

1.1 Senator moves to amend S.F. No. 3982 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 **"ARTICLE 1**

1.4 **FEDERAL TAX CONFORMITY**

1.5 Section 1. Minnesota Statutes 2017 Supplement, section 270A.03, subdivision 5, is
1.6 amended to read:

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

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

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

1.22 (1) for an unmarried debtor, an income of ~~\$12,560~~ \$13,180 or less;

1.23 (2) for a debtor with one dependent, an income of ~~\$16,080~~ \$16,878 or less;

1.24 (3) for a debtor with two dependents, an income of ~~\$19,020~~ \$19,959 or less;

1.25 (4) for a debtor with three dependents, an income of ~~\$21,580~~ \$22,643 or less;

1.26 (5) for a debtor with four dependents, an income of ~~\$22,760~~ \$23,887 or less; and

1.27 (6) for a debtor with five or more dependents, an income of ~~\$23,730~~ \$24,900 or less.

1.28 For purposes of this paragraph, "debtor" means the individual whose income, together
1.29 with the income of the individual's spouse, other than a separated spouse, brings the
1.30 individual within the income provisions of this paragraph. For purposes of this paragraph,
1.31 a spouse, other than a separated spouse, shall be considered a dependent.

(c) The commissioner shall adjust the income amounts in paragraph (b) by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "~~2014~~" "2017" shall be substituted for the word "~~1992~~." ~~For 2016, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2014, to the 12 months ending on August 31, 2015, and in each subsequent year, from the 12 months ending on August 31, 2014, to the 12 months ending on August 31 of the year preceding the taxable year.~~ "2016." The determination of the commissioner pursuant to this subdivision shall not be considered a "rule" and shall not be subject to the Administrative Procedure Act contained in chapter 14. The income amount as adjusted must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount.

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

EFFECTIVE DATE. This section is effective for taxable year beginning after December 31, 2017.

Sec. 2. Minnesota Statutes 2017 Supplement, section 289A.02, subdivision 7, is amended to read:

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

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

Sec. 3. Minnesota Statutes 2016, section 289A.08, subdivision 1, is amended to read:

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

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

(2) an individual who is a Minnesota resident is not required to file a Minnesota income tax return if the individual's gross income derived from Minnesota sources as determined

under section 290.17, less the subtractions allowed under section 290.0132, subdivisions 12 and 15, is less than the filing requirements for a single individual who is a full-year resident of Minnesota.

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

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

(d) The commissioner of revenue shall annually determine the gross income levels at which individuals are required to file a return for each taxable year based on the amounts that may be deducted under section 290.0803.

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

Sec. 4. Minnesota Statutes 2016, section 289A.08, subdivision 7, is amended to read:

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

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

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

(d) The electing partner must not have any Minnesota source income other than the income from the partnership and other electing partnerships. If it is determined that the

electing partner has other Minnesota source income, the inclusion of the income and tax liability for that partner under this provision will not constitute a return to satisfy the requirements of subdivision 1. The tax paid for the individual as part of the composite return is allowed as a payment of the tax by the individual on the date on which the composite return payment was made. If the electing nonresident partner has no other Minnesota source income, filing of the composite return is a return for purposes of subdivision 1.

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

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

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

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

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

(j) For the purposes of this subdivision, "income" means the partner's share of federal adjusted gross income from the partnership modified by the additions provided in section 290.0131, subdivisions 8 to ~~11~~ 10 and 17, and the subtractions provided in: (1) section 290.0132, subdivision 9, to the extent the amount is assignable or allocable to Minnesota under section 290.17; and (2) section 290.0132, subdivision 14. The subtraction allowed under section 290.0132, subdivision 9, is only allowed on the composite tax computation to the extent the electing partner would have been allowed the subtraction.

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

Sec. 5. Minnesota Statutes 2017 Supplement, section 289A.12, subdivision 14, is amended to read:

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

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

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

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

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

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

Sec. 6. Minnesota Statutes 2017 Supplement, section 289A.35, is amended to read:

289A.35 ASSESSMENTS ON RETURNS.

(a) The commissioner may audit and adjust the taxpayer's computation of federal adjusted gross income, federal taxable income, items of federal tax preferences, or federal credit amounts to make them conform with the provisions of chapter 290 or section 298.01. If a

return has been filed, the commissioner shall enter the liability reported on the return and may make any audit or investigation that is considered necessary.

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

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

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

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

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

Sec. 7. Minnesota Statutes 2016, section 290.01, is amended by adding a subdivision to read:

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

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

Sec. 8. Minnesota Statutes 2017 Supplement, section 290.01, subdivision 19, is amended to read:

Subd. 19. **Net income.** (a) For a corporation taxable under section 290.02, and an estate or a trust taxable under section 290.03, the term "net income" means the federal taxable income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through the date named in this subdivision, incorporating the federal effective dates of changes to the Internal Revenue Code and any elections made by the taxpayer in accordance with the

Internal Revenue Code in determining federal taxable income for federal income tax purposes, and with the modifications provided in sections 290.0131 to 290.0136.

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

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

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

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

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

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

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

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

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

EFFECTIVE DATE. This section is effective the day following final enactment, except the changes incorporated by federal changes are effective retroactively at the same time as the changes were effective for federal purposes and the changes amending the new paragraph (a) and adding paragraph (b) are effective for taxable years beginning after December 31, 2017.

8.1 Sec. 9. Minnesota Statutes 2016, section 290.01, is amended by adding a subdivision to
8.2 read:

8.3 Subd. 21a. **Adjusted gross income.** The terms "adjusted gross income" and "federal
8.4 adjusted gross income" mean adjusted gross income, as defined in section 62 of the Internal
8.5 Revenue Code, as amended through the date named in subdivision 19, incorporating the
8.6 federal effective date of changes to the Internal Revenue Code and any elections made by
8.7 the taxpayer under the Internal Revenue Code in determining federal adjusted gross income
8.8 for federal income tax purposes.

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

8.10 Sec. 10. Minnesota Statutes 2016, section 290.01, subdivision 22, is amended to read:

8.11 Subd. 22. **Taxable net income.** For tax years beginning after December 31, ~~1986~~ 2017,
8.12 the term "taxable net income" means:

8.13 (1) for resident individuals ~~the same as~~ net income less the deductions allowed under
8.14 section 290.0803;

8.15 (2) for individuals who were ~~not~~ residents of Minnesota for less than the entire year, ~~the~~
8.16 ~~same as~~ net income less the deductions allowed under section 290.0803, except that the tax
8.17 is imposed only on the Minnesota apportioned share of that income as determined pursuant
8.18 to section 290.06, subdivision 2c, paragraph (e);

8.19 (3) for all other taxpayers, the part of net income that is allocable to Minnesota by
8.20 assignment or apportionment under one or more of sections 290.17, 290.191, 290.20, and
8.21 290.36, except that for nonresident individuals net income is reduced by the amount of the
8.22 standard deduction allowable under section 290.0803, subdivision 2, before allocation of
8.23 net income to Minnesota.

8.24 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
8.25 31, 2017.

8.26 Sec. 11. Minnesota Statutes 2016, section 290.01, subdivision 29a, is amended to read:

8.27 Subd. 29a. **State itemized deduction.** "State itemized deduction" means federal itemized
8.28 deductions, as defined in section 63(d) of the Internal Revenue Code, disregarding any
8.29 ~~limitation under section 68 of the Internal Revenue Code, and reduced by the amount of~~
8.30 ~~the addition required under section 290.0131, subdivision 13~~ changes to itemized deductions
8.31 made by Public Law 115-97 other than the changes made by section 11028, and disregarding

9.1 the federal itemized deduction of income or sales taxes under section 164 of the Internal
9.2 Revenue Code.

9.3 For taxable years beginning after December 31, 2017, the amount that would have been
9.4 allowable as interest under section 163(h)(3)(E) of the Internal Revenue Code, disregarding
9.5 subparagraph 163(h)(3)(E)(iv), is allowed as a state itemized deduction.

9.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
9.7 31, 2017.

9.8 Sec. 12. Minnesota Statutes 2016, section 290.01, is amended by adding a subdivision to
9.9 read:

9.10 Subd. 29b. **State standard deduction.** "State standard deduction" means the federal
9.11 standard deduction computed under section 63(c) and (f) of the Internal Revenue Code, as
9.12 amended through December 16, 2016, except that for purposes of adjusting the amounts
9.13 under this subdivision, the provisions of section 1(f) of the Internal Revenue Code, as
9.14 amended through March 31, 2018, apply.

9.15 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
9.16 31, 2017.

9.17 Sec. 13. Minnesota Statutes 2017 Supplement, section 290.01, subdivision 31, is amended
9.18 to read:

9.19 Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal
9.20 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December~~
9.21 ~~16, 2016~~ March 31, 2018. Internal Revenue Code also includes any uncodified provision
9.22 in federal law that relates to provisions of the Internal Revenue Code that are incorporated
9.23 into Minnesota law. When used in this chapter, the reference to "subtitle A, chapter 1,
9.24 subchapter N, part 1, of the Internal Revenue Code" is to the Internal Revenue Code as
9.25 amended through March 18, 2010.

9.26 **EFFECTIVE DATE.** This section is effective the day following final enactment and
9.27 applies to the same taxable years as the changes incorporated by federal changes are effective
9.28 for federal purposes, including any provisions that are retroactive to taxable years beginning
9.29 after December 31, 2016.

Sec. 14. Minnesota Statutes 2016, section 290.0131, subdivision 1, is amended to read:

Subdivision 1. **Definition; scope.** (a) For the purposes of this section, "addition" means an amount that must be added to federal ~~taxable~~ adjusted gross income, or for estates and trusts, federal taxable income, in computing net income for the taxable year to which the amounts relate.

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

(c) Unless specifically indicated or unless the context clearly indicates otherwise, only amounts that were deducted or excluded in computing federal ~~taxable~~ adjusted gross income, or for estates and trusts, federal taxable income, are an addition under this section.

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

Sec. 15. Minnesota Statutes 2016, section 290.0131, subdivision 3, is amended to read:

Subd. 3. **Income, sales and use, motor vehicle sales, or excise taxes paid.** ~~(a) For trusts and estates,~~ the amount of income, sales and use, motor vehicle sales, or excise taxes paid or accrued within the taxable year under this chapter and the amount of taxes based on net income, sales and use, motor vehicle sales, or excise taxes paid to any other state or to any province or territory of Canada is an addition to the extent deducted under section 63(d) of the Internal Revenue Code.

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

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

Sec. 16. Minnesota Statutes 2017 Supplement, section 290.0131, subdivision 10, is amended to read:

Subd. 10. **Section 179 expensing.** Effective for property placed in service in taxable years beginning before January 1, 2019, 80 percent of the amount by which the deduction allowed under the dollar limits of section 179 of the Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal Revenue Code, as amended through December 31, 2003, is an addition.

11.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
11.2 31, 2018.

11.3 Sec. 17. Minnesota Statutes 2016, section 290.0131, subdivision 12, is amended to read:

11.4 Subd. 12. **Disallowed itemized deductions.** (a) The amount of disallowed itemized
11.5 deductions is an addition. The amount of disallowed itemized deductions, ~~plus the addition~~
11.6 ~~required under subdivision 3,~~ may not be more than the amount by which the state itemized
11.7 deductions, ~~as allowed under section 63(d) of the Internal Revenue Code,~~ exceeds the amount
11.8 of the state standard deduction ~~as defined in section 63(e) of the Internal Revenue Code.~~

11.9 (b) The amount of disallowed itemized deductions is equal to the lesser of:

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

11.12 (2) 80 percent of the amount of the state itemized deductions otherwise allowable to the
11.13 taxpayer under the Internal Revenue Code for the taxable year.

11.14 (c) "Applicable amount" means \$100,000, or \$50,000 for a married individual filing a
11.15 separate return. Each dollar amount is increased by an amount equal to:

11.16 (1) that dollar amount, multiplied by

11.17 (2) the cost-of-living adjustment determined under section 1(f)(3) of the Internal Revenue
11.18 Code for the calendar year in which the taxable year begins, by substituting "calendar year
11.19 1990" for "calendar year 1992" in subparagraph (B) of section 1(f)(3).

11.20 (d) "Itemized deductions" excludes:

11.21 (1) the deduction for medical expenses under section 213 of the Internal Revenue Code;

11.22 (2) any deduction for investment interest as defined in section 163(d) of the Internal
11.23 Revenue Code; and

11.24 (3) the deduction under section 165(a) of the Internal Revenue Code for casualty or theft
11.25 losses described in paragraph (2) or (3) of section 165(c) of the Internal Revenue Code or
11.26 for losses described in section 165(d) of the Internal Revenue Code.

11.27 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
11.28 31, 2017.

12.1 Sec. 18. Minnesota Statutes 2016, section 290.0131, subdivision 13, is amended to read:

12.2 Subd. 13. **Disallowed personal exemption amount.** (a) The amount of disallowed
12.3 personal exemptions for taxpayers with federal adjusted gross income over the threshold
12.4 amount is an addition.

12.5 (b) The disallowed personal exemption amount is equal to the ~~number of personal~~
12.6 ~~exemptions and dependent exemption subtraction~~ allowed under section ~~151(b) and (c) of~~
12.7 ~~the Internal Revenue Code 290.0132, subdivision 20,~~ multiplied by the ~~dollar amount for~~
12.8 ~~personal exemptions under section 151(d)(1) and (2) of the Internal Revenue Code, as~~
12.9 ~~adjusted for inflation by section 151(d)(4) of the Internal Revenue Code, and by the~~
12.10 applicable percentage.

12.11 (c) For a married individual filing a separate return, "applicable percentage" means two
12.12 percentage points for each \$1,250, or fraction of that amount, by which the taxpayer's federal
12.13 adjusted gross income for the taxable year exceeds the threshold amount. For all other filers,
12.14 applicable percentage means two percentage points for each \$2,500, or fraction of that
12.15 amount, by which the taxpayer's federal adjusted gross income for the taxable year exceeds
12.16 the threshold amount. The applicable percentage must not exceed 100 percent.

12.17 (d) "Threshold amount" means:

12.18 (1) \$150,000 for a joint return or a surviving spouse;

12.19 (2) \$125,000 for a head of a household;

12.20 (3) \$100,000 for an individual who is not married and who is not a surviving spouse or
12.21 head of a household; and

12.22 (4) \$75,000 for a married individual filing a separate return.

12.23 (e) The thresholds must be increased by an amount equal to:

12.24 (1) the threshold dollar amount, multiplied by

12.25 (2) the cost-of-living adjustment determined under section 1(f)(3) of the Internal Revenue
12.26 Code for the calendar year in which the taxable year begins, by substituting "calendar year
12.27 1990" for "calendar year 1992" in subparagraph (B) of section 1(f)(3).

12.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
12.29 31, 2017.

13.1 Sec. 19. Minnesota Statutes 2016, section 290.0131, is amended by adding a subdivision
13.2 to read:

13.3 Subd. 17. **Qualified business income addition.** For a trust or estate, the amount deducted
13.4 under section 199A of the Internal Revenue Code in computing the federal taxable income
13.5 of the trust or estate is an addition.

13.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
13.7 31, 2017.

13.8 Sec. 20. Minnesota Statutes 2016, section 290.0132, subdivision 1, is amended to read:

13.9 Subdivision 1. **Definition; scope.** (a) For the purposes of this section, "subtraction"
13.10 means an amount that ~~shall~~ is allowed to be subtracted from federal ~~taxable~~ adjusted gross
13.11 income, or for estates and trusts, federal taxable income, in computing net income for the
13.12 taxable year to which the amounts relate.

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

13.14 (c) Unless specifically indicated or unless the context clearly indicates otherwise, no
13.15 amount deducted, subtracted, or otherwise excluded in computing federal ~~taxable~~ adjusted
13.16 gross income, or for estates and trusts, federal taxable income, is a subtraction under this
13.17 section.

13.18 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
13.19 31, 2017.

13.20 Sec. 21. Minnesota Statutes 2016, section 290.0132, subdivision 7, is amended to read:

13.21 Subd. 7. **Charitable contributions for taxpayers who do not itemize.** ~~To the extent~~
13.22 ~~not deducted or not deductible under section 408(d)(8)(E) of the Internal Revenue Code in~~
13.23 ~~determining federal taxable income by~~ For an individual who does not itemize deductions
13.24 ~~for federal income tax purposes~~ under section 290.0803 for the taxable year, an amount
13.25 equal to 50 percent of the excess of charitable contributions over \$500 allowable as a state
13.26 itemized deduction for the taxable year ~~under section 170(a) of the Internal Revenue Code~~
13.27 is a subtraction. The subtraction under this subdivision must not include a distribution that
13.28 is excluded from federal adjusted gross income and that is not deductible under section
13.29 408(d)(8)(E) of the Internal Revenue Code.

13.30 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
13.31 31, 2017.

14.1 Sec. 22. Minnesota Statutes 2016, section 290.0132, subdivision 20, is amended to read:

14.2 Subd. 20. ~~Disallowed Personal and dependent exemption. The amount of the phaseout~~
14.3 ~~of personal exemptions under section 151(d) of the Internal Revenue Code is a subtraction.~~
14.4 The amount of personal and dependent exemptions calculated under section 290.0138 is a
14.5 subtraction.

14.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
14.7 31, 2017.

14.8 Sec. 23. Minnesota Statutes 2017 Supplement, section 290.0132, subdivision 21, is amended
14.9 to read:

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

14.15 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
14.16 31, 2017.

14.17 Sec. 24. Minnesota Statutes 2017 Supplement, section 290.0132, subdivision 26, is amended
14.18 to read:

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

14.22 (b) For married taxpayers filing a joint return and surviving spouses, the maximum
14.23 subtraction equals ~~\$4,500~~ \$4,590. The maximum subtraction is reduced by 20 percent of
14.24 provisional income over ~~\$77,000~~ \$78,530. In no case is the subtraction less than zero.

14.25 (c) For single or head-of-household taxpayers, the maximum subtraction equals ~~\$3,500~~
14.26 \$3,570. The maximum subtraction is reduced by 20 percent of provisional income over
14.27 ~~\$60,200~~ \$61,400. In no case is the subtraction less than zero.

14.28 (d) For married taxpayers filing separate returns, the maximum subtraction equals ~~\$2,250~~
14.29 one-half the maximum subtraction for joint returns under paragraph (b). The maximum
14.30 subtraction is reduced by 20 percent of provisional income over ~~\$38,500~~ one-half the
14.31 maximum subtraction for joint returns under paragraph (b). In no case is the subtraction
14.32 less than zero.

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

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

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

Sec. 25. Minnesota Statutes 2016, section 290.0132, is amended by adding a subdivision to read:

Subd. 27. **Moving expenses.** Expenses that qualify as a deduction under section 217(a) through (f) of the Internal Revenue Code, disregarding paragraph (k), and only to the extent the expenses are not deducted in computing federal taxable income is a subtraction.

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

Sec. 26. Minnesota Statutes 2016, section 290.0132, is amended by adding a subdivision to read:

Subd. 28. **Global intangible low-taxed income.** The taxpayer's global intangible low-taxed income included under section 951A of the Internal Revenue Code for the taxable year is a subtraction.

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

16.1 Sec. 27. Minnesota Statutes 2016, section 290.0132, is amended by adding a subdivision
16.2 to read:

16.3 Subd. 29. **Deferred foreign income.** The amount of deferred foreign income recognized
16.4 because of section 965 of the Internal Revenue Code is a subtraction.

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

16.7 Sec. 28. Minnesota Statutes 2016, section 290.0132, is amended by adding a subdivision
16.8 to read:

16.9 Subd. 30. **Standard or itemized deduction.** The amount allowed under section 290.0803
16.10 is a subtraction.

16.11 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
16.12 31, 2017.

16.13 Sec. 29. Minnesota Statutes 2016, section 290.0132, is amended by adding a subdivision
16.14 to read:

16.15 Subd. 31. **Foreign-derived intangible income.** The amount of foreign-derived intangible
16.16 income deducted under section 250 of the Internal Revenue Code for the taxable year is a
16.17 subtraction.

16.18 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
16.19 31, 2017.

16.20 Sec. 30. Minnesota Statutes 2016, section 290.0132, is amended by adding a subdivision
16.21 to read:

16.22 Subd. 32. **Tuition subtraction.** The amount that would have been allowable under
16.23 section 222 of the Internal Revenue Code, disregarding paragraph (e) and only to the extent
16.24 the amount is not deducted in computing federal adjusted gross income is a subtraction.

16.25 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
16.26 31, 2018.

16.27 Sec. 31. Minnesota Statutes 2017 Supplement, section 290.0133, subdivision 12, is amended
16.28 to read:

16.29 Subd. 12. **Section 179 expensing.** Effective for property placed in service in taxable
16.30 years beginning before January 1, 2019, 80 percent of the amount by which the deduction

allowed under the dollar limits of section 179 of the Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal Revenue Code, as amended through December 31, 2003, is an addition.

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

Sec. 32. Minnesota Statutes 2016, section 290.0134, is amended by adding a subdivision to read:

Subd. 17. Global intangible low-taxed income. The taxpayer's global intangible low-taxed income included under section 951A of the Internal Revenue Code for the taxable year is a subtraction.

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

Sec. 33. Minnesota Statutes 2016, section 290.06, subdivision 2c, is amended to read:

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

(1) On the first ~~\$35,480~~ \$37,850, ~~5.35~~ 5.1 percent;

(2) On all over ~~\$35,480~~ \$37,850, but not over ~~\$140,960~~ \$150,380, 7.05 percent;

(3) On all over ~~\$140,960~~ \$150,380, but not over ~~\$250,000~~ \$266,700, 7.85 percent;

(4) On all over ~~\$250,000~~ \$266,700, 9.85 percent.

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

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

(1) On the first ~~\$24,270~~ \$25,890, ~~5.35~~ 5.1 percent;

(2) On all over ~~\$24,270~~ \$25,890, but not over ~~\$79,730~~ \$85,060, 7.05 percent;

(3) On all over ~~\$79,730~~ \$85,060, but not over ~~\$150,000~~ \$160,020, 7.85 percent;

(4) On all over ~~\$150,000~~ \$160,020, 9.85 percent.

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

(1) On the first ~~\$29,880~~ \$31,880, ~~5.35~~ 5.1 percent;

(2) On all over ~~\$29,880~~ \$31,880, but not over ~~\$120,070~~ \$128,090, 7.05 percent;

(3) On all over ~~\$120,070~~ \$128,090, but not over ~~\$200,000~~ \$213,360, 7.85 percent;

(4) On all over ~~\$200,000~~ \$213,360, 9.85 percent.

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

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

(1) the numerator is the individual's Minnesota source federal adjusted gross income as ~~defined in section 62 of the Internal Revenue Code~~ and increased by the additions required under section 290.0131, subdivisions 2 and 6 to ~~44~~ 10, and reduced by the Minnesota assignable portion of the subtraction for United States government interest under section 290.0132, subdivision 2, and the subtractions under section 290.0132, subdivisions 9, 10, 14, 15, 17, ~~and 18, and 27 to 29~~, after applying the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

(2) the denominator is the individual's federal adjusted gross income as ~~defined in section 62 of the Internal Revenue Code~~, increased by the amounts specified in section 290.0131, subdivisions 2 and 6 to ~~44~~ 10, and reduced by the amounts specified in section 290.0132, subdivisions 2, 9, 10, 14, 15, 17, ~~and 18, and 27 to 29~~.

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

Sec. 34. Minnesota Statutes 2016, section 290.06, subdivision 2d, is amended to read:

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

(b) The commissioner shall adjust the rate brackets and by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "~~2012~~" "2017" shall be substituted for the word "~~1992~~." ~~For 2014, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2012, to the 12 months ending on August 31, 2013, and in each subsequent year, from the 12 months ending on August 31, 2012, to the 12 months ending on August 31 of the year preceding the taxable year.~~ "2016." The determination of the commissioner pursuant to this subdivision shall not be considered a "rule" and shall not be subject to the Administrative Procedure Act contained in chapter 14.

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

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

Sec. 35. Minnesota Statutes 2017 Supplement, section 290.067, subdivision 1, is amended to read:

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

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

(c) If a married couple:

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

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

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

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

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

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

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

(e) In the case of a nonresident, part-year resident, or a person who has earned income not subject to tax under this chapter including earned income excluded pursuant to section

21.1 290.0132, subdivision 10, the credit determined under section 21 of the Internal Revenue
21.2 Code must be allocated based on the ratio by which the earned income of the claimant and
21.3 the claimant's spouse from Minnesota sources bears to the total earned income of the claimant
21.4 and the claimant's spouse.

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

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

21.11 (h) For taxpayers with federal adjusted gross income in excess of ~~\$50,000~~ \$50,990, the
21.12 credit is equal to the lesser of the credit otherwise calculated under this subdivision, or the
21.13 amount equal to \$600 minus five percent of federal adjusted gross income in excess of
21.14 ~~\$50,000~~ \$50,990 for taxpayers with one qualified individual, or \$1,200 minus five percent
21.15 of federal adjusted gross income in excess of ~~\$50,000~~ \$50,990 for taxpayers with two or
21.16 more qualified individuals, but in no case is the credit less than zero.

21.17 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
21.18 31, 2017.

