for a city, for the unreimbursed costs of redeployed traffic-control agents and
73.16 lost traffic citation revenue due to the collapse of the Interstate 35W bridge, as certified
73.17 to the Federal Highway Administration;

73.18 (21) to pay costs attributable to wages and benefits for sheriff, police, and fire
73.19 personnel. If a local governmental unit did not use this special levy in the previous year its
73.20 levy limit base under section 275.71 shall be reduced by the amount equal to the amount it
73.21 levied for the purposes specified in this clause in the previous year;

73.22 (22) an amount equal to any reductions in the certified aids or ~~credits~~ credit
73.23 reimbursements payable under sections 477A.011 to 477A.014, and section 273.1384,
73.24 due to unallotment under section 16A.152. The amount of the levy allowed under this
73.25 clause for each year is equal limited to the amount unallotted ~~in~~ from the aids and credit
73.26 reimbursements certified for payment in the year following the calendar year in which the
73.27 tax levy is levied certified unless the unallotment amount is not known by September 1 of
73.28 the levy certification year, and the local government has not adjusted its levy under section
73.29 275.065, subdivision 6, or 275.07, subdivision 6, in which case ~~the~~ that unallotment
73.30 amount may be levied in the following year;

73.31 (23) to pay for the difference between one-half of the costs of confining sex offenders
73.32 undergoing the civil commitment process and any state payments for this purpose pursuant
73.33 to section 253B.185, subdivision 5;

73.34 (24) for a county to pay the costs of the first year of maintaining and operating a new
73.35 facility or new expansion, either of which contains courts, corrections, dispatch, criminal
73.36 investigation labs, or other public safety facilities and for which all or a portion of the

74.1 funding for the site acquisition, building design, site preparation, construction, and related
 74.2 equipment was issued or authorized prior to the imposition of levy limits in 2008. The
 74.3 levy limit base shall then be increased by an amount equal to the new facility's first full
 74.4 year's operating costs as described in this clause; and

74.5 (25) for the estimated amount of reduction to credits under section 273.1384 for
 74.6 credits payable in the year in which the levy is payable.

74.7 **EFFECTIVE DATE.** This section is effective retroactively for taxes payable in
 74.8 2010 and thereafter.

74.9 Sec. 21. Minnesota Statutes 2008, section 275.71, subdivision 5, is amended to read:

74.10 Subd. 5. **Property tax levy limit.** (a) For taxes levied in 2008 through 2010, the
 74.11 property tax levy limit for a local governmental unit is equal to its adjusted levy limit
 74.12 base determined under subdivision 4 plus any additional levy authorized under section
 74.13 275.73, which is levied against net tax capacity, reduced by the sum of (i) the total amount
 74.14 of aids and reimbursements that the local governmental unit is certified to receive under
 74.15 sections 477A.011 to 477A.014, (ii) taconite aids under sections 298.28 and 298.282
 74.16 including any aid which was required to be placed in a special fund for expenditure in
 74.17 the next succeeding year, (iii) estimated payments to the local governmental unit under
 74.18 section 272.029, adjusted for any error in estimation in the preceding year, and (iv) aids
 74.19 under section 477A.16.

74.20 (b) If an aid, payment, or other amount used in paragraph (a) to reduce a local
 74.21 government unit's levy limit is reduced by an unallotment under section 16A.152, the
 74.22 amount of the aid, payment, or other amount prior to the unallotment is used in the
 74.23 computations in paragraph (a). In order for a local government unit to levy outside of its
 74.24 limit to offset the reduction in revenues attributable to an unallotment, it must do so under,
 74.25 and to the extent authorized by, a special levy authorization.

74.26 **EFFECTIVE DATE.** This section is effective retroactively for taxes payable in
 74.27 2010 and thereafter.

74.28 Sec. 22. Minnesota Statutes 2008, section 279.01, subdivision 3, is amended to read:

74.29 Subd. 3. **Agricultural property.** In the case of class 1b agricultural homestead, and
 74.30 class 2a agricultural homestead and 2b property, and class 2b(3) agricultural nonhomestead
 74.31 property, no penalties shall attach to the second one-half property tax payment as provided
 74.32 in this section if paid by November 15. Thereafter for class 1b agricultural homestead and
 74.33 class 2a and 2b homestead property, on November 16 following, a penalty of six percent

75.1 shall accrue and be charged on all such unpaid taxes and on December 1 following, an
 75.2 additional two percent shall be charged on all such unpaid taxes. Thereafter for class ~~2b(3)~~
 75.3 ~~agricultural~~ 2a and 2b nonhomestead property, on November 16 following, a penalty of
 75.4 eight percent shall accrue and be charged on all such unpaid taxes and on December 1
 75.5 following, an additional four percent shall be charged on all such unpaid taxes.

75.6 If the owner of class 1b agricultural homestead; or class 2a; ~~or class 2b(3)~~
 75.7 ~~agricultural~~ or 2b property receives a consolidated property tax statement that shows
 75.8 only an aggregate of the taxes and special assessments due on that property and on other
 75.9 property not classified as class 1b agricultural homestead; or class 2a; ~~or class 2b(3)~~
 75.10 ~~agricultural~~ or 2b property, the aggregate tax and special assessments shown due on the
 75.11 property by the consolidated statement will be due on November 15.

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

75.13 Sec. 23. Minnesota Statutes 2008, section 279.37, subdivision 1, is amended to read:

75.14 Subdivision 1. **Composition into one item.** Delinquent taxes upon any parcel of real
 75.15 estate may be composed into one item or amount by confession of judgment at any time
 75.16 prior to the forfeiture of the parcel of land to the state for taxes, for the aggregate amount
 75.17 of all the taxes, costs, penalties, and interest accrued against the parcel, as provided in this
 75.18 section. Taxes upon property which, for the previous year's assessment, was classified
 75.19 as mineral property, employment property, or commercial or industrial property are only
 75.20 eligible to be composed into any confession of judgment under this section as provided in
 75.21 subdivision 1a. Delinquent taxes for property that has been reclassified from 4bb to 4b
 75.22 under section 273.1319 may not be composed into a confession of judgment under this
 75.23 subdivision. Delinquent taxes on unimproved land are eligible to be composed into a
 75.24 confession of judgment only if the land is classified under section 273.13 as homestead,
 75.25 agricultural, ~~or timberland~~ rural vacant land, or managed forest land, in the previous year
 75.26 or is eligible for installment payment under subdivision 1a. The entire parcel is eligible
 75.27 for the ten-year installment plan as provided in subdivision 2 if 25 percent or more of the
 75.28 market value of the parcel is eligible for confession of judgment under this subdivision.

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

75.30 Sec. 24. Minnesota Statutes 2009 Supplement, section 469.174, subdivision 22,
 75.31 is amended to read:

75.32 Subd. 22. **Tourism facility.** "Tourism facility" means property that:

76.1 (1) is located in a county where the median income is no more than 85 percent of
76.2 the state median income;

76.3 (2) is located in a county in development region 1, 2, 3, 4, 5, or 7E, as defined
76.4 in section 462.385;

76.5 (3) is not located in a city with a population in excess of 20,000; and

76.6 (4) is acquired, constructed, or rehabilitated for use as a convention and meeting
76.7 facility that is privately owned, marina, hotel, motel, lodging facility, or nonhomestead
76.8 dwelling unit that in each case is intended to serve primarily individuals from outside
76.9 the county.

76.10 **EFFECTIVE DATE.** This section is effective for districts for which the request for
76.11 certification is made after June 30, 2010.

76.12 Sec. 25. Minnesota Statutes 2009 Supplement, section 475.755, is amended to read:

76.13 **475.755 EMERGENCY DEBT CERTIFICATES.**

76.14 (a) If at any time during a fiscal year the receipts of a local government are
76.15 reasonably expected to be reduced below the amount provided in the local government's
76.16 budget when the final property tax levy to be collected during the fiscal year was certified
76.17 and the receipts are insufficient to meet the expenses incurred or to be incurred during the
76.18 fiscal year, the governing body of the local government may authorize and sell certificates
76.19 of indebtedness to mature within two years or less from the end of the fiscal year in which
76.20 the certificates are issued. The maximum principal amount of the certificates that it may
76.21 issue in a fiscal year is limited to the expected reduction in receipts plus the cost of
76.22 issuance. The certificates may be issued in the manner and on the terms the governing
76.23 body determines by resolution.

76.24 (b) The governing body of the local government shall levy taxes for the payment of
76.25 principal and interest on the certificates in accordance with section 475.61.

76.26 (c) The certificates are not to be included in the net debt of the issuing local
76.27 government.

76.28 (d) To the extent that a local government issues certificates under this section to fund
76.29 an unallotment or other reduction in its state aid, the local government ~~may~~ must not use ~~a~~
76.30 the special levy authority for the aid reduction reductions under section 275.70, subdivision
76.31 5, clause (22), or a similar or successor provision. ~~This provision does not affect the status~~
76.32 of the, but must instead use the special levy authority for the repayment of indebtedness
76.33 under section 275.70, subdivision 5, clause (2), in order to levy under section 475.61 to
76.34 pay fund repayment of the certificates as with a levy that is not subject to levy limits.

77.1 (e) For purposes of this section, the following terms have the meanings given:

77.2 (1) "Local government" means a statutory or home rule charter city, a town, or
77.3 a county.

77.4 (2) "Receipts" includes the following amounts scheduled to be received by the
77.5 local government for the fiscal year from:

77.6 (i) taxes;

77.7 (ii) aid payments previously certified by the state to be paid to the local government;

77.8 (iii) state reimbursement payments for property tax credits; and

77.9 (iv) any other source.

77.10 **EFFECTIVE DATE.** This section is effective retroactively for taxes payable in
77.11 2010 and thereafter.

77.12 Sec. 26. Minnesota Statutes 2009 Supplement, section 477A.013, subdivision 8,
77.13 is amended to read:

77.14 Subd. 8. **City formula aid.** ~~(a) In calendar year 2009, the formula aid for a city~~
77.15 ~~is equal to the sum of (1) its city jobs base, (2) its small city aid base, and (3) the need~~
77.16 ~~increase percentage multiplied by its unmet need.~~

77.17 ~~(b) In calendar year 2010 and subsequent years,~~ The formula aid for a city is equal
77.18 to the sum of (1) its city jobs base, (2) its small city aid base, and (3) the need increase
77.19 percentage multiplied by the average of its unmet need for the most recently available
77.20 two years.

77.21 No city may have a formula aid amount less than zero. The need increase percentage
77.22 must be the same for all cities.

77.23 The applicable need increase percentage must be calculated by the Department of
77.24 Revenue so that the total of the aid under subdivision 9 equals the total amount available
77.25 for aid under section 477A.03. ~~For aids payable in 2009 only, all data used in calculating~~
77.26 ~~aid to cities under sections 477A.011 to 477A.013 will be based on the data available for~~
77.27 ~~calculating aid to cities for aids payable in 2008. For aids payable in 2010 and thereafter,~~
77.28 Data used in calculating aids to cities under sections 477A.011 to 477A.013 shall be the
77.29 most recently available data as of January 1 in the year in which the aid is calculated except
77.30 ~~as provided in section 477A.011, subdivisions 3 and 35~~ that the data used to compute "net
77.31 levy" in subdivision 9 is the data most recently available at the time of the aid computation.

77.32 **EFFECTIVE DATE.** This section is effective for aid payable in 2010 and thereafter.

78.1 Sec. 27. Laws 2001, First Special Session chapter 5, article 3, section 50, the effective
78.2 date, as amended by Laws 2009, chapter 86, article 1, section 87, is amended to read:

78.3 **EFFECTIVE DATE.** Clause (22) of this section is effective for taxes levied in 2002,
78.4 payable in 2003, ~~through taxes levied in 2011, payable in 2012~~ and thereafter. Clause (23)
78.5 of this section is effective for taxes levied in 2001, payable in 2002, and thereafter.

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

78.7 Sec. 28. **CITY OF EAST GRAND FORKS; PERMITTED USE OF TIF.**

78.8 Notwithstanding any other law to the contrary or the provisions of the tax increment
78.9 financing plan, the governing body of the city of East Grand Forks may authorize, by
78.10 resolution, the expenditure of tax increments from redevelopment district 1-1, 1-2 or
78.11 both for the purpose of making improvements to the Red River State Recreation Area,
78.12 including the construction of additional campsites. If so authorized, the expenditures are
78.13 permitted expenditures of tax increments by the authority.

78.14 **EFFECTIVE DATE.** This section is effective the day following final enactment
78.15 without local approval.

78.16 **ARTICLE 5**
78.17 **MISCELLANEOUS**

78.18 Section 1. Minnesota Statutes 2008, section 103D.335, subdivision 17, is amended to
78.19 read:

78.20 Subd. 17. **Borrowing funds.** The managers may borrow funds from an agency of
78.21 the federal government, a state agency, a county where the watershed district is located
78.22 in whole or in part, or a financial institution authorized under chapter 47 to do business
78.23 in this state. A county board may lend the amount requested by a watershed district. A
78.24 watershed district may not have more than a total of ~~\$600,000~~ \$2,000,000 in loans from
78.25 counties and financial institutions under this subdivision outstanding at any time.

78.26 Sec. 2. **[270C.311] FAILURE TO PRODUCE RECORDS.**

78.27 (a) A taxpayer who fails to produce records or documents that support items on a
78.28 return is subject to a penalty equal to the greater of \$500 or 25 percent of the amount of
78.29 the additional tax on any assessment made by the commissioner that results from the
78.30 failure to produce the documents or records.

78.31 (b) The penalty cannot be imposed unless the commissioner:

79.1 (1) makes a preliminary written request for the records or documents that gives the
 79.2 taxpayer at least 30 days to comply; and

79.3 (2) makes a final written request, after the deadline provided in the preliminary
 79.4 written request, for records or documents that gives the taxpayer at least 30 days to
 79.5 comply. This request must notify the taxpayer of the consequences for failing to provide
 79.6 the records or documents.

79.7 (c) The penalty may not be imposed, and if imposed, may be abated, if the taxpayer
 79.8 shows that the response, or failure to respond, was due to reasonable cause.

79.9 (d) Records or documents submitted after the deadline provided in the request made
 79.10 under paragraph (b) may be used to determine the correct tax. However, the late records or
 79.11 documents must not reduce any penalty assessed under this section unless the penalty is
 79.12 abated under paragraph (c).

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

79.14 Sec. 3. Minnesota Statutes 2008, section 270C.34, subdivision 1, is amended to read:

79.15 Subdivision 1. **Authority.** (a) The commissioner may abate, reduce, or refund any
 79.16 penalty or interest that is imposed by a law administered by the commissioner, or imposed
 79.17 by section 270.0725, subdivision 1 or 2, as a result of the late payment of tax or late
 79.18 filing of a return, if the failure to timely pay the tax or failure to timely file the return is
 79.19 due to reasonable cause, or if the taxpayer is located in a presidentially declared disaster
 79.20 or in a presidentially declared state of emergency area or in an area declared to be in a
 79.21 state of emergency by the governor under section 12.31.

79.22 (b) The commissioner shall abate any part of a penalty or additional tax charge
 79.23 under section 289A.25, subdivision 2, or 289A.26, subdivision 4, attributable to erroneous
 79.24 advice given to the taxpayer in writing by an employee of the department acting in
 79.25 an official capacity, if the advice:

79.26 (1) was reasonably relied on and was in response to a specific written request of the
 79.27 taxpayer; and

79.28 (2) was not the result of failure by the taxpayer to provide adequate or accurate
 79.29 information.

79.30 ~~(c) The commissioner may abate a penalty imposed under section 270.0725,~~
 79.31 ~~subdivision 1 or 2, if the failure to timely file is due to reasonable cause, or if the airline~~
 79.32 ~~company is located in a presidentially declared disaster area.~~

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

80.1 Sec. 4. Minnesota Statutes 2008, section 270C.52, subdivision 2, is amended to read:

80.2 Subd. 2. **Payment agreements.** (a) When any portion of any tax payable to the
80.3 commissioner together with interest and penalty thereon, if any, has not been paid, the
80.4 commissioner may extend the time for payment for a further period. When the authority
80.5 of this section is invoked, the extension shall be evidenced by written agreement signed by
80.6 the taxpayer and the commissioner, stating the amount of the tax with penalty and interest,
80.7 if any, and providing for the payment of the amount in installments.

80.8 (b) The agreement may contain a confession of judgment for the amount and for any
80.9 unpaid portion thereof. If the agreement contains a confession of judgment, the confession
80.10 of judgment must provide that the commissioner may enter judgment against the taxpayer
80.11 in the district court of the county of residence as shown upon the taxpayer's tax return for
80.12 the unpaid portion of the amount specified in the extension agreement.

80.13 (c) The agreement shall provide that it can be terminated, after notice by the
80.14 commissioner, if information provided by the taxpayer prior to the agreement was
80.15 inaccurate or incomplete, collection of the tax covered by the agreement is in jeopardy,
80.16 there is a subsequent change in the taxpayer's financial condition, the taxpayer has failed
80.17 to make a payment due under the agreement, or the taxpayer has failed to pay any other
80.18 tax or file a tax return coming due after the agreement.

80.19 (d) The notice must be given at least 14 calendar days prior to termination, and shall
80.20 advise the taxpayer of the right to request a reconsideration from the commissioner of
80.21 whether termination is reasonable and appropriate under the circumstances. A request for
80.22 reconsideration does not stay collection action beyond the 14-day notice period. If the
80.23 commissioner has reason to believe that collection of the tax covered by the agreement
80.24 is in jeopardy, the commissioner may proceed under section 270C.36 and terminate the
80.25 agreement without regard to the 14-day period.

80.26 (e) The commissioner may accept other collateral the commissioner considers
80.27 appropriate to secure satisfaction of the tax liability. The principal sum specified in the
80.28 agreement shall bear interest at the rate specified in section 270C.40 on all unpaid portions
80.29 thereof until the same has been fully paid or the unpaid portion thereof has been entered as
80.30 a judgment. The judgment shall bear interest at the rate specified in section 270C.40.

80.31 (f) If it appears to the commissioner that the tax reported by the taxpayer is in excess
80.32 of the amount actually owing by the taxpayer, the extension agreement or the judgment
80.33 entered pursuant thereto shall be corrected. If after making the extension agreement
80.34 or entering judgment with respect thereto, the commissioner determines that the tax as
80.35 reported by the taxpayer is less than the amount actually due, the commissioner shall
80.36 assess a further tax in accordance with the provisions of law applicable to the tax.

81.1 (g) The authority granted to the commissioner by this section is in addition to any
81.2 other authority granted to the commissioner by law to extend the time of payment or the
81.3 time for filing a return and shall not be construed in limitation thereof.

81.4 (h) The commissioner shall charge a fee for entering into payment agreements
81.5 that reflects the commissioner's costs for entering into payment agreements. The fee is
81.6 initially set at \$25 and is adjusted annually as necessary. The fee is charged for entering
81.7 into a payment agreement, for entering into a new payment agreement after the taxpayer
81.8 has defaulted on a prior agreement, and for entering into a new payment agreement as
81.9 a result of renegotiation of the terms of an existing agreement. The fee is paid to the
81.10 commissioner before the payment agreement becomes effective and does not reduce
81.11 the amount of the liability.

81.12 By June 1 of each year, the commissioner shall determine the cost to the
81.13 commissioner for entering into payment agreements during the fiscal year and adjust the
81.14 payment agreement fee as necessary to most nearly equal those costs. Determination
81.15 of the fee for payment agreements under this section is not subject to the fee setting
81.16 requirements of section 16A.1283.

81.17 **EFFECTIVE DATE.** This section is effective for payment agreements entered
81.18 into or renegotiated after June 30, 2010.

81.19 Sec. 5. Minnesota Statutes 2008, section 469.319, subdivision 5, is amended to read:

81.20 Subd. 5. **Waiver authority.** (a) The commissioner may waive all or part of a
81.21 repayment required under subdivision 1, if the commissioner, in consultation with
81.22 the commissioner of employment and economic development and appropriate officials
81.23 from the local government units in which the qualified business is located, determines
81.24 that requiring repayment of the tax is not in the best interest of the state or the local
81.25 government units and the business ceased operating as a result of circumstances beyond
81.26 its control including, but not limited to:

- 81.27 (1) a natural disaster;
81.28 (2) unforeseen industry trends; or
81.29 (3) loss of a major supplier or customer.

81.30 (b)(1) The commissioner shall waive repayment required under subdivision 1a if
81.31 the commissioner has waived repayment by the operating business under subdivision 1,
81.32 unless the person that received benefits without having to operate a business in the zone
81.33 was a contributing factor in the qualified business becoming subject to repayment under
81.34 subdivision 1;

82.1 (2) the commissioner shall waive the repayment required under subdivision 1a, even
82.2 if the repayment has not been waived for the operating business if:

82.3 (i) the person that received benefits without having to operate a business in the zone
82.4 and the business that operated in the zone are not related parties as defined in section
82.5 267(b) of the Internal Revenue Code of 1986, as amended through December 31, 2007; and

82.6 (ii) actions of the person were not a contributing factor in the qualified business
82.7 becoming subject to repayment under subdivision 1.

82.8 (c) Requests for waiver must be made no later than 60 days after the notice date of
82.9 an order issued under subdivision 4, paragraph (d), or, in the case of property taxes, within
82.10 60 days of the date of a tax statement issued under subdivision 4, paragraph (c).

82.11 **EFFECTIVE DATE.** This section is effective for waivers requested in response
82.12 to notices issued after the day following final enactment.

82.13 Sec. 6. Minnesota Statutes 2008, section 469.3193, is amended to read:

82.14 **469.3193 CERTIFICATION OF CONTINUING ELIGIBILITY FOR JOBZ**
82.15 **BENEFITS.**

82.16 (a) By ~~December 1~~ October 15 of each year, every qualified business must certify
82.17 to the commissioner of revenue, on a form prescribed by the commissioner of revenue,
82.18 whether it is in compliance with any agreement required as a condition for eligibility for
82.19 benefits listed under section 469.315. A business that fails to submit the certification, or
82.20 any business, including those still operating in the zone, that submits a certification that
82.21 the commissioner of revenue later determines materially misrepresents the business's
82.22 compliance with the agreement, is subject to the repayment provisions under section
82.23 469.319 from January 1 of the year in which the report is due or the date that the business
82.24 became subject to section 469.319, whichever is earlier. Any such business is permanently
82.25 barred from obtaining benefits under section 469.315. For purposes of this section, the bar
82.26 applies to an entity and also applies to any individuals or entities that have an ownership
82.27 interest of at least 20 percent of the entity.

82.28 (b) Before the sanctions under paragraph (a) apply to a business that fails to
82.29 submit the certification, the commissioner of revenue shall send notice to the business,
82.30 demanding that the certification be submitted within 30 days and advising the business
82.31 of the consequences for failing to do so. The commissioner of revenue shall notify
82.32 the commissioner of employment and economic development and the appropriate job
82.33 opportunity subzone administrator whenever notice is sent to a business under this
82.34 paragraph.

83.1 (c) The certification required under this section is public.

83.2 (d) The commissioner of revenue shall promptly notify the commissioner of
83.3 employment and economic development of all businesses that certify that they are not
83.4 in compliance with the terms of their business subsidy agreement and all businesses
83.5 that fail to file the certification.

83.6 **EFFECTIVE DATE.** This section is effective for certifications required to be
83.7 made in 2010 and thereafter.

83.8 Sec. 7. **REPEALER.**

83.9 Laws 2009, chapter 88, article 12, section 21, is repealed.

83.10 **EFFECTIVE DATE.** This section is effective retroactively from July 1, 2009.

83.11 **ARTICLE 6**
83.12 **CONDITIONAL USE DEEDS**

83.13 Section 1. Minnesota Statutes 2008, section 282.01, subdivision 1, is amended to read:

83.14 Subdivision 1. **Classification as conservation or nonconservation.** ~~It is the~~
83.15 ~~general policy of this state to encourage the best use of tax-forfeited lands, recognizing~~
83.16 (a) When acting on behalf of the state under laws allowing the county board to classify
83.17 and manage tax-forfeited lands held by the state in trust for the local units as provided in
83.18 section 281.25, the county board has the discretion to decide that some lands in public
83.19 ownership should be retained and managed for public benefits while other lands should be
83.20 returned to private ownership. Parcels of land becoming the property of the state in trust
83.21 under law declaring the forfeiture of lands to the state for taxes must be classified by the
83.22 county board of the county in which the parcels lie as conservation or nonconservation. In
83.23 making the classification the board shall consider the present use of adjacent lands, the
83.24 productivity of the soil, the character of forest or other growth, accessibility of lands
83.25 to established roads, schools, and other public services, their peculiar suitability or
83.26 desirability for particular uses, and the suitability of the forest resources on the land for
83.27 multiple use; and sustained yield management. The classification, furthermore, must: (1)
83.28 encourage and foster a mode of land utilization that will facilitate the economical and
83.29 adequate provision of transportation, roads, water supply, drainage, sanitation, education,
83.30 and recreation; (2) facilitate reduction of governmental expenditures; (3) conserve and
83.31 develop the natural resources; and (4) foster and develop agriculture and other industries
83.32 in the districts and places best suited to them.

84.1 ~~In making the classification the county board may use information made available~~
84.2 ~~by any office or department of the federal, state, or local governments, or by any other~~
84.3 ~~person or agency possessing pertinent information at the time the classification is made.~~
84.4 ~~The lands may be reclassified from time to time as the county board considers necessary~~
84.5 ~~or desirable, except for conservation lands held by the state free from any trust in favor of~~
84.6 ~~any taxing district.~~

84.7 ~~If the lands are located within the boundaries of an organized town, with taxable~~
84.8 ~~valuation in excess of \$20,000, or incorporated municipality, the classification or~~
84.9 ~~reclassification and sale must first be approved by the town board of the town or the~~
84.10 ~~governing body of the municipality in which the lands are located. The town board of~~
84.11 ~~the town or the governing body of the municipality is considered to have approved~~
84.12 ~~the classification or reclassification and sale if the county board is not notified of the~~
84.13 ~~disapproval of the classification or reclassification and sale within 60 days of the date the~~
84.14 ~~request for approval was transmitted to the town board of the town or governing body~~
84.15 ~~of the municipality. If the town board or governing body desires to acquire any parcel~~
84.16 ~~lying in the town or municipality by procedures authorized in this section, it must file a~~
84.17 ~~written application with the county board to withhold the parcel from public sale. The~~
84.18 ~~application must be filed within 60 days of the request for classification or reclassification~~
84.19 ~~and sale. The county board shall then withhold the parcel from public sale for six months.~~
84.20 ~~A municipality or governmental subdivision shall pay maintenance costs incurred by~~
84.21 ~~the county during the six-month period while the property is withheld from public sale,~~
84.22 ~~provided the property is not offered for public sale after the six-month period. A clerical~~
84.23 ~~error made by county officials does not serve to eliminate the request of the town board~~
84.24 ~~or governing body if the board or governing body has forwarded the application to the~~
84.25 ~~county auditor. If the town board or governing body of the municipality fails to submit an~~
84.26 ~~application and a resolution of the board or governing body to acquire the property within~~
84.27 ~~the withholding period, the county may offer the property for sale upon the expiration of~~
84.28 ~~the withholding period.~~

84.29 (b) Whenever the county board deems it appropriate, the board may hold a meeting
84.30 for the purpose of reclassifying tax-forfeited land that has not been sold or released from
84.31 the trust. The criteria and procedures for reclassification are the same as those required for
84.32 an initial classification.

84.33 (c) Prior to meeting for the purpose of classifying or reclassifying tax-forfeited lands,
84.34 the county board must give notice of its intent to meet for that purpose as provided in this
84.35 paragraph. The notice must be given no more than 90 days and no less than 60 days before
84.36 the date of the meeting; provided that if the meeting is rescheduled, notice of the new

85.1 date, time, and location must be given at least 14 days before the date of the rescheduled
85.2 meeting. The notice must be posted on a Web site. The notice must also be mailed or
85.3 otherwise delivered to each person who has filed a request for notice of special meetings
85.4 with the public body, regardless of whether the matter is considered at a regular or special
85.5 meeting. The notice must be mailed or delivered at least 60 days before the date of the
85.6 meeting. If the meeting is rescheduled, notice of the new date, time, and location must be
85.7 mailed or delivered at least 14 days before the date of the rescheduled meeting. The public
85.8 body shall publish the notice once, at least 30 days before the meeting, in a newspaper of
85.9 general circulation within the area of the public body's authority. The board must also mail
85.10 a notice by electronic means to each person who requests notice of meetings dealing with
85.11 this subject and who agrees as provided in chapter 325L to accept notice that is mailed
85.12 by electronic means. Receipt of actual notice under the conditions specified in section
85.13 13D.04, subdivision 7, satisfies the notice requirements of this paragraph.

85.14 The board may classify or reclassify tax-forfeited lands at any regular or special
85.15 meeting, as those terms are defined in chapter 13D and may conduct only this business, or
85.16 this business as well as other business or activities at the meeting.

85.17 (d) At the meeting, the county board must allow any person or agency possessing
85.18 pertinent information to make or submit comments and recommendations about the
85.19 pending classification or reclassification. In addition, representatives of governmental
85.20 entities in attendance must be allowed to describe plans, ideas, or projects that may
85.21 involve use or acquisition of the property by that or another governmental entity. The
85.22 county board must solicit and consider any relevant components of current municipal or
85.23 metropolitan comprehensive land use plans that incorporate the area in which the land
85.24 is located. After allowing testimony, the board may classify, reclassify, or delay taking
85.25 action on any parcel or parcels. In order for a state agency or a governmental subdivision
85.26 of the state to preserve its right to request a purchase or other acquisition of a forfeited
85.27 parcel, it may, at any time following forfeiture, file a written request to withhold the parcel
85.28 from sale or lease to others under the provisions of subdivision 1a.

85.29 (e) When classifying, reclassifying, appraising, and selling lands under this chapter,
85.30 the county board may designate the tracts as assessed and acquired, or may by resolution
85.31 provide for the subdivision of the tracts into smaller units or for the grouping of several
85.32 tracts into one tract when the subdivision or grouping is deemed advantageous for
85.33 conservation or sale purposes. This paragraph does not authorize the county board to
85.34 subdivide a parcel or tract of tax-forfeited land that, as assessed and acquired, is withheld
85.35 from sale under section 282.018, subdivision 1.

86.1 (f) A county board may by resolution elect to use the classification and
86.2 reclassification procedures provided in paragraphs (g), (h), and (i), instead of the
86.3 procedures provided in paragraphs (b), (c), and (d). Once an election is made under this
86.4 paragraph, it is effective for a minimum of five years.

86.5 (g) The classification or reclassification of tax-forfeited land that has not been sold or
86.6 released from the trust may be made by the county board using information made available
86.7 to it by any office or department of the federal, state, or local governments, or by any other
86.8 person or agency possessing pertinent information at the time the classification is made.

86.9 (h) If the lands are located within the boundaries of an organized town or
86.10 incorporated municipality, a classification or reclassification and sale must first be
86.11 approved by the town board of the town or the governing body of the municipality in
86.12 which the lands are located. The town board of the town or the governing body of the
86.13 municipality is considered to have approved the classification or reclassification and sale
86.14 if the county board is not notified of the disapproval of the classification or reclassification
86.15 and sale within 60 days of the date the request for approval was transmitted to the town
86.16 board of the town or governing body of the municipality. If the town board or governing
86.17 body disapproves of the classification or reclassification and sale, the county board must
86.18 follow the procedures in paragraphs (c) and (d), with regard to the parcel, and must
86.19 additionally cause to be published in a newspaper a notice of the date, time, location, and
86.20 purpose of the required meeting.

86.21 (i) If a town board or a governing body of a municipality or a park and recreation
86.22 board in a city of the first class desires to acquire any parcel lying in the town or
86.23 municipality by procedures authorized in this section, it may file a written request under
86.24 subdivision 1a, paragraph (a).

86.25 **EFFECTIVE DATE.** This section is effective July 1, 2010.

86.26 Sec. 2. Minnesota Statutes 2008, section 282.01, subdivision 1a, is amended to read:

86.27 Subd. 1a. **Conveyance; ~~generally to public entities.~~** (a) Upon written request
86.28 from a state agency or a governmental subdivision of the state, a parcel of unsold
86.29 tax-forfeited land must be withheld from sale or lease to others for a maximum of six
86.30 months. The request must be submitted to the county auditor. Upon receipt, the county
86.31 auditor must withhold the parcel from sale or lease to any other party for six months, and
86.32 must confirm the starting date of the six-month withholding period to the requesting
86.33 agency or subdivision. If the request is from a governmental subdivision of the state, the
86.34 governmental subdivision must pay the maintenance costs incurred by the county during
86.35 the period the parcel is withheld. The county board may approve a sale or conveyance to

87.1 the requesting party during the withholding period. A conveyance of the property to the
 87.2 requesting party terminates the withholding period.

87.3 A governmental subdivision of the state must not make, and a county auditor must
 87.4 not act upon, a second request to withhold a parcel from sale or lease within 18 months
 87.5 of a previous request for that parcel. A county may reject a request made under this
 87.6 paragraph if the request is made more than 30 days after the county has given notice to the
 87.7 requesting state agency or governmental subdivision of the state that the county intends to
 87.8 sell or otherwise dispose of the property.

87.9 (b) Nonconservation tax-forfeited lands may be sold by the county board, for
 87.10 their market value as determined by the county board, to an organized or incorporated
 87.11 governmental subdivision of the state for any public purpose for which the subdivision is
 87.12 authorized to acquire property or. When the term "market value" is used in this section, it
 87.13 means an estimate of the full and actual market value of the parcel as determined by the
 87.14 county board, but in making this determination, the board and the persons employed by or
 87.15 under contract with the board in order to perform, conduct, or assist in the determination,
 87.16 are exempt from the licensure requirements of chapter 82B.

87.17 (c) Nonconservation tax-forfeited lands may be released from the trust in favor of the
 87.18 taxing districts on application of to the county board by a state agency for an authorized
 87.19 use at not less than their market value as determined by the county board.

87.20 (d) Nonconservation tax-forfeited lands may be sold by the county board to an
 87.21 organized or incorporated governmental subdivision of the state or state agency for less
 87.22 than their market value if:

87.23 (1) the county board determines that a sale at a reduced price is in the public interest
 87.24 because a reduced price is necessary to provide an incentive to correct the blighted
 87.25 conditions that make the lands undesirable in the open market, or the reduced price will
 87.26 lead to the development of affordable housing; and

87.27 (2) the governmental subdivision or state agency has documented its specific plans
 87.28 for correcting the blighted conditions or developing affordable housing, and the specific
 87.29 law or laws that empower it to acquire real property in furtherance of the plans.

87.30 If the sale under this paragraph is to a governmental subdivision of the state, the
 87.31 commissioner of revenue must convey the property on behalf of the state by quit claim
 87.32 deed. If the sale under this paragraph is to a state agency, the commissioner must issue a
 87.33 conveyance document that releases the property from the trust in favor of the taxing
 87.34 districts.

87.35 (e) Nonconservation tax-forfeited land held in trust in favor of the taxing districts
 87.36 may be conveyed by the commissioner of revenue ~~may convey by deed~~ in the name

88.1 of the state ~~a tract of tax-forfeited land held in trust in favor of the taxing districts~~ to a
88.2 governmental subdivision for an authorized public use, if an application is submitted to
88.3 the commissioner which includes a statement of facts as to the use to be made of the tract
88.4 ~~and the need therefor~~ and the favorable recommendation of the county board. For the
88.5 purposes of this paragraph, "authorized public use" means a use that allows an indefinite
88.6 segment of the public to physically use and enjoy the property in numbers appropriate
88.7 to its size and use, or is for a public service facility. Authorized public uses as defined
88.8 in this paragraph are limited to:

88.9 (1) a road, or right-of-way for a road;

88.10 (2) a park that is both available to, and accessible by, the public that contains
88.11 amenities such as campgrounds, playgrounds, athletic fields, trails, or shelters;

88.12 (3) trails for walking, bicycling, snowmobiling, or other recreational purposes, along
88.13 with a reasonable amount of surrounding land maintained in its natural state;

88.14 (4) transit facilities for buses, light rail transit, commuter rail or passenger rail,
88.15 including transit ways, park-and-ride lots, transit stations, maintenance and garage
88.16 facilities, and other facilities related to a public transit system;

88.17 (5) public beaches or boat launches;

88.18 (6) public parking;

88.19 (7) civic recreation or conference facilities; and

88.20 (8) public service facilities such as fire halls, police stations, lift stations, water
88.21 towers, sanitation facilities, water treatment facilities, and administrative offices.

88.22 No monetary compensation or consideration is required for the conveyance, except as
88.23 provided in subdivision 1g, but the conveyance is subject to the conditions provided in
88.24 law, including, but not limited to, the reversion provisions of subdivisions 1c and 1d.

88.25 (f) The commissioner of revenue shall convey a parcel of nonconservation
88.26 tax-forfeited land to a local governmental subdivision of the state by quit claim deed
88.27 on behalf of the state upon the favorable recommendation of the county board if the
88.28 governmental subdivision has certified to the board that prior to forfeiture the subdivision
88.29 was entitled to the parcel under a written development agreement or instrument, but
88.30 the conveyance failed to occur prior to forfeiture. No compensation or consideration is
88.31 required for, and no conditions attach to, the conveyance.

88.32 (g) The commissioner of revenue shall convey a parcel of nonconservation
88.33 tax-forfeited land to the association of a common interest community by quit claim deed
88.34 upon the favorable recommendation of the county board if the association certifies to the
88.35 board that prior to forfeiture the association was entitled to the parcel under a written

89.1 agreement, but the conveyance failed to occur prior to forfeiture. No compensation or
 89.2 consideration is required for, and no conditions attach to, the conveyance.

89.3 (h) Conservation tax-forfeited land may be sold to a governmental subdivision of the
 89.4 state for less than its market value for either: (1) creation or preservation of wetlands;
 89.5 (2) drainage or storage of storm water under a storm water management plan; or (3)
 89.6 preservation, or restoration and preservation, of the land in its natural state. The deed must
 89.7 contain a restrictive covenant limiting the use of the land to one of these purposes for
 89.8 30 years or until the property is reconveyed back to the state in trust. At any time, the
 89.9 governmental subdivision may reconvey the property to the state in trust for the taxing
 89.10 districts. The deed of reconveyance is subject to approval by the commissioner of revenue.
 89.11 No part of a purchase price determined under this paragraph shall be refunded upon a
 89.12 reconveyance, but the amount paid for a conveyance under this paragraph may be taken
 89.13 into account by the county board when setting the terms of a future sale of the same
 89.14 property to the same governmental subdivision under paragraph (b) or (d). If the lands
 89.15 are unplatted and located outside of an incorporated municipality and the commissioner
 89.16 of natural resources determines there is a mineral use potential, the sale is subject to the
 89.17 approval of the commissioner of natural resources.

89.18 (i) A park and recreation board in a city of the first class is a governmental
 89.19 subdivision for the purposes of this section.

89.20 **EFFECTIVE DATE.** This section is effective July 1, 2010.

89.21 Sec. 3. Minnesota Statutes 2008, section 282.01, subdivision 1b, is amended to read:

89.22 Subd. 1b. **Conveyance; targeted neighborhood lands.** ~~(a)~~ Notwithstanding
 89.23 subdivision 1a, in the case of tax-forfeited lands located in a targeted neighborhood, ~~as~~
 89.24 ~~defined in section 469.201, subdivision 10~~ in a city of the first class, the commissioner of
 89.25 revenue shall convey by quit claim deed in the name of the state any tract of tax-forfeited
 89.26 land held in trust in favor of the taxing districts, to a political subdivision of the state that
 89.27 submits an application to the commissioner of revenue and the favorable recommendation
 89.28 of the county board. For purposes of this subdivision, the term "targeted neighborhood"
 89.29 has the meaning given in section 469.201, subdivision 10, except that the land must be
 89.30 located within a first class city.

89.31 ~~(b) The application under paragraph (a) must include a statement of facts as to the~~
 89.32 ~~use to be made of the tract, the need therefor, and a resolution, adopted by the governing~~
 89.33 ~~body of the political subdivision, finding that the conveyance of a tract of tax-forfeited~~
 89.34 ~~land to the political subdivision is necessary to provide for the redevelopment of land as~~

90.1 ~~productive taxable property. Deeds of conveyance issued under paragraph (a) are not~~
 90.2 ~~conditioned on continued use of the property for the use stated in the application.~~

90.3 **EFFECTIVE DATE.** This section is effective July 1, 2010.

90.4 Sec. 4. Minnesota Statutes 2008, section 282.01, subdivision 1c, is amended to read:

90.5 Subd. 1c. **Deed of conveyance; form; approvals.** The deed of conveyance for
 90.6 property conveyed for ~~a~~ an authorized public use under the authorities in subdivision
 90.7 1a, paragraph (e), must be on a form approved by the attorney general and must be
 90.8 conditioned on continued use for the purpose stated in the application as provided in this
 90.9 section. These deeds are conditional use deeds that convey a defeasible estate. Reversion
 90.10 of the estate occurs by operation of law and without the requirement for any affirmative
 90.11 act by or on behalf of the state when there is a failure to put the property to the approved
 90.12 authorized public use for which it was conveyed, or an abandonment of that use, except as
 90.13 provided in subdivision 1d.

90.14 **EFFECTIVE DATE.** This section is effective July 1, 2010.

90.15 Sec. 5. Minnesota Statutes 2008, section 282.01, subdivision 1d, is amended to read:

90.16 Subd. 1d. **Reverter for failure to use; conveyance to state.** (a) If after three years
 90.17 from the date of the conveyance a governmental subdivision to which tax-forfeited land
 90.18 has been conveyed for ~~a specified~~ an authorized public use as provided in ~~this section~~
 90.19 subdivision 1a, paragraph (e), fails to put the land to that use, or abandons that use, the
 90.20 governing body of the subdivision ~~may,~~ must: (1) with the approval of the county board,
 90.21 purchase the property for an authorized public purpose at the present ~~appraised~~ market
 90.22 value as determined by the county board. ~~In that case, the commissioner of revenue shall,~~
 90.23 upon proper written application approved by the county board, issue an appropriate deed
 90.24 to the subdivisions free of a use restriction and reverter. ~~The governing body may also, or~~
 90.25 (2) authorize the proper officers to convey the land, or the part of the land not required for
 90.26 an authorized public use, to the state of Minnesota; in trust for the taxing districts. If the
 90.27 governing body purchases the property under clause (1), the commissioner of revenue
 90.28 shall, upon proper application submitted by the county auditor, convey the property on
 90.29 behalf of the state by quit claim deed to the subdivision free of a use restriction and the
 90.30 possibility of reversion or defeasement. If the governing body decides to reconvey the
 90.31 property to the state under this clause, the officers shall execute a deed of conveyance
 90.32 immediately. The conveyance is subject to the approval of the commissioner and its form
 90.33 must be approved by the attorney general. ~~A sale, lease, transfer, or other conveyance~~

91.1 ~~of tax-forfeited lands by a housing and redevelopment authority, a port authority, an~~
91.2 ~~economic development authority, or a city as authorized by chapter 469 is not an~~
91.3 ~~abandonment of use and the lands shall not be reconveyed to the state nor shall they~~
91.4 ~~revert to the state. A certificate made by a housing and redevelopment authority, a port~~
91.5 ~~authority, an economic development authority, or a city referring to a conveyance by it~~
91.6 ~~and stating that the conveyance has been made as authorized by chapter 469 may be filed~~
91.7 ~~with the county recorder or registrar of titles, and the rights of reverter in favor of the state~~
91.8 ~~provided by subdivision 1e will then terminate. No vote of the people is required for the~~
91.9 ~~conveyance. For the purposes of this paragraph, there is no failure to put the land to the~~
91.10 authorized public use and no abandonment of that use if a formal plan of the governmental
91.11 subdivision, including, but not limited to, a comprehensive plan or land use plan that
91.12 shows an intended future use of the land for the authorized public use.

91.13 (b) Property held by a governmental subdivision of the state under a conditional use
91.14 deed executed under subdivision 1a, paragraph (e), by the commissioner of revenue on or
91.15 after January 1, 2007, may be acquired by that governmental subdivision after 15 years
91.16 from the date of the conveyance if the commissioner determines upon written application
91.17 from the subdivision that the subdivision has in fact put the property to the authorized
91.18 public use for which it was conveyed, and the subdivision has made a finding that it
91.19 has no current plans to change the use of the lands. Prior to conveying the property, the
91.20 commissioner shall inquire whether the county board where the land is located objects to a
91.21 conveyance of the property to the subdivision without conditions and without further act
91.22 by or obligation of the subdivision. If the county does not object within 60 days, and the
91.23 commissioner makes a favorable determination, the commissioner shall issue a quit claim
91.24 deed on behalf of the state unconditionally conveying the property to the governmental
91.25 subdivision. For purposes of this paragraph, demonstration of an intended future use
91.26 for the authorized public use in a formal plan of the governmental subdivision does not
91.27 constitute use for that authorized public use.

91.28 (c) Property held by a governmental subdivision of the state under a conditional
91.29 use deed executed under subdivision 1a, paragraph (e), by the commissioner of revenue
91.30 before January 1, 2007, is released from the use restriction and possibility of reversion on
91.31 January 1, 2022, if the county board records a resolution describing the land and citing
91.32 this paragraph. The county board may authorize the county treasurer to deduct the amount
91.33 of the recording fees from future settlements of property taxes to the subdivision.

91.34 (d) All property conveyed under a conditional use deed executed under subdivision
91.35 1a, paragraph (e), by the commissioner of revenue is released from the use restriction and
91.36 reverter, and any use restriction or reverter for which no declaration of reversion has been

92.1 recorded with the county recorder or registrar of titles, as appropriate, is nullified on the
 92.2 later of: (1) January 1, 2015; (2) 30 years from the date the deed was acknowledged; or
 92.3 (3) final resolution of an appeal to district court under subdivision 1e, if a lis pendens
 92.4 related to the appeal is recorded in the office of the county recorder or registrar of titles,
 92.5 as appropriate, prior to January 1, 2015.

92.6 **EFFECTIVE DATE.** This section is effective July 1, 2010.

92.7 Sec. 6. Minnesota Statutes 2008, section 282.01, is amended by adding a subdivision
 92.8 to read:

92.9 Subd. 1g. **Conditional use deed fees.** (a) A governmental subdivision of the state
 92.10 applying for a conditional use deed under subdivision 1a, paragraph (e), must submit a fee
 92.11 of \$250 to the commissioner of revenue along with the application. If the application is
 92.12 denied, the commissioner shall refund \$150 of the application fee.

92.13 (b) The proceeds from the fees must be deposited in a Department of Revenue
 92.14 conditional use deed revolving fund. The sums deposited into the revolving fund are
 92.15 appropriated to the commissioner of revenue for the purpose of making the refunds
 92.16 described in this subdivision, and administering conditional use deed laws.

92.17 **EFFECTIVE DATE.** This section is effective for applications received by the
 92.18 commissioner after June 30, 2010.

92.19 Sec. 7. Minnesota Statutes 2008, section 282.01, is amended by adding a subdivision
 92.20 to read:

92.21 Subd. 1h. **Conveyance; form.** The instruments of conveyance executed and issued
 92.22 by the commissioner of revenue under subdivision 1a, paragraphs (c), (d), (e), (f), (g),
 92.23 and (h), and subdivision 1d, paragraph (b), must be on a form approved by the attorney
 92.24 general and are prima facie evidence of the facts stated therein and that the execution and
 92.25 issuance of the conveyance complies with the applicable laws.

92.26 **EFFECTIVE DATE.** This section is effective for deeds executed by the
 92.27 commissioner of revenue after June 30, 2010.

92.28 Sec. 8. Minnesota Statutes 2008, section 282.01, subdivision 2, is amended to read:

92.29 Subd. 2. **Conservation lands; county board supervision.** (a) Lands classified as
 92.30 conservation lands, ~~unless reclassified as nonconservation lands, sold to a governmental~~
 92.31 ~~subdivision of the state, designated as lands primarily suitable for forest production and~~
 92.32 ~~sold as hereinafter provided, or released from the trust in favor of the taxing districts, as~~

93.1 ~~herein provided, will~~ must be held under the supervision of the county board of the county
 93.2 within which ~~such~~ the parcels lie; and must not be conveyed or sold unless the lands are:

93.3 ~~The county board may, by resolution duly adopted, declare lands classified as~~
 93.4 ~~conservation lands as primarily suitable for timber production and as lands which should~~
 93.5 ~~be placed in private ownership for such purposes. If such action be approved by the~~
 93.6 ~~commissioner of natural resources, the lands so designated, or any part thereof, may be~~
 93.7 ~~sold by the county board in the same manner as provided for the sale of lands classified as~~
 93.8 ~~nonconservation lands. Such county action and the approval of the commissioner shall be~~
 93.9 ~~limited to lands lying within areas zoned for restricted uses under the provisions of Laws~~
 93.10 ~~1939, chapter 340, or any amendments thereof.~~

93.11 (1) reclassified as nonconservation lands;

93.12 (2) conveyed to a governmental subdivision of the state under subdivision 1a;

93.13 (3) released from the trust in favor of the taxing districts as provided in paragraph
 93.14 (b); or

93.15 (4) conveyed or sold under the authority of another general or special law.

93.16 (b) The county board may, by resolution duly adopted, resolve that certain lands
 93.17 classified as conservation lands shall be devoted to conservation uses and may submit
 93.18 ~~such~~ a resolution to the commissioner of natural resources. If, upon investigation,
 93.19 the commissioner of natural resources determines that the lands covered by ~~such~~ the
 93.20 resolution, or any part thereof, can be managed and developed for conservation purposes,
 93.21 the commissioner shall make a certificate describing the lands and reciting the acceptance
 93.22 thereof on behalf of the state ~~for such purposes~~. The commissioner shall transmit the
 93.23 certificate to the county auditor, who shall note the same upon the auditor's records and
 93.24 record the same with the county recorder. The title to all lands so accepted shall be held
 93.25 by the state free from any trust in favor of any and all taxing districts and ~~such~~ the lands
 93.26 shall be devoted thereafter to the purposes of forestry, water conservation, flood control,
 93.27 parks, game refuges, controlled game management areas, public shooting grounds, or
 93.28 other public recreational or conservation uses, and managed, controlled, and regulated
 93.29 ~~for such purposes~~ under the jurisdiction of the commissioner of natural resources and
 93.30 the divisions of the department.

93.31 (c) All proceeds derived from the sale of timber, lease of crops of hay, or other
 93.32 revenue from lands under the jurisdiction of the commissioner of natural resources shall
 93.33 be credited to the general fund of the state.

93.34 ~~In case~~ (d) If the commissioner of natural resources ~~shall determine~~ determines that
 93.35 any tract of land ~~so held~~ acquired by the state under paragraph (b) and situated within or
 93.36 adjacent to the boundaries of any governmental subdivision of the state is suitable for use

94.1 by ~~such the~~ subdivision for any authorized public purpose, the commissioner may convey
 94.2 ~~such the~~ tract by deed in the name of the state to ~~such the~~ subdivision upon the filing
 94.3 with the commissioner of a resolution adopted by a majority vote of all the members
 94.4 of the governing body thereof, stating the purpose for which the land is desired. The
 94.5 deed of conveyance shall be upon a form approved by the attorney general and must be
 94.6 conditioned upon continued use for the purpose stated in the resolution. ~~All proceeds~~
 94.7 ~~derived from the sale of timber, lease of hay stumpage, or other revenue from such~~
 94.8 ~~lands under the jurisdiction of the natural resources commissioner shall be paid into the~~
 94.9 ~~general fund of the state.~~

94.10 (e) The county auditor, with the approval of the county board, may lease conservation
 94.11 lands remaining under the ~~jurisdiction~~ supervision of the county board and sell timber
 94.12 and hay stumpage thereon in the manner hereinafter provided, and all proceeds derived
 94.13 therefrom shall be distributed in the same manner as provided in section 282.04.

94.14 **EFFECTIVE DATE.** This section is effective July 1, 2010.

94.15 Sec. 9. Minnesota Statutes 2008, section 282.01, subdivision 3, is amended to read:

94.16 Subd. 3. **Nonconservation lands; appraisal and sale.** (a) All parcels of land
 94.17 classified as nonconservation, except those which may be reserved, shall be sold as
 94.18 provided, if it is determined, by the county board of the county in which the parcels lie,
 94.19 that it is advisable to do so, having in mind their accessibility, their proximity to existing
 94.20 public improvements, and the effect of their sale and occupancy on the public burdens.
 94.21 Any parcels of land proposed to be sold shall be first appraised by the county board of
 94.22 the county in which the parcels lie. The parcels may be reappraised whenever the county
 94.23 board deems it necessary to carry out the intent of sections 282.01 to 282.13.

94.24 (b) In an appraisal the value of the land and any standing timber on it shall be
 94.25 separately determined. No parcel of land containing any standing timber may be sold until
 94.26 the appraised value of the timber on it and the sale of the land have been approved by the
 94.27 commissioner of natural resources. The commissioner shall base review of a proposed
 94.28 sale on the policy and considerations specified in subdivision 1. The decision of the
 94.29 commissioner shall be in writing and shall state the reasons for it. The commissioner's
 94.30 decision is exempt from the rulemaking provisions of chapter 14 and section 14.386
 94.31 does not apply. The county may appeal the decision of the commissioner in accordance
 94.32 with chapter 14.

94.33 (c) In any county in which a state forest or any part of it is located, the county
 94.34 auditor shall submit to the commissioner at least 60 days before the first publication of the
 94.35 list of lands to be offered for sale a list of all lands included on the list which are situated

95.1 outside of any incorporated municipality. If, at any time before the opening of the sale, the
 95.2 commissioner notifies the county auditor in writing that there is standing timber on any
 95.3 parcel of ~~such~~ land, the parcel shall not be sold unless the requirements of this section
 95.4 respecting the separate appraisal of the timber and the approval of the appraisal by the
 95.5 commissioner have been complied with. The commissioner may waive the requirement
 95.6 of the 60-day notice as to any parcel of land which has been examined and the timber
 95.7 value approved as required by this section.

95.8 (d) If any public improvement is made by a municipality after any parcel of land has
 95.9 been forfeited to the state for the nonpayment of taxes, and the improvement is assessed in
 95.10 whole or in part against the property benefited by it, the clerk of the municipality shall
 95.11 certify to the county auditor, immediately upon the determination of the assessments for
 95.12 the improvement, the total amount that would have been assessed against the parcel of land
 95.13 if it had been subject to assessment; or if the public improvement is made, petitioned for,
 95.14 ordered in or assessed, whether the improvement is completed in whole or in part, at any
 95.15 time between the appraisal and the sale of the parcel of land, the cost of the improvement
 95.16 shall be included as a separate item and added to the appraised value of the parcel of land
 95.17 at the time it is sold. No sale of a parcel of land shall discharge or free the parcel of land
 95.18 from lien for the special benefit conferred upon it by reason of the public improvement
 95.19 until the cost of it, including penalties, if any, is paid. The county board shall determine
 95.20 the amount, if any, by which the value of the parcel was enhanced by the improvement and
 95.21 include the amount as a separate item in fixing the appraised value for the purpose of sale.
 95.22 ~~In classifying, appraising, and selling the lands, the county board may designate the tracts~~
 95.23 ~~as assessed and acquired, or may by resolution provide for the subdivision of the tracts into~~
 95.24 ~~smaller units or for the grouping of several tracts into one tract when the subdivision or~~
 95.25 ~~grouping is deemed advantageous for the purpose of sale. Each such smaller tract or larger~~
 95.26 ~~tract must be classified and appraised as such before being offered for sale. If any such~~
 95.27 ~~lands have once been classified, the board of county commissioners, in its discretion, may,~~
 95.28 ~~by resolution, authorize the sale of the smaller tract or larger tract without reclassification.~~

95.29 **EFFECTIVE DATE.** This section is effective July 1, 2010.

95.30 Sec. 10. Minnesota Statutes 2008, section 282.01, subdivision 4, is amended to read:

95.31 Subd. 4. **Sale: method, requirements, effects.** The sale authorized under
 95.32 subdivision 3 must be conducted by the county auditor at the county seat of the county in
 95.33 which the parcels lie, except that in St. Louis and Koochiching Counties, the sale may
 95.34 be conducted in any county facility within the county. The sale must not be for less than
 95.35 the appraised value except as provided in subdivision 7a. The parcels must be sold for

96.1 cash only ~~and at not less than the appraised value~~, unless the county board of the county
96.2 has adopted a resolution providing for their sale on terms, in which event the resolution
96.3 controls with respect to the sale. When the sale is made on terms other than for cash only
96.4 (1) a payment of at least ten percent of the purchase price must be made at the time of
96.5 purchase, and the balance must be paid in no more than ten equal annual installments, or
96.6 (2) the payments must be made in accordance with county board policy, but in no event
96.7 may the board require more than 12 installments annually, and the contract term must not
96.8 be for more than ten years. Standing timber or timber products must not be removed from
96.9 these lands until an amount equal to the appraised value of all standing timber or timber
96.10 products on the lands at the time of purchase has been paid by the purchaser. If a parcel of
96.11 land bearing standing timber or timber products is sold at public auction for more than
96.12 the appraised value, the amount bid in excess of the appraised value must be allocated
96.13 between the land and the timber in proportion to their respective appraised values. In that
96.14 case, standing timber or timber products must not be removed from the land until the
96.15 amount of the excess bid allocated to timber or timber products has been paid in addition
96.16 to the appraised value of the land. The purchaser is entitled to immediate possession,
96.17 subject to the provisions of any existing valid lease made in behalf of the state.

96.18 For sales occurring on or after July 1, 1982, the unpaid balance of the purchase price
96.19 is subject to interest at the rate determined pursuant to section 549.09. The unpaid balance
96.20 of the purchase price for sales occurring after December 31, 1990, is subject to interest
96.21 at the rate determined in section 279.03, subdivision 1a. The interest rate is subject to
96.22 change each year on the unpaid balance in the manner provided for rate changes in section
96.23 549.09 or 279.03, subdivision 1a, whichever, is applicable. Interest on the unpaid contract
96.24 balance on sales occurring before July 1, 1982, is payable at the rate applicable to the sale
96.25 at the time that the sale occurred.

96.26 **EFFECTIVE DATE.** This section is effective July 1, 2010.

96.27 Sec. 11. Minnesota Statutes 2008, section 282.01, subdivision 7, is amended to read:

96.28 Subd. 7. **County sales; notice, purchase price, disposition.** The sale must
96.29 commence at the time determined by the county board of the county in which the parcels
96.30 are located. The county auditor shall offer the parcels of land in order in which they
96.31 appear in the notice of sale, and shall sell them to the highest bidder, but not for a sum
96.32 less than the appraised value, until all of the parcels of land have been offered. Then the
96.33 county auditor shall sell any remaining parcels to anyone offering to pay the appraised
96.34 value, except that if the person could have repurchased a parcel of property under section
96.35 282.012 or 282.241, that person may not purchase that same parcel of property at the sale

97.1 under this subdivision for a purchase price less than the sum of all taxes, assessments,
97.2 penalties, interest, and costs due at the time of forfeiture computed under section 282.251,
97.3 and any special assessments for improvements certified as of the date of sale. The sale
97.4 must continue until all the parcels are sold or until the county board orders a reappraisal or
97.5 withdraws any or all of the parcels from sale. The list of lands may be added to and the
97.6 added lands may be sold at any time by publishing the descriptions and appraised values.
97.7 The added lands must be: (1) parcels of land that have become forfeited and classified
97.8 as nonconservation since the commencement of any prior sale; (2) parcels classified as
97.9 nonconservation that have been reappraised; (3) parcels that have been reclassified as
97.10 nonconservation; or (4) other parcels that are subject to sale but were omitted from the
97.11 existing list for any reason. The descriptions and appraised values must be published in
97.12 the same manner as provided for the publication of the original list. Parcels added to the
97.13 list must first be offered for sale to the highest bidder before they are sold at appraised
97.14 value. All parcels of land not offered for immediate sale, as well as parcels that are offered
97.15 and not immediately sold, continue to be held in trust by the state for the taxing districts
97.16 interested in each of the parcels, under the supervision of the county board. Those parcels
97.17 may be used for public purposes until sold, as directed by the county board.

97.18 **EFFECTIVE DATE.** This section is effective July 1, 2010.

97.19 Sec. 12. Minnesota Statutes 2008, section 282.01, subdivision 7a, is amended to read:

97.20 Subd. 7a. **City sales; alternate procedures.** Land located in a home rule charter
97.21 or statutory city, or in a town which cannot be improved because of noncompliance with
97.22 local ordinances regarding minimum area, shape, frontage or access may be sold by the
97.23 county auditor pursuant to this subdivision if the auditor determines that a nonpublic sale
97.24 will encourage the approval of sale of the land by the city or town and promote its return
97.25 to the tax rolls. If the physical characteristics of the land indicate that its highest and best
97.26 use will be achieved by combining it with an adjoining parcel and the city or town has not
97.27 adopted a local ordinance governing minimum area, shape, frontage, or access, the land
97.28 may also be sold pursuant to this subdivision. If the property consists of an undivided
97.29 interest in land or land and improvements, the property may also be sold to the other
97.30 owners under this subdivision. The sale of land pursuant to this subdivision shall be
97.31 subject to any conditions imposed by the county board pursuant to section 282.03. The
97.32 governing body of the city or town may recommend to the county board conditions to be
97.33 imposed on the sale. The county auditor may restrict the sale to owners of lands adjoining
97.34 the land to be sold. The county auditor shall conduct the sale by sealed bid or may select
97.35 another means of sale. The land shall be sold to the highest bidder ~~but in no event shall the~~

98.1 ~~land~~ and may be sold for less than its appraised value. All owners of land adjoining the
98.2 land to be sold shall be given a written notice at least 30 days prior to the sale.

98.3 This subdivision shall be liberally construed to encourage the sale and utilization
98.4 of tax-forfeited land, to eliminate nuisances and dangerous conditions and to increase
98.5 compliance with land use ordinances.

98.6 **EFFECTIVE DATE.** This section is effective July 1, 2010.

98.7 Sec. 13. Minnesota Statutes 2008, section 282.01, is amended by adding a subdivision
98.8 to read:

98.9 **Subd. 12. Notice; public hearing for use change.** If a governmental subdivision
98.10 that acquired a parcel for public use under this section later determines to change the use,
98.11 it must hold a public hearing on the proposed use change. The governmental subdivision
98.12 must mail written notice of the proposed use change and the public hearing to each owner
98.13 of property that is within 400 feet of the parcel at least ten days and no more than 60 days
98.14 before it holds the hearing. The notice must identify: (1) the parcel, (2) its current use,
98.15 (3) the proposed use, (4) the date, time, and place of the public hearing, and (5) where
98.16 to submit written comments on the proposal and that the public is invited to testify at
98.17 the public hearing.

98.18 **EFFECTIVE DATE.** This section is effective July 1, 2010, and applies to a change
98.19 in use of a parcel acquired under Minnesota Statutes, section 282.01, whether acquired by
98.20 the governmental subdivision before or after the effective date of this section.

98.21 Sec. 14. **REPEALER.**

98.22 Minnesota Statutes 2008, sections 282.01, subdivisions 9, 10, and 11; and 383A.76,
98.23 are repealed.

98.24 **EFFECTIVE DATE.** This section is effective July 1, 2010.

APPENDIX
Article locations in 10-6166

	INDIVIDUAL INCOME, CORPORATE FRANCHISE, AND	
ARTICLE 1	ESTATE TAXES	Page.Ln 2.2
ARTICLE 2	SALES AND USE TAXES	Page.Ln 29.17
ARTICLE 3	SPECIAL TAXES	Page.Ln 42.24
ARTICLE 4	PROPERTY TAXES AND AIDS	Page.Ln 50.20
ARTICLE 5	MISCELLANEOUS	Page.Ln 78.16
ARTICLE 6	CONDITIONAL USE DEEDS	Page.Ln 83.11

282.01 TAX-FORFEITED LANDS; CLASSIFICATION, SALE.

Subd. 9. **Ratification of old sales of tax-forfeited lands.** Where a sale of tax-forfeited land under Mason's Supplement 1940, section 2139-15, was made prior to December 31, 1942, without first having the appraised value of the timber thereon approved by the commissioner of natural resources as therein provided, such sale may be ratified by the commissioner of revenue in the manner herein provided, if prior to the making of application therefor the entire purchase price of said tax-forfeited land has been paid.

Subd. 10. **Ratification application, approval, effect.** The purchaser at such sale or the county auditor of the county in which said land is located shall file an application for the ratification of the sale with the board of county commissioners of said county, submitting therewith a statement of the facts of the case and satisfactory proof that the purchase price of such land at the sale has been paid in full. Such application shall be considered by the county board and shall thereafter be submitted by it to the commissioner of revenue with the recommendation of the county board and of the county auditor in all cases wherein the auditor is not the applicant. The commissioner of revenue shall consider said application and, on determining that the conditions above referred to exist, shall make an order ratifying the sale of said tax-forfeited land and transmit a copy thereof to the county auditor of the county in which said tax-forfeited land is located. If any such sale be ratified by the commissioner of revenue, it shall not thereafter be subject to attack for failure to have the timber appraisal approved before the sale. If no conveyance by the state has theretofore been made, the county auditor, upon receipt of said order, shall request the issuance of an appropriate conveyance as provided for in said section 2139-15. If a conveyance has been made by the state of said land pursuant to said section 2139-15, said conveyance shall not thereafter be subject to attack on account of the failure to have the timber appraisal approved before the sale.

Subd. 11. **Pending actions not affected.** The provisions of subdivisions 9 to 11 shall not apply so as to prejudice the rights of any person in any action or proceeding heretofore commenced to the sale in any court of this state.

297I.30 DUE DATES FOR FILING RETURNS.

Subd. 4. **Persons, firms, or corporations licensed to procure insurance from unlicensed foreign companies.** On or before 30 days following the expiration date of a license issued under section 297I.05, subdivision 9, a person, firm, or corporation licensed to obtain insurance from a company not authorized to do business in Minnesota shall file a return with the commissioner for the preceding 12-month period setting forth any information the commissioner reasonably requires on forms prescribed by the commissioner.

Subd. 5. **Joint self-insurance plans.** On or before 60 days following the conclusion of their fiscal year, a plan subject to tax under section 297I.05, subdivision 12, paragraph (b) or (c), shall file a return with the commissioner for the preceding fiscal year setting forth any information the commissioner reasonably requires on forms prescribed by the commissioner.

Subd. 6. **Persons, firms, or corporations procuring insurance from an unlicensed foreign company.** Within 30 days after the date the insurance was procured, continued, or renewed, a taxpayer required to pay the tax under section 297I.05, subdivision 10, shall file a return setting forth any information the commissioner reasonably requires on forms prescribed by the commissioner.

383A.76 TAX-FORFEITED LANDS.

Subdivision 1. **Sale; valuation.** The Ramsey County board may sell tax-forfeited lands in the county to an organized or incorporated governmental subdivision of the state for any public purpose for which the subdivision is authorized to acquire property. In the case of tax-forfeited land in the county which a governmental subdivision has requested for housing purposes, the county board may sell that property to the requesting subdivision for the specified housing use at a value, which may be less than its appraised value, as determined by the county board. Factors that may be considered by the county board in determining value for lands to be held for a permitted public purpose or redeveloped under chapter 469 include the projected gap financing and public subsidy needed for a redevelopment project, expected increases in property taxes, before and after redevelopment appraised values, the potential use of the property for affordable housing, environmental contamination and pollution, site preparation and infrastructure costs, and any other relevant factors. The commissioner of revenue shall convey by deed in the name of the state a tract of tax-forfeited land held in trust in favor of the taxing districts to a governmental subdivision for an authorized public use, if an application is submitted to the commissioner. The

APPENDIX

Repealed Minnesota Statutes: 10-6166

application must include a statement of facts as to the use to be made of the tract, the need for it, and the recommendation of the county board. Property conveyed under this section for a value that is less than its appraised value cannot be included in a tax increment financing district. To the extent the provisions of chapter 282 are not inconsistent with this section, the provisions of chapter 282 apply to the sale of tax forfeited land in Ramsey County.

Subd. 2. **Use of land.** For lands located within Ramsey County, the deed of conveyance of tax-forfeited land to an organized or incorporated governmental subdivision of the state for an authorized use must be on a form approved by the attorney general and must be conditioned on continued use for the purpose stated in the application. If the governing body of the governmental subdivision determines by resolution after public hearing that some other public use should be made of the lands, the changed use may be made upon filing with the county recorder or registrar of titles a certified copy of the resolution and without conveying the lands back to the state and securing a new conveyance for the new public use. Permitted public uses under this section include street, storm water ponding, drainage, parks, watershed, wetlands, library, fire and police stations, utility easements, and public facilities.

Subd. 3. **Reverter of land.** When a subdivision to which tax-forfeited land has been conveyed for a housing purpose at a value of less than the appraised value, fails to pass a resolution designating a developer or approving a redevelopment contract within three years of the date of conveyance, the Ramsey County board may by resolution declare the land to have reverted to the state, and shall serve a notice of reversion, with a copy of the declaration, by certified mail to the subdivision and shall reimburse the subdivision for the consideration for the lands from the tax-forfeited sale fund. The Ramsey County board shall file for record with the Ramsey county recorder or registrar of titles a certified copy of the declaration of reversion and proof of service. A certificate made by a subdivision referring to a conveyance made to it and stating that it has passed a resolution designating a developer or approving a redevelopment contract for a housing redevelopment project may be filed with the Ramsey County recorder or registrar of titles, and the right of reverter in favor of the state under this section will then terminate.

Subd. 4. **Report by subdivision.** Each subdivision to which tax-forfeited lands have been conveyed under this section for a value of less than its appraised value must file a report with the commissioner of revenue by September 1, 2004, and by September 1 of each third year thereafter. The report shall contain a description of the lands conveyed to it, a status of the development efforts for the lands, the intended or actual uses being made of the lands, and the amount of property taxes being paid on the lands. The commissioner shall retain each report for a minimum of ten years. Failure of a subdivision to file a report shall be cause for the commissioner to declare a reversion of the parcel under section 282.01, subdivision 1e.

APPENDIX
Repealed Minnesota Session Laws: 10-6166

Laws 2009, chapter 88, article 12, section 21

Sec. 21. SPECIAL ACCOUNT; TIMING DIFFERENCES.

Notwithstanding the provisions of Minnesota Statutes, section 290.62, the commissioner of revenue shall deposit the additional income tax and corporate franchise tax revenues collected as a result of the combination of: (1) the additions under Minnesota Statutes, section 290.01, subdivision 19a, clauses (7) and (8), and subdivision 19c, clauses (15) and (16); and (2) adopting the provisions of American Recovery and Reinvestment Act of 2009, in a special timing account in the general fund, but not to exceed \$10,149,000. On July 11, 2011, the commissioner of revenue shall transfer the money in the account to the general fund to offset the reduction in revenues resulting from the subtractions under Minnesota Statutes, section 290.01, subdivision 19b, clauses (9) and (14), and subdivision 19d, clauses (18) and (19).