

**SENATE  
STATE OF MINNESOTA  
NINETY-THIRD SESSION**

**S.F. No. 4802**

(SENATE AUTHORS: REST)

DATE  
03/11/2024

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OFFICIAL STATUS  
Introduction and first reading  
Referred to Energy, Utilities, Environment, and Climate

1.1 A bill for an act  
1.2 relating to energy; providing for a revenue-neutral assessment on environmental  
1.3 emissions; providing for refundable FICA and property tax credits; providing for  
1.4 credits against income taxes to be paid as dividends; authorizing loans for energy  
1.5 efficiency and renewable energy projects; providing rulemaking authority; requiring  
1.6 reports; appropriating money; amending Minnesota Statutes 2022, sections  
1.7 273.1393; 276.04, subdivision 2; Minnesota Statutes 2023 Supplement, sections  
1.8 273.1392; 275.065, subdivision 3; proposing coding for new law in Minnesota  
1.9 Statutes, chapters 273; 290; proposing coding for new law as Minnesota Statutes,  
1.10 chapter 216I.

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

1.12 Section 1. CITATION.

1.13 This act may be cited as the "Carbon Assessment and Dividend Act" or "CADA."

1.14 Sec. 2. [216I.01] DEFINITIONS.

1.15 Subdivision 1. Scope. The definitions in this section apply to this chapter.

1.16 Subd. 2. Coal. "Coal" means bituminous coal, subbituminous coal, lignite, and coke.

1.17 Subd. 3. Commissioner. "Commissioner" means the commissioner of revenue.

1.18 Subd. 4. Importer. "Importer" means the entity that receives assessed fuels liable for  
1.19 assessment under this chapter.

1.20 Subd. 5. Liquid fuels. "Liquid fuels" means gasoline, liquefied petroleum gas, aviation  
1.21 gasoline, fuel oil and kerosene, diesel fuel, methanol from nonplant sources, biofuel, and  
1.22 kerosene.

2.1 Subd. 6. **Natural gas.** "Natural gas" means a naturally occurring mixture of hydrocarbons  
2.2 and nonhydrocarbon gases found in porous geologic formations beneath the earth's surface,  
2.3 the principal constituent of which is methane.

2.4 Subd. 7. **Primary carbon-based fuels.** "Primary carbon-based fuels" means coal, mixed  
2.5 municipal solid waste and refuse-derived fuel, natural gas, and liquid fuels.

2.6 Subd. 8. **Program year.** "Program year" means January 1 through December 31.

2.7 **EFFECTIVE DATE.** This section is effective the day following final enactment for  
2.8 assessments beginning on January 1, 2025, and applies to coal and natural gas first received,  
2.9 mixed municipal solid waste and refuse-derived fuel first burned, and liquid fuels first  
2.10 withdrawn or distributed in this state on and after that date and to electricity sold after that  
2.11 date.

2.12 Sec. 3. **[216L.02] ENVIRONMENTAL EMISSIONS ASSESSMENT.**

2.13 Subdivision 1. **Assessed fuels.** (a) The use of primary carbon-based fuels and the use  
2.14 of fuels to generate electricity to provide for in-state energy consumption are subject to an  
2.15 environmental emissions assessment under this section.

2.16 (b) Use of the following are not subject to the assessment under this chapter: ethanol;  
2.17 biofuel; methanol from plant materials, wood, wood wastes, agricultural crops, crop residues,  
2.18 sludge, solvents, waste oil, hazardous waste, or medical waste; and hydro-electricity.

2.19 (c) The assessment does not apply to the use of liquid fuel as a lubricant or physical  
2.20 component of a manufactured product.

2.21 Subd. 2. **Amount of assessment.** (a) The environmental emissions assessment applies  
2.22 based on the amount of carbon dioxide emitted from the burning of fuel. The amount of  
2.23 carbon dioxide emitted must be calculated by determining the estimated amount of carbon  
2.24 dioxide emitted from the burning of fuel according to fuel type or subtype as provided in  
2.25 subdivision 3.

2.26 (b) The assessment in the first program year, beginning January 1, 2024, is \$50 per ton  
2.27 of carbon dioxide emitted from the burning of each assessed fuel. The assessment increases  
2.28 each succeeding program year by \$5 per ton of carbon dioxide emitted, until the assessment  
2.29 equals a maximum amount of \$200 per ton of carbon emitted.

2.30 Subd. 3. **Calculation of assessment; special rules.** (a) In consultation with the  
2.31 commissioner of the Pollution Control Agency, the commissioner must:

3.1 (1) estimate the average amount of carbon dioxide emitted by burning a unit of each  
3.2 assessed fuel;

3.3 (2) multiply the amount in clause (1) by the number of units of the assessed fuel at the  
3.4 point of assessment to determine the number of tons of carbon dioxide that would be emitted  
3.5 by the burning of those units; and

3.6 (3) multiply the result of clause (2) by the applicable rate per ton of carbon dioxide  
3.7 emitted specified under subdivision 2.

3.8 (b) For electricity generated in another state and imported under contract by a utility for  
3.9 consumption in Minnesota, the commissioner must estimate the amount of carbon dioxide  
3.10 emitted in paragraph (a), clause (1), based on the proportions of the mix of assessed fuels  
3.11 used to generate the electricity purchased under the contract.

3.12 (c) For electricity generated in another state and purchased by a utility in the wholesale  
3.13 electricity markets operated by the Midcontinent Independent System Operator for  
3.14 consumption in Minnesota, the commissioner must estimate the amount in paragraph (a),  
3.15 clause (1), based on the average proportion of the mix of assessed fuels used to generate  
3.16 electricity by all generators who are members of the Midcontinent Independent System  
3.17 Operator.

3.18 (d) For a blend of assessed and nonassessed fuels produced or blended in another state  
3.19 for use in this state, the commissioner must calculate the assessment based on the volume  
3.20 of the assessed fuel in the blended fuel.

3.21 Subd. 4. **Assessment procedure.** (a) For an assessed fuel produced in another state and  
3.22 used in this state, the assessment under this section applies to the first receipt of the assessed  
3.23 fuel in this state. The importer in this state who first receives the assessed fuel is liable for  
3.24 the assessment. An importer who receives an assessed fuel has the burden of proving to the  
3.25 satisfaction of the commissioner that the assessed fuel was not received for use in Minnesota.

3.26 (b) For an assessed fuel produced in this state, the assessment under this section applies  
3.27 at the point of production. The producer who produces the assessed fuel is liable for the  
3.28 assessment.

3.29 (c) An assessment under this section is prohibited if and to the extent that the assessment  
3.30 is duplicative of a charge made by federal law or regulation or a multistate agreement to  
3.31 which Minnesota is a signatory.

3.32 (d) If an assessed fuel is produced in or transported to Minnesota from another state that  
3.33 assesses the fuel based on the amount of carbon dioxide emitted when the fuel is used, a

4.1 credit against the assessment authorized under this section is allowed in the amount of the  
4.2 assessment paid to the state where the fuel is produced.

4.3 (e) The commissioner must not assess a unit of fuel more than once under this section.

4.4 Subd. 5. **Data provision.** Upon request of the commissioner, a person must provide to  
4.5 the commissioner information the commissioner determines is necessary to accurately make  
4.6 the assessment required under this section.

4.7 Subd. 6. **Technical assistance.** Upon request of the commissioners of revenue and the  
4.8 Pollution Control Agency, an agency as defined in section 14.02 must provide technical  
4.9 assistance to the commissioners to facilitate the administration of this section.

4.10 **EFFECTIVE DATE.** This section is effective the day following final enactment for  
4.11 assessments beginning on January 1, 2025, and applies to coal and natural gas first received,  
4.12 mixed municipal solid waste and refuse-derived fuel first burned, and liquid fuels first  
4.13 withdrawn or distributed in this state on and after that date and to electricity sold after that  
4.14 date.

4.15 Sec. 4. **[216I.03] ACCOUNT ESTABLISHED; EXPENDITURES.**

4.16 Subdivision 1. **Account established.** (a) A carbon assessment dividend account is  
4.17 established as a separate account in the special revenue fund in the state treasury. The  
4.18 account must be administered by the commissioner as provided under this chapter and  
4.19 sections 273.1388, 290.0696, and 290.98.

4.20 (b) The commissioner must deposit all assessments collected under section 216I.02 into  
4.21 the account established under this subdivision.

4.22 Subd. 2. **Allowable expenditures.** Amounts in the carbon assessment dividend account  
4.23 are appropriated as provided in:

4.24 (1) section 216I.04 to pay refunds;

4.25 (2) section 216I.07 to make loans to businesses for energy efficiency or renewable energy  
4.26 projects;

4.27 (3) section 273.1388 to pay for the cover and tillage credit;

4.28 (4) section 290.0696 to pay dividends; and

4.29 (5) section 290.98 to pay rebates.

5.1 Subd. 3. Allocation of assessment revenues. (a) Revenue from the carbon assessment  
5.2 dividend account must be used as provided by this section. By August 1 of each year, the  
5.3 commissioner of the Pollution Control Agency shall estimate:

5.4 (1) the amount of revenues to be collected in the next calendar year from the assessment,  
5.5 less:

5.6 (i) in fiscal year 2026 only, \$50,000,000 to be appropriated to the commissioner of  
5.7 commerce for deposit in the revolving loan account established under section 216I.07, to  
5.8 make loans to businesses for energy efficiency or renewable energy projects; and

5.9 (ii) the refund under section 216I.04; and

5.10 (2) the respective proportions of the assessments that are attributable to energy usage  
5.11 by individuals and households and by business firms.

5.12 (b) Amounts in the account, less the appropriation and refund amounts determined under  
5.13 paragraph (a), must be divided in proportion to the shares determined under paragraph (a),  
5.14 clause (2), and appropriated as follows:

5.15 (1) of the amount attributable to energy usage by individuals and households, ... percent  
5.16 must be used to pay a dividend as provided by section 290.0696, and ... percent must be  
5.17 used to pay for the property tax credit under section 273.1388; and

5.18 (2) the amount attributable to energy usage by business firms must be used for a  
5.19 refundable payroll tax rebate as provided in section 290.98.

5.20 **EFFECTIVE DATE.** This section is effective the day following final enactment for  
5.21 assessments beginning on January 1, 2025, and applies to coal and natural gas first received,  
5.22 mixed municipal solid waste and refuse-derived fuel first burned, and liquid fuels first  
5.23 withdrawn or distributed in this state on and after that date and to electricity sold after that  
5.24 date.

5.25 Sec. 5. **[216I.04] REFUNDS.**

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

5.28 (b) "Assessment adjustment factor" means the percentage of the annual average increase  
5.29 in the retail cost of each energy source that is due to the assessment on an assessed fuel used  
5.30 to produce that energy source as determined by the commissioner of commerce.

5.31 (c) "Energy project" means:

6.1 (1) an energy conservation improvement, as defined in section 216B.241, subdivision  
6.2 1;

6.3 (2) the installation of a renewable energy system on or adjacent to a place of business;  
6.4 or

6.5 (3) a combination of clauses (1) and (2).

6.6 (d) "Energy source" means any source of energy that is produced using an assessed fuel.

6.7 (e) "Qualifying sales" means a person's total annual sales wherever made in connection  
6.8 with the person's employment or business conducted in this state, as determined under  
6.9 section 290.191.

6.10 (f) "Renewable energy" has the meaning given in section 216C.435, subdivision 9.

6.11 (g) "Total energy costs for each energy source" means the total annual cost to a business  
6.12 firm to purchase an energy source that is used in a trade or business, excluding any energy  
6.13 source that is sold.

6.14 Subd. 2. **Determination of aggregate increased energy cost.** (a) For purposes of  
6.15 calculating the refund in subdivision 3, the commissioner of commerce must determine a  
6.16 business firm's aggregate increased energy cost under this subdivision. The aggregate  
6.17 increased energy cost equals the sum of the total increased energy costs for each energy  
6.18 source as determined in paragraph (b).

6.19 (b) The total increased energy costs for each energy source are calculated by multiplying:

6.20 (1) the total energy costs for each energy source; by

6.21 (2) the assessment adjustment factor of each energy source.

6.22 Subd. 3. **High impact refund.** (a) A business firm who is not a utility, importer, or  
6.23 producer of assessed fuels is allowed a refund equal to the product of:

6.24 (1) the amount of the business firm's aggregate increased energy cost minus three percent  
6.25 of the taxpayer's qualifying sales; and

6.26 (2) 75 percent.

6.27 (b) The amount of a refund paid to an importer or producer under paragraph (a) for a  
6.28 taxable year must not exceed the annual cost to the importer or producer of implementing  
6.29 the required energy project in subdivision 4.

6.30 Subd. 4. **Energy project.** (a) A person is allowed a refund under this section only if the  
6.31 person implements an energy project that has been approved by the commissioner of

7.1 commerce. An applicant for a refund must submit a proposed energy project to the  
7.2 commissioner of commerce that contains the following information:

7.3 (1) a description of the energy project, including existing equipment, operating  
7.4 characteristics, energy sources, and other elements that the energy project is designed to  
7.5 modify or replace;

7.6 (2) a budget for the energy project;

7.7 (3) annual and cumulative energy and monetary savings projected to result from  
7.8 implementation of the energy project and calculations demonstrating that the energy project  
7.9 will have a payback period of less than ten years;

7.10 (4) the current level of carbon dioxide emissions at the facility where the energy project  
7.11 is to be implemented and the estimated amount of carbon dioxide emissions after the project  
7.12 is implemented; and

7.13 (5) information demonstrating the ability of the person to repay any loan received under  
7.14 section 216I.07 to finance or partially finance the energy project.

7.15 (b) The commissioner of commerce may not approve an energy project that does not  
7.16 reduce the amount of carbon dioxide emissions from the facility implementing the energy  
7.17 project by less than ... percent from the current amount of emissions.

7.18 (c) An applicant for a refund must provide evidence to the commissioner of commerce  
7.19 demonstrating that the energy project has been implemented. If a determination is made  
7.20 that the person qualifies for a refund under this section, the commissioner of commerce  
7.21 shall notify the person and the commissioner in writing within 15 days of the determination.

7.22 (d) A person may apply for and receive a refund annually under this section for five  
7.23 years following the first issuance of the notice under paragraph (c).

7.24 Subd. 5. **Liquid fuel used as lubricant or physical component.** A person who uses  
7.25 liquid fuel that is exempt from the assessment under section 216I.02, subdivision 1, paragraph  
7.26 (c), may apply for a refund of any assessment paid on the fuel.

7.27 Subd. 6. **Application.** A person may apply for a refund under this section. The  
7.28 commissioner of commerce must prescribe the form of the application. An application for  
7.29 refund must be filed at the same time as the return under section 216I.05. Claims for a refund  
7.30 are subject to section 289A.40.

8.1 Subd. 7. **Appropriation.** An amount as determined under section 216I.03, subdivision  
8.2 3, is appropriated to the commissioner of commerce from the carbon assessment and dividend  
8.3 account to pay refunds under this section.

8.4 **EFFECTIVE DATE.** This section is effective the day following final enactment for  
8.5 assessments beginning on January 1, 2025, and applies to coal and natural gas first received,  
8.6 mixed municipal solid waste and refuse-derived fuel first burned, and liquid fuels first  
8.7 withdrawn or distributed in this state on and after that date and to electricity sold after that  
8.8 date.

8.9 Sec. 6. **[216I.05] ADMINISTRATION AND ENFORCEMENT.**

8.10 Subdivision 1. **Annual returns.** A person required to pay the assessment under section  
8.11 216I.02 must file a return relating to the assessment due for the preceding calendar year  
8.12 with the commissioner by April 15 each year on a form prescribed by the commissioner.  
8.13 Payment of the assessment to the extent not paid in full under subdivision 2 must be submitted  
8.14 with the return.

8.15 Subd. 2. **Declaration of estimated assessment.** A person required to pay the assessment  
8.16 under section 216I.02 must make a declaration of the amount of estimated assessment due  
8.17 for the calendar year if the person reasonably expects the amount of estimated assessment  
8.18 to be in excess of \$1,000. The amount of estimated assessment with respect to which a  
8.19 declaration is required must be paid in four equal installments on or before the 15th day of  
8.20 March, June, September, and December. An amendment of a declaration may be filed  
8.21 between installment dates but only one amendment may be filed in each interval. If an  
8.22 amendment of a declaration is filed, the amount of each remaining installment must be  
8.23 determined in a manner established by rule. The commissioner may grant a reasonable  
8.24 extension of time of up to six months for filing a declaration.

8.25 Subd. 3. **Failure to pay estimated assessment.** Section 289A.25, subdivision 3, applies  
8.26 to failure of a person to pay an estimated assessment due under this chapter.

8.27 Subd. 4. **Refunds.** Section 289A.50 applies to the refunds claimed and made under this  
8.28 chapter. Refunds of overpayments of an estimated assessment must be made as provided  
8.29 in section 289A.56, subdivision 2.

8.30 Subd. 5. **Exchange of information.** Notwithstanding sections 13.68 and 116.075, the  
8.31 commissioner of the Pollution Control Agency may provide the commissioner with  
8.32 information necessary for the enforcement of this chapter. Section 13.03, subdivision 4,  
8.33 paragraph (c), applies to data shared under this subdivision. Information obtained in the



9.1 course of an audit of an importer, producer, or recipient of a dividend or rebate by the  
9.2 commissioner is nonpublic data or private data on individuals to the extent it is not directly  
9.3 divulged in a return.

9.4 Subd. 6. **Duties of the commissioner.** The commissioner of the Pollution Control Agency  
9.5 shall provide to the commissioner the names and addresses of all persons subject to  
9.6 assessments under this chapter, together with any information concerning the amount to be  
9.7 assessed. Upon request by the commissioner, the commissioner of the Pollution Control  
9.8 Agency shall examine returns and reports filed with the commissioner and notify the  
9.9 commissioner of any suspected inaccurate or fraudulent declaration or return. The  
9.10 commissioner of the Pollution Control Agency may assist in auditing a person subject to  
9.11 the assessment under this chapter when requested by the commissioner.

9.12 Subd. 7. **Rules.** In consultation with the commissioners of commerce and the Pollution  
9.13 Control Agency, the commissioner may adopt rules under chapter 14 necessary to administer  
9.14 this chapter.

9.15 Subd. 8. **Enforcement.** The following audit, penalty, and enforcement provisions apply  
9.16 to assessments under this chapter: sections 270B.18, subdivision 4; 270C.35; 289A.35;  
9.17 289A.37; 289A.38, subdivisions 1, 2, 5, and 6; 289A.40, subdivision 1; 289A.41; 289A.42,  
9.18 subdivision 1; 289A.55; 289A.60, subdivisions 1 to 10, 13, 18, and 19; and 289A.63,  
9.19 subdivisions 1, 2, and 8 to 10.

9.20 **EFFECTIVE DATE.** This section is effective the day following final enactment for  
9.21 assessments beginning on January 1, 2025, and applies to coal and natural gas first received,  
9.22 mixed municipal solid waste and refuse-derived fuel first burned, and liquid fuels first  
9.23 withdrawn or distributed in this state on and after that date and to electricity sold after that  
9.24 date.

9.25 Sec. 7. **[216L.06] ADMINISTRATION OF DIVIDEND AND REBATE.**

9.26 The commissioner may provide for any requirement necessary to administer this chapter,  
9.27 including the time and manner for filing returns. All provisions not inconsistent with this  
9.28 chapter relating to collection, audit, assessment, refunds, penalty, interest, enforcement,  
9.29 collection remedies, appeal, and administration under chapters 270C and 289A apply to  
9.30 this chapter.

9.31 **EFFECTIVE DATE.** This section is effective the day following final enactment for  
9.32 assessments beginning on January 1, 2025, and applies to coal and natural gas first received,  
9.33 mixed municipal solid waste and refuse-derived fuel first burned, and liquid fuels first

10.1 withdrawn or distributed in this state on and after that date and to electricity sold after that  
10.2 date.

10.3 **Sec. 8. [216I.07] ENERGY REVOLVING LOAN FUND.**

10.4 **Subdivision 1. Establishment of program.** The commissioner of commerce shall  
10.5 establish an energy revolving loan program to make low-interest loans to businesses that  
10.6 implement energy efficiency or renewable energy projects.

10.7 **Subd. 2. Account established; appropriation.** An energy revolving loan account is  
10.8 established as a separate account in the special revenue fund. This account is a revolving  
10.9 fund for the loan program under this section. All repayment of loans, loan fees, investment  
10.10 earnings, and other income of the program are credited to the account. Upon termination  
10.11 of the program under this section, any money in the loan account cancels to the energy and  
10.12 conservation account established in section 216B.241, subdivision 2a. Amounts in the energy  
10.13 revolving loan account are appropriated to the commissioner of commerce to carry out this  
10.14 section, including reimbursement of administrative costs.

10.15 **Subd. 3. Use of loan proceeds.** The commissioner of commerce may provide loans to  
10.16 borrowers from amounts in the energy revolving loan fund. Borrowers must use loans to  
10.17 pay for the purchase and installation of capital improvements to improve energy efficiency  
10.18 or to access renewable energy sources in order to qualify for a refund under section 216I.04.

10.19 **Subd. 4. Underwriting standards.** The commissioner of commerce may establish  
10.20 application forms, application procedures, underwriting standards, and other rules for  
10.21 processing and originating loans under this program.

10.22 **Subd. 5. Loan terms.** (a) The commissioner of commerce shall specify the provisions  
10.23 governing the loans, including whether they are secured or unsecured, the terms, principal  
10.24 repayment schedules, and any other provisions the commissioner of commerce deems  
10.25 appropriate.

10.26 (b) The commissioner of commerce may set and require that an application fee be paid  
10.27 by applicants for loans under the program.

10.28 (c) The loans must bear interest at no less than the interest rate on the most recent sale  
10.29 of Minnesota general obligation tax exempt state various purpose bonds at the time the loan  
10.30 is made. Higher interest rates may be charged, based on the security of the loans.

10.31 **Subd. 6. Rulemaking.** The commissioner of commerce may adopt administrative rules  
10.32 under chapter 14 necessary to implement the provisions of this section.

11.1 Subd. 7. **Expiration.** The authority to make loans under this section expires December  
11.2 31, 2032.

11.3 **EFFECTIVE DATE.** This section is effective July 1, 2025.

11.4 Sec. 9. **[216I.08] REPORTS.**

11.5 By September 1 each year, beginning in 2027, the commissioner must, in consultation  
11.6 with the commissioners of commerce and the Pollution Control Agency, submit a written  
11.7 report to the chairs and ranking minority members of the legislative committees with primary  
11.8 jurisdiction over environment policy and finance and energy policy and finance. The report  
11.9 must contain the following information:

11.10 (1) the total amount of assessments collected annually under section 216I.02;

11.11 (2) the total number of refunds awarded annually under section 216I.04;

11.12 (3) the total number of carbon assessment dividends paid annually under section 290.0696  
11.13 and the average amount of an individual dividend;

11.14 (4) the total number of payroll tax rebates paid annually under section 290.98 and the  
11.15 average amount of a rebate;

11.16 (5) the total number of property tax credits awarded annually under section 273.1388;

11.17 (6) the annual total amount of carbon dioxide emissions;

11.18 (7) an analysis regarding (i) the success of efforts to identify and provide rebates and  
11.19 dividends to nonfilers under chapter 290, including recommendations regarding how  
11.20 additional nonfilers may be identified, and (ii) the feasibility and efficacy of providing  
11.21 rebate and dividend application forms that eligible individuals can file with the Department  
11.22 of Revenue;

11.23 (8) recommendations regarding the exemption of specific economic sectors that suffer  
11.24 significant negative impacts as a result of the assessments imposed under section 216I.02;

11.25 (9) recommendations regarding the need to adjust the assessment level in order to meet  
11.26 state or federal greenhouse gas emissions reduction goals;

11.27 (10) recommendations regarding additional fuels or gaseous emissions not subject to  
11.28 assessments under section 216I.02 that may be candidates for future assessment; and

11.29 (11) any additional information the commissioners deem relevant.

11.30 **EFFECTIVE DATE.** This section is effective July 1, 2025.

12.1 Sec. 10. **[273.1388] COVER AND TILLAGE AGRICULTURAL CREDIT.**

12.2 Subdivision 1. **Eligibility.** A qualifying property is eligible to receive a credit under this  
12.3 section. A qualifying property must be certified by the local soil and water conservation  
12.4 district. The certification is effective until the local soil and water conservation district  
12.5 notifies the county assessor that the property no longer qualifies.

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

12.8 (b) "Qualifying acre" means an acre of land on qualifying property on which the practice  
12.9 of no-till tillage, strip-till tillage, reduced tillage, or the planting of cover crop is used.

12.10 (c) "Qualifying property" means class 2a and 2b property under section 273.13,  
12.11 subdivision 23, other than property consisting of the house, garage, and immediately  
12.12 surrounding one acre of land of an agricultural homestead, and on which the practice of  
12.13 no-till tillage, strip-till tillage, reduced tillage, or the planting of cover crop is used.

12.14 Subd. 3. **Credit amount.** For each qualifying property, the credit is equal to the amount  
12.15 available for this credit under section 216I.03, subdivision 3, paragraph (b), clause (1),  
12.16 multiplied by the ratio of (1) the number of qualifying acres on the property to (2) the total  
12.17 number of acres that qualify for the credit statewide.

12.18 Subd. 4. **Credit reimbursement.** The county auditor shall determine the credit allowed  
12.19 under this section within the county for each taxes payable year and shall certify that amount  
12.20 to the commissioner of revenue as part of the data required under section 270C.85,  
12.21 subdivision 2. Any prior-year adjustments must be certified as part of the data required  
12.22 under section 270C.85, subdivision 2. The commissioner shall review the certifications for  
12.23 accuracy and may make such changes as are deemed necessary or return the certification  
12.24 to the county auditor for correction. The credit under this section must be used to reduce  
12.25 the net tax capacity-based property tax payable to each local taxing jurisdiction as provided  
12.26 in section 273.1393.

12.27 Subd. 5. **Payment.** (a) The commissioner of revenue shall reimburse each local taxing  
12.28 jurisdiction, other than school districts, for the tax reductions granted under this section in  
12.29 two equal installments on October 31 and December 26 of the taxes payable year for which  
12.30 the reductions are granted, including in each payment the prior year adjustments certified  
12.31 under section 270C.85, subdivision 2, for that taxes payable year.

12.32 (b) The commissioner of revenue shall certify the total of the tax reductions granted  
12.33 under this section for each taxes payable year within each school district to the commissioner

13.1 of education and the commissioner of education must pay the reimbursement amounts to  
 13.2 each school district as provided in section 273.1392.

13.3 Subd. 6. **Appropriation.** An amount as determined under section 216I.04, subdivision  
 13.4 3, to make the payments required by this section to taxing jurisdictions other than school  
 13.5 districts is annually appropriated from the carbon assessment and dividend account to the  
 13.6 commissioner of revenue. An amount as determined under section 216I.04, subdivision 3,  
 13.7 to make the payments required by this section to school districts is annually appropriated  
 13.8 from the carbon assessment and dividend account to the commissioner of education.

13.9 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2026.

13.10 Sec. 11. Minnesota Statutes 2023 Supplement, section 273.1392, is amended to read:

13.11 **273.1392 PAYMENT; SCHOOL DISTRICTS.**

13.12 The amounts of bovine tuberculosis credit reimbursements under section 273.113;  
 13.13 conservation tax credits under section 273.119; disaster or emergency reimbursement under  
 13.14 sections 273.1231 to 273.1235; agricultural credits under sections 273.1384 and, 273.1387,  
 13.15 and 273.1388; aids and credits under section 273.1398; enterprise zone property credit  
 13.16 payments under section 469.171; metropolitan agricultural preserve reduction under section  
 13.17 473H.10; and electric generation transition aid under section 477A.24 for school districts,  
 13.18 shall be certified to the Department of Education by the Department of Revenue. The  
 13.19 amounts so certified shall be paid according to section 127A.45, subdivisions 9, 10, and 13.

13.20 **EFFECTIVE DATE.** This section is effective beginning with fiscal year 2026.

13.21 Sec. 12. Minnesota Statutes 2022, section 273.1393, is amended to read:

13.22 **273.1393 COMPUTATION OF NET PROPERTY TAXES.**

13.23 Notwithstanding any other provisions to the contrary, "net" property taxes are determined  
 13.24 by subtracting the credits in the order listed from the gross tax:

13.25 (1) disaster credit as provided in sections 273.1231 to 273.1235;

13.26 (2) powerline credit as provided in section 273.42;

13.27 (3) agricultural preserves credit as provided in section 473H.10;

13.28 (4) enterprise zone credit as provided in section 469.171;

13.29 (5) disparity reduction credit;

13.30 (6) conservation tax credit as provided in section 273.119;

- 14.1 (7) the school bond credit as provided in section 273.1387;
- 14.2 (8) agricultural credit as provided in section 273.1384;
- 14.3 (9) the cover and tillage agricultural credit as provided in section 273.1388;
- 14.4 (10) taconite homestead credit as provided in section 273.135;
- 14.5 ~~(10)~~ (11) supplemental homestead credit as provided in section 273.1391; and
- 14.6 ~~(11)~~ (12) the bovine tuberculosis zone credit, as provided in section 273.113.

14.7 The combination of all property tax credits must not exceed the gross tax amount.

14.8 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2026.

14.9 Sec. 13. Minnesota Statutes 2023 Supplement, section 275.065, subdivision 3, is amended  
14.10 to read:

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

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

14.18 (c) The notice must inform taxpayers that it contains the amount of property taxes each  
14.19 taxing authority proposes to collect for taxes payable the following year. In the case of a  
14.20 town, or in the case of the state general tax, the final tax amount will be its proposed tax.  
14.21 The notice must clearly state for each city that has a population over 500, county, school  
14.22 district, regional library authority established under section 134.201, metropolitan taxing  
14.23 districts as defined in paragraph (i), and fire protection and emergency medical services  
14.24 special taxing districts established under section 144F.01, the time and place of a meeting  
14.25 for each taxing authority in which the budget and levy will be discussed and public input  
14.26 allowed, prior to the final budget and levy determination. The taxing authorities must provide  
14.27 the county auditor with the information to be included in the notice on or before the time it  
14.28 certifies its proposed levy under subdivision 1. The public must be allowed to speak at that  
14.29 meeting, which must occur after November 24 and must not be held before 6:00 p.m. It  
14.30 must provide a website address and a telephone number for the taxing authority that taxpayers  
14.31 may call if they have questions related to the notice and an address where comments will  
14.32 be received by mail, except that no notice required under this section shall be interpreted

15.1 as requiring the printing of a personal telephone number or address as the contact information  
15.2 for a taxing authority. If a taxing authority does not maintain a website or public offices  
15.3 where telephone calls can be received by the authority, the authority may inform the county  
15.4 of the lack of a public website or telephone number and the county shall not list a website  
15.5 or telephone number for that taxing authority.

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

15.7 (1) the market value of the property as determined under section 273.11, and used for  
15.8 computing property taxes payable in the following year and for taxes payable in the current  
15.9 year as each appears in the records of the county assessor on November 1 of the current  
15.10 year; and, in the case of residential property, whether the property is classified as homestead  
15.11 or nonhomestead. The notice must clearly inform taxpayers of the years to which the market  
15.12 values apply and that the values are final values;

15.13 (2) the items listed below, shown separately by county, city or town, and state general  
15.14 tax, agricultural homestead credit under section 273.1384, school building bond agricultural  
15.15 credit under section 273.1387, cover and tillage agricultural credit under section 273.1388,  
15.16 voter approved school levy, other local school levy, and the sum of the special taxing  
15.17 districts, and as a total of all taxing authorities:

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

15.19 (ii) the proposed tax amount.

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

15.23 In the case of a town or the state general tax, the final tax shall also be its proposed tax  
15.24 unless the town changes its levy at a special town meeting under section 365.52. If a school  
15.25 district has certified under section 126C.17, subdivision 9, that a referendum will be held  
15.26 in the school district at the November general election, the county auditor must note next  
15.27 to the school district's proposed amount that a referendum is pending and that, if approved  
15.28 by the voters, the tax amount may be higher than shown on the notice. In the case of the  
15.29 city of Minneapolis, the levy for Minneapolis Park and Recreation shall be listed separately  
15.30 from the remaining amount of the city's levy. In the case of the city of St. Paul, the levy for  
15.31 the St. Paul Library Agency must be listed separately from the remaining amount of the  
15.32 city's levy. In the case of Ramsey County, any amount levied under section 134.07 may be  
15.33 listed separately from the remaining amount of the county's levy. In the case of a parcel  
15.34 where tax increment or the fiscal disparities areawide tax under chapter 276A or 473F

16.1 applies, the proposed tax levy on the captured value or the proposed tax levy on the tax  
16.2 capacity subject to the areawide tax must each be stated separately and not included in the  
16.3 sum of the special taxing districts; and

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

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

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

16.11 (1) special assessments;

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

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

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

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

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

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

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

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



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

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

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

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

17.11 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325, 473.446,  
17.12 473.521, 473.547, or 473.834;

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

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

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

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

17.25 (1) the impact of inflation as measured by the implicit price deflator for state and local  
17.26 government purchases;

17.27 (2) population growth and decline;

17.28 (3) state or federal government action; and

17.29 (4) other financial factors that affect the level of property taxation and local services  
17.30 that the governing body of the county, city, or school district may deem appropriate to  
17.31 include.

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

18.4 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2026.

18.5 Sec. 14. Minnesota Statutes 2022, section 276.04, subdivision 2, is amended to read:

18.6 Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the printing of  
18.7 the tax statements. The commissioner of revenue shall prescribe the form of the property  
18.8 tax statement and its contents. The tax statement must not state or imply that property tax  
18.9 credits are paid by the state of Minnesota. The statement must contain a tabulated statement  
18.10 of the dollar amount due to each taxing authority and the amount of the state tax from the  
18.11 parcel of real property for which a particular tax statement is prepared. The dollar amounts  
18.12 attributable to the county, the state tax, the voter approved school tax, the other local school  
18.13 tax, the township or municipality, and the total of the metropolitan special taxing districts  
18.14 as defined in section 275.065, subdivision 3, paragraph (i), must be separately stated. The  
18.15 amounts due all other special taxing districts, if any, may be aggregated except that any  
18.16 levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin,  
18.17 Ramsey, Scott, or Washington under chapter 398A shall be listed on a separate line directly  
18.18 under the appropriate county's levy. If the county levy under this paragraph includes an  
18.19 amount for a lake improvement district as defined under sections 103B.501 to 103B.581,  
18.20 the amount attributable for that purpose must be separately stated from the remaining county  
18.21 levy amount. In the case of Ramsey County, if the county levy under this paragraph includes  
18.22 an amount for public library service under section 134.07, the amount attributable for that  
18.23 purpose may be separated from the remaining county levy amount. The amount of the tax  
18.24 on homesteads qualifying under the senior citizens' property tax deferral program under  
18.25 chapter 290B is the total amount of property tax before subtraction of the deferred property  
18.26 tax amount. The amount of the tax on contamination value imposed under sections 270.91  
18.27 to 270.98, if any, must also be separately stated. The dollar amounts, including the dollar  
18.28 amount of any special assessments, may be rounded to the nearest even whole dollar. For  
18.29 purposes of this section whole odd-numbered dollars may be adjusted to the next higher  
18.30 even-numbered dollar. The amount of market value excluded under section 273.11,  
18.31 subdivision 16, if any, must also be listed on the tax statement.

18.32 (b) The property tax statements for manufactured homes and sectional structures taxed  
18.33 as personal property shall contain the same information that is required on the tax statements  
18.34 for real property.

19.1 (c) Real and personal property tax statements must contain the following information  
 19.2 in the order given in this paragraph. The information must contain the current year tax  
 19.3 information in the right column with the corresponding information for the previous year  
 19.4 in a column on the left:

19.5 (1) the property's estimated market value under section 273.11, subdivision 1;

19.6 (2) the property's homestead market value exclusion under section 273.13, subdivision  
 19.7 35;

19.8 (3) the property's taxable market value under section 272.03, subdivision 15;

19.9 (4) the property's gross tax, before credits;

19.10 (5) for agricultural properties, the credits under sections 273.1384 ~~and~~, 273.1387, and  
 19.11 273.1388;

19.12 (6) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135;  
 19.13 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of credit  
 19.14 received under section 273.135 must be separately stated and identified as "taconite tax  
 19.15 relief"; and

19.16 (7) the net tax payable in the manner required in paragraph (a).

19.17 (d) If the county uses envelopes for mailing property tax statements and if the county  
 19.18 agrees, a taxing district may include a notice with the property tax statement notifying  
 19.19 taxpayers when the taxing district will begin its budget deliberations for the current year,  
 19.20 and encouraging taxpayers to attend the hearings. If the county allows notices to be included  
 19.21 in the envelope containing the property tax statement, and if more than one taxing district  
 19.22 relative to a given property decides to include a notice with the tax statement, the county  
 19.23 treasurer or auditor must coordinate the process and may combine the information on a  
 19.24 single announcement.

19.25 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2026.

19.26 Sec. 15. **[290.0696] CARBON ASSESSMENT DIVIDEND.**

19.27 **Subdivision 1. Dividend allowed.** A dividend is allowed to an individual as determined  
 19.28 under this section. The dividend shall be paid as a credit against the tax imposed by this  
 19.29 chapter equal to the allowable dollar amount, determined under subdivision 3, for each of  
 19.30 the following individuals:

19.31 (1) the taxpayer;

20.1 (2) the taxpayer's spouse for a dividend claimed on a joint return; and

20.2 (3) each qualified dependent of the taxpayer.

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

20.5 (b) "Dependent" means a dependent as defined in section 152 of the Internal Revenue  
20.6 Code.

20.7 (c) "Qualified dependent" means a dependent who has attained the age of 16 by the close  
20.8 of the taxable year.

20.9 Subd. 3. **Determination of allowable amount.** (a) By August 31 of each year, the  
20.10 commissioner shall estimate the total number of filers, spouses, and qualified dependents  
20.11 in the next taxable year.

20.12 (b) The allowable amount of the dividend for taxable years beginning in the next calendar  
20.13 year equals the amount of revenues estimated by the commissioner of the Pollution Control  
20.14 Agency under section 216I.03, subdivision 3, divided by the number estimated under  
20.15 paragraph (a).

20.16 Subd. 4. **Dividend refundable.** If the claimant is eligible to receive a dividend that  
20.17 exceeds the claimant's tax liability under this chapter, the commissioner shall refund the  
20.18 excess to the claimant.

20.19 Subd. 5. **Dependent barred from claiming own dividend.** No dividend may be paid  
20.20 to an individual claimed as a dependent on the federal tax return of another individual.

20.21 Subd. 6. **Appropriation.** An amount as determined under section 216I.03, subdivision  
20.22 3, to pay the dividend required by this section is appropriated to the commissioner from the  
20.23 carbon assessment dividend account.

20.24 **EFFECTIVE DATE.** This section is effective July 1, 2025.

20.25 Sec. 16. **[290.98] REBATE OF PAYROLL TAXES.**

20.26 Subdivision 1. **Rebate to employers.** (a) The amount determined under section 216I.03,  
20.27 subdivision 3, must be used to provide a rebate to employers who make payments of Federal  
20.28 Insurance Contributions Act taxes under section 3111 of the Internal Revenue Code.

20.29 (b) The amount of the rebate is determined for each employer by:

21.1 (1) multiplying the amount of the tax paid by an employer under section 3111 of the  
 21.2 Internal Revenue Code by a percentage equal to the percentage of the employer's total  
 21.3 payroll that is determined to be Minnesota payroll for purposes of section 290.191; and

21.4 (2) multiplying the amount determined under clause (1) by a percentage determined by  
 21.5 dividing the amount specified in paragraph (a) for all employers by the sum of the amounts  
 21.6 determined under clause (1) for all employers who apply for the rebate for the taxable year  
 21.7 and one-half of the self-employment tax paid by Minnesota residents who apply for a rebate  
 21.8 under subdivision 2 for the taxable year.

21.9 Subd. 2. **Rebate to individuals paying self-employment taxes.** The rebate for a  
 21.10 Minnesota resident who pays self-employment tax under section 1401 of the Internal Revenue  
 21.11 Code is determined by multiplying one-half of tax paid during the calendar year by a  
 21.12 percentage determined under subdivision 1, paragraph (b), clause (2).

21.13 Subd. 3. **Payment of rebates.** An applicant may claim the rebate under this section in  
 21.14 the form provided by the commissioner on the applicant's income tax return.

21.15 Subd. 4. **Appropriation.** The amount as determined under section 216I.03, subdivision  
 21.16 3, to pay the rebates provided in this section is appropriated from the carbon assessment  
 21.17 dividend account to the commissioner.

21.18 **EFFECTIVE DATE.** This section is effective July 1, 2025.

21.19 **Sec. 17. REPORT ON CARBON ASSESSMENT AND DIVIDEND ACT.**

21.20 By January 1, 2028, the commissioner of revenue must, in consultation with the  
 21.21 commissioners of commerce and the Pollution Control Agency, submit a written report to  
 21.22 the chairs and ranking minority members of the legislative committees with primary  
 21.23 jurisdiction over environment policy and finance and energy policy and finance. The report  
 21.24 must:

21.25 (1) describe administrative procedures that could be implemented to enable payment of  
 21.26 the dividends and rebates required under Minnesota Statutes, sections 290.0696 and 290.98,  
 21.27 on a quarterly or monthly basis;

21.28 (2) estimate the administrative costs of a monthly payment system; and

21.29 (3) analyze the impact on carbon-based fuel consumption resulting from monthly  
 21.30 payments.

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