21.19 Sec. 36. Minnesota Statutes 2016, section 290.067, subdivision 2a, is amended to read:

21.20 Subd. 2a. **Income.** (a) For purposes of this section, "income" means the sum of the
21.21 following:

21.22 (1) federal adjusted gross income ~~as defined in section 62 of the Internal Revenue Code;~~
21.23 and

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

21.25 (i) all nontaxable income;

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

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

21.32 (iv) cash public assistance and relief;

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

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

22.8 (vii) workers' compensation;

22.9 (viii) nontaxable strike benefits;

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

22.13 (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of
 22.14 1986, as amended through December 31, 1995;

22.15 (xi) contributions made by the claimant to an individual retirement account, including
 22.16 a qualified voluntary employee contribution; simplified employee pension plan;
 22.17 self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of
 22.18 the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal
 22.19 Revenue Code;

22.20 (xii) nontaxable scholarship or fellowship grants;

22.21 ~~(xiii) the amount of deduction allowed under section 199 of the Internal Revenue Code;~~

22.22 ~~(xiv)~~ (xiii) the amount of deduction allowed under section 220 or 223 of the Internal
 22.23 Revenue Code;

22.24 ~~(xv)~~ (xiv) the amount deducted for tuition expenses under section 222 of the Internal
 22.25 Revenue Code; and

22.26 ~~(xvi)~~ (xv) the amount deducted for certain expenses of elementary and secondary school
 22.27 teachers under section 62(a)(2)(D) of the Internal Revenue Code; and

22.28 (xvi) alimony received to the extent not included in the recipient's income.

22.29 In the case of an individual who files an income tax return on a fiscal year basis, the
 22.30 term "federal adjusted gross income" means federal adjusted gross income reflected in the
 22.31 fiscal year ending in the next calendar year. Federal adjusted gross income may not be

23.1 reduced by the amount of a net operating loss carryback or carryforward or a capital loss
23.2 carryback or carryforward allowed for the year.

23.3 (b) "Income" does not include:

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

23.5 (2) amounts of any pension or annuity that were exclusively funded by the claimant or
23.6 spouse if the funding payments were not excluded from federal adjusted gross income in
23.7 the years when the payments were made;

23.8 (3) surplus food or other relief in kind supplied by a governmental agency;

23.9 (4) relief granted under chapter 290A;

23.10 (5) child support payments received under a temporary or final decree of dissolution or
23.11 legal separation; and

23.12 (6) restitution payments received by eligible individuals and excludable interest as
23.13 defined in section 803 of the Economic Growth and Tax Relief Reconciliation Act of 2001,
23.14 Public Law 107-16.

23.15 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
23.16 31, 2017.

23.17 Sec. 37. Minnesota Statutes 2017 Supplement, section 290.067, subdivision 2b, is amended
23.18 to read:

23.19 Subd. 2b. **Inflation adjustment.** The commissioner shall adjust the dollar amount of
23.20 the income threshold at which the maximum credit begins to be reduced under subdivision
23.21 1 by the percentage determined pursuant to the provisions of section 1(f) of the Internal
23.22 Revenue Code, except that in section 1(f)(3)(B) the word "~~2016~~" "2017" shall be substituted
23.23 for the word "~~1992~~." ~~For 2018, the commissioner shall then determine the percent change~~
23.24 ~~from the 12 months ending on August 31, 2016, to the 12 months ending on August 31,~~
23.25 ~~2017, and in each subsequent year, from the 12 months ending on August 31, 2016, to the~~
23.26 ~~12 months ending on August 31 of the year preceding the taxable year. "2016."~~ The
23.27 determination of the commissioner pursuant to this subdivision must not be considered a
23.28 "rule" and is not subject to the Administrative Procedure Act contained in chapter 14. The
23.29 threshold amount as adjusted must be rounded to the nearest \$10 amount. If the amount
23.30 ends in \$5, the amount is rounded up to the nearest \$10 amount.

23.31 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
23.32 31, 2017.

24.1 Sec. 38. Minnesota Statutes 2017 Supplement, section 290.0671, subdivision 1, is amended
24.2 to read:

24.3 Subdivision 1. **Credit allowed.** (a) An individual who is a resident of Minnesota is
24.4 allowed a credit against the tax imposed by this chapter equal to a percentage of earned
24.5 income. To receive a credit, a taxpayer must be eligible for a credit under section 32 of the
24.6 Internal Revenue Code, except that a taxpayer with no qualifying children who has attained
24.7 the age of 21, but not attained age 65 before the close of the taxable year and is otherwise
24.8 eligible for a credit under section 32 of the Internal Revenue Code may also receive a credit.

24.9 (b) For individuals with no qualifying children, the credit equals 2.10 percent of the first
24.10 ~~\$6,180~~ \$6,480 of earned income. The credit is reduced by 2.01 percent of earned income
24.11 or adjusted gross income, whichever is greater, in excess of ~~\$8,130~~ \$8,530, but in no case
24.12 is the credit less than zero.

24.13 (c) For individuals with one qualifying child, the credit equals 9.35 percent of the first
24.14 ~~\$11,120~~ \$11,670 of earned income. The credit is reduced by 6.02 percent of earned income
24.15 or adjusted gross income, whichever is greater, in excess of ~~\$21,190~~ \$22,340, but in no case
24.16 is the credit less than zero.

24.17 (d) For individuals with two or more qualifying children, the credit equals 11 percent
24.18 of the first ~~\$18,240~~ \$19,130 of earned income. The credit is reduced by 10.82 percent of
24.19 earned income or adjusted gross income, whichever is greater, in excess of ~~\$25,130~~ \$26,360,
24.20 but in no case is the credit less than zero.

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

24.23 (f) For a person who was a resident for the entire tax year and has earned income not
24.24 subject to tax under this chapter, including income excluded under section 290.0132,
24.25 subdivision 10, the credit must be allocated based on the ratio of federal adjusted gross
24.26 income reduced by the earned income not subject to tax under this chapter over federal
24.27 adjusted gross income. For purposes of this paragraph, the following clauses are not
24.28 considered "earned income not subject to tax under this chapter":

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

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

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

(g) For tax years beginning after December 31, ~~2013~~ 2018, the ~~\$8,130~~ \$8,530 in paragraph (b), ~~the \$21,190~~ \$22,230 in paragraph (c), and the ~~\$25,130~~ \$26,360 in paragraph (d), after being adjusted for inflation under subdivision 7, are each increased by ~~\$5,000~~ \$5,700 for married taxpayers filing joint returns. For tax years beginning after December 31, ~~2013~~ 2018, the commissioner shall annually adjust the ~~\$5,000~~ \$5,700 by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B), the word "~~2008~~" "2017" shall be substituted for the word "~~1992~~." ~~For 2014, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2008, to the 12 months ending on August 31, 2013, and in each subsequent year, from the 12 months ending on August 31, 2008, to the 12 months ending on August 31 of the year preceding the taxable year.~~ "2016." The earned income thresholds as adjusted for inflation must be rounded to the nearest \$10. If the amount ends in \$5, the amount is rounded up to the nearest \$10. The determination of the commissioner under this subdivision is not a rule under the Administrative Procedure Act.

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

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

Sec. 39. Minnesota Statutes 2016, section 290.0671, subdivision 7, is amended to read:

Subd. 7. **Inflation adjustment.** The earned income amounts used to calculate the credit and the income thresholds at which the maximum credit begins to be reduced in subdivision 1 must be adjusted for inflation. The commissioner shall adjust by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "~~2013~~" "2017" shall be substituted for the word "~~1992~~." ~~For 2015, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2013, to the 12 months ending on August 31, 2014, and in each subsequent year, from the 12 months ending on August 31, 2013, to the 12 months ending on August 31 of the year preceding the taxable year.~~ "2016." The earned income thresholds as adjusted for inflation must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount. The determination of the commissioner under this subdivision is not a rule under the Administrative Procedure Act.

26.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
26.2 31, 2017.

26.3 Sec. 40. Minnesota Statutes 2017 Supplement, section 290.0672, subdivision 1, is amended
26.4 to read:

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

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

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

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

26.12 (3) has been offered in compliance with the inflation protection requirements of section
26.13 62S.23.

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

26.15 (d) "Premiums deducted in determining ~~federal~~ taxable net income" means the lesser of
26.16 (1) long-term care insurance premiums that qualify as deductions under section 213 of the
26.17 Internal Revenue Code; and (2) the total amount deductible for medical ~~care~~ expenses under
26.18 section 213 of the Internal Revenue Code.

26.19 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
26.20 31, 2017.

26.21 Sec. 41. Minnesota Statutes 2016, section 290.0672, subdivision 2, is amended to read:

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

27.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
27.2 31, 2017.

27.3 Sec. 42. Minnesota Statutes 2017 Supplement, section 290.0681, subdivision 1, is amended
27.4 to read:

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

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

27.9 (c) "Office" means the State Historic Preservation Office of the Department of
27.10 Administration.

27.11 (d) "Project" means rehabilitation of a certified historic structure, as defined in section
27.12 47(c)(3)(A) of the Internal Revenue Code, that is located in Minnesota and is allowed a
27.13 federal credit.

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

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

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

27.20 **EFFECTIVE DATE.** This section is effective for applications for allocation certificates
27.21 submitted after December 31, 2017.

27.22 Sec. 43. Minnesota Statutes 2017 Supplement, section 290.0681, subdivision 2, is amended
27.23 to read:

27.24 Subd. 2. **Credit or grant allowed; certified historic structure.** (a) A credit is allowed
27.25 against the tax imposed under this chapter equal to not more than 100 percent of the credit
27.26 allowed under section ~~47(a)(2)~~ 47(a) of the Internal Revenue Code for a project. The credit
27.27 is payable in an amount equal to one-fifth of the total credit amount allowed in the five
27.28 taxable years beginning with the year the project is placed in service. To qualify for the
27.29 credit:

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

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

(b) The commissioner of administration may pay a grant in lieu of the credit. The grant equals 90 percent of the credit that would be allowed for the project. The grant is payable in an amount equal to one-fifth of 90 percent of the credit that would be allowed for the project in the five taxable years beginning with the year the project is placed in service.

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

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

Sec. 44. Minnesota Statutes 2016, section 290.0681, subdivision 3, is amended to read:

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

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

(1) verify eligibility for the credit or grant;

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

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

(4) state the fiscal year in which the credit or grant is allocated, and that the taxpayer or grant recipient is entitled to receive one-fifth of the total amount of either the credit or the

29.1 grant at the time the project is placed in service, provided that date is within three calendar
29.2 years following the issuance of the allocation certificate.

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

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

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

29.12 **EFFECTIVE DATE.** This section is effective for applications for allocation certificates
29.13 submitted after December 31, 2017.

29.14 Sec. 45. Minnesota Statutes 2016, section 290.0681, subdivision 4, is amended to read:

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

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

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

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

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

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

30.1 **EFFECTIVE DATE.** This section is effective for applications for allocation certificates
30.2 submitted after December 31, 2017.

30.3 Sec. 46. Minnesota Statutes 2017 Supplement, section 290.0684, subdivision 2, is amended
30.4 to read:

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

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

30.12 (c) For individual filers, the maximum credit is reduced by two percent of adjusted gross
30.13 income in excess of ~~\$75,000~~ \$76,490.

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

30.15 (1) for married couples with adjusted gross income in excess of ~~\$75,000~~ \$76,490, but
30.16 not more than ~~\$100,000~~ \$101,990, the maximum credit is reduced by one percent of adjusted
30.17 gross income in excess of ~~\$75,000~~ \$76,490;

30.18 (2) for married couples with adjusted gross income in excess of ~~\$100,000~~ \$101,990, but
30.19 not more than ~~\$135,000~~ \$137,680, the maximum credit is \$250; and

30.20 (3) for married couples with adjusted gross income in excess of ~~\$135,000~~ \$137,680, the
30.21 maximum credit is \$250, reduced by one percent of adjusted gross income in excess of
30.22 ~~\$135,000~~ \$137,680.

30.23 (e) The income thresholds in paragraphs (c) and (d) used to calculate the maximum
30.24 credit must be adjusted for inflation. The commissioner shall adjust the income thresholds
30.25 by the percentage determined under the provisions of section 1(f) of the Internal Revenue
30.26 Code, except that in section 1(f)(3)(B) the word "~~2016~~" "2017" is substituted for the word
30.27 "~~1992~~." ~~For 2018, the commissioner shall then determine the percent change from the 12~~
30.28 ~~months ending on August 31, 2016, to the 12 months ending on August 31, 2017, and in~~
30.29 ~~each subsequent year, from the 12 months ending on August 31, 2016, to the 12 months~~
30.30 ~~ending on August 31 of the year preceding the taxable year.~~ "2016." The income thresholds
30.31 as adjusted for inflation must be rounded to the nearest \$10 amount. If the amount ends in
30.32 \$5, the amount is rounded up to the nearest \$10 amount. The determination of the
30.33 commissioner under this subdivision is not subject to chapter 14, including section 14.386.

31.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
31.2 31, 2017.

31.3 Sec. 47. Minnesota Statutes 2016, section 290.0802, subdivision 2, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

31.24 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
31.25 31, 2017.

31.26 Sec. 48. **[290.0803] STANDARD OR ITEMIZED DEDUCTION.**

31.27 Subdivision 1. Election. An individual may elect to claim a state standard deduction in
31.28 lieu of state itemized deductions. However, in the case of a married individual filing a
31.29 separate return, if one spouse elects to claim state itemized deductions, the other spouse is
31.30 not allowed a state standard deduction.

32.1 Subd. 2. **Subtraction.** Based on the election under subdivision 1, individuals are allowed
32.2 to subtract from federal adjusted gross income the state standard deduction or the state
32.3 itemized deduction.

32.4 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
32.5 31, 2017.

32.6 Sec. 49. Minnesota Statutes 2017 Supplement, section 290.091, subdivision 2, is amended
32.7 to read:

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

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

32.12 (1) the taxpayer's federal alternative minimum taxable income as defined in section
32.13 55(b)(2) of the Internal Revenue Code;

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

32.16 (i) the charitable contribution deduction under section 170 of the Internal Revenue Code;
32.17 and

32.18 (ii) the medical expense deduction;

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

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

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

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

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

- 33.1 (6) the amount of addition required by section 290.0131, subdivisions 9 to ~~11~~ 10;
- 33.2 (7) the deduction allowed under section 199A of the Internal Revenue Code;
- 33.3 less the sum of the amounts determined under the following:
- 33.4 (i) interest income as defined in section 290.0132, subdivision 2;
- 33.5 (ii) an overpayment of state income tax as provided by section 290.0132, subdivision
- 33.6 3, to the extent included in federal alternative minimum taxable income;
- 33.7 (iii) the amount of investment interest paid or accrued within the taxable year on
- 33.8 indebtedness to the extent that the amount does not exceed net investment income, as defined
- 33.9 in section 163(d)(4) of the Internal Revenue Code. Interest does not include amounts deducted
- 33.10 in computing federal adjusted gross income;
- 33.11 (iv) amounts subtracted from federal ~~taxable~~ adjusted gross income as provided by
- 33.12 section 290.0132, subdivisions 7, 9 to 15, 17, 21, 24, and 26 to 29; ~~and~~
- 33.13 (v) the amount of the net operating loss allowed under section 290.095, subdivision 11,
- 33.14 paragraph (c); and
- 33.15 (vi) the amount which would have been an allowable deduction under section 165(h) of
- 33.16 the Internal Revenue Code, as amended through December 16, 2016, and which was taken
- 33.17 as a Minnesota itemized deduction under section 290.01, subdivision 29.
- 33.18 In the case of an estate or trust, alternative minimum taxable income must be computed
- 33.19 as provided in section 59(c) of the Internal Revenue Code, except that alternative minimum
- 33.20 taxable income must be increased by the amount of the addition under section 290.0131,
- 33.21 subdivision 17.
- 33.22 (b) "Investment interest" means investment interest as defined in section 163(d)(3) of
- 33.23 the Internal Revenue Code.
- 33.24 (c) "Net minimum tax" means the minimum tax imposed by this section.
- 33.25 (d) "Regular tax" means the tax that would be imposed under this chapter (without regard
- 33.26 to this section and section 290.032), reduced by the sum of the nonrefundable credits allowed
- 33.27 under this chapter.
- 33.28 (e) "Tentative minimum tax" equals 6.75 percent of alternative minimum taxable income
- 33.29 after subtracting the exemption amount determined under subdivision 3.
- 33.30 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
- 33.31 31, 2017.

34.1 Sec. 50. Minnesota Statutes 2016, section 290.091, subdivision 3, is amended to read:

34.2 Subd. 3. **Exemption amount.** (a) For purposes of computing the alternative minimum
34.3 tax, the exemption amount is, ~~for taxable years beginning after December 31, 2005, \$60,000~~
34.4 \$75,760 for married couples filing joint returns, ~~\$30,000~~ \$37,880 for married individuals
34.5 filing separate returns, estates, and trusts, and ~~\$45,000~~ \$56,820 for unmarried individuals.

34.6 (b) The exemption amount determined under this subdivision is subject to the phase out
34.7 under section ~~55(d)(3)~~ 55(d)(2) of the Internal Revenue Code, except that alternative
34.8 minimum taxable income as determined under this section must be substituted in the
34.9 computation of the phase out.

34.10 (c) For taxable years beginning after December 31, ~~2006~~ 2018, the exemption amount
34.11 under paragraph (a) must be adjusted for inflation. The commissioner shall adjust the
34.12 exemption amount by the percentage determined pursuant to the provisions of section 1(f)
34.13 of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "~~2005~~" "2017"
34.14 shall be substituted for the word "~~1992~~." ~~For 2007, the commissioner shall then determine~~
34.15 ~~the percent change from the 12 months ending on August 31, 2005, to the 12 months ending~~
34.16 ~~on August 31, 2006, and in each subsequent year, from the 12 months ending on August~~
34.17 ~~31, 2005, to the 12 months ending on August 31 of the year preceding the taxable year.~~
34.18 "2016." The exemption amount as adjusted must be rounded to the nearest \$10. If the amount
34.19 ends in \$5, it must be rounded up to the nearest \$10 amount. The determination of the
34.20 commissioner under this subdivision is not a rule under the Administrative Procedure Act.

34.21 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
34.22 31, 2017.

34.23 Sec. 51. Minnesota Statutes 2016, section 290.0922, subdivision 1, is amended to read:

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

34.28 If the sum of the corporation's Minnesota
34.29 property, payrolls, and sales or receipts is: the tax equals:

34.30				930,000	
34.31	less than	\$	<u>990,000</u>		\$ 0
34.32			930,000	1,869,999	190
34.33	\$	<u>990,000</u>	to	\$ <u>1,989,999</u>	\$ <u>200</u>
34.34			1,870,000	9,339,999	560
34.35	\$	<u>1,990,000</u>	to	\$ <u>9,959,999</u>	\$ <u>600</u>

35.1	9,340,000	18,679,999	1,870
35.2	\$ <u>9,960,000</u> to	\$ <u>19,929,999</u>	\$ <u>1,990</u>
35.3	18,680,000	37,359,999	3,740
35.4	\$ <u>19,930,000</u> to	\$ <u>39,859,999</u>	\$ <u>3,990</u>
35.5	37,360,000		9,340
35.6	\$ <u>39,860,000</u> or more		\$ <u>9,960</u>

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

35.14 If the sum of the S corporation's
 35.15 or partnership's Minnesota
 35.16 property, payrolls, and sales or
 35.17 receipts is:

the tax equals:

35.18		930,000	
35.19	less than	\$ <u>990,000</u>	\$ 0
35.20	930,000	1,869,999	190
35.21	\$ <u>990,000</u> to	\$ <u>1,989,999</u>	\$ <u>200</u>
35.22	1,870,000	9,339,999	560
35.23	\$ <u>1,990,000</u> to	\$ <u>9,959,999</u>	\$ <u>600</u>
35.24	9,340,000	18,679,999	1,870
35.25	\$ <u>9,960,000</u> to	\$ <u>19,929,999</u>	\$ <u>1,990</u>
35.26	18,680,000	37,359,999	3,740
35.27	\$ <u>19,930,000</u> to	\$ <u>39,859,999</u>	\$ <u>3,990</u>
35.28	37,360,000		9,340
35.29	\$ <u>39,860,000</u> or more		\$ <u>9,960</u>

35.30 (c) The commissioner shall adjust the dollar amounts of both the tax and the property,
 35.31 payrolls, and sales or receipts thresholds in paragraphs (a) and (b) by the percentage
 35.32 determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except
 35.33 that in section 1(f)(3)(B) the word "~~2012~~" "2017" must be substituted for the word "~~1992~~."
 35.34 ~~For 2014, the commissioner shall determine the percentage change from the 12 months~~
 35.35 ~~ending on August 31, 2012, to the 12 months ending on August 31, 2013, and in each~~
 35.36 ~~subsequent year, from the 12 months ending on August 31, 2012, to the 12 months ending~~
 35.37 ~~on August 31 of the year preceding the taxable year. "2016."~~ The determination of the
 35.38 commissioner pursuant to this subdivision is not a "rule" subject to the Administrative
 35.39 Procedure Act contained in chapter 14. The tax amounts as adjusted must be rounded to the
 35.40 nearest \$10 amount and the threshold amounts must be adjusted to the nearest \$10,000

amount. For tax amounts that end in \$5, the amount is rounded up to the nearest \$10 amount and for the threshold amounts that end in \$5,000, the amount is rounded up to the nearest \$10,000.

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

Sec. 52. Minnesota Statutes 2016, section 290.095, subdivision 4, is amended to read:

Subd. 4. **Computation and modifications.** The following modifications shall be made in computing a net operating loss in any taxable year and also in computing the taxable net income for any taxable year before a net operating loss deduction shall be allowed:

(a) No deduction shall be allowed for or with respect to losses connected with income producing activities if the income therefrom would not be required to be either assignable to this state or included in computing the taxpayer's taxable net income.

(b) A net operating loss deduction shall not be allowed.

(c) The amount deductible on account of losses from sales or exchanges of capital assets shall not exceed the amount includable on account of gains from sales or exchanges of capital assets.

(d) Renegotiation of profits for a prior taxable year under the renegotiation laws of the United States of America, including renegotiation of the profits with a subcontractor, shall not enter into the computation.

(e) Federal income and excess profits taxes shall not be allowed as a deduction.

(f) The 80-percent limitation under section 172(a)(2) of the Internal Revenue Code does not apply to the computations for corporate taxpayers under this section.

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

Sec. 53. Minnesota Statutes 2017 Supplement, section 290.17, subdivision 2, is amended to read:

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

(a)(1) Subject to paragraphs (a)(2) and (a)(3), income from wages as defined in section 3401(a) ~~and~~ (f), and (i) of the Internal Revenue Code is assigned to this state if, and to the

37.1 extent that, the work of the employee is performed within it; all other income from such
37.2 sources is treated as income from sources without this state.

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

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

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

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

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

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

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

37.32 Gain on the sale of a partnership interest is allocable to this state in the ratio of the
37.33 original cost of partnership tangible property in this state to the original cost of partnership

tangible property everywhere, determined at the time of the sale. If more than 50 percent of the value of the partnership's assets consists of intangibles, gain or loss from the sale of the partnership interest is allocated to this state in accordance with the sales factor of the partnership for its first full tax period immediately preceding the tax period of the partnership during which the partnership interest was sold.

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

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

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

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

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

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

EFFECTIVE DATE. This section is effective for wages paid after December 31, 2017.

Sec. 54. Minnesota Statutes 2016, section 290.21, subdivision 4, is amended to read:

Subd. 4. **Dividends received from another corporation.** (a)(1) Eighty percent of dividends received by a corporation during the taxable year from another corporation, in which the recipient owns 20 percent or more of the stock, by vote and value, not including stock described in section 1504(a)(4) of the Internal Revenue Code when the corporate stock with respect to which dividends are paid does not constitute the stock in trade of the taxpayer or would not be included in the inventory of the taxpayer, or does not constitute property held by the taxpayer primarily for sale to customers in the ordinary course of the

taxpayer's trade or business, or when the trade or business of the taxpayer does not consist principally of the holding of the stocks and the collection of the income and gains therefrom; and

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

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

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

(b) Seventy percent of dividends received by a corporation during the taxable year from another corporation in which the recipient owns less than 20 percent of the stock, by vote or value, not including stock described in section 1504(a)(4) of the Internal Revenue Code when the corporate stock with respect to which dividends are paid does not constitute the stock in trade of the taxpayer, or does not constitute property held by the taxpayer primarily for sale to customers in the ordinary course of the taxpayer's trade or business, or when the trade or business of the taxpayer does not consist principally of the holding of the stocks and the collection of income and gain therefrom.

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

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

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

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

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

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

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

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

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

Sec. 55. Minnesota Statutes 2016, section 290.92, subdivision 1, is amended to read:

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

(2) **Payroll period.** For purposes of this section the term "payroll period" means a period for which a payment of wages is ordinarily made to the employee by the employee's employer, and the term "miscellaneous payroll period" means a payroll period other than a

41.1 daily, weekly, biweekly, semimonthly, monthly, quarterly, semiannual, or annual payroll
41.2 period.

41.3 (3) **Employee.** For purposes of this section the term "employee" means any resident
41.4 individual performing services for an employer, either within or without, or both within and
41.5 without the state of Minnesota, and every nonresident individual performing services within
41.6 the state of Minnesota, the performance of which services constitute, establish, and determine
41.7 the relationship between the parties as that of employer and employee. As used in the
41.8 preceding sentence, the term "employee" includes an officer of a corporation, and an officer,
41.9 employee, or elected official of the United States, a state, or any political subdivision thereof,
41.10 or the District of Columbia, or any agency or instrumentality of any one or more of the
41.11 foregoing.

41.12 (4) **Employer.** For purposes of this section the term "employer" means any person,
41.13 including individuals, fiduciaries, estates, trusts, partnerships, limited liability companies,
41.14 and corporations transacting business in or deriving any income from sources within the
41.15 state of Minnesota for whom an individual performs or performed any service, of whatever
41.16 nature, as the employee of such person, except that if the person for whom the individual
41.17 performs or performed the services does not have control of the payment of the wages for
41.18 such services, the term "employer," except for purposes of paragraph (1), means the person
41.19 having control of the payment of such wages. As used in the preceding sentence, the term
41.20 "employer" includes any corporation, individual, estate, trust, or organization which is
41.21 exempt from taxation under section 290.05 and further includes, but is not limited to, officers
41.22 of corporations who have control, either individually or jointly with another or others, of
41.23 the payment of the wages.

41.24 (5) **Number of withholding exemptions claimed.** For purposes of this section, the term
41.25 "number of withholding exemptions claimed" means the number of withholding exemptions
41.26 claimed in a withholding exemption certificate in effect under subdivision 5, except that if
41.27 no such certificate is in effect, the number of withholding exemptions claimed shall be
41.28 considered to be zero.

41.29 **EFFECTIVE DATE.** This section is effective for wages paid after July 1, 2018.

41.30 Sec. 56. Minnesota Statutes 2017 Supplement, section 290A.03, subdivision 3, is amended
41.31 to read:

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

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

- 42.1 (2) the sum of the following amounts to the extent not included in clause (1):
- 42.2 (i) all nontaxable income;
- 42.3 (ii) the amount of a passive activity loss that is not disallowed as a result of section 469,
- 42.4 paragraph (i) or (m) of the Internal Revenue Code and the amount of passive activity loss
- 42.5 carryover allowed under section 469(b) of the Internal Revenue Code;
- 42.6 (iii) an amount equal to the total of any discharge of qualified farm indebtedness of a
- 42.7 solvent individual excluded from gross income under section 108(g) of the Internal Revenue
- 42.8 Code;
- 42.9 (iv) cash public assistance and relief;
- 42.10 (v) any pension or annuity (including railroad retirement benefits, all payments received
- 42.11 under the federal Social Security Act, Supplemental Security Income, and veterans benefits),
- 42.12 which was not exclusively funded by the claimant or spouse, or which was funded exclusively
- 42.13 by the claimant or spouse and which funding payments were excluded from federal adjusted
- 42.14 gross income in the years when the payments were made;
- 42.15 (vi) interest received from the federal or a state government or any instrumentality or
- 42.16 political subdivision thereof;
- 42.17 (vii) workers' compensation;
- 42.18 (viii) nontaxable strike benefits;
- 42.19 (ix) the gross amounts of payments received in the nature of disability income or sick
- 42.20 pay as a result of accident, sickness, or other disability, whether funded through insurance
- 42.21 or otherwise;
- 42.22 (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of
- 42.23 1986, as amended through December 31, 1995;
- 42.24 (xi) contributions made by the claimant to an individual retirement account, including
- 42.25 a qualified voluntary employee contribution; simplified employee pension plan;
- 42.26 self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of
- 42.27 the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal
- 42.28 Revenue Code, to the extent the sum of amounts exceeds the retirement base amount for
- 42.29 the claimant and spouse;
- 42.30 (xii) to the extent not included in federal adjusted gross income, distributions received
- 42.31 by the claimant or spouse from a traditional or Roth style retirement account or plan;
- 42.32 (xiii) nontaxable scholarship or fellowship grants;

43.1 (xiv) ~~the amount of deduction allowed under section 199 of the Internal Revenue Code~~
43.2 alimony received to the extent not included in the recipient's income;

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

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

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

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

43.14 (b) "Income" does not include:

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

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

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

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

43.24 (5) relief granted under this chapter;

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

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

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

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

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

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

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

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

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

(d)(1) For purposes of this subdivision, the "exemption amount" means ~~the exemption amount under section 151(d) of the Internal Revenue Code for the taxable year for which the income is reported; "retirement base amount" means the deductible amount for the taxable year for the claimant and spouse under section 219(b)(5)(A) of the Internal Revenue Code, adjusted for inflation as provided in section 219(b)(5)(C) of the Internal Revenue Code, without regard to whether the claimant or spouse claimed a deduction; and "traditional or Roth-style retirement account or plan" means retirement plans under sections 401, 403, 408, 408A, and 457 of the Internal Revenue Code.~~ \$4,150. For taxable years beginning after December 31, 2018, the commissioner shall annually adjust the \$4,150 by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, as amended through December 16, 2016, except that in section 1(f)(3)(B), the word "2017" shall be substituted for the word "1992." The exemption amount as adjusted for inflation must be rounded to the nearest \$10. The determination of the commissioner under this subdivision is not a rule under the Administrative Procedure Act, including section 14.386; and

(2) "retirement base amount" means the deductible amount for the taxable year for the claimant and spouse under section 219(b)(5)(A) of the Internal Revenue Code, adjusted for inflation as provided in section 219(b)(5)(C) of the Internal Revenue Code, without regard to whether the claimant or spouse claimed a deduction, and "traditional or Roth-style retirement account or plan" means retirement plans under sections 401, 403, 408, 408A, and 457 of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective for property tax refunds based on property taxes payable after December 31, 2018, and rent constituting property taxes payable after December 31, 2017.

Sec. 57. Minnesota Statutes 2016, section 290A.03, subdivision 12, is amended to read:

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

(b) The gross rent of a resident of a nursing home or intermediate care facility is ~~\$350~~ \$490 per month. The gross rent of a resident of an adult foster care home is ~~\$550~~ \$760 per month. Beginning for rent paid in ~~2002~~ 2019, the commissioner shall annually adjust for inflation the gross rent amounts stated in this paragraph. The adjustment must be made in accordance with section 1(f) of the Internal Revenue Code, except that for purposes of this paragraph the percentage increase shall be determined from the year ending on June 30, ~~2001~~ 2017, to the year ending on June 30 of the year in which the rent is paid. The commissioner shall round the gross rents to the nearest \$10 amount. If the amount ends in \$5, the commissioner shall round it up to the next \$10 amount. The determination of the commissioner under this paragraph is not a rule under the Administrative Procedure Act.

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

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

EFFECTIVE DATE. This section is effective for refunds based on rent paid after December 31, 2017, and property taxes payable after December 31, 2018.

Sec. 58. Minnesota Statutes 2017 Supplement, section 290A.03, subdivision 15, is amended to read:

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

EFFECTIVE DATE. This section is effective for property tax refunds based on property taxes payable after December 31, 2018, and rent paid after December 31, 2017.

Sec. 59. Minnesota Statutes 2017 Supplement, section 291.005, subdivision 1, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 60. Minnesota Statutes 2016, section 297A.68, subdivision 25, is amended to read:

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

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

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

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

(4) the sale is a farm auction sale;

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

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

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

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

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

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

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

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

49.3 Sec. 61. Minnesota Statutes 2016, section 297B.03, is amended to read:

49.4 **297B.03 EXEMPTIONS.**

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

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

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

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

49.18 (4) purchase or use of any motor vehicle previously registered in the state of Minnesota
49.19 when such transfer constitutes a transfer within the meaning of section 118, 331, 332, 336,
49.20 337, 338, 351, 355, 368, 721, 731, 1031, 1033, or 1563(a) of the Internal Revenue Code,
49.21 as amended through December 16, 2016;

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

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

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

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

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

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

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

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

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

50.19 (12) purchase of a motor vehicle for use by a transit provider exclusively to provide
50.20 transit service is exempt if the transit provider is either (i) receiving financial assistance or
50.21 reimbursement under section 174.24 or 473.384, or (ii) operating under section 174.29,
50.22 473.388, or 473.405;

50.23 (13) purchase or use of a motor vehicle by a qualified business, as defined in section
50.24 469.310, located in a job opportunity building zone, if the motor vehicle is principally
50.25 garaged in the job opportunity building zone and is primarily used as part of or in direct
50.26 support of the person's operations carried on in the job opportunity building zone. The
50.27 exemption under this clause applies to sales, if the purchase was made and delivery received
50.28 during the duration of the job opportunity building zone. The exemption under this clause
50.29 also applies to any local sales and use tax;

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

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

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

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

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

51.8 Sec. 62. Minnesota Statutes 2017 Supplement, section 462D.06, subdivision 1, is amended
51.9 to read:

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

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

51.17 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
51.18 31, 2017.

51.19 Sec. 63. Minnesota Statutes 2017 Supplement, section 462D.06, subdivision 2, is amended
51.20 to read:

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

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

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

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

52.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
52.2 31, 2017.

52.3 Sec. 64. Minnesota Statutes 2016, section 469.316, subdivision 1, is amended to read:

52.4 Subdivision 1. **Application.** An individual, estate, or trust operating a trade or business
52.5 in a job opportunity building zone, and an individual, estate, or trust making a qualifying
52.6 investment in a qualified business operating in a job opportunity building zone qualifies for
52.7 the exemptions from taxes imposed under chapter 290, as provided in this section. The
52.8 exemptions provided under this section apply only to the extent that the income otherwise
52.9 would be taxable under chapter 290. Subtractions under this section from federal adjusted
52.10 gross income, federal taxable income, alternative minimum taxable income, or any other
52.11 base subject to tax are limited to the amount that otherwise would be included in the tax
52.12 base absent the exemption under this section. This section applies only to taxable years
52.13 beginning during the duration of the job opportunity building zone.

52.14 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
52.15 31, 2017.

52.16 Sec. 65. **REPEALER.**

52.17 Minnesota Statutes 2016, sections 290.0131, subdivisions 7 and 11; 290.0133,
52.18 subdivisions 13 and 14; and 290.10, subdivision 2, are repealed.

52.19 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
52.20 31, 2017.

52.21 **ARTICLE 2**

52.22 **INCOME, CORPORATE FRANCHISE, AND ESTATE TAXES**

52.23 Section 1. Minnesota Statutes 2016, section 16A.152, is amended by adding a subdivision
52.24 to read:

52.25 Subd. 2a. **Tax rates adjustment.** (a) The commissioner of revenue must make reductions
52.26 to the individual income tax rates and the corporate franchise tax rate in section 290.06,
52.27 subdivisions 1 and 2c, and the alternative minimum tax rates in sections 290.091 and
52.28 290.0921, by one-tenth of one percentage point if, on the basis of a November forecast of
52.29 general fund revenues and expenditures, the commissioner of management and budget
52.30 determines that the following conditions have been met:

52.31 (1) the provisions of subdivision 2, paragraph (a), clauses (1) to (4), are satisfied; and

(2) for a forecast occurring in an even-numbered year, revenues exceed expenditures, excluding any carryforward amounts, at the close of the next biennium and the subsequent biennium by an amount greater than the revenue reduction resulting from the corresponding rate cuts defined in this paragraph, as estimated by the commissioner of revenue; or

(3) for a forecast occurring in an odd-numbered year, revenues exceed expenditures, excluding any carryforward amounts, at the close of the current biennium and the subsequent biennium by an amount greater than the revenue reduction resulting from the corresponding rate cuts defined in this paragraph, as estimated by the commissioner of revenue.

(b) Rate reductions under this subdivision resulting from a November forecast in an even-numbered year are effective for all taxable years beginning with the taxable year that begins one year after January 1 of the year immediately following the forecast year.

(c) Rate reductions under this subdivision resulting from a November forecast in an odd-numbered year are effective for all taxable years beginning with the taxable year that begins on January 1 of the year immediately following the forecast year.

(d) Reductions enacted under this subdivision shall not exceed one percentage point for each rate.

(e) Rate reductions under this subdivision shall occur before calculating any transfers to the budget reserve account under subdivision 1b, paragraph (b).

(f) The commissioner of revenue shall publish the new tax rates in the State Register as soon as is practicable. After the commissioner of revenue publishes the new tax rates in the State Register, the revisor of statutes must update the tax rates in sections 290.06, subdivisions 1 and 2c, 290.091, and 290.0921, in the next edition of Minnesota Statutes.

EFFECTIVE DATE. This section is effective July 1, 2018.

Sec. 2. Minnesota Statutes 2016, section 116J.8737, subdivision 5, is amended to read:

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

Investments made by a pass-through entity qualify for a credit only if the entity is a qualified fund. The commissioner must not allocate more than ~~\$15,000,000~~ \$5,000,000 in credits to qualified investors or qualified funds for taxable years beginning after December 31, ~~2013~~ 2017, and before January 1, ~~2017~~, and ~~must not allocate more than \$10,000,000 in credits to qualified investors or qualified funds for taxable years beginning after December 31, 2016, and before January 1, 2018~~ 2019; and

~~(2) for taxable years beginning after December 31, 2014, and before January 1, 2018,~~
50 percent must be allocated to credits for qualifying investments in qualified greater Minnesota businesses and minority- or women-owned qualified small businesses in Minnesota. Any portion of a taxable year's credits that is reserved for qualifying investments in greater Minnesota businesses and minority- or women-owned qualified small businesses in Minnesota that is not allocated by September 30 of the taxable year is available for allocation to other credit applications beginning on October 1. Any portion of a taxable year's credits that is not allocated by the commissioner does not cancel and may be carried forward to subsequent taxable years until all credits have been allocated.

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

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

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

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

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

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

(e) Qualified investors and qualified funds must apply to the commissioner for tax credits. Tax credits must be allocated to qualified investors or qualified funds in the order that the tax credit request applications are filed with the department. The commissioner must approve

or reject tax credit request applications within 15 days of receiving the application. The investment specified in the application must be made within 60 days of the allocation of the credits. If the investment is not made within 60 days, the credit allocation is canceled and available for reallocation. A qualified investor or qualified fund that fails to invest as specified in the application, within 60 days of allocation of the credits, must notify the commissioner of the failure to invest within five business days of the expiration of the 60-day investment period.

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

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

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

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

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

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

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

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

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

Sec. 3. Minnesota Statutes 2016, section 116J.8737, subdivision 12, is amended to read:

Subd. 12. **Sunset.** This section expires for taxable years beginning after December 31, ~~2017~~ 2018, except that reporting requirements under subdivision 6 and revocation of credits under subdivision 7 remain in effect through ~~2019~~ 2020 for qualified investors and qualified funds, and through ~~2021~~ 2022 for qualified small businesses, reporting requirements under subdivision 9 remain in effect through ~~2022~~ 2023, and the appropriation in subdivision 11 remains in effect through ~~2021~~ 2022.

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

Sec. 4. Minnesota Statutes 2017 Supplement, section 289A.10, subdivision 1, is amended to read:

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

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

(2) the sum of the federal gross estate and federal adjusted taxable gifts, as defined in section 2001(b) of the Internal Revenue Code, made within three years of the date of the decedent's death exceeds ~~\$1,200,000 for estates of decedents dying in 2014; \$1,400,000 for estates of decedents dying in 2015; \$1,600,000 for estates of decedents dying in 2016; \$2,100,000 for estates of decedents dying in 2017; \$2,400,000 for estates of decedents dying~~

57.1 in 2018; ~~\$2,700,000~~ and \$5,000,000 for estates of decedents dying in 2019; ~~and \$3,000,000~~
57.2 ~~for estates of decedents dying in 2020~~ and thereafter.

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

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

57.7 Sec. 5. Minnesota Statutes 2017 Supplement, section 290.01, subdivision 4a, is amended
57.8 to read:

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

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

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

57.16 (3) a savings association or federal savings bank as defined in United States Code, title
57.17 12, section 1813(b)(1);

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

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

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

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

57.25 (8) a corporation or other business entity that derives more than 50 percent of its total
57.26 gross income for financial accounting purposes from finance leases. For the purposes of
57.27 this clause, "gross income" means the average from the current tax year and immediately
57.28 preceding two years and excludes gross income from incidental or occasional transactions.
57.29 For purposes of this clause, "finance lease" means any lease transaction that is the functional
57.30 equivalent of an extension of credit and that transfers substantially all the benefits and risks
57.31 incident to the ownership of property, including any direct financing lease or leverage lease
57.32 that meets the criteria of Financial Accounting Standards Board Statement No. 13, accounting

for leases, or any other lease that is accounted for as financing by a lessor under generally accepted accounting principles; or

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

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

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

Sec. 6. Minnesota Statutes 2016, section 290.01, is amended by adding a subdivision to read:

Subd. 5c. Disqualified captive insurance company. (a) "Disqualified captive insurance company" means an insurance company that:

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

(ii) derives 80 percent or more of its total premiums for the taxable year from entities that are members of the unitary business, as that term is used in section 290.17; and

(2)(i) receives less than 50 percent of its gross receipts for the taxable year from premiums; or

(ii) pays less than 0.25 percent of its total premiums for the taxable year in tax under chapter 297I or a comparable tax of another state or country.

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

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

59.1 Sec. 7. Minnesota Statutes 2016, section 290.0132, is amended by adding a subdivision
59.2 to read:

59.3 Subd. 27. **Disallowed section 280E expenses; medical cannabis manufacturers.** The
59.4 amount of expenses of a medical cannabis manufacturer, as defined under section 152.22,
59.5 subdivision 7, related to the business of medical cannabis under sections 152.21 to 152.37,
59.6 and not allowed for federal income tax purposes under section 280E of the Internal Revenue
59.7 Code is a subtraction.

59.8 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
59.9 31, 2017.

59.10 Sec. 8. Minnesota Statutes 2016, section 290.0134, is amended by adding a subdivision
59.11 to read:

59.12 Subd. 17. **Disallowed section 280E expenses; medical cannabis manufacturers.** The
59.13 amount of expenses of a medical cannabis manufacturer, as defined under section 152.22,
59.14 subdivision 7, related to the business of medical cannabis under sections 152.21 to 152.37,
59.15 and not allowed for federal income tax purposes under section 280E of the Internal Revenue
59.16 Code is a subtraction.

59.17 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
59.18 31, 2017.

59.19 Sec. 9. Minnesota Statutes 2017 Supplement, section 290.05, subdivision 1, is amended
59.20 to read:

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

59.25 (a) corporations, individuals, estates, and trusts engaged in the business of mining or
59.26 producing iron ore and mining, producing, or refining other ores, metals, and minerals, the
59.27 mining, production, or refining of which is subject to the occupation tax imposed by section
59.28 298.01; but if any such corporation, individual, estate, or trust engages in any other business
59.29 or activity or has income from any property not used in such business it shall be subject to
59.30 this tax computed on the net income from such property or such other business or activity.
59.31 Royalty shall not be considered as income from the business of mining or producing iron
59.32 ore within the meaning of this section;

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

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

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

Sec. 10. Minnesota Statutes 2016, section 290.0685, subdivision 1, is amended to read:

Subdivision 1. **Credit allowed.** (a) An eligible individual is allowed a credit against the tax imposed by this chapter equal to \$2,000 for each birth for which a certificate of birth resulting in stillbirth has been issued under section 144.2151 or in the case of a resident described in paragraph (c), clauses (2) and (3), that was in another state when a birth resulting in stillbirth occurred, if a certificate would have been issued under section 144.2151. The credit under this section is allowed only in the taxable year in which the stillbirth occurred ~~and if the child would have been a dependent of the taxpayer as defined in section 152 of the Internal Revenue Code.~~

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

(c) For purposes of this section, "eligible individual" means:

(1) the individual who gave birth resulting in stillbirth and who is also listed as a parent on the certificate of birth resulting in stillbirth;

(2) in the case of a resident that was transported to another state for medical care that resulted in a birth resulting in stillbirth, the individual who gave birth to the child; or

(3) in the case of a resident of Minnesota who is a member of the armed forces of the United States or United Nations, stationed outside the state in compliance with military orders, the individual who gave birth resulting in stillbirth, or if that individual is a nonresident of Minnesota, the spouse.

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

61.1 Sec. 11. Minnesota Statutes 2017 Supplement, section 290.091, subdivision 2, is amended
61.2 to read:

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

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

61.7 (1) the taxpayer's federal alternative minimum taxable income as defined in section
61.8 55(b)(2) of the Internal Revenue Code;

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

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

61.12 (ii) the medical expense deduction;

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

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

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

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

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

61.26 (6) the amount of addition required by section 290.0131, subdivisions 9 to 11;

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

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

61.29 (ii) an overpayment of state income tax as provided by section 290.0132, subdivision
61.30 3, to the extent included in federal alternative minimum taxable income;

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

(iv) amounts subtracted from federal taxable income as provided by section 290.0132, subdivisions 7, 9 to 15, 17, 21, 24, ~~and 26~~, and 27; and

(v) the amount of the net operating loss allowed under section 290.095, subdivision 11, paragraph (c).

In the case of an estate or trust, alternative minimum taxable income must be computed as provided in section 59(c) of the Internal Revenue Code.

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

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

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

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

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

Sec. 12. Minnesota Statutes 2016, section 290.0921, subdivision 3, is amended to read:

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

(1) The portion of the depreciation deduction allowed for federal income tax purposes under section 168(k) of the Internal Revenue Code that is required as an addition under section 290.0133, subdivision 11, is disallowed in determining alternative minimum taxable income.

(2) The subtraction for depreciation allowed under section 290.0134, subdivision 13, is allowed as a depreciation deduction in determining alternative minimum taxable income.

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

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

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

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

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

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

(9) For purposes of determining the amount of adjusted current earnings under section 56(g)(3) of the Internal Revenue Code, no adjustment shall be made under section 56(g)(4) of the Internal Revenue Code with respect to (i) the amount of foreign dividend gross-up subtracted as provided in section 290.0134, subdivision 2, or (ii) the amount of refunds of income, excise, or franchise taxes subtracted as provided in section 290.0134, subdivision 8.

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

(11) The subtraction for disallowed section 280E expenses of medical cannabis manufacturers allowed under section 290.0134, subdivision 17, is allowed as a deduction in determining alternative minimum taxable income.

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

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

64.1 Sec. 13. Minnesota Statutes 2017 Supplement, section 290.17, subdivision 4, is amended
64.2 to read:

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

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

64.15 (c) Unity is presumed whenever there is unity of ownership, operation, and use, evidenced
64.16 by centralized management or executive force, centralized purchasing, advertising,
64.17 accounting, or other controlled interaction, but the absence of these centralized activities
64.18 will not necessarily evidence a nonunitary business. Unity is also presumed when business
64.19 activities or operations are of mutual benefit, dependent upon or contributory to one another,
64.20 either individually or as a group.

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

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

64.32 (f) The net income and apportionment factors under section 290.191 or 290.20 of foreign
64.33 corporations and other foreign entities, but excluding an insurance company as defined in
64.34 section 290.01, subdivision 5b, that is also a disqualified captive insurance company, which

are part of a unitary business shall not be included in the net income or the apportionment factors of the unitary business; except that the income and apportionment factors of a foreign entity, other than an entity treated as a C corporation for federal income tax purposes, that are included in the federal taxable income, as defined in section 63 of the Internal Revenue Code as amended through the date named in section 290.01, subdivision 19, of a domestic corporation, domestic entity, or individual must be included in determining net income and the factors to be used in the apportionment of net income pursuant to section 290.191 or 290.20. A foreign corporation or other foreign entity which is not included on a combined report and which is required to file a return under this chapter shall file on a separate return basis.

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

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

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

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

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

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

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

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

~~(k) For purposes of this subdivision, "retaliatory taxes" means taxes imposed on insurance companies organized in another state or country that result from the fact that an insurance company organized in the taxing jurisdiction and doing business in the other jurisdiction is subject to taxes, fines, deposits, penalties, licenses, or fees in an amount exceeding that imposed by the taxing jurisdiction upon an insurance company organized in the other state or country and doing business to the same extent in the taxing jurisdiction~~ not a disqualified captive insurance company.

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

Sec. 14. Minnesota Statutes 2017 Supplement, section 291.016, subdivision 3, is amended to read:

Subd. 3. **Subtraction.** (a) For estates of decedents dying after December 31, ~~2016~~ 2017, a subtraction is allowed in computing the Minnesota taxable estate, equal to the sum of:

(1) the exclusion amount for the year of death under paragraph (b); and

(2) the lesser of:

(i) the value of qualified small business property under section 291.03, subdivision 9, and the value of qualified farm property under section 291.03, subdivision 10; or

67.1 (ii) \$5,000,000 minus the exclusion amount for the year of death under paragraph (b).

67.2 (b) The following exclusion amounts apply for the year of death:

67.3 (1) ~~\$2,100,000 for decedents dying in 2017;~~

67.4 ~~(2) \$2,400,000 for decedents dying in 2018; and~~

67.5 ~~(3) \$2,700,000~~ (2) \$5,000,000 for decedents dying in 2019; ~~and~~

67.6 ~~(4) \$3,000,000 for decedents dying in 2020~~ and thereafter.

67.7 (c) The subtraction under this subdivision must not reduce the Minnesota taxable estate

67.8 to less than zero.

67.9 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after

67.10 December 31, 2019.

67.11 Sec. 15. Minnesota Statutes 2017 Supplement, section 291.03, subdivision 1, is amended

67.12 to read:

67.13 Subdivision 1. **Tax amount.** The tax imposed must be computed by applying to the

67.14 Minnesota taxable estate the following schedule of rates and then the resulting amount

67.15 multiplied by a fraction, not greater than one, the numerator of which is the value of the

67.16 Minnesota gross estate plus the value of gifts under section 291.016, subdivision 2, clause

67.17 (3), with a Minnesota situs, and the denominator of which is the federal gross estate plus

67.18 the value of gifts under section 291.016, subdivision 2, clause (3):

67.19 ~~(a) For estates of decedents dying in 2017:~~

67.20	Amount of Minnesota Taxable Estate	Rate of Tax
67.21	Not over \$5,100,000	12 percent
67.22	Over \$5,100,000 but not over \$7,100,000	\$612,000 plus 12.8 percent of the excess over
67.23		\$5,100,000
67.24	Over \$7,100,000 but not over \$8,100,000	\$868,000 plus 13.6 percent of the excess over
67.25		\$7,100,000
67.26	Over \$8,100,000 but not over \$9,100,000	\$1,004,000 plus 14.4 percent of the excess
67.27		over \$8,100,000
67.28	Over \$9,100,000 but not over \$10,100,000	\$1,148,000 plus 15.2 percent of the excess
67.29		over \$9,100,000
67.30	Over \$10,100,000	\$1,300,000 plus 16 percent of the excess over
67.31		\$10,100,000

67.32 ~~(b) For estates of decedents dying in 2018~~ 2019 and thereafter:

67.33	Amount of Minnesota Taxable Estate	Rate of Tax
67.34	Not over \$7,100,000	13 percent
67.35	Over \$7,100,000 but not over \$8,100,000	\$923,000 plus 13.6 percent of the excess over
67.36		\$7,100,000

68.1	Over \$8,100,000 but not over \$9,100,000	\$1,059,000 plus 14.4 percent of the excess
68.2		over \$8,100,000
68.3	Over \$9,100,000 but not over \$10,100,000	\$1,203,000 plus 15.2 percent of the excess
68.4		over \$9,100,000
68.5	Over \$10,100,000	\$1,355,000 plus 16 percent of the excess over
68.6		\$10,100,000

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

68.9 Sec. 16. Minnesota Statutes 2016, section 291.03, subdivision 8, is amended to read:

68.10 Subd. 8. **Definitions.** (a) For purposes of this section, the following terms have the
 68.11 meanings given in this subdivision.

68.12 (b) "Family member" means a family member as defined in section 2032A(e)(2) of the
 68.13 Internal Revenue Code, or a trust whose present beneficiaries are all family members as
 68.14 defined in section 2032A(e)(2) of the Internal Revenue Code.

68.15 (c) "Qualified heir" means a family member who acquired qualified property upon the
 68.16 death of the decedent and satisfies the requirement under subdivision 9, clause ~~(7)~~ (8), or
 68.17 subdivision 10, clause (5), for the property.

68.18 (d) "Qualified property" means qualified small business property under subdivision 9
 68.19 and qualified farm property under subdivision 10.

68.20 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents
 68.21 dying after December 31, 2016.

68.22 Sec. 17. Minnesota Statutes 2017 Supplement, section 291.03, subdivision 9, is amended
 68.23 to read:

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

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

68.27 (2) The property consists of the assets of a trade or business or shares of stock or other
 68.28 ownership interests in a corporation or other entity engaged in a trade or business. Shares
 68.29 of stock in a corporation or an ownership interest in another type of entity do not qualify
 68.30 under this subdivision if the shares or ownership interests are traded on a public stock
 68.31 exchange at any time during the three-year period ending on the decedent's date of death.
 68.32 For purposes of this subdivision, an ownership interest includes the interest the decedent is

69.1 deemed to own under ~~sections~~ section 2036, 2037, and 2038, 2040, or 2044 of the Internal
69.2 Revenue Code.

69.3 (3) During the taxable year that ended before the decedent's death, the trade or business
69.4 must not have been a passive activity within the meaning of section 469(c) of the Internal
69.5 Revenue Code, and the decedent or the decedent's spouse must have materially participated
69.6 in the trade or business within the meaning of section 469(h) of the Internal Revenue Code,
69.7 excluding section 469(h)(3) of the Internal Revenue Code and any other provision provided
69.8 by United States Treasury Department regulation that substitutes material participation in
69.9 prior taxable years for material participation in the taxable year that ended before the
69.10 decedent's death.

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

69.13 (5) Except for an operating account, the property does not include:

69.14 (i) cash;

69.15 (ii) cash equivalents;

69.16 (iii) publicly traded securities; or

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

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

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

69.30 (8) For three years following the date of death of the decedent, the trade or business is
69.31 not a passive activity within the meaning of section 469(c) of the Internal Revenue Code,
69.32 and a family member materially participates in the operation of the trade or business within
69.33 the meaning of section 469(h) of the Internal Revenue Code, excluding section 469(h)(3)

of the Internal Revenue Code and any other provision provided by United States Treasury Department regulation that substitutes material participation in prior taxable years for material participation in the three years following the date of death of the decedent.

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

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

Sec. 18. Minnesota Statutes 2016, section 291.03, subdivision 10, is amended to read:

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

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

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

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

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

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

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

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

71.3 Sec. 19. Minnesota Statutes 2017 Supplement, section 291.03, subdivision 11, is amended
71.4 to read:

71.5 Subd. 11. **Recapture tax.** (a) If, within three years after the decedent's death and before
71.6 the death of the qualified heir, the qualified heir disposes of any interest in the qualified
71.7 property, other than by a disposition to a family member, or a family member ceases to
71.8 satisfy the requirement under subdivision 9, clause ~~(7)~~ (8); or 10, clause (5), an additional
71.9 estate tax is imposed on the property. In the case of a sole proprietor, if the qualified heir
71.10 replaces qualified small business property excluded under subdivision 9 with similar property,
71.11 then the qualified heir will not be treated as having disposed of an interest in the qualified
71.12 property.

71.13 (b) The amount of the additional tax equals the amount of the exclusion claimed by the
71.14 estate under subdivision 8, paragraph (d), multiplied by 16 percent.

71.15 (c) The additional tax under this subdivision is due on the day which is six months after
71.16 the date of the disposition or cessation in paragraph (a).

71.17 (d) The tax under this subdivision does not apply to the acquisition of title or possession
71.18 of the qualified property by a federal, state, or local government unit, or any other entity
71.19 with the power of eminent domain for a public purpose, as defined in section 117.025,
71.20 subdivision 11, within the three-year holding period.

71.21 (e) This subdivision shall not apply as a result of any of the following:

71.22 (1) a portion of qualified farm property consisting of less than one-fifth of the acreage
71.23 of the property is reclassified as class 2b property under section 273.13, subdivision 23, and
71.24 the qualified heir has not substantially altered the reclassified property during the three-year
71.25 holding period; or

71.26 (2) a portion of qualified farm property classified as 2a property at the death of the
71.27 decedent pursuant to section 273.13, subdivision 23, paragraph (a), consisting of a residence,
71.28 garage, and immediately surrounding one acre of land is reclassified as 4bb property during
71.29 the three-year holding period, and the qualified heir has not substantially altered the property.

71.30 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents
71.31 dying after December 31, 2016.

72.1 Sec. 20. **REPEALER.**

72.2 (a) Minnesota Statutes 2016, sections 289A.10, subdivision 1a; 289A.12, subdivision
72.3 18; 289A.18, subdivision 3a; 289A.20, subdivision 3a; and 291.03, subdivisions 8 and 10,
72.4 are repealed.

72.5 (b) Minnesota Statutes 2017 Supplement, section 291.03, subdivisions 9 and 11, are
72.6 repealed.

72.7 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after
72.8 December 31, 2018.

72.9 **ARTICLE 3**

72.10 **SALES, USE, AND EXCISE TAXES**

72.11 Section 1. Minnesota Statutes 2016, section 297A.61, subdivision 3, is amended to read:

72.12 Subd. 3. **Sale and purchase.** (a) "Sale" and "purchase" include, but are not limited to,
72.13 each of the transactions listed in this subdivision. In applying the provisions of this chapter,
72.14 the terms "tangible personal property" and "retail sale" include the taxable services listed
72.15 in paragraph (g), clause (6), items (i) to (vi) and (viii), and the provision of these taxable
72.16 services, unless specifically provided otherwise. Services performed by an employee for
72.17 an employer are not taxable. Services performed by a partnership or association for another
72.18 partnership or association are not taxable if one of the entities owns or controls more than
72.19 80 percent of the voting power of the equity interest in the other entity. Services performed
72.20 between members of an affiliated group of corporations are not taxable. For purposes of
72.21 the preceding sentence, "affiliated group of corporations" means those entities that would
72.22 be classified as members of an affiliated group as defined under United States Code, title
72.23 26, section 1504, disregarding the exclusions in section 1504(b).

72.24 (b) Sale and purchase include:

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

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

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

73.1 (d) Sale and purchase include the preparing for a consideration of food. Notwithstanding
73.2 section 297A.67, subdivision 2, taxable food includes, but is not limited to, the following:

73.3 (1) prepared food sold by the retailer;

73.4 (2) soft drinks;

73.5 (3) candy;

73.6 (4) dietary supplements; and

73.7 (5) all food sold through vending machines.

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

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

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

73.14 (1) the privilege of admission to places of amusement, recreational areas, or athletic
73.15 events, and the making available of amusement devices, tanning facilities, reducing salons,
73.16 steam baths, health clubs, and spas or athletic facilities, but not release fees or other charges
73.17 for pen-raised game or poultry by a game farm or hunting preserve;

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

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

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

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

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

74.3 Granting of membership means both onetime initiation fees and periodic membership dues,
74.4 but does not include release fees or other charges for pen-raised game or poultry by a game
74.5 farm or hunting preserve. Sports and athletic facilities include golf courses; tennis,
74.6 racquetball, handball, and squash courts; basketball and volleyball facilities; running tracks;
74.7 exercise equipment; swimming pools; and other similar athletic or sports facilities;

74.8 (5) delivery of aggregate materials by a third party, excluding delivery of aggregate
74.9 material used in road construction; and delivery of concrete block by a third party if the
74.10 delivery would be subject to the sales tax if provided by the seller of the concrete block.
74.11 For purposes of this clause, "road construction" means construction of:

74.12 (i) public roads;

74.13 (ii) cartways; and

74.14 (iii) private roads in townships located outside of the seven-county metropolitan area
74.15 up to the point of the emergency response location sign; and

74.16 (6) services as provided in this clause:

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

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

74.24 (iii) building and residential cleaning, maintenance, and disinfecting services and pest
74.25 control and exterminating services;

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

74.32 (v) pet grooming services;

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

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

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

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

(i) A sale and a purchase includes the furnishing for a consideration of telecommunications services, ancillary services associated with telecommunication services, and pay television services. Telecommunication services include, but are not limited to, the following services, as defined in section 297A.669: air-to-ground radiotelephone service, mobile telecommunication service, postpaid calling service, prepaid calling service, prepaid wireless calling service, and private communication services. The services in this paragraph are taxed to the extent allowed under federal law.

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

(k) A sale and a purchase includes the rental of a vehicle by a motor vehicle dealer to a customer when (1) the vehicle is rented by the customer for a consideration, or (2) the motor vehicle dealer is reimbursed pursuant to a service contract as defined in section 59B.02, subdivision 11.

(l) A sale and a purchase includes furnishing for a consideration of specified digital products or other digital products or granting the right for a consideration to use specified digital products or other digital products on a temporary or permanent basis and regardless of whether the purchaser is required to make continued payments for such right. Wherever the term "tangible personal property" is used in this chapter, other than in subdivisions 10

and 38, the provisions also apply to specified digital products, or other digital products, unless specifically provided otherwise or the context indicates otherwise.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2018.

Sec. 2. Minnesota Statutes 2016, section 297A.71, is amended by adding a subdivision to read:

Subd. 51. Minnetonka police and fire public safety facilities. Materials and supplies used in, and equipment incorporated into, (1) the construction of a new fire station on the campus of the Minnetonka city hall and (2) the remodeling and expansion of an existing police and fire station in Minnetonka to accommodate its use as a police station are exempt.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2018, and before January 1, 2021.

Sec. 3. Minnesota Statutes 2016, section 477A.016, is amended to read:

477A.016 NEW TAXES PROHIBITED.

(a) No county, city, town or other taxing authority shall increase a present tax or impose a new tax on sales or income.

(b) No county, city, town, or other taxing authority shall increase a present excise tax or fee or impose a new excise tax or fee on either:

(1) the manufacture, distribution, wholesale, or retail sale of food, based on volume of product sold, product sales value, or the type of product manufactured, distributed, or sold;
or

(2) any container used for transporting, protecting, or consuming food.

(c) For purposes of this section:

(1) "food" has the meaning given in section 34A.01, subdivision 4; and

(2) "container" means a bottle, cup, can, bag, or other packaging that is made from plastic, aluminum, glass, cardboard, or other material.

(d) This section does not apply to reasonable license fees lawfully imposed by a county, city, town, or other licensing authority in the exercise of its regulatory authority to license a trade, profession, or business.

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

77.1 Sec. 4. Laws 1986, chapter 396, section 5, as amended by Laws 2001, First Special Session
77.2 chapter 5, article 12, section 87, and Laws 2012, chapter 299, article 3, section 3, is amended
77.3 to read:

77.4 **Sec. 5. LIQUOR, LODGING, AND RESTAURANT TAXES.**

77.5 The city may, by resolution, levy in addition to taxes authorized by other law:

77.6 (1) a sales tax of not more than three percent on the gross receipts on retail on-sales of
77.7 intoxicating liquor and fermented malt beverages when sold at licensed on-sale liquor
77.8 establishments located within the downtown taxing area, provided that this tax may not be
77.9 imposed if sales of intoxicating liquor and fermented malt beverages are exempt from
77.10 taxation under chapter 297A;

77.11 (2) a sales tax of not more than three percent on the gross receipts from the furnishing
77.12 for consideration of lodging for a period of less than 30 days at a hotel, motel, rooming
77.13 house, tourist court, or trailer camp located within the city by a hotel or motel which has
77.14 more than 50 rooms available for lodging; the tax imposed under this clause shall be at a
77.15 rate that, when added to the sum of the rate of the sales tax imposed under Minnesota
77.16 Statutes, chapter 297A, the rate of the sales tax imposed under section 4, and the rate of any
77.17 other taxes on lodging in the city of Minneapolis, equals ~~43~~ 13.875 percent; and

77.18 (3) a sales tax of not more than three percent on the gross receipts on all sales of food
77.19 primarily for consumption on or off the premises by restaurants and places of refreshment
77.20 as defined by resolution of the city that occur within the downtown taxing area.

77.21 The taxes authorized by this section must not be terminated before January 1, 2047. The
77.22 taxes shall be imposed and may be adjusted periodically by the city council such that the
77.23 rates imposed produce revenue sufficient, together with the tax imposed under section 4,
77.24 to finance the purposes described in Minnesota Statutes, section 297A.994, and section 4,
77.25 subdivisions 3 and 4. These taxes shall be applied, first, as provided in Minnesota Statutes,
77.26 section 297A.994, subdivision 3, clauses (1) to (3), and then, solely to pay, secure, maintain,
77.27 and fund the payment of any principal of, premium on, and interest on any bonds or any
77.28 other purposes in section 4, subdivision 3 or 4. The commissioner of revenue may enter
77.29 into appropriate agreements with the city to provide for the collection of these taxes by the
77.30 state on behalf of the city. These taxes shall be subject to the same interest, penalties, and
77.31 enforcement provisions as the taxes imposed under Minnesota Statutes, chapter 297A.

77.32 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
77.33 September 30, 2018.

78.1 **ARTICLE 4**

78.2 **PROPERTY TAX**

78.3 Section 1. Minnesota Statutes 2016, section 103D.905, subdivision 9, is amended to read:

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

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

78.9 (2) to pay the principal of, or premium or administrative surcharge, if any, and interest
78.10 on, the bonds and notes issued by the watershed district pursuant to section 103F.725; or

78.11 (3) to repay the construction or implementation loans under sections 103F.701 to
78.12 103F.755.

78.13 Taxes levied with respect to payment of bonds and notes shall comply with section
78.14 475.61.

78.15 **EFFECTIVE DATE.** This section is effective for taxes payable in 2019 and thereafter.

78.16 Sec. 2. Minnesota Statutes 2016, section 138.053, is amended to read:

78.17 **138.053 COUNTY HISTORICAL SOCIETY; TAX LEVY; CITIES OR TOWNS.**

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

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

78.26 Sec. 3. Minnesota Statutes 2016, section 197.603, subdivision 2, is amended to read:

78.27 Subd. 2. **Records; data privacy.** Pursuant to chapter 13 the county veterans service
78.28 officer is the responsible authority with respect to all records in the officer's custody. The
78.29 data on clients' applications for assistance is private data on individuals, as defined in section
78.30 13.02, subdivision 12. The county veterans service officer may disclose to the county assessor

79.1 private data necessary to determine a client's eligibility for the disabled veteran's homestead
79.2 market value exclusion under section 273.13, subdivision 34.

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

79.4 Sec. 4. Minnesota Statutes 2016, section 272.02, is amended by adding a subdivision to
79.5 read:

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

79.7 (1) is located in a city of the first class with a population of more than 380,000 as of the
79.8 2010 federal census;

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

79.12 (3) is used exclusively as a pharmacy.

79.13 (b) Property that qualifies for the exemption under this subdivision is limited to parcels
79.14 and structures that do not exceed, in the aggregate, 4,000 square feet. Property acquired for
79.15 single-family housing, market-rate apartments, agriculture, or forestry does not qualify for
79.16 this exemption. The exemption created by this subdivision expires with taxes payable in
79.17 2028.

79.18 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2019
79.19 and thereafter.

79.20 Sec. 5. Minnesota Statutes 2016, section 273.124, subdivision 3a, is amended to read:

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

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

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

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

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

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

EFFECTIVE DATE. This section is effective beginning with claims for taxes payable in 2019.

Sec. 6. Minnesota Statutes 2016, section 273.1245, subdivision 2, is amended to read:

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

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

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

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

Sec. 7. Minnesota Statutes 2017 Supplement, section 273.13, subdivision 25, is amended to read:

Subd. 25. **Class 4.** (a) Class 4a is residential real estate containing four or more units and used or held for use by the owner or by the tenants or lessees of the owner as a residence for rental periods of 30 days or more, excluding property qualifying for class 4d. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt under section 272.02, and contiguous property used for hospital purposes, without regard

81.1 to whether the property has been platted or subdivided. The market value of class 4a property
81.2 has a classification rate of 1.25 percent.

81.3 (b) Class 4b includes:

81.4 (1) residential real estate containing less than four units that does not qualify as class
81.5 4bb, other than seasonal residential recreational property;

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

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

81.9 (4) unimproved property that is classified residential as determined under subdivision
81.10 33.

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

81.12 (c) Class 4bb includes:

81.13 (1) nonhomestead residential real estate containing one unit, other than seasonal
81.14 residential recreational property;

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

81.17 (3) a condominium-type storage unit having an individual property identification number
81.18 that is not used for a commercial purpose.

81.19 Class 4bb property has the same classification rates as class 1a property under subdivision
81.20 22.

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

81.24 (d) Class 4c property includes:

81.25 (1) except as provided in subdivision 22, paragraph (c), real and personal property
81.26 devoted to commercial temporary and seasonal residential occupancy for recreation purposes,
81.27 for not more than 250 days in the year preceding the year of assessment. For purposes of
81.28 this clause, property is devoted to a commercial purpose on a specific day if any portion of
81.29 the property is used for residential occupancy, and a fee is charged for residential occupancy.
81.30 Class 4c property under this clause must contain three or more rental units. A "rental unit"
81.31 is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site

82.1 equipped with water and electrical hookups for recreational vehicles. A camping pad offered
82.2 for rent by a property that otherwise qualifies for class 4c under this clause is also class 4c
82.3 under this clause regardless of the term of the rental agreement, as long as the use of the
82.4 camping pad does not exceed 250 days. In order for a property to be classified under this
82.5 clause, either: (i) the business located on the property must provide recreational activities,
82.6 at least 40 percent of the annual gross lodging receipts related to the property must be from
82.7 business conducted during 90 consecutive days, and either (A) at least 60 percent of all paid
82.8 bookings by lodging guests during the year must be for periods of at least two consecutive
82.9 nights; or (B) at least 20 percent of the annual gross receipts must be from charges for
82.10 providing recreational activities; ~~or;~~ (ii) the business must contain 20 or fewer rental units,
82.11 and must be located in a township or a city with a population of 2,500 or less located outside
82.12 the metropolitan area, as defined under section 473.121, subdivision 2, that contains a portion
82.13 of a state trail administered by the Department of Natural Resources; or (iii) the facility
82.14 must consist of no more than five sleeping rooms and must provide an area or areas to
82.15 prepare meals and to conduct indoor craft or hobby activities. For purposes of item (i)(A),
82.16 a paid booking of five or more nights shall be counted as two bookings. Class 4c property
82.17 also includes commercial use real property used exclusively for recreational purposes in
82.18 conjunction with other class 4c property classified under this clause and devoted to temporary
82.19 and seasonal residential occupancy for recreational purposes, up to a total of two acres,
82.20 provided the property is not devoted to commercial recreational use for more than 250 days
82.21 in the year preceding the year of assessment and is located within two miles of the class 4c
82.22 property with which it is used. In order for a property to qualify for classification under this
82.23 clause, the owner must submit a declaration to the assessor designating the cabins or units
82.24 occupied for 250 days or less in the year preceding the year of assessment by January 15
82.25 of the assessment year. Those cabins or units and a proportionate share of the land on which
82.26 they are located must be designated class 4c under this clause as otherwise provided. The
82.27 remainder of the cabins or units and a proportionate share of the land on which they are
82.28 located will be designated as class 3a. The owner of property desiring designation as class
82.29 4c property under this clause must provide guest registers or other records demonstrating
82.30 that the units for which class 4c designation is sought were not occupied for more than 250
82.31 days in the year preceding the assessment if so requested. The portion of a property operated
82.32 as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5)
82.33 other nonresidential facility operated on a commercial basis not directly related to temporary
82.34 and seasonal residential occupancy for recreation purposes does not qualify for class 4c.
82.35 For the purposes of this paragraph, "recreational activities" means renting ice fishing houses,

83.1 boats and motors, snowmobiles, downhill or cross-country ski equipment; providing marina
83.2 services, launch services, or guide services; or selling bait and fishing tackle;

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

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

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

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

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

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

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

83.20 For purposes of this clause:

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

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

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

83.30 (D) "revenue-producing activities" shall include but not be limited to property or that
83.31 portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt
83.32 liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling

84.1 alley, a retail store, gambling conducted by organizations licensed under chapter 349, an
84.2 insurance business, or office or other space leased or rented to a lessee who conducts a
84.3 for-profit enterprise on the premises.

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

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

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

84.18 (5)(i) manufactured home parks as defined in section 327.14, subdivision 3, excluding
84.19 manufactured home parks described in items (ii) and (iii), (ii) manufactured home parks as
84.20 defined in section 327.14, subdivision 3, that are described in section 273.124, subdivision
84.21 3a, and (iii) class I manufactured home parks as defined in section 327C.01, subdivision
84.22 13;

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

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

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

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

85.1 If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must be
85.2 filed by the new owner with the assessor of the county where the property is located within
85.3 60 days of the sale;

85.4 (8) a privately owned noncommercial aircraft storage hangar not exempt under section
85.5 272.01, subdivision 2, and the land on which it is located, provided that:

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

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

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

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

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

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

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

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

85.23 (10) real property up to a maximum of three acres and operated as a restaurant as defined
85.24 under section 157.15, subdivision 12, provided it: (i) is located on a lake as defined under
85.25 section 103G.005, subdivision 15, paragraph (a), clause (3); and (ii) is either devoted to
85.26 commercial purposes for not more than 250 consecutive days, or receives at least 60 percent
85.27 of its annual gross receipts from business conducted during four consecutive months. Gross
85.28 receipts from the sale of alcoholic beverages must be included in determining the property's
85.29 qualification under item (ii). The property's primary business must be as a restaurant and
85.30 not as a bar. Gross receipts from gift shop sales located on the premises must be excluded.
85.31 Owners of real property desiring 4c classification under this clause must submit an annual
85.32 declaration to the assessor by February 1 of the current assessment year, based on the
85.33 property's relevant information for the preceding assessment year;

(11) lakeshore and riparian property and adjacent land, not to exceed six acres, used as a marina, as defined in section 86A.20, subdivision 5, which is made accessible to the public and devoted to recreational use for marina services. The marina owner must annually provide evidence to the assessor that it provides services, including lake or river access to the public by means of an access ramp or other facility that is either located on the property of the marina or at a publicly owned site that abuts the property of the marina. No more than 800 feet of lakeshore may be included in this classification. Buildings used in conjunction with a marina for marina services, including but not limited to buildings used to provide food and beverage services, fuel, boat repairs, or the sale of bait or fishing tackle, are classified as class 3a property; and

(12) real and personal property devoted to noncommercial temporary and seasonal residential occupancy for recreation purposes.

Class 4c property has a classification rate of 1.5 percent of market value, except that (i) each parcel of noncommercial seasonal residential recreational property under clause (12) has the same classification rates as class 4bb property, (ii) manufactured home parks assessed under clause (5), item (i), have the same classification rate as class 4b property, the market value of manufactured home parks assessed under clause (5), item (ii), have a classification rate of 0.75 percent if more than 50 percent of the lots in the park are occupied by shareholders in the cooperative corporation or association and a classification rate of one percent if 50 percent or less of the lots are so occupied, and class I manufactured home parks as defined in section 327C.01, subdivision 13, have a classification rate of 1.0 percent, (iii) commercial-use seasonal residential recreational property and marina recreational land as described in clause (11), has a classification rate of one percent for the first \$500,000 of market value, and 1.25 percent for the remaining market value, (iv) the market value of property described in clause (4) has a classification rate of one percent, (v) the market value of property described in clauses (2), (6), and (10) has a classification rate of 1.25 percent, (vi) that portion of the market value of property in clause (9) qualifying for class 4c property has a classification rate of 1.25 percent, and (vii) property qualifying for classification under clause (3) that is owned or operated by a congressionally chartered veterans organization has a classification rate of one percent. The commissioner of veterans affairs must provide a list of congressionally chartered veterans organizations to the commissioner of revenue by June 30, 2017, and by January 1, 2018, and each year thereafter.

(e) Class 4d property is qualifying low-income rental housing certified to the assessor by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion of the units in the building qualify as low-income rental housing units as certified under section

273.128, subdivision 3, only the proportion of qualifying units to the total number of units in the building qualify for class 4d. The remaining portion of the building shall be classified by the assessor based upon its use. Class 4d also includes the same proportion of land as the qualifying low-income rental housing units are to the total units in the building. For all properties qualifying as class 4d, the market value determined by the assessor must be based on the normal approach to value using normal unrestricted rents.

(f) The first tier of market value of class 4d property has a classification rate of 0.75 percent. The remaining value of class 4d property has a classification rate of 0.25 percent. For the purposes of this paragraph, the "first tier of market value of class 4d property" means the market value of each housing unit up to the first tier limit. For the purposes of this paragraph, all class 4d property value must be assigned to individual housing units. The first tier limit is \$100,000 for assessment year 2014. For subsequent years, the limit is adjusted each year by the average statewide change in estimated market value of property classified as class 4a and 4d under this section for the previous assessment year, excluding valuation change due to new construction, rounded to the nearest \$1,000, provided, however, that the limit may never be less than \$100,000. Beginning with assessment year 2015, the commissioner of revenue must certify the limit for each assessment year by November 1 of the previous year.

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

Sec. 8. Minnesota Statutes 2017 Supplement, section 273.13, subdivision 34, is amended to read:

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

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

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

88.1 (c) If a disabled veteran qualifying for a valuation exclusion under paragraph (b), clause
88.2 (2), predeceases the veteran's spouse, and if upon the death of the veteran the spouse holds
88.3 the legal or beneficial title to the homestead and permanently resides there, the exclusion
88.4 shall carry over to the benefit of the veteran's spouse for the current taxes payable year and
88.5 for eight additional taxes payable years or until such time as the spouse remarries, or sells,
88.6 transfers, or otherwise disposes of the property, whichever comes first, except as otherwise
88.7 provided in paragraph (n). Qualification under this paragraph requires an application under
88.8 paragraph (h), and a spouse must notify the assessor if there is a change in the spouse's
88.9 marital status, ownership of the property, or use of the property as a permanent residence.

88.10 (d) If the spouse of a member of any branch or unit of the United States armed forces
88.11 who dies due to a service-connected cause while serving honorably in active service, as
88.12 indicated on United States Government Form DD1300 or DD2064, holds the legal or
88.13 beneficial title to a homestead and permanently resides there, the spouse is entitled to the
88.14 benefit described in paragraph (b), clause (2), for eight taxes payable years, or until such
88.15 time as the spouse remarries or sells, transfers, or otherwise disposes of the property,
88.16 whichever comes first, except as otherwise provided in paragraph (n).

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

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

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

88.27 (h) To qualify for a valuation exclusion under this subdivision a property owner must
88.28 apply to the assessor by ~~July 1~~ December 15 of the first assessment year for which the
88.29 exclusion is sought. For an application received after ~~July 1~~ December 15, the exclusion
88.30 shall become effective for the following assessment year. Except as provided in paragraph
88.31 (c), the owner of a property that has been accepted for a valuation exclusion must notify
88.32 the assessor if there is a change in ownership of the property or in the use of the property
88.33 as a homestead. When a property qualifying for a market value exclusion under this

89.1 subdivision is sold or transferred, the exclusion must be removed for taxes payable in the
89.2 following year, provided that the new owner may file a claim for an exclusion if eligible.

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

89.5 (j) For purposes of this subdivision:

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

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

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

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

89.13 (k) If a veteran dying after December 31, 2011, did not apply for or receive the exclusion
89.14 under paragraph (b), clause (2), before dying, the veteran's spouse is entitled to the benefit
89.15 under paragraph (b), clause (2), for eight taxes payable years or until the spouse remarries
89.16 or sells, transfers, or otherwise disposes of the property, except as otherwise provided in
89.17 paragraph (n), if:

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

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

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

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

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

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

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

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

(n) A spouse who received the benefit in paragraph (c), (d), or (k) but no longer holds the legal or beneficial title to the property may continue to receive the exclusion for a property other than the property for which the exclusion was initially granted until the spouse remarries or sells, transfers, or otherwise disposes of the property, provided that:

(1) the spouse applies under paragraph (h) for the continuation of the exclusion allowed under this paragraph;

(2) the spouse holds the legal or beneficial title to the property for which the continuation of the exclusion is sought under this paragraph, and permanently resides there;

(3) the estimated market value of the property for which the exclusion is sought under this paragraph is less than or equal to the estimated market value of the property that first received the exclusion, based on the value of each property on the date of the sale of the property that first received the exclusion; and

(4) the spouse has not previously received the benefit under this paragraph for a property other than the property for which the exclusion is sought.

The exclusion for a spouse under this paragraph and paragraph (c), (d), or (k) may not exceed a total of eight taxes payable years.

EFFECTIVE DATE. This section is effective beginning with assessments in 2018, for taxes payable in 2019.

Sec. 9. Minnesota Statutes 2017 Supplement, section 275.025, subdivision 1, is amended to read:

Subdivision 1. **Levy amount.** (a) The state general levy is levied against commercial-industrial property and seasonal residential recreational property, as defined in this section. The state general levy for commercial-industrial property is \$784,590,000 for taxes payable in 2018 and thereafter. The state general levy for seasonal-recreational property is \$44,190,000 for taxes payable in 2018 and thereafter. The tax under this section is not treated as a local tax rate under section 469.177 and is not the levy of a governmental unit under chapters 276A and 473F.

(b) The commissioner shall increase or decrease the preliminary or final rate for a year as necessary to account for errors and tax base changes that affected a preliminary or final rate for either of the two preceding years. Adjustments are allowed to the extent that the

91.1 necessary information is available to the commissioner at the time the rates for a year must
91.2 be certified, and for the following reasons:

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

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

91.5 (3) an increase or decrease in taxable value for commercial-industrial or seasonal
91.6 residential recreational property reported on the abstracts of tax lists submitted under section
91.7 275.29 that was not reported on the abstracts of assessment submitted under section 270C.89
91.8 for the same year.

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

91.11 (c) Each year, the commissioner must reduce the state commercial-industrial levy under
91.12 paragraph (a) by the amount of state general tax that would be paid by property defined in
91.13 subdivision 2, paragraph (c), if it were not exempt.

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

91.15 Sec. 10. Minnesota Statutes 2017 Supplement, section 275.025, subdivision 2, is amended
91.16 to read:

91.17 Subd. 2. **Commercial-industrial tax capacity.** (a) For the purposes of this section,
91.18 "commercial-industrial tax capacity" means the tax capacity of all taxable property classified
91.19 as class 3 or class 5(1) under section 273.13, excluding:

91.20 (1) the tax capacity attributable to the first \$100,000 of market value of each parcel of
91.21 commercial-industrial property as defined under section 273.13, subdivision 24, clauses (1)
91.22 and (2);

91.23 (2) electric generation attached machinery under class 3; ~~and~~

91.24 (3) property described in section 473.625; and

91.25 (4) property described in paragraph (c).

91.26 (b) County commercial-industrial tax capacity amounts are not adjusted for the captured
91.27 net tax capacity of a tax increment financing district under section 469.177, subdivision 2,
91.28 the net tax capacity of transmission lines deducted from a local government's total net tax
91.29 capacity under section 273.425, or fiscal disparities contribution and distribution net tax
91.30 capacities under chapter 276A or 473F. For purposes of this subdivision, the procedures
91.31 for determining eligibility for tier 1 under section 273.13, subdivision 24, clauses (1) and

92.1 (2), shall apply in determining the portion of a property eligible to be considered within the
92.2 first \$100,000 of market value.

92.3 (c) Personal property that is part of an intrastate natural gas transportation or distribution
92.4 pipeline system is exempt from the tax imposed under this section if:

92.5 (1) construction of the pipeline system began after January 1, 2018; and

92.6 (2) the property is located in an area:

92.7 (i) outside the seven-county metropolitan area, as defined in section 473.121, subdivision
92.8 3; and

92.9 (ii) in which households or businesses lacked access to natural gas distribution systems
92.10 as of January 1, 2018.

92.11 The exemption under this paragraph applies for a period not to exceed 12 years, provided
92.12 that once a property no longer qualifies, it may not subsequently qualify for the exemption
92.13 under this paragraph.

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

92.15 Sec. 11. Minnesota Statutes 2016, section 275.066, is amended to read:

92.16 **275.066 SPECIAL TAXING DISTRICTS; DEFINITION.**

92.17 For the purposes of property taxation and property tax state aids, the term "special taxing
92.18 districts" includes the following entities:

92.19 (1) watershed districts under chapter 103D;

92.20 (2) sanitary districts under sections 442A.01 to 442A.29;

92.21 (3) regional sanitary sewer districts under sections 115.61 to 115.67;

92.22 (4) regional public library districts under section 134.201;

92.23 (5) park districts under chapter 398;

92.24 (6) regional railroad authorities under chapter 398A;

92.25 (7) hospital districts under sections 447.31 to 447.38;

92.26 (8) St. Cloud Metropolitan Transit Commission under sections 458A.01 to 458A.15;

92.27 (9) Duluth Transit Authority under sections 458A.21 to 458A.37;

92.28 (10) regional development commissions under sections 462.381 to 462.398;

92.29 (11) housing and redevelopment authorities under sections 469.001 to 469.047;

- 93.1 (12) port authorities under sections 469.048 to 469.068;
- 93.2 (13) economic development authorities under sections 469.090 to 469.1081;
- 93.3 (14) Metropolitan Council under sections 473.123 to 473.549;
- 93.4 (15) Metropolitan Airports Commission under sections 473.601 to 473.679;
- 93.5 (16) Metropolitan Mosquito Control Commission under sections 473.701 to 473.716;
- 93.6 (17) Morrison County Rural Development Financing Authority under Laws 1982, chapter
- 93.7 437, section 1;
- 93.8 (18) Croft Historical Park District under Laws 1984, chapter 502, article 13, section 6;
- 93.9 (19) East Lake County Medical Clinic District under Laws 1989, chapter 211, sections
- 93.10 1 to 6;
- 93.11 (20) Floodwood Area Ambulance District under Laws 1993, chapter 375, article 5,
- 93.12 section 39;
- 93.13 (21) Middle Mississippi River Watershed Management Organization under sections
- 93.14 103B.211 and 103B.241;
- 93.15 (22) emergency medical services special taxing districts under section 144F.01;
- 93.16 (23) a county levying under the authority of section 103B.241, 103B.245, or 103B.251;
- 93.17 (24) Southern St. Louis County Special Taxing District; Chris Jensen Nursing Home
- 93.18 under Laws 2003, First Special Session chapter 21, article 4, section 12;
- 93.19 (25) an airport authority created under section 360.0426; ~~and~~
- 93.20 (26) fire protection special taxing districts under section 299O.01; and
- 93.21 (27) any other political subdivision of the state of Minnesota, excluding counties, school
- 93.22 districts, cities, and towns, that has the power to adopt and certify a property tax levy to the
- 93.23 county auditor, as determined by the commissioner of revenue.

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

93.25 Sec. 12. Minnesota Statutes 2016, section 290A.03, subdivision 13, is amended to read:

93.26 Subd. 13. **Property taxes payable.** "Property taxes payable" means the property tax

93.27 exclusive of special assessments, penalties, and interest payable on a claimant's homestead

93.28 after deductions made under sections 273.135, 273.1384, 273.1391, 273.42, subdivision 2,

93.29 and any other state paid property tax credits in any calendar year, and after any refund

93.30 claimed and allowable under section 290A.04, subdivision 2h, that is first payable in the

year that the property tax is payable. In the case of a claimant who makes ground lease payments, "property taxes payable" includes the amount of the payments directly attributable to the property taxes assessed against the parcel on which the house is located. No apportionment or reduction of the "property taxes payable" shall be required for the use of a portion of the claimant's homestead for a business purpose if the claimant does not deduct any business depreciation expenses for the use of a portion of the homestead in the determination of federal adjusted gross income. For homesteads which are manufactured homes as defined in section 273.125, subdivision 8, ~~and for homesteads which are including~~ manufactured homes located in a manufactured home community owned by a cooperative organized under chapter 308A or 308B, and park trailers taxed as manufactured homes under section 168.012, subdivision 9, "property taxes payable" shall also include 17 percent of the gross rent paid in the preceding year for the site on which the homestead is located. When a homestead is owned by two or more persons as joint tenants or tenants in common, such tenants shall determine between them which tenant may claim the property taxes payable on the homestead. If they are unable to agree, the matter shall be referred to the commissioner of revenue whose decision shall be final. Property taxes are considered payable in the year prescribed by law for payment of the taxes.

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

EFFECTIVE DATE. This section is effective beginning with claims for taxes payable in 2019.

Sec. 13. **[2990.01] FIRE PROTECTION SPECIAL TAXING DISTRICTS.**

Subdivision 1. Definitions. (a) For purposes of this section, the following terms have the meanings given unless the context clearly requires otherwise.

(b) "City" means a statutory or home rule charter city.

(c) "Governing body" means for a city, its city council; for a county, its county board; and for a town, the board of supervisors.

95.1 (d) "Political subdivision" means a county, a city, or a township organized to provide
95.2 town government.

95.3 Subd. 2. **Authority to establish.** (a) Two or more political subdivisions may establish,
95.4 by resolution of their governing bodies, a special taxing district to provide fire protection
95.5 or emergency medical services or both in the area of the district, comprising the jurisdiction
95.6 of each of the political subdivisions forming the district. For a county that participates in
95.7 establishing a district, the county's jurisdiction comprises the unorganized territory of the
95.8 county that it designates in its resolution for inclusion in the district. The area of the special
95.9 taxing district does not need to be contiguous or its boundaries continuous.

95.10 (b) Before establishing a district under this section, the participating political subdivisions
95.11 must enter an agreement that specifies how any liabilities, other than debt issued under
95.12 subdivision 6, and assets of the district will be distributed if the district is dissolved. The
95.13 agreement may also include other terms, including a method for apportioning the levy of
95.14 the district among participating political subdivisions under subdivision 4, paragraph (b),
95.15 as the political subdivisions determine appropriate. The agreement must be adopted no later
95.16 than upon passage of the resolution establishing the district under paragraph (a), but may
95.17 be later amended by agreement of each of the political subdivisions participating in the
95.18 district.

95.19 Subd. 3. **Board.** The special taxing district established under this section is governed
95.20 by a board made up initially of representatives of each participating political subdivision
95.21 in the proportions set out in the establishing resolution, subject to change as provided in the
95.22 district's charter, if any, or in the district's bylaws. Each participating political subdivision's
95.23 representative must be an elected member of the governing body of the political subdivision
95.24 and serves at the pleasure of that participant's governing body.

95.25 Subd. 4. **Property tax levy.** (a) The board may levy a tax on the taxable real and personal
95.26 property in the district. The tax levy may not exceed 0.048 percent of the estimated market
95.27 value of the district, or \$550,000, whichever is less. The proceeds of the levy must be used
95.28 as provided in subdivision 5. The board shall certify the levy at the times provided under
95.29 section 275.07. The board shall provide the county with whatever information is necessary
95.30 to identify the property that is located within the district. If the boundaries include a part of
95.31 a parcel, the entire parcel is included in the district. The county auditors must spread, collect,
95.32 and distribute the proceeds of the tax at the same time and in the same manner as provided
95.33 by law for all other property taxes.

(b) As an alternative to paragraph (a), the board may apportion its levy among the political subdivisions that are members of the district under a formula or method, such as population, number of service calls, cost of providing service, the market value of improvements, or other measure or measures, that was approved by the governing body of each of the political subdivisions that is a member of the district. The amount of the levy allocated to each political subdivision must be added to that political subdivision's levy and spread at the same time and in the same manner as provided by law for other taxes. The proceeds of the levy must be collected and remitted to the district and used as provided in subdivision 5.

Subd. 5. **Use of levy proceeds.** The proceeds of property taxes levied under this section must be used to provide fire protection or emergency medical services to residents of the district and property located in the district, as well as to pay debt issued under subdivision 6. Services may be provided by employees of the district or by contracting for services provided by other governmental or private entities.

Subd. 6. **Debt.** (a) The district may incur debt under chapter 475 when the board determines doing so is necessary to accomplish its duties.

(b) In addition, the board of the district may issue certificates of indebtedness or capital notes under section 412.301 to purchase capital equipment. In applying section 412.301, paragraph (e), to the district the following rules apply:

(1) the taxable property of the entire district must be used to calculate the percent of estimated market value; and

(2) "the number of voters at the last municipal election" means the sum of the number of voters at the last municipal election for each of the cities that is a member of the district plus the number of registered voters in each town that is a participating member of the district.

Subd. 7. **Powers.** (a) In addition to authority expressly granted in this section, a special taxing district may exercise any power that may be exercised by any of its participating political subdivisions and that is necessary or reasonable to support the services set out in subdivision 5. The district may only levy the taxes authorized in subdivision 4. These powers include, without limitation, the authority to participate in state programs and to enforce or carry out state laws related to fire protection or emergency medical services, including programs providing state aid, reimbursement or funding of employee benefits, authorizing local enforcement of state standards, and similar. These include but are not limited to fire protection related programs and political subdivision powers or responsibilities under

97.1 chapters 299A and 424A; sections 6.495, 69.011, and 353.64; and any administrative rules
97.2 related to the fire code.

97.3 (b) To the extent that the district's authority under this subdivision overlaps with or may
97.4 conflict with the authority of the participating political subdivision, the agreement under
97.5 subdivision 2, paragraph (b), must provide for allocation of those powers or responsibilities
97.6 between the participating political subdivisions and the district and may provide for resolution
97.7 of conflicts in the exercise of those powers.

97.8 Subd. 8. **Additions and withdrawals.** (a) Additional eligible political subdivisions may
97.9 be added to a special taxing district under this section as provided by the board of the district
97.10 and agreed to in a resolution of the governing body of the political subdivision proposed to
97.11 be added.

97.12 (b) A political subdivision may withdraw from a special taxing district under this section
97.13 by resolution of its governing body. The political subdivision must notify the board of the
97.14 special taxing district of the withdrawal by providing a copy of the resolution at least two
97.15 years in advance of the proposed withdrawal. The taxable property of the withdrawing
97.16 member is subject to the property tax levy under subdivision 4 for the two taxes payable
97.17 years following the notice of the withdrawal, unless the board and the withdrawing member
97.18 agree otherwise by a resolution adopted by each of their governing bodies. If a political
97.19 subdivision withdraws from a district for which debt was issued under subdivision 6 when
97.20 the political subdivision was a participating member of the district and which is outstanding
97.21 when the political subdivision withdraws from the district, the taxable property of the
97.22 withdrawing political subdivision remains subject to the special taxing district debt levy
97.23 until that outstanding debt has been paid or defeased. If the district's property levy to repay
97.24 the debt was apportioned among the political subdivisions under an alternative formula or
97.25 method under subdivision 4, paragraph (b), the withdrawing political subdivision is subject
97.26 to the same percentage of the debt levy as applied in the taxes payable year immediately
97.27 before its withdrawal from the district.

97.28 (c) Notwithstanding subdivision 2, a special taxing district comprised of two political
97.29 subdivisions continues to exist even if one of the political subdivisions withdraws.

97.30 Subd. 9. **Dissolution.** The special taxing district may be dissolved by resolution approved
97.31 by majority vote of the board. If the special taxing district is dissolved, the assets and
97.32 liabilities may be assigned to a successor entity, if any, or otherwise disposed of for public
97.33 purposes as provided in the agreement adopted under subdivision 2, paragraph (b), or

98.1 otherwise agreed to by the participating political subdivisions. A district may not be dissolved
98.2 until all debt issued under subdivision 6 has been paid or defeased.

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

98.4 Sec. 14. Minnesota Statutes 2016, section 473H.08, subdivision 1, is amended to read:

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

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

98.11 Sec. 15. Minnesota Statutes 2016, section 473H.08, is amended by adding a subdivision
98.12 to read:

98.13 Subd. 3a. **Expiration for park and trail purposes.** (a) An agricultural preserve expires
98.14 immediately when a state agency or other governmental unit purchases the property or
98.15 obtains an easement over the property for the purpose of creating or expanding a public
98.16 trail or public park. This subdivision applies only to the portion of the agricultural preserve
98.17 acquired for trail or park purposes, and any portion of the property not acquired for trail or
98.18 park purposes shall remain an agricultural preserve.

98.19 (b) The acquiring state agency or governmental unit shall give notice of the expiration
98.20 under paragraph (a) to the authority. The notice must specify the portion of the property
98.21 being removed from the agricultural preserve and the date on which that portion expires.

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

98.25 Sec. 16. Minnesota Statutes 2016, section 473H.08, subdivision 4, is amended to read:

98.26 Subd. 4. **Notice to others.** Upon receipt of the notice provided in subdivision 2 or 3a,
98.27 or upon notice served by the authority as provided in subdivision 3, the authority shall
98.28 forward the original notice to the county recorder for recording, or to the registrar of titles
98.29 if the land is registered, and shall notify the county auditor, county assessor, the Metropolitan
98.30 Council, and the county soil and water conservation district of the date of expiration.
98.31 Designation as an agricultural preserve and all benefits and limitations accruing through

99.1 sections 473H.02 to 473H.17 for the preserve shall cease on the date of expiration. The
99.2 restrictive covenant contained in the application shall terminate on the date of expiration.

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

99.6 Sec. 17. Laws 2008, chapter 366, article 5, section 33, the effective date, as amended by
99.7 Laws 2013, chapter 143, article 4, section 35, is amended to read:

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

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

99.11 Sec. 18. Laws 2017, First Special Session chapter 1, article 10, section 4, the effective
99.12 date, is amended to read:

99.13 **EFFECTIVE DATE; APPLICATION.** This section is effective for applications and
99.14 certifications made in 2018 and thereafter, except the repeal of the exclusion of land under
99.15 item (iii) is effective retroactively for payments due under Minnesota Statutes, section
99.16 290C.08, beginning for payments due to be made in 2014. In order to qualify for retroactive
99.17 payments, the following requirements must be met: (1) the owner of land exceeding 60,000
99.18 acres that is subject to a single conservation easement funded under Minnesota Statutes,
99.19 section 97A.056 or a comparable permanent easement conveyed to a governmental or
99.20 nonprofit entity, must submit an application to the commissioner of revenue, in a form and
99.21 manner and at a time acceptable to the commissioner, establishing that the affected property
99.22 and its use met the requirement of Minnesota Statutes, chapter 290C, as amended by this
99.23 section; (2) the owner and each county in which the land is located must certify to the
99.24 commissioner that no petitions challenging the market value of the property are pending
99.25 under Minnesota Statutes, chapter 278; and (3) the requirements of clauses (1) and (2) must
99.26 be satisfied by October 1, 2017. No interest accrues on payment under this section for
99.27 periods before November 1, 2017.

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

Sec. 19. **STUDY OF VALUATION METHOD OF PIPELINE AND PUBLIC
UTILITY OPERATING PROPERTY.**

(a) The commissioner of revenue shall study and prepare a report on the current methods used to value the operating property of pipelines and public utilities, as defined in Minnesota Statutes, section 216B.02, subdivision 4, in the state of Minnesota.

(b) The report must:

(1) describe, in detail, prior and current methods used to value pipeline and public utility operating property in Minnesota;

(2) evaluate whether the current methods used produce an accurate estimate of market value;

(3) compile and explain, in detail, the number of state-assessed pipeline and public utility valuations that have been appealed in the last 20 years, and the extent to which the market value was increased or reduced, by agreement, settlement, or judgment, and list and provide detail on the taxing jurisdictions that have been issued a refund order in the last 20 years as a result of agreement, settlement, or judgment, including the year and amount paid;

(4) report the costs incurred by all taxing jurisdictions relating to the appeals and litigation to settle any disputes in the last 20 years;

(5) evaluate the extent to which host political subdivisions and communities are adequately compensated under the existing Minnesota property tax system for the external costs imposed by pipeline and public utility systems;

(6) describe, analyze, and compare the methods used to value pipeline and public utility operating property in other states, not limited to border states; and

(7) make recommendations and prepare legislation on improvements or alternative valuation methods for pipeline and public utility operating property.

(c) The commissioner shall report the findings of the study to the committees of the house of representatives and senate having jurisdiction over taxes by February 15, 2019, and file the report as required by Minnesota Statutes, section 3.195.

EFFECTIVE DATE. This section is effective July 1, 2018.

ARTICLE 5

PUBLIC FINANCE

Section 1. Minnesota Statutes 2016, section 103E.611, subdivision 2, is amended to read:

101.1 Subd. 2. **Interest.** (a) Interest is an additional drainage lien on all property until paid.
101.2 The interest rate on the drainage lien principal from the date the drainage lien statement is
101.3 recorded must be set by the board but may not exceed the rate determined by the state court
101.4 administrator for judgments under section 549.09, or six percent, whichever is greater.

101.5 (b) Before the tax lists for the year are given to the county treasurer, the auditor shall
101.6 compute the interest on the unpaid balance of the drainage lien at the rate set by the board.
101.7 The amount of interest must be computed on the entire unpaid principal from the date the
101.8 drainage lien was recorded to August 15 of the next calendar year, and afterwards from
101.9 August 15 to August 15 of each year.

101.10 (c) Interest is due and payable after November 1 of each year the drainage lien principal
101.11 or interest is due and unpaid.

101.12 Sec. 2. Minnesota Statutes 2016, section 471.831, subdivision 1, is amended to read:

101.13 Subdivision 1. **Any relief under bankruptcy code.** A municipality, as defined in
101.14 subdivision 2, may file a petition and seek any relief available to it under United States
101.15 Code, title 11, as amended ~~through December 31, 1996.~~

101.16 Sec. 3. Minnesota Statutes 2016, section 474A.02, subdivision 22b, is amended to read:

101.17 Subd. 22b. **Public facilities project.** "Public facilities project" means any publicly owned
101.18 facility, or a facility owned by a nonprofit organization that is used for district heating or
101.19 cooling, whether publicly or privately owned, that is eligible to be financed with the proceeds
101.20 of public facilities bonds as defined under section 474A.02, subdivision 23a.

101.21 Sec. 4. Minnesota Statutes 2016, section 475.521, subdivision 1, is amended to read:

101.22 Subdivision 1. **Definitions.** For purposes of this section, the following terms have the
101.23 meanings given.

101.24 (a) "Bonds" mean an obligation defined under section 475.51.

101.25 (b) "Capital improvement" means acquisition or betterment of public lands, buildings
101.26 or other improvements for the purpose of a city hall, town hall, library, public safety facility,
101.27 and public works facility. An improvement must have an expected useful life of five years
101.28 or more to qualify. Capital improvement does not include light rail transit or any activity
101.29 related to it, or a park, road, bridge, administrative building other than a city or town hall,
101.30 or land for any of those facilities. For purposes of this section, "capital improvement"
101.31 includes expenditures for purposes described in this paragraph that have been incurred by

a municipality before approval of a capital improvement plan, if such expenditures are included in a capital improvement plan approved on or before the date of the public hearing under subdivision 2 regarding issuance of bonds for such expenditures.

(c) "Municipality" means a home rule charter or statutory city or a town ~~described in section 368.01, subdivision 1 or 1a.~~

ARTICLE 6

MISCELLANEOUS

Section 1. Minnesota Statutes 2016, section 62V.05, subdivision 2, is amended to read:

Subd. 2. Operations funding. ~~(a) Prior to January 1, 2015, MNsure shall retain or collect up to 1.5 percent of total premiums for individual and small group market health plans and dental plans sold through MNsure to fund the cash reserves of MNsure, but the amount collected shall not exceed a dollar amount equal to 25 percent of the funds collected under section 62E.11, subdivision 6, for calendar year 2012.~~

~~(b) Beginning January 1, 2015, MNsure shall retain or collect up to 3.5 percent of total premiums for individual and small group market health plans and dental plans sold through MNsure to fund the operations of MNsure, but the amount collected shall not exceed a dollar amount equal to 50 percent of the funds collected under section 62E.11, subdivision 6, for calendar year 2012.~~

~~(c)~~ (a) Beginning January 1, 2016, through December 31, 2018, MNsure shall retain or collect up to 3.5 percent of total premiums for individual and small group market health plans and dental plans sold through MNsure to fund the operations of MNsure, but the amount collected may never exceed a dollar amount greater than 100 percent of the funds collected under section 62E.11, subdivision 6, for calendar year 2012.

~~(d) For fiscal years 2014 and 2015, the commissioner of management and budget is authorized to provide cash flow assistance of up to \$20,000,000 from the special revenue fund or the statutory general fund under section 16A.671, subdivision 3, paragraph (a), to MNsure. Any funds provided under this paragraph shall be repaid, with interest, by June 30, 2015.~~

(b) Beginning January 1, 2019, MNsure shall retain or collect up to two percent of total premiums for individual and small group health plans and dental plans sold through MNsure to fund the operations of MNsure, but the amount collected may never exceed a dollar amount greater than 25 percent of the funds collected under section 62E.11, subdivision 6, for calendar year 2012.

103.1 ~~(e)~~ (c) Funding for the operations of MNsure shall cover any compensation provided to
103.2 navigators participating in the navigator program.

103.3 (d) Interagency agreements between MNsure and the Department of Human Services,
103.4 and the Public Assistance Cost Allocation Plan for the Department of Human Services,
103.5 shall not be modified to reflect any changes to the percentage of premiums that MNsure is
103.6 allowed to retain or collect under this section, and no additional funding shall be transferred
103.7 from the Department of Human Services to MNsure as a result of any changes to the
103.8 percentage of premiums that MNsure is allowed to retain or collect under this section.

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

103.10 Sec. 2. Minnesota Statutes 2016, section 62V.05, subdivision 5, is amended to read:

103.11 Subd. 5. **Health carrier and health plan requirements; participation.** (a) Beginning
103.12 January 1, 2015, the board may establish certification requirements for health carriers and
103.13 health plans to be offered through MNsure that satisfy federal requirements under ~~section~~
103.14 ~~1311(e)(1) of the Affordable Care Act, Public Law 111-148~~ United States Code, title 42,
103.15 section 18031(c)(1).

103.16 (b) Paragraph (a) does not apply if by June 1, 2013, the legislature enacts regulatory
103.17 requirements that:

103.18 (1) apply uniformly to all health carriers and health plans in the individual market;

103.19 (2) apply uniformly to all health carriers and health plans in the small group market; and

103.20 (3) satisfy minimum federal certification requirements under ~~section 1311(e)(1) of the~~
103.21 ~~Affordable Care Act, Public Law 111-148~~ United States Code, title 42, section 18031(c)(1).

103.22 (c) In accordance with ~~section 1311(e) of the Affordable Care Act, Public Law 111-148~~
103.23 United States Code, title 42, section 18031(e), the board shall establish policies and
103.24 procedures for certification and selection of health plans to be offered as qualified health
103.25 plans through MNsure. The board shall certify and select a health plan as a qualified health
103.26 plan to be offered through MNsure, if:

103.27 (1) the health plan meets the minimum certification requirements established in paragraph
103.28 (a) or the market regulatory requirements in paragraph (b);

103.29 (2) the board determines that making the health plan available through MNsure is in the
103.30 interest of qualified individuals and qualified employers;

(3) the health carrier applying to offer the health plan through MNsure also applies to offer health plans at each actuarial value level and service area that the health carrier currently offers in the individual and small group markets; and

(4) the health carrier does not apply to offer health plans in the individual and small group markets through MNsure under a separate license of a parent organization or holding company under section 60D.15, that is different from what the health carrier offers in the individual and small group markets outside MNsure.

(d) In determining the interests of qualified individuals and employers under paragraph (c), clause (2), the board may not exclude a health plan for any reason specified under ~~section 1311(e)(1)(B) of the Affordable Care Act, Public Law 111-148~~ United States Code, title 42, section 18031(e)(1)(B). ~~The board may consider:~~

~~(1) affordability;~~

~~(2) quality and value of health plans;~~

~~(3) promotion of prevention and wellness;~~

~~(4) promotion of initiatives to reduce health disparities;~~

~~(5) market stability and adverse selection;~~

~~(6) meaningful choices and access;~~

~~(7) alignment and coordination with state agency and private sector purchasing strategies and payment reform efforts; and~~

~~(8) other criteria that the board determines appropriate.~~

(e) A health plan that meets the minimum certification requirements under paragraph (c) and United States Code, title 42, section 18031(c)(1), and any regulations and guidance issued under that section, is deemed to be in the interest of qualified individuals and qualified employers. The board shall not establish certification requirements for health carriers and health plans for participation in MNsure that are in addition to the certification requirements under paragraph (c) and United States Code, title 42, section 18031(c)(1), and any regulations and guidance issued under that section. The board shall not determine the cost of, cost-sharing elements of, or benefits provided in health plans sold through MNsure.

~~(e)~~ (f) For qualified health plans offered through MNsure on or after January 1, 2015, the board shall establish policies and procedures under paragraphs (c) and (d) for selection of health plans to be offered as qualified health plans through MNsure by February 1 of each year, beginning February 1, 2014. The board shall consistently and uniformly apply

105.1 all policies and procedures and any requirements, standards, or criteria to all health carriers
105.2 and health plans. For any policies, procedures, requirements, standards, or criteria that are
105.3 defined as rules under section 14.02, subdivision 4, the board may use the process described
105.4 in subdivision 9.

105.5 ~~(f) For 2014, the board shall not have the power to select health carriers and health plans~~
105.6 ~~for participation in MNsure. The board shall permit all health plans that meet the certification~~
105.7 ~~requirements under section 1311(e)(1) of the Affordable Care Act, Public Law 111-148, to~~
105.8 ~~be offered through MNsure.~~

105.9 (g) Under this subdivision, the board shall have the power to verify that health carriers
105.10 and health plans are properly certified to be eligible for participation in MNsure.

105.11 (h) The board has the authority to decertify health carriers and health plans that fail to
105.12 maintain compliance with ~~section 1311(e)(1) of the Affordable Care Act, Public Law 111-148~~
105.13 United States Code, title 42, section 18031(c)(1).

105.14 (i) For qualified health plans offered through MNsure beginning January 1, 2015, health
105.15 carriers must use the most current addendum for Indian health care providers approved by
105.16 the Centers for Medicare and Medicaid Services and the tribes as part of their contracts with
105.17 Indian health care providers. MNsure shall comply with all future changes in federal law
105.18 with regard to health coverage for the tribes.

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

105.20 Sec. 3. Minnesota Statutes 2016, section 62V.05, subdivision 10, is amended to read:

105.21 Subd. 10. **Limitations; risk-bearing.** (a) The board shall not bear insurance risk or enter
105.22 into any agreement with health care providers to pay claims.

105.23 (b) Nothing in this subdivision shall prevent MNsure from providing insurance for its
105.24 employees.

105.25 (c) The commissioner of human services shall not bear insurance risk or enter into any
105.26 agreement with providers to pay claims for any health coverage administered by the
105.27 commissioner that is made available for purchase through the MNsure Web site as an
105.28 alternative to purchasing a qualifying health plan through MNsure or an individual health
105.29 plan offered outside of MNsure.

105.30 (d) Nothing in this subdivision shall prohibit:

105.31 (1) the commissioner of human services from administering the medical assistance
105.32 program under chapter 256B and the MinnesotaCare program under chapter 256L, as long

106.1 as health coverage under these programs is not purchased by the individual through the
106.2 MNsure Web site; and

106.3 (2) employees of the Department of Human Services from obtaining insurance from the
106.4 state employee group insurance program.

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

106.6 Sec. 4. Minnesota Statutes 2016, section 62V.08, is amended to read:

106.7 **62V.08 REPORTS.**

106.8 (a) MNsure shall submit a report to the legislature by January 15, 2015, and each January
106.9 15 thereafter, on: (1) the performance of MNsure operations; (2) meeting MNsure
106.10 responsibilities; (3) an accounting of MNsure budget activities; (4) practices and procedures
106.11 that have been implemented to ensure compliance with data practices laws, and a description
106.12 of any violations of data practices laws or procedures; and (5) the effectiveness of the
106.13 outreach and implementation activities of MNsure in reducing the rate of uninsurance.

106.14 (b) MNsure must publish its administrative and operational costs on a Web site to educate
106.15 consumers on those costs. The information published must include: (1) the amount of
106.16 premiums and federal premium subsidies collected; (2) the amount and source of revenue
106.17 received under section 62V.05, subdivision 1, paragraph (b), clause (3); (3) the amount and
106.18 source of any other fees collected for purposes of supporting operations; and (4) any misuse
106.19 of funds as identified in accordance with section 3.975. The Web site must be updated at
106.20 least annually.

106.21 (c) As part of the report required to be submitted to the legislature in paragraph (a), and
106.22 the information required to be published in paragraph (b), MNsure shall include the total
106.23 amount spent on business continuity planning, data privacy protection, and cyber security
106.24 provisions.

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

106.26 Sec. 5. Minnesota Statutes 2017 Supplement, section 298.17, is amended to read:

106.27 **298.17 OCCUPATION TAXES TO BE APPORTIONED; REFUND.**

106.28 (a) All occupation taxes paid by persons, copartnerships, companies, joint stock
106.29 companies, corporations, and associations, however or for whatever purpose organized,
106.30 engaged in the business of mining or producing iron ore or other ores, when collected shall
106.31 be apportioned and distributed in accordance with the Constitution of the state of Minnesota,

article X, section 3, in the manner following: 90 percent shall be deposited in the state treasury and credited to the general fund of which four-ninths shall be used for the support of elementary and secondary schools; and ten percent of the proceeds of the tax imposed by this section shall be deposited in the state treasury and credited to the general fund for the general support of the university.

(b) Of the money apportioned to the general fund by this section, the following allocations must be made:

(1) there is annually appropriated and credited to the mining environmental and regulatory account in the special revenue fund an amount equal to that which would have been generated by a 2-1/2 cent tax imposed by section 298.24 on each taxable ton produced in the preceding calendar year. Money in the mining environmental and regulatory account is appropriated annually to the commissioner of natural resources to fund agency staff to work on environmental issues and provide regulatory services for ferrous and nonferrous mining operations in this state. Payment to the mining environmental and regulatory account shall be made by July 1 annually. The commissioner of natural resources shall execute an interagency agreement with the Pollution Control Agency to assist with the provision of environmental regulatory services such as monitoring and permitting required for ferrous and nonferrous mining operations;

(2) there is annually appropriated and credited to the Iron Range resources and rehabilitation account in the special revenue fund an amount equal to that which would have been generated by a 1.5 cent tax imposed by section 298.24 on each taxable ton produced in the preceding calendar year, to be expended for the purposes of section 298.22. The money appropriated shall be used (i) to provide environmental development grants to local governments located within any county in region 3 as defined in governor's executive order number 60, issued on June 12, 1970, which does not contain a municipality qualifying pursuant to section 273.134, paragraph (b), or (ii) to provide economic development loans or grants to businesses located within any such county, provided that the county board or an advisory group appointed by the county board to provide recommendations on economic development shall make recommendations to the commissioner of Iron Range resources and rehabilitation regarding the loans. Of the money allocated to Koochiching County, one-third must be paid to the Koochiching County Economic Development Commission. Payment to the Iron Range resources and rehabilitation account shall be made by May 15 annually; and

(3) there is annually appropriated and credited to the Iron Range resources and rehabilitation account in the special revenue fund for transfer to the Iron Range school

consolidation and cooperatively operated school account under section 298.28, subdivision 7a, an amount equal to that which would have been generated by a six cent tax imposed by section 298.24 on each taxable ton produced in the preceding calendar year. Payment to the Iron Range resources and rehabilitation account shall be made by May 15 annually.

~~(c) The money appropriated pursuant to paragraph (b), clause (2), shall be used (i) to provide environmental development grants to local governments located within any county in region 3 as defined in governor's executive order number 60, issued on June 12, 1970, which does not contain a municipality qualifying pursuant to section 273.134, paragraph (b), or (ii) to provide economic development loans or grants to businesses located within any such county, provided that the county board or an advisory group appointed by the county board to provide recommendations on economic development shall make recommendations to the commissioner of Iron Range resources and rehabilitation regarding the loans. Payment to the Iron Range resources and rehabilitation account shall be made by May 15 annually.~~ After the allocations are made under paragraph (b), any amount remaining in the general fund, of the money apportioned to the general fund under this section in the current year, shall be refunded by the commissioner of revenue as provided. By May 15 annually, the commissioner shall issue a refund to each producer equal to the amount of tax paid by that producer in the current year under section 298.01, as compared to the total amount of tax paid in the current year under section 298.01 by all producers, provided that a producer shall not be eligible for a refund under this section in an amount greater than the amount of tax paid by that producer in the current year.

The total amount of refunds issued under this paragraph in any year shall not exceed \$5,000,000.

~~(d) Of the money allocated to Koochiing County, one-third must be paid to the Koochiing County Economic Development Commission.~~

EFFECTIVE DATE. This section is effective beginning with distributions made in 2019 and thereafter.

Sec. 6. Minnesota Statutes 2017 Supplement, section 298.227, is amended to read:

298.227 TACONITE ECONOMIC DEVELOPMENT FUND.

An amount equal to that distributed pursuant to each taconite producer's taxable production and qualifying sales under section 298.28, subdivision 9a, shall be held by the commissioner of Iron Range resources and rehabilitation in a separate taconite economic development fund for each taconite and direct reduced ore producer. Money from the fund

for each producer shall be released by the commissioner after review by a joint committee consisting of an equal number of representatives of the salaried employees and the nonsalaried production and maintenance employees of that producer. The District 11 director of the United States Steelworkers of America, on advice of each local employee president, shall select the employee members. In nonorganized operations, the employee committee shall be elected by the nonsalaried production and maintenance employees. The review must be completed no later than six months after the producer presents a proposal for expenditure of the funds to the committee. The funds held pursuant to this section may be released only for workforce development and associated public facility improvement, concurrent reclamation, or for acquisition of plant and stationary mining equipment and facilities for the producer, or for research and development in Minnesota on new mining, or taconite, iron, or steel production technology, but only if the producer provides a matching expenditure equal to the amount of the distribution to be used for the same purpose beginning with distributions in 2014. Effective for proposals for expenditures of money from the fund beginning May 26, 2007, the commissioner may not release the funds before the next scheduled meeting of the board. If a proposed expenditure is not approved by the commissioner, after consultation with the advisory board, the funds must be deposited in the taconite environmental protection fund under sections 298.222 to 298.225. If a taconite production facility is sold after operations at the facility had ceased, any money remaining in the fund for the former producer may be released to the purchaser of the facility on the terms otherwise applicable to the former producer under this section. If a producer fails to provide matching funds for a proposed expenditure within six months after the commissioner approves release of the funds, the funds are available for release to another producer in proportion to the distribution provided and under the conditions of this section may be released by the commissioner for deposit in the taconite area environmental protection fund created in section 298.223. Any portion of the fund which is not released by the commissioner within one year of its deposit in the fund shall be ~~divided between~~ distributed to the taconite environmental protection fund ~~created in section 298.223 and the Douglas J. Johnson economic protection trust fund created in section 298.292 for placement in their respective special accounts. Two-thirds of the unreleased funds shall be distributed to the taconite environmental protection fund and one-third to the Douglas J. Johnson economic protection trust fund.~~

EFFECTIVE DATE. This section is effective July 1, 2018.

Sec. 7. Minnesota Statutes 2016, section 298.28, subdivision 9a, is amended to read:

Subd. 9a. **Taconite economic development fund.** (a) 25.1 cents per ton for distributions in 2002 and thereafter must be paid to the taconite economic development fund. No distribution shall be made under this paragraph in 2004 or any subsequent year in which total industry production falls below 30 million tons. Distribution shall only be made to a Minnesota taconite pellet producer's fund under section 298.227 if the producer timely pays its tax under section 298.24 by the dates provided under section 298.27, or pursuant to the due dates provided by an administrative agreement with the commissioner.

(b) An amount equal to 50 percent of the tax under section 298.24 for concentrate sold in the form of pellet chips and fines not exceeding 5/16 inch in size and not including crushed pellets shall be paid to the taconite economic development fund. The amount paid shall not exceed \$700,000 annually for all ~~companies~~ Minnesota taconite pellet producers. If the initial amount to be paid to the fund exceeds this amount, each ~~company's~~ Minnesota taconite pellet producer's payment shall be prorated so the total does not exceed \$700,000.

EFFECTIVE DATE. This section is effective retroactively from December 31, 2016.

Sec. 8. Laws 2015, chapter 71, article 12, section 8, is amended to read:

Sec. 8. **EXPANDED ACCESS TO QUALIFIED HEALTH PLANS AND SUBSIDIES.**

The commissioner of commerce, in consultation with the Board of Directors of MNSure and the MNSure Legislative Oversight Committee, shall develop a proposal to allow individuals to purchase qualified health plans outside of MNSure directly from health plan companies and to allow eligible individuals to receive advanced premium tax credits and cost-sharing reductions when purchasing these health plans. The commissioner shall seek all federal waivers and approvals necessary to implement this proposal and shall submit the necessary federal waivers and approvals to the federal government no later than October 1, 2018. The commissioner shall submit a draft proposal to the MNSure board and the MNSure Legislative Oversight Committee ~~at least 30 days before submitting a final proposal to the federal government~~ no later than September 1, 2018, and shall notify the board and legislative oversight committee of any federal decision or action related to the proposal.

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

111.1 Sec. 9. Laws 2017, First Special Session chapter 1, article 4, section 31, is amended to
111.2 read:

111.3 Sec. 31. **APPROPRIATION; FIRE REMEDIATION GRANTS.**

111.4 \$1,392,258 is appropriated in fiscal year 2018 from the general fund to the commissioner
111.5 of public safety for grants to remediate the effects of fires in the city of Melrose on September
111.6 8, 2016. The commissioner must allocate the grants as follows:

111.7 (1) \$1,296,458 to the city of Melrose; and

111.8 (2) \$95,800 to Stearns County.

111.9 A grant recipient must use the money appropriated under this section for remediation
111.10 costs, including disaster recovery, infrastructure, reimbursement for emergency personnel
111.11 costs, reimbursement for equipment costs, and reimbursements for property tax abatements,
111.12 incurred by public or private entities as a result of the fires. This is a onetime appropriation
111.13 and is available until June 30, ~~2018~~ 2021.

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

111.15 Sec. 10. **RATES FOR INDIVIDUAL MARKET HEALTH AND DENTAL PLANS**
111.16 **FOR 2019.**

111.17 (a) Health carriers must take into account the reduction in the premium withhold
111.18 percentage under Minnesota Statutes, section 62V.05, subdivision 2, applicable beginning
111.19 in calendar year 2019 for individual market health plans and dental plans sold through
111.20 MNsure when setting rates for individual market health plans and dental plans for calendar
111.21 year 2019.

111.22 (b) For purposes of this section, "dental plan," "health carrier," "health plan," and
111.23 "individual market" have the meanings given in Minnesota Statutes, section 62V.02.

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

111.25 Sec. 11. **TRANSFER 2018 DISTRIBUTION ONLY.**

111.26 For the 2018 distribution, the fund established under Minnesota Statutes, section 298.28,
111.27 subdivision 7, shall receive ten cents per ton of any excess of the balance remaining after
111.28 distribution of amounts required under Minnesota Statutes, section 298.28, subdivision 6.

111.29 **EFFECTIVE DATE.** This section is effective for the 2018 distribution, and the transfer
111.30 must be made within ten days of the August 2018 payment.

112.1 **ARTICLE 7**

112.2 **DEPARTMENT OF REVENUE; PROPERTY TAX; POLICY CHANGES**

112.3 Section 1. Minnesota Statutes 2016, section 162.145, subdivision 3, is amended to read:

112.4 Subd. 3. **Administration.** (a) Subject to funds made available by law, the commissioner
112.5 shall allocate all funds as provided in subdivision 4 and shall ~~notify~~, by June 1, certify to
112.6 the commissioner of revenue the amounts to be paid.

112.7 (b) Following ~~notification~~ certification from the commissioner ~~of transportation~~, the
112.8 commissioner of revenue shall distribute the specified funds to cities in the same manner
112.9 as local government aid under chapter 477A. An appropriation to the commissioner ~~of~~
112.10 ~~transportation~~ under this section is available to the commissioner of revenue for the purposes
112.11 specified in this paragraph.

112.12 (c) Notwithstanding other law to the contrary, in order to receive distributions under
112.13 this section, a city must conform to the standards in section 477A.017, subdivision 2. A city
112.14 that receives funds under this section must make and preserve records necessary to show
112.15 that the funds are spent in compliance with subdivision 4.

112.16 **EFFECTIVE DATE.** This section is effective for aids payable in 2018 and thereafter.

112.17 Sec. 2. Minnesota Statutes 2016, section 270.41, subdivision 3, is amended to read:

112.18 Subd. 3. **Assessor sanctions; refusal to license.** (a) Following a recommendation from
112.19 the commissioner of revenue, the board may (i) refuse to grant or renew, or may suspend
112.20 or revoke, a license of an applicant or licensee, or (ii) censure, warn, or fine any licensed
112.21 assessor, or any other person employed by an assessment jurisdiction or contracting with
112.22 an assessment jurisdiction for the purpose of valuing or classifying property for property
112.23 tax purposes, for any of the following causes or acts:

112.24 (1) failure to complete required training;

112.25 (2) inefficiency or neglect of duty;

112.26 (3) failure to comply with the Code of Conduct and Ethics for Licensed Minnesota
112.27 Assessors adopted by the board pursuant to Laws 2005, First Special Session chapter 3,
112.28 article 1, section 38;

112.29 (4) conviction of a crime involving moral turpitude;

112.30 (5) failure to faithfully and fully perform his or her duties through malfeasance,
112.31 misfeasance, or nonfeasance; or

(6) any other cause or act that in the board's opinion warrants a refusal to issue a license or the imposition of a sanction provided under this subdivision.

(b) When appropriate for the level of infraction, a written warning must be given to assessors who have no prior identified infractions. The warning must identify the infraction and, as appropriate, detail future expectations of performance and behavior. Fines must not exceed \$1,000 for the first occurrence and must not exceed \$3,000 for each occurrence thereafter, and suspensions must not exceed one year for each occurrence, depending in each case upon the severity of the infraction and the level of negligence or intent. The commissioner of revenue shall give notice to an applicant or licensee of the commissioner's recommendation that the board impose sanctions or refuse to grant or renew a license. An action by the board to impose a ~~sanction~~ fine, to suspend or revoke a license, or to refuse to grant or renew a license is subject to review in a contested case hearing under chapter 14. A licensee must submit a request for a hearing to the board within 30 days of the notice date of the commissioner's recommendation for sanctions or for refusal to grant or renew a license.

EFFECTIVE DATE. This section is effective for sanctions or refusals to grant or renew a license recommended by the commissioner of revenue after June 30, 2018.

Sec. 3. Minnesota Statutes 2017 Supplement, section 272.115, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** Except as otherwise provided in subdivision 5, 6, or 7, whenever any real estate is sold for a consideration in excess of ~~\$1,000~~ \$3,000, whether by warranty deed, quitclaim deed, contract for deed or any other method of sale, the grantor, grantee or the legal agent of either shall file a certificate of value with the county auditor in the county in which the property is located when the deed or other document is presented for recording. Contract for deeds are subject to recording under section 507.235, subdivision 1. Value shall, in the case of any deed not a gift, be the amount of the full actual consideration thereof, paid or to be paid, including the amount of any lien or liens assumed. The items and value of personal property transferred with the real property must be listed and deducted from the sale price. The certificate of value shall include the classification to which the property belongs for the purpose of determining the fair market value of the property, and shall include any proposed change in use of the property known to the person filing the certificate that could change the classification of the property. The certificate shall include financing terms and conditions of the sale which are necessary to determine the actual, present value of the sale price for purposes of the sales ratio study. If the property is being

114.1 acquired as part of a like-kind exchange under section 1031 of the Internal Revenue Code
114.2 of 1986, as amended through December 31, 2006, that must be indicated on the certificate.
114.3 The commissioner of revenue shall promulgate administrative rules specifying the financing
114.4 terms and conditions which must be included on the certificate. The certificate of value
114.5 must include the Social Security number or the federal employer identification number of
114.6 the grantors and grantees. However, a married person who is not an owner of record and
114.7 who is signing a conveyance instrument along with the person's spouse solely to release
114.8 and convey their marital interest, if any, in the real property being conveyed is not a grantor
114.9 for the purpose of the preceding sentence. A statement in the deed that is substantially in
114.10 the following form is sufficient to allow the county auditor to accept a certificate for filing
114.11 without the Social Security number of the named spouse: "(Name) claims no ownership
114.12 interest in the real property being conveyed and is executing this instrument solely to release
114.13 and convey a marital interest, if any, in that real property." The identification numbers of
114.14 the grantors and grantees are private data on individuals or nonpublic data as defined in
114.15 section 13.02, subdivisions 9 and 12, but, notwithstanding that section, the private or
114.16 nonpublic data may be disclosed to the commissioner of revenue for purposes of tax
114.17 administration. The information required to be shown on the certificate of value is limited
114.18 to the information required as of the date of the acknowledgment on the deed or other
114.19 document to be recorded.

114.20 **EFFECTIVE DATE.** This section is effective for certificates of value filed after
114.21 December 31, 2018.

114.22 Sec. 4. Minnesota Statutes 2016, section 287.21, subdivision 1, is amended to read:

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

114.30 (b) The tax is determined in the following manner: (1) when transfers are made by
114.31 instruments pursuant to (i) consolidations or mergers, or (ii) designated transfers, the tax is
114.32 \$1.65; (2) when there is no consideration or when the consideration, exclusive of the value
114.33 of any lien or encumbrance remaining thereon at the time of sale, is ~~\$500~~ \$3,000 or less,
114.34 the tax is \$1.65; or (3) when the consideration, exclusive of the value of any lien or

115.1 encumbrance remaining at the time of sale, exceeds ~~\$500~~ \$3,000, the tax is .0033 of the net
115.2 consideration.

115.3 (c) If, within six months from the date of a designated transfer, an ownership interest in
115.4 the grantee entity is transferred by an initial owner to any person or entity with the result
115.5 that the designated transfer would not have been a designated transfer if made to the grantee
115.6 entity with its subsequent ownership, then a tax is imposed at .0033 of the net consideration
115.7 for the designated transfer. If the subsequent transfer of ownership interests was reasonably
115.8 expected at the time of the designated transfer, the applicable penalty under section 287.31,
115.9 subdivision 1, must be paid. The deed tax imposed under this paragraph is due within 30
115.10 days of the subsequent transfer that caused the tax to be imposed under this paragraph.
115.11 Involuntary transfers of ownership shall not be considered transfers of ownership under this
115.12 paragraph. The commissioner may adopt rules defining the types of transfers to be considered
115.13 involuntary.

115.14 (d) The tax is due at the time a taxable deed or instrument is presented for recording,
115.15 except as provided in paragraph (c). The commissioner may require the tax to be documented
115.16 in a manner prescribed by the commissioner, and may require that the documentation be
115.17 attached to and recorded as part of the deed or instrument. The county recorder or registrar
115.18 of titles shall accept the attachment for recording as part of the deed or instrument and may
115.19 not require, as a condition of recording a deed or instrument, evidence that a transfer is a
115.20 designated transfer in addition to that required by the commissioner. Such an attachment
115.21 shall not, however, provide actual or constructive notice of the information contained therein
115.22 for purposes of determining any interest in the real property. The commissioner shall
115.23 prescribe the manner in which the tax due under paragraph (c) is to be paid and may require
115.24 grantees of designated transfers to file with the commissioner subsequent statements verifying
115.25 that the tax provided under paragraph (c) does not apply.

115.26 **EFFECTIVE DATE.** This section is effective for deeds recorded after December 31,
115.27 2018.

115.28 **ARTICLE 8**

115.29 **DEPARTMENT OF REVENUE; MISCELLANEOUS; POLICY CHANGES**

115.30 Section 1. Minnesota Statutes 2016, section 270B.08, subdivision 2, is amended to read:

115.31 Subd. 2. **Revocation or cancellation.** When a taxpayer's sales tax permit has been
115.32 revoked or canceled under section 270C.722 or 297A.84, the commissioner may disclose
115.33 to any person data identifying the holder of the revoked or canceled permit, ~~stating~~ the basis

116.1 for the revocation or cancellation, the date of the revocation or cancellation, and stating
116.2 ~~whether the~~ if a revoked or canceled permit has been reinstated, the date upon which the
116.3 permit was reinstated.

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

116.5 Sec. 2. Minnesota Statutes 2016, section 297A.84, is amended to read:

116.6 **297A.84 PERMITS ISSUED AND NOT ISSUED; CANCELLATION.**

116.7 **Subdivision 1. Definitions.** (a) The following definitions apply for the purposes of this
116.8 section.

116.9 (b) "Applicant" means an individual, corporation, or partnership. Applicant also includes
116.10 any officer of a corporation or member of a partnership.

116.11 (c) "Delinquent sales tax" means tax not paid by the date the tax was due and payable
116.12 under section 289A.20, subdivision 4, or an assessment not paid if the applicant has been
116.13 issued an order assessing sales and use tax under section 270C.33, subdivision 4.

116.14 **Subd. 2. Permits issued.** Except as provided in subdivision 3, the commissioner shall
116.15 must issue a permit to each applicant who has complied with section 297A.83, and with
116.16 section 297A.92 if security is required. A person is considered to have a permit if the person
116.17 has a Minnesota tax identification number issued by the commissioner that is currently
116.18 active for taxes imposed by this chapter. A permit is valid until canceled or revoked. It is
116.19 not assignable and is valid only for the person in whose name it is granted and for the
116.20 transaction of business at the places designated on the permit.

116.21 **Subd. 3. Permits not issued.** (a) Except as provided in paragraph (b), the commissioner
116.22 must not issue a permit to an applicant if the applicant is liable for delinquent sales tax.

116.23 (b) The commissioner must issue a permit to an applicant if an appeal period of an order
116.24 assessing sales tax under section 270C.33, subdivision 5, has not ended. The commissioner
116.25 may cancel a permit issued under this paragraph in the manner provided in subdivision 4
116.26 if the applicant owes delinquent sales tax after the appeal period has ended.

116.27 **Subd. 4. Nonconforming permits; cancellation; reissue.** (a) If the commissioner issues
116.28 a permit that does not conform with the requirements of this section or applicable rules, the
116.29 commissioner may cancel the permit upon notice to the permit holder. The notice must be
116.30 served by first class and certified mail at the permit holder's last known address. The
116.31 cancellation is effective immediately.

(b) If a permit holder shows that a canceled permit was issued in conformance with the requirements of this section and applicable rules, the commissioner must reissue the permit.

EFFECTIVE DATE. This section is effective for permit applications filed after December 31, 2018.

Sec. 3. Minnesota Statutes 2016, section 297A.85, is amended to read:

297A.85 CANCELLATION OF PERMITS.

The commissioner may cancel a permit if one of the following conditions occurs:

(1) the permit holder has not filed a sales or use tax return for at least one year;

(2) the permit holder has not reported any sales or use tax liability on the permit holder's returns for at least two years;

(3) the permit holder requests cancellation of the permit; ~~or~~

(4) the permit is subject to cancellation ~~pursuant to~~ under section 270C.722, subdivision 2, paragraph (a); or

(5) the permit is subject to cancellation under section 289A.84.

EFFECTIVE DATE. This section is effective for permit applications filed after December 31, 2018.

ARTICLE 9

DEPARTMENT OF REVENUE; PARTNERSHIP TAX; POLICY CHANGES

Section 1. Minnesota Statutes 2017 Supplement, section 270C.445, subdivision 6, is amended to read:

Subd. 6. **Enforcement; administrative order; penalties; cease and desist.** (a) The commissioner may impose an administrative penalty of not more than \$1,000 per violation of subdivision 3 or 5, or section 270C.4451, provided that a penalty may not be imposed for any conduct for which a tax preparer penalty is imposed under section 289A.60, subdivision 13. The commissioner may terminate a tax preparer's authority to transmit returns electronically to the state, if the commissioner determines the tax preparer engaged in a pattern and practice of violating this section. Imposition of a penalty under this paragraph is subject to the contested case procedure under chapter 14. The commissioner shall collect the penalty in the same manner as the income tax. There is no right to make a claim for refund under section 289A.50 of the penalty imposed under this paragraph. Penalties imposed under this paragraph are public data.

118.1 (b) In addition to the penalty under paragraph (a), if the commissioner determines that
118.2 a tax preparer has violated subdivision 3 or 5, or section 270C.4451, the commissioner may
118.3 issue an administrative order to the tax preparer requiring the tax preparer to cease and
118.4 desist from committing the violation. The administrative order may include an administrative
118.5 penalty provided in paragraph (a).

118.6 (c) If the commissioner issues an administrative order under paragraph (b), the
118.7 commissioner must send the order to the tax preparer addressed to the last known address
118.8 of the tax preparer.

118.9 (d) A cease and desist order under paragraph (b) must:

118.10 (1) describe the act, conduct, or practice committed and include a reference to the law
118.11 that the act, conduct, or practice violates; and

118.12 (2) provide notice that the tax preparer may request a hearing as provided in this
118.13 subdivision.

118.14 (e) Within 30 days after the commissioner issues an administrative order under paragraph
118.15 (b), the tax preparer may request a hearing to review the commissioner's action. The request
118.16 for hearing must be made in writing and must be served on the commissioner at the address
118.17 specified in the order. The hearing request must specifically state the reasons for seeking
118.18 review of the order. The date on which a request for hearing is served by mail is the postmark
118.19 date on the envelope in which the request for hearing is mailed.

118.20 (f) If a tax preparer does not timely request a hearing regarding an administrative order
118.21 issued under paragraph (b), the order becomes a final order of the commissioner and is not
118.22 subject to review by any court or agency.

118.23 (g) If a tax preparer timely requests a hearing regarding an administrative order issued
118.24 under paragraph (b), the hearing must be commenced within ten days after the commissioner
118.25 receives the request for a hearing.

118.26 (h) A hearing timely requested under paragraph (e) is subject to the contested case
118.27 procedure under chapter 14, as modified by this subdivision. The administrative law judge
118.28 must issue a report containing findings of fact, conclusions of law, and a recommended
118.29 order within ten days after the completion of the hearing, the receipt of late-filed exhibits,
118.30 or the submission of written arguments, whichever is later.

118.31 (i) Within five days of the date of the administrative law judge's report issued under
118.32 paragraph (h), any party aggrieved by the administrative law judge's report may submit
118.33 written exceptions and arguments to the commissioner. Within 15 days after receiving the

119.1 administrative law judge's report, the commissioner must issue an order vacating, modifying,
119.2 or making final the administrative order.

119.3 (j) The commissioner and the tax preparer requesting a hearing may by agreement
119.4 lengthen any time periods prescribed in paragraphs (g) to (i).

119.5 (k) An administrative order issued under paragraph (b) is in effect until it is modified
119.6 or vacated by the commissioner or an appellate court. The administrative hearing provided
119.7 by paragraphs (e) to (i) and any appellate judicial review as provided in chapter 14 constitute
119.8 the exclusive remedy for a tax preparer aggrieved by the order.

119.9 (l) The commissioner may impose an administrative penalty, in addition to the penalty
119.10 under paragraph (a), up to \$5,000 per violation of a cease and desist order issued under
119.11 paragraph (b). Imposition of a penalty under this paragraph is subject to the contested case
119.12 procedure under chapter 14. Within 30 days after the commissioner imposes a penalty under
119.13 this paragraph, the tax preparer assessed the penalty may request a hearing to review the
119.14 penalty order. The request for hearing must be made in writing and must be served on the
119.15 commissioner at the address specified in the order. The hearing request must specifically
119.16 state the reasons for seeking review of the order. The cease and desist order issued under
119.17 paragraph (b) is not subject to review in a proceeding to challenge the penalty order under
119.18 this paragraph. The date on which a request for hearing is served by mail is the postmark
119.19 date on the envelope in which the request for hearing is mailed. If the tax preparer does not
119.20 timely request a hearing, the penalty order becomes a final order of the commissioner and
119.21 is not subject to review by any court or agency. A penalty imposed by the commissioner
119.22 under this paragraph may be collected and enforced by the commissioner as an income tax
119.23 liability. There is no right to make a claim for refund under section 289A.50 of the penalty
119.24 imposed under this paragraph. A penalty imposed under this paragraph is public data.

119.25 (m) If a tax preparer violates a cease and desist order issued under paragraph (b), the
119.26 commissioner may terminate the tax preparer's authority to transmit returns electronically
119.27 to the state. Termination under this paragraph is public data.

119.28 (n) A cease and desist order issued under paragraph (b) is public data when it is a final
119.29 order.

119.30 (o) Notwithstanding any other law, the commissioner may impose a penalty or take other
119.31 action under this subdivision against a tax preparer, with respect to a return, within the
119.32 period to assess tax on that return as provided by ~~section~~ sections 289A.38 to 289A.384.

(p) Notwithstanding any other law, the imposition of a penalty or any other action against a tax preparer under this subdivision, other than with respect to a return, must be taken by the commissioner within five years of the violation of statute.

EFFECTIVE DATE. This section is effective for tax years beginning after December 31, 2017, except that for partnerships that make an election under Code of Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies to the same tax periods to which the election relates.

Sec. 2. Minnesota Statutes 2017 Supplement, section 289A.31, subdivision 1, is amended to read:

Subdivision 1. **Individual income, fiduciary income, mining company, corporate franchise, and entertainment taxes.** (a) Individual income, fiduciary income, mining company, and corporate franchise taxes, and interest and penalties, must be paid by the taxpayer upon whom the tax is imposed, except in the following cases:

(1) the tax due from a decedent for that part of the taxable year in which the decedent died during which the decedent was alive and the taxes, interest, and penalty due for the prior years must be paid by the decedent's personal representative, if any. If there is no personal representative, the taxes, interest, and penalty must be paid by the transferees, as defined in section 270C.58, subdivision 3, to the extent they receive property from the decedent;

(2) the tax due from an infant or other incompetent person must be paid by the person's guardian or other person authorized or permitted by law to act for the person;

(3) the tax due from the estate of a decedent must be paid by the estate's personal representative;

(4) the tax due from a trust, including those within the definition of a corporation, as defined in section 290.01, subdivision 4, must be paid by a trustee; and

(5) the tax due from a taxpayer whose business or property is in charge of a receiver, trustee in bankruptcy, assignee, or other conservator, must be paid by the person in charge of the business or property so far as the tax is due to the income from the business or property.

(b) Entertainment taxes are the joint and several liability of the entertainer and the entertainment entity. The payor is liable to the state for the payment of the tax required to be deducted and withheld under section 290.9201, subdivision 7, and is not liable to the entertainer for the amount of the payment.

121.1 (c) The taxes imposed under sections 289A.35, paragraph (b), 289A.383, subdivision
121.2 3, and 290.0922 on partnerships are the joint and several liability of the partnership and the
121.3 general partners.

121.4 **EFFECTIVE DATE.** This section is effective for tax years beginning after December
121.5 31, 2017, except that for partnerships that make an election under Code of Federal
121.6 Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies
121.7 to the same tax periods to which the election relates.

121.8 Sec. 3. Minnesota Statutes 2017 Supplement, section 289A.37, subdivision 2, is amended
121.9 to read:

121.10 Subd. 2. **Erroneous refunds.** (a) Except as provided in paragraph (b), an erroneous
121.11 refund occurs when the commissioner issues a payment to a person that exceeds the amount
121.12 the person is entitled to receive under law. An erroneous refund is considered an
121.13 underpayment of tax on the date issued.

121.14 (b) To the extent that the amount paid does not exceed the amount claimed by the
121.15 taxpayer, an erroneous refund does not include the following:

121.16 (1) any amount of a refund or credit paid pursuant to a claim for refund filed by a
121.17 taxpayer, including but not limited to refunds of claims made under section 290.06,
121.18 subdivision 23; 290.067; 290.0671; 290.0672; 290.0674; 290.0675; 290.0677; 290.068;
121.19 290.0681; or 290.0692; or chapter 290A; or

121.20 (2) any amount paid pursuant to a claim for refund of an overpayment of tax filed by a
121.21 taxpayer.

121.22 (c) The commissioner may make an assessment to recover an erroneous refund at any
121.23 time within two years from the issuance of the erroneous refund. If all or part of the erroneous
121.24 refund was induced by fraud or misrepresentation of a material fact, the assessment may
121.25 be made at any time.

121.26 (d) Assessments of amounts that are not erroneous refunds under paragraph (b) must be
121.27 conducted under ~~section~~ sections 289A.38 to 289A.384.

121.28 **EFFECTIVE DATE.** This section is effective for tax years beginning after December
121.29 31, 2017, except that for partnerships that make an election under Code of Federal
121.30 Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies
121.31 to the same tax periods to which the election relates.

122.1 Sec. 4. Minnesota Statutes 2016, section 289A.38, subdivision 10, is amended to read:

122.2 Subd. 10. **Incorrect determination of federal adjusted gross income.** Notwithstanding
122.3 any other provision of this chapter, if a taxpayer whose net income is determined under
122.4 section 290.01, subdivision 19, omits from income an amount that will under the Internal
122.5 Revenue Code extend the statute of limitations for the assessment of federal income taxes,
122.6 or otherwise incorrectly determines the taxpayer's federal adjusted gross income resulting
122.7 in adjustments by the Internal Revenue Service, then the period of assessment and
122.8 determination of tax will be that under the Internal Revenue Code. When a change is made
122.9 to federal income during the extended time provided under this subdivision, the provisions
122.10 under ~~subdivisions 7 to 9~~ sections 289A.381 to 289A.384 regarding additional extensions
122.11 apply.

122.12 **EFFECTIVE DATE.** This section is effective for tax years beginning after December
122.13 31, 2017, except that for partnerships that make an election under Code of Federal
122.14 Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies
122.15 to the same tax periods to which the election relates.

122.16 Sec. 5. **[289A.381] DEFINITIONS; PARTNERSHIPS; FEDERAL ADJUSTMENTS.**

122.17 Subdivision 1. **Definitions relating to federal adjustments.** Unless otherwise specified,
122.18 the definitions in this section apply for the purposes of sections 289A.381 to 289A.385.

122.19 Subd. 2. **Administrative adjustment request.** "Administrative adjustment request"
122.20 means an administrative adjustment request filed by a partnership under section 6227 of
122.21 the Internal Revenue Code.

122.22 Subd. 3. **Audited partnership.** "Audited partnership" means a partnership subject to a
122.23 federal adjustment resulting from a partnership-level audit.

122.24 Subd. 4. **Corporate partner.** "Corporate partner" means a partner that is subject to tax
122.25 under section 290.02.

122.26 Subd. 5. **Direct partner.** "Direct partner" means a partner that holds an immediate legal
122.27 ownership interest in a partnership or pass-through entity.

122.28 Subd. 6. **Exempt partner.** "Exempt partner" means a partner that is exempt from taxes
122.29 on its net income under section 290.05, subdivision 1.

122.30 Subd. 7. **Federal adjustment.** "Federal adjustment" means any change in an amount
122.31 calculated under the Internal Revenue Code, whether to income, gross estate, a credit, an
122.32 item of preference, or any other item that is used by a taxpayer to compute a tax administered

123.1 under this chapter for the reviewed year whether that change results from action by the
123.2 Internal Revenue Service or other competent authority, including a partnership-level audit,
123.3 or the filing of an amended federal return, federal refund claim, or an administrative
123.4 adjustment request by the taxpayer.

123.5 Subd. 8. **Federal adjustments report.** "Federal adjustments report" includes a method
123.6 or form prescribed by the commissioner for use by a taxpayer to report federal adjustments,
123.7 including an amended Minnesota tax return or a uniform multistate report.

123.8 Subd. 9. **Federal partnership representative.** "Federal partnership representative"
123.9 means the person the partnership designates for the taxable year as the partnership's
123.10 representative, or the person the Internal Revenue Service has appointed to act as the
123.11 partnership representative, pursuant to section 6223(a) of the Internal Revenue Code.

123.12 Subd. 10. **Final determination date.** (a) "Final determination date" means:

123.13 (1) for a federal adjustment arising from an audit by the Internal Revenue Service or
123.14 other competent authority, the first day on which no federal adjustment arising from that
123.15 audit remains to be finally determined, whether by agreement, or, if appealed or contested,
123.16 by a final decision with respect to which all rights of appeal have been waived or exhausted;

123.17 (2) for a federal adjustment arising from the filing of an amended federal return, a federal
123.18 refund claim, or the filing by a partnership of an administrative adjustment request, the day
123.19 which the amended return, refund claim, or administrative adjustment request was filed; or

123.20 (3) for agreements required to be signed by the Internal Revenue Service and the taxpayer,
123.21 the date on which the last party signed the agreement.

123.22 Subd. 11. **Final federal adjustment.** "Final federal adjustment" means a federal
123.23 adjustment for which the final determination date for that federal adjustment has passed.

123.24 Subd. 12. **Indirect partner.** "Indirect partner" means either:

123.25 (1) a partner in a partnership or pass-through entity that itself holds an immediate legal
123.26 ownership interest in another partnership or pass-through entity; or

123.27 (2) a partner in a partnership or pass-through entity that holds an indirect interest in
123.28 another partnership or pass-through entity through another indirect partner.

123.29 Subd. 13. **Partner.** "Partner" means a person that holds an interest directly or indirectly
123.30 in a partnership or other pass-through entity.

123.31 Subd. 14. **Partnership.** The term "partnership" has the meaning provided under section
123.32 7701(a)(2) of the Internal Revenue Code.

Subd. 15. **Partnership-level audit.** "Partnership-level audit" means an examination by the Internal Revenue Service at the partnership level pursuant to subtitle F, chapter 63, subchapter C, of the Internal Revenue Code, which results in federal adjustments including reallocation adjustments and adjustments to partnership-related items.

Subd. 16. **Pass-through entity.** "Pass-through entity" means an entity, other than a partnership, that is not subject to the tax imposed under section 290.02. The term pass-through entity includes but is not limited to S corporations, estates, and trusts other than grantor trusts.

Subd. 17. **Reallocation adjustment.** "Reallocation adjustment" means a federal adjustment, or final federal adjustment, that changes the shares of items of partnership income, gain, loss, expense, or credit allocated to partners. The term positive reallocation adjustment means reallocation adjustments that would increase state taxable income for partners, and the term negative reallocation adjustment means reallocation adjustments that would decrease state taxable income for partners.

Subd. 18. **Resident partner.** "Resident partner" means an individual partner or individual indirect partner who is a resident of Minnesota under section 290.01, subdivision 7.

Subd. 19. **Reviewed year.** "Reviewed year" means the taxable year of a partnership that is subject to a partnership-level audit from which federal adjustments arise.

Subd. 20. **Tiered partner.** "Tiered partner" means any partner that is a partnership or pass-through entity.

Subd. 21. **Unrelated business taxable income.** "Unrelated business taxable income" has the same meaning as defined in section 512 of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective for tax years beginning after December 31, 2017, except that for partnerships that make an election under Code of Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies to the same tax periods to which the election relates.

Sec. 6. [289A.382] REPORTING FEDERAL ADJUSTMENTS; GENERAL RULE.

(a) Within 180 days of a final determination date, a taxpayer must file a federal adjustment report with the commissioner reporting all final federal adjustments by the Internal Revenue Service or other competent authority.

125.1 (b) Within 180 days of a final determination date, a taxpayer must file a federal adjustment
125.2 report with the commissioner reporting any federal adjustments reported by the taxpayer
125.3 to the Internal Revenue Service, including but not limited to:

125.4 (1) federal refund claims;

125.5 (2) a change reported on a timely filed amended federal income tax return; and

125.6 (3) a change reported on an amended return filed pursuant to section 6225(c) of the
125.7 Internal Revenue Code.

125.8 (c) In the case of a final federal adjustment arising from a partnership-level audit or an
125.9 administrative adjustment request filed by a partnership under section 6227 of the Internal
125.10 Revenue Code, a taxpayer must report adjustments as provided for under section 289A.383,
125.11 and not this section.

125.12 **EFFECTIVE DATE.** This section is effective for tax years beginning after December
125.13 31, 2017, except that for partnerships that make an election under Code of Federal
125.14 Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies
125.15 to the same tax periods to which the election relates.

125.16 **Sec. 7. [289A.383] REPORTING AND PAYMENT REQUIREMENTS.**

125.17 Subdivision 1. **State partnership representative.** (a) With respect to an action required
125.18 or permitted to be taken by a partnership under this section, or in a proceeding under section
125.19 270C.35 or 271.06, the state partnership representative for the reviewed year has the sole
125.20 authority to act on behalf of the partnership, and its direct partners and indirect partners are
125.21 bound by those actions.

125.22 (b) The state partnership representative for the reviewed year is the partnership's federal
125.23 partnership representative unless the partnership, in a form and manner prescribed by the
125.24 commissioner, designates another person as its state partnership representative.

125.25 Subd. 2. **Reporting and payment requirements for partnerships and tiered partners.**

125.26 (a) Unless an audited partnership makes the election in subdivision 3, then, for all final
125.27 federal adjustments the audited partnership must comply with paragraph (b) and each direct
125.28 partner of the audited partnership, other than a tiered partner, must comply with paragraph
125.29 (c).

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

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

126.1 (2) notify each of its direct partners of their distributive share of the adjustments;

126.2 (3) file an amended composite report for all direct partners who were included in a
126.3 composite return under section 289A.08, subdivision 7, in the reviewed year, and pay the
126.4 additional amount that would have been due had the federal adjustments been reported
126.5 properly as required; and

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

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

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

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

126.19 Subd. 3. **Election; partnership or tiered partners pay.** (a) An audited partnership may
126.20 make an election under this subdivision to pay its assessment at the entity level. If an audited
126.21 partnership makes an election to pay its assessment at the entity level it must:

126.22 (1) no later than 90 days after the final determination date, file a completed federal
126.23 adjustment report, including the residency information for all individual direct partners, and
126.24 information pertaining to all other partners as prescribed by the commissioner, and notify
126.25 the commissioner that it is making the election under this subdivision; and

126.26 (2) no later than 180 days after the final determination date, pay an amount, determined
126.27 as follows, in lieu of taxes on partners:

126.28 (i) exclude from final federal adjustments and any positive reallocation adjustments the
126.29 distributive share of these adjustments made to an exempt partner that is not unrelated
126.30 business taxable income;

126.31 (ii) exclude from final federal adjustments and any positive reallocation adjustments the
126.32 distributive share of these adjustments made to a partner that has filed a federal adjustment
126.33 report and paid the applicable tax, as required under subdivision 2, for the distributive share

- 127.1 of adjustments reported on a federal return under section 6225(c) of the Internal Revenue
127.2 Code;
- 127.3 (iii) allocate at the partner level using section 290.17, subdivision 1, all final federal
127.4 adjustments and positive reallocation adjustments attributable to resident direct partners for
127.5 the reviewed year;
- 127.6 (iv) allocate and apportion at the partnership level using sections 290.17 to 290.20 all
127.7 remaining final federal adjustments and positive reallocation adjustments for the reviewed
127.8 year;
- 127.9 (v) determine the total distributive share of the allocated and apportioned final federal
127.10 adjustments and positive reallocation adjustments determined in items (iii) and (iv) that are
127.11 attributable to:
- 127.12 (A) resident direct partners;
- 127.13 (B) corporate partners and exempt partners; and
- 127.14 (C) the total distributive share amount allocated to all other partners;
- 127.15 (vi) for the total distributive share of net final federal adjustments plus positive
127.16 reallocation adjustments attributed to corporate partners and exempt partners under item
127.17 (v), subitem (B), multiply the total by the highest tax rate in section 290.06, subdivision 1,
127.18 for the reviewed year, and calculate interest and penalties as applicable under this chapter;
- 127.19 (vii) for the total distributive share of net final federal adjustments plus positive
127.20 reallocation adjustments attributable to resident partners, and all other partners under item
127.21 (v), subitems (A) and (C), multiply the total by the highest tax rate in section 290.06,
127.22 subdivision 2c, for the reviewed year, and calculate interest and penalties as applicable
127.23 under this chapter; and
- 127.24 (viii) add the amount determined in item (vi) to the amount determined in item (vii),
127.25 and pay all applicable taxes, penalties, and interest to the commissioner.
- 127.26 (b) An audited partnership may not make an election under this subdivision to report:
- 127.27 (1) a federal adjustment, including a positive reallocation adjustment, that results in
127.28 unitary business income to a corporate partner required to file as a member of a combined
127.29 report under section 290.17, subdivision 4; or
- 127.30 (2) any final federal adjustments resulting from an administrative adjustment request.

128.1 Subd. 4. Tiered partners and indirect partners. (a) Each tiered partner and each
128.2 indirect partner of an audited partnership that reported final federal adjustments pursuant
128.3 to subdivision 2, paragraph (b), clause (1), or this subdivision, must:

128.4 (1) within 90 days of the report comply with the filing, reporting, and payment
128.5 requirements of subdivision 2, paragraph (b); or

128.6 (2) make the election under subdivision 3 as though it were the audited partnership.

128.7 (b) Each direct partner in a partnership making a report under paragraph (a) must, within
128.8 180 days of the report, comply with the filing, reporting, and payment requirements of
128.9 subdivision 2, paragraph (c).

128.10 (c) Notwithstanding the interim time requirements in this subdivision and subdivisions
128.11 2 and 3, all reports and payments required to be made by the tiered and indirect partners
128.12 under this section are required to be made within 90 days after the time for the filing and
128.13 furnishing of statements to tiered partners and their partners as established by the Internal
128.14 Revenue Service under section 6226 of the Internal Revenue Code.

128.15 Subd. 5. Effects of election by partnership or tiered partner and payment of amount
128.16 due. (a) Unless the commissioner determines otherwise, the election under subdivision 3
128.17 is irrevocable.

128.18 (b) If an audited partnership or tiered partner properly reports and pays an amount
128.19 determined in subdivision 3, the amount will be treated as paid in lieu of taxes owed by the
128.20 partnership's direct partners on the same final federal adjustments. The direct partners and
128.21 indirect partners of the partnership who are not resident partners may not take any deduction
128.22 or credit for this amount or claim a refund of the amount in this state.

128.23 (c) Nothing in this subdivision precludes resident partners from claiming a credit against
128.24 taxes paid under section 290.06, on any amounts paid by the audited partnership or tiered
128.25 partners on the resident partner's behalf to another state or local tax jurisdiction.

128.26 Subd. 6. Failure of partnership or tiered partner to report or pay. Nothing in this
128.27 section prevents the commissioner from assessing partners or indirect partners for taxes
128.28 they owe in the event that, for any reason, a partnership or tiered partner fails to timely
128.29 make any report or payment required by this section.

128.30 EFFECTIVE DATE. This section is effective for tax years beginning after December
128.31 31, 2017, except that for partnerships that make an election under Code of Federal
128.32 Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies
128.33 to the same tax periods to which the election relates.

129.1 **Sec. 8. [289A.384] ASSESSMENT OF TAX, INTEREST, PENALTIES, AND**
129.2 **ADDITIONAL AMOUNTS.**

129.3 Subdivision 1. **Assessment of additional tax, interest, and penalties.** The commissioner
129.4 may assess additional tax, interest, and penalties following a final federal adjustment:

129.5 (1) arising from an audit by the Internal Revenue Service, including a partnership-level
129.6 audit;

129.7 (2) reported by the taxpayer on an amended federal tax return; or

129.8 (3) as part of an administrative adjustment request on or before the dates provided in
129.9 this section.

129.10 Subd. 2. **Timely and untimely reported federal adjustments.** If a taxpayer files a
129.11 federal adjustment report, within or after the periods prescribed in section 289A.382 or
129.12 289A.383, the commissioner may assess additional Minnesota amounts related to the federal
129.13 adjustments including in-lieu-of amounts, taxes, interest, and penalties at the later of:

129.14 (1) the expiration of the period of limitations in section 289A.38; or

129.15 (2) the expiration of the one-year period following the date of the filing with the
129.16 commissioner of the federal adjustments report.

129.17 Subd. 3. **Unreported reported federal adjustments.** If the taxpayer fails to file a federal
129.18 adjustments report, the commissioner may assess additional amounts related to the federal
129.19 adjustments including in-lieu-of amounts, taxes, penalties, and interest, at the later of:

129.20 (1) the expiration of the period of limitations in section 289A.38; or

129.21 (2) the expiration of the six-year period following the final determination date.

129.22 **EFFECTIVE DATE.** This section is effective for tax years beginning after December
129.23 31, 2017, except that for partnerships that make an election under Code of Federal
129.24 Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies
129.25 to the same tax periods to which the election relates.

129.26 **Sec. 9. [289A.385] CLAIMS FOR REFUND OR CREDITS OF STATE TAX**
129.27 **ARISING FROM FINAL FEDERAL ADJUSTMENTS MADE BY THE INTERNAL**
129.28 **REVENUE SERVICE.**

129.29 Notwithstanding the general period of limitations on claims for refund in section 289A.40,
129.30 taxpayers subject to the reporting requirements of sections 289A.382 and 289A.383 may

130.1 file claims for refund related to federal adjustments made by the Internal Revenue Service
130.2 on or before the last day for the assessment of tax under section 289A.384.

130.3 **EFFECTIVE DATE.** This section is effective for tax years beginning after December
130.4 31, 2017, except that for partnerships that make an election under Code of Federal
130.5 Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies
130.6 to the same tax periods to which the election relates.

130.7 Sec. 10. Minnesota Statutes 2016, section 289A.42, is amended to read:

130.8 **289A.42 CONSENT TO EXTEND STATUTE.**

130.9 Subdivision 1. **Extension agreement.** If before the expiration of time prescribed in
130.10 sections 289A.38 to 289A.384 and 289A.40 for the assessment of tax or the filing of a claim
130.11 for refund, both the commissioner and the taxpayer have consented in writing to the
130.12 assessment or filing of a claim for refund after that time, the tax may be assessed or the
130.13 claim for refund filed at any time before the expiration of the agreed-upon period. The
130.14 period may be extended by later agreements in writing before the expiration of the period
130.15 previously agreed upon. The taxpayer and the commissioner may also agree to extend the
130.16 period for collection of the tax.

130.17 Subd. 2. **Federal extensions.** When a taxpayer consents to an extension of time for the
130.18 assessment of federal withholding or income taxes, the period in which the commissioner
130.19 may recompute the tax is also extended, notwithstanding any period of limitations to the
130.20 contrary, ~~as follows:~~

130.21 ~~(1) for the periods provided in section 289A.38, subdivisions 8 and 9; 289A.384,~~
130.22 subdivisions 2 and 3.

130.23 ~~(2) for six months following the expiration of the extended federal period of limitations~~
130.24 ~~when no change is made by the federal authority. If no change is made by the federal~~
130.25 ~~authority, and, but for this subdivision, the commissioner's time period to adjust the tax has~~
130.26 ~~expired, and if the commissioner has completed a field audit of the taxpayer, no additional~~
130.27 ~~changes resulting in additional tax due or a refund may be made. For purposes of this~~
130.28 ~~subdivision, "field audit" has the meaning given it in section 289A.38, subdivision 9.~~

130.29 **EFFECTIVE DATE.** This section is effective for tax years beginning after December
130.30 31, 2017, except that for partnerships that make an election under Code of Federal
130.31 Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies
130.32 to the same tax periods to which the election relates.

131.1 Sec. 11. Minnesota Statutes 2016, section 289A.60, subdivision 24, is amended to read:

131.2 Subd. 24. **Penalty for failure to notify of federal change.** If a person fails to report to
131.3 the commissioner a change or correction of the person's federal return in the manner and
131.4 time prescribed in ~~section 289A.38, subdivision 7~~ sections 289A.382 and 289A.383, there
131.5 must be added to the tax an amount equal to ten percent of the amount of any underpayment
131.6 of Minnesota tax attributable to the federal change.

131.7 **EFFECTIVE DATE.** This section is effective for tax years beginning after December
131.8 31, 2017, except that for partnerships that make an election under Code of Federal
131.9 Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies
131.10 to the same tax periods to which the election relates.

131.11 Sec. 12. Minnesota Statutes 2017 Supplement, section 290.31, subdivision 1, is amended
131.12 to read:

131.13 Subdivision 1. **Partners, not partnership, subject to tax.** Except as provided under
131.14 ~~section~~ sections 289A.35, paragraph (b), and 289A.383, subdivision 3, a partnership as such
131.15 shall not be subject to the income tax imposed by this chapter, but is subject to the tax
131.16 imposed under section 290.0922. Persons carrying on business as partners shall be liable
131.17 for income tax only in their separate or individual capacities.

131.18 **EFFECTIVE DATE.** This section is effective for tax years beginning after December
131.19 31, 2017, except that for partnerships that make an election under Code of Federal
131.20 Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies
131.21 to the same tax periods to which the election relates.

131.22 Sec. 13. Minnesota Statutes 2016, section 297F.17, subdivision 6, is amended to read:

131.23 Subd. 6. **Time limit for bad debt refund.** Claims for refund must be filed with the
131.24 commissioner during the one-year period beginning with the timely filing of the taxpayer's
131.25 federal income tax return containing the bad debt deduction that is being claimed. Claimants
131.26 under this subdivision are subject to the notice requirements of ~~section 289A.38, subdivision~~
131.27 7 sections 289A.382 and 289A.383.

131.28 **EFFECTIVE DATE.** This section is effective for tax years beginning after December
131.29 31, 2017, except that for partnerships that make an election under Code of Federal
131.30 Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies
131.31 to the same tax periods to which the election relates.

Sec. 14. Minnesota Statutes 2016, section 297G.16, subdivision 7, is amended to read:

Subd. 7. **Time limit for a bad debt deduction.** Claims for refund must be filed with the commissioner within one year of the filing of the taxpayer's income tax return containing the bad debt deduction that is being claimed. Claimants under this subdivision are subject to the notice requirements of ~~section 289A.38, subdivision 7~~ sections 289A.38 to 289A.384.

EFFECTIVE DATE. This section is effective for tax years beginning after December 31, 2017, except that for partnerships that make an election under Code of Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies to the same tax periods to which the election relates.

Sec. 15. Minnesota Statutes 2016, section 469.319, subdivision 4, is amended to read:

Subd. 4. **Repayment procedures.** (a) For the repayment of taxes imposed under chapter 290 or 297A or local taxes collected pursuant to section 297A.99, a business must file an amended return with the commissioner of revenue and pay any taxes required to be repaid within 30 days after becoming subject to repayment under this section. The amount required to be repaid is determined by calculating the tax for the period or periods for which repayment is required without regard to the exemptions and credits allowed under section 469.315.

(b) For the repayment of taxes imposed under chapter 297B, a business must pay any taxes required to be repaid to the motor vehicle registrar, as agent for the commissioner of revenue, within 30 days after becoming subject to repayment under this section.

(c) For the repayment of property taxes, the county auditor shall prepare a tax statement for the business, applying the applicable tax extension rates for each payable year and provide a copy to the business and to the taxpayer of record. The business must pay the taxes to the county treasurer within 30 days after receipt of the tax statement. The business or the taxpayer of record may appeal the valuation and determination of the property tax to the Tax Court within 30 days after receipt of the tax statement.

(d) The provisions of chapters 270C and 289A relating to the commissioner's authority to audit, assess, and collect the tax and to hear appeals are applicable to the repayment required under paragraphs (a) and (b). The commissioner may impose civil penalties as provided in chapter 289A, and the additional tax and penalties are subject to interest at the rate provided in section 270C.40. The additional tax shall bear interest from 30 days after becoming subject to repayment under this section until the date the tax is paid. Any penalty imposed pursuant to this section shall bear interest from the date provided in section 270C.40, subdivision 3, to the date of payment of the penalty.

133.1 (e) If a property tax is not repaid under paragraph (c), the county treasurer shall add the
133.2 amount required to be repaid to the property taxes assessed against the property for payment
133.3 in the year following the year in which the auditor provided the statement under paragraph
133.4 (c).

133.5 (f) For determining the tax required to be repaid, a reduction of a state or local sales or
133.6 use tax is deemed to have been received on the date that the good or service was purchased
133.7 or first put to a taxable use. In the case of an income tax or franchise tax, including the credit
133.8 payable under section 469.318, a reduction of tax is deemed to have been received for the
133.9 two most recent tax years that have ended prior to the date that the business became subject
133.10 to repayment under this section. In the case of a property tax, a reduction of tax is deemed
133.11 to have been received for the taxes payable in the year that the business became subject to
133.12 repayment under this section and for the taxes payable in the prior year.

133.13 (g) The commissioner may assess the repayment of taxes under paragraph (d) any time
133.14 within two years after the business becomes subject to repayment under subdivision 1, or
133.15 within any period of limitations for the assessment of tax under ~~section 289A.38~~ sections
133.16 289A.38 to 289A.384, whichever period is later. The county auditor may send the statement
133.17 under paragraph (c) any time within three years after the business becomes subject to
133.18 repayment under subdivision 1.

133.19 (h) A business is not entitled to any income tax or franchise tax benefits, including
133.20 refundable credits, for any part of the year in which the business becomes subject to
133.21 repayment under this section nor for any year thereafter. Property is not exempt from tax
133.22 under section 272.02, subdivision 64, for any taxes payable in the year following the year
133.23 in which the property became subject to repayment under this section nor for any year
133.24 thereafter. A business is not eligible for any sales tax benefits beginning with goods or
133.25 services purchased or first put to a taxable use on the day that the business becomes subject
133.26 to repayment under this section.

133.27 **EFFECTIVE DATE.** This section is effective for tax years beginning after December
133.28 31, 2017, except that for partnerships that make an election under Code of Federal
133.29 Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies
133.30 to the same tax periods to which the election relates.

133.31 Sec. 16. **REPEALER.**

133.32 Minnesota Statutes 2016, section 289A.38, subdivisions 7, 8, and 9, are repealed.

EFFECTIVE DATE. This section is effective for tax years beginning after December 31, 2017, except that for partnerships that make an election under Code of Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies to the same tax periods to which the election relates.

ARTICLE 10

DEPARTMENT OF REVENUE; INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES; TECHNICAL CHANGES

Section 1. Minnesota Statutes 2016, section 289A.38, subdivision 7, is amended to read:

Subd. 7. **Federal tax changes.** (a) If the amount of income, items of tax preference, deductions, or credits for any year of a taxpayer, or the wages paid by a taxpayer for any period, as reported to the Internal Revenue Service is changed or corrected by the commissioner of Internal Revenue or other officer of the United States or other competent authority, or where a renegotiation of a contract or subcontract with the United States results in a change in income, items of tax preference, deductions, credits, or withholding tax, or, in the case of estate tax, where there are adjustments to the taxable estate, the taxpayer shall report the change or correction or renegotiation results in writing to the commissioner. The report must be submitted within 180 days after the final determination and must be in the form of either an amended Minnesota estate, withholding tax, corporate franchise tax, or income tax return conceding the accuracy of the federal determination or a letter detailing how the federal determination is incorrect or does not change the Minnesota tax. An amended Minnesota income tax return must be accompanied by an amended property tax refund return, if necessary. A taxpayer filing an amended federal tax return must also file a copy of the amended return with the commissioner of revenue within 180 days after filing the amended return.

(b) For the purposes of paragraph (a), a change or correction includes any case where a taxpayer reaches a closing agreement or a compromise with the Internal Revenue Service under section 7121 or 7122 of the Internal Revenue Code.

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

Sec. 2. Minnesota Statutes 2017 Supplement, section 290.0137, is amended to read:

290.0137 ACCELERATED RECOGNITION OF CERTAIN INSTALLMENT SALE GAINS.

(a) In the case of a nonresident individual or a person who becomes a nonresident individual during the tax year, taxable net income shall include the allocable amount realized

135.1 upon a sale of the assets of, or any interest in, an S corporation or partnership that operated
135.2 in Minnesota during the year of sale, including any income or gain to be recognized in future
135.3 years pursuant to an installment sale method of reporting under the Internal Revenue Code.

135.4 (1) For the purposes of this paragraph, an individual who becomes a nonresident of
135.5 Minnesota in any year after an installment sale is required to recognize the full amount of
135.6 any income or gain described in this paragraph on the individual's final Minnesota resident
135.7 tax return to the extent that such income has not been recognized in a prior year.

135.8 (2) For the purposes of this section, "realized" has the meaning given in section 1001(b)
135.9 of the Internal Revenue Code.

135.10 (3) For the purposes of this section, "installment sale" means any installment sale under
135.11 section 453 of the Internal Revenue Code and any other sale that is reported utilizing a
135.12 method of accounting authorized under subchapter E of the Internal Revenue Code that
135.13 allows taxpayers to delay reporting or recognizing a realized gain until a future year.

135.14 ~~(4) For the purposes of this section, "allocable amount" means the full amount to be~~
135.15 ~~apportioned to Minnesota under section 290.191 or 290.20, or the full amount to be assigned~~
135.16 ~~to Minnesota under section 290.17.~~

135.17 (b) Notwithstanding paragraph (a), nonresident taxpayers may elect to defer recognizing
135.18 unrecognized installment sale gains by making an election under this paragraph. The election
135.19 must be filed on a form to be determined or prescribed by the commissioner and must be
135.20 filed by the due date of the individual income tax return, including any extension. Electing
135.21 taxpayers must make an irrevocable agreement to:

135.22 (1) file Minnesota tax returns in all subsequent years when gains from the installment
135.23 sales are recognized and reported to the Internal Revenue Service;

135.24 (2) allocate gains to the state of Minnesota as though the gains were realized in the year
135.25 of sale under section 290.17, 290.191, or 290.20; and

135.26 (3) include all relevant federal tax documents reporting the installment sale with
135.27 subsequent Minnesota tax returns.

135.28 (c) Income or gain recognized for Minnesota purposes pursuant to paragraph (a) must
135.29 be excluded from taxable net income in any future year that the taxpayer files a Minnesota
135.30 tax return to the extent that the income or gain has already been subject to tax pursuant to
135.31 paragraph (a).

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

136.1 Sec. 3. Minnesota Statutes 2016, section 290.06, subdivision 2c, is amended to read:

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

136.6 (1) On the first \$35,480, 5.35 percent;

136.7 (2) On all over \$35,480, but not over \$140,960, 7.05 percent;

136.8 (3) On all over \$140,960, but not over \$250,000, 7.85 percent;

136.9 (4) On all over \$250,000, 9.85 percent.

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

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

136.15 (1) On the first \$24,270, 5.35 percent;

136.16 (2) On all over \$24,270, but not over \$79,730, 7.05 percent;

136.17 (3) On all over \$79,730, but not over \$150,000, 7.85 percent;

136.18 (4) On all over \$150,000, 9.85 percent.

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

136.22 (1) On the first \$29,880, 5.35 percent;

136.23 (2) On all over \$29,880, but not over \$120,070, 7.05 percent;

136.24 (3) On all over \$120,070, but not over \$200,000, 7.85 percent;

136.25 (4) On all over \$200,000, 9.85 percent.

136.26 (d) In lieu of a tax computed according to the rates set forth in this subdivision, the tax
136.27 of any individual taxpayer whose taxable net income for the taxable year is less than an
136.28 amount determined by the commissioner must be computed in accordance with tables
136.29 prepared and issued by the commissioner of revenue based on income brackets of not more
136.30 than \$100. The amount of tax for each bracket shall be computed at the rates set forth in

137.1 this subdivision, provided that the commissioner may disregard a fractional part of a dollar
137.2 unless it amounts to 50 cents or more, in which case it may be increased to \$1.

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

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

137.9 (i) the additions required under ~~section~~ sections 290.0131, subdivisions 2 and 6 to 11,
137.10 and 290.0137, paragraph (a); and reduced by

137.11 (ii) the Minnesota assignable portion of the subtraction for United States government
137.12 interest under section 290.0132, subdivision 2, ~~and~~ the subtractions under ~~section~~ sections
137.13 290.0132, subdivisions 9, 10, 14, 15, 17, and 18, and 290.0137, paragraph (c), after applying
137.14 the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

137.15 (2) the denominator is the individual's federal adjusted gross income as defined in section
137.16 62 of the Internal Revenue Code, increased by:

137.17 (i) ~~the amounts specified in section~~ additions required under sections 290.0131,
137.18 subdivisions 2 and 6 to 11, and 290.0137, paragraph (a); and reduced by

137.19 (ii) ~~the amounts specified in section~~ subtractions under sections 290.0132, subdivisions
137.20 2, 9, 10, 14, 15, 17, and 18, and 290.0137, paragraph (c).

137.21 **EFFECTIVE DATE.** The amendment to paragraph (a) is effective for taxable years
137.22 beginning after December 31, 2017. The amendment to paragraph (e) is effective the day
137.23 following final enactment.

137.24 Sec. 4. Minnesota Statutes 2016, section 290.06, subdivision 2d, is amended to read:

137.25 Subd. 2d. **Inflation adjustment of brackets.** (a) For taxable years beginning after
137.26 December 31, 2013, the minimum and maximum dollar amounts for each rate bracket for
137.27 which a tax is imposed in subdivision 2c shall be adjusted for inflation by the percentage
137.28 determined under paragraph (b). For the purpose of making the adjustment as provided in
137.29 this subdivision all of the rate brackets provided in subdivision 2c shall be the rate brackets
137.30 as they existed for taxable years beginning after December 31, 2012, and before January 1,
137.31 2014. The rate applicable to any rate bracket must not be changed. The dollar amounts
137.32 setting forth the tax shall be adjusted to reflect the changes in the rate brackets. The rate

138.1 brackets as adjusted must be rounded to the nearest \$10 amount. If the rate bracket ends in
138.2 \$5, it must be rounded up to the nearest \$10 amount.

138.3 (b) The commissioner shall adjust the rate brackets and by the percentage determined
138.4 pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section
138.5 1(f)(3)(B) the word "2012" shall be substituted for the word "1992." For 2014, the
138.6 commissioner shall then determine the percent change from the 12 months ending on August
138.7 31, 2012, to the 12 months ending on August 31, 2013, and in each subsequent year, from
138.8 the 12 months ending on August 31, 2012, to the 12 months ending on August 31 of the
138.9 year preceding the taxable year. The commissioner shall determine the rate bracket for
138.10 married filing separate returns after this adjustment is done. The rate bracket for married
138.11 filing separate must be one-half of the rate bracket for married filing joint. The determination
138.12 of the commissioner pursuant to this subdivision shall not be considered a "rule" and shall
138.13 not be subject to the Administrative Procedure Act contained in chapter 14.

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

138.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
138.17 31, 2017.

138.18 Sec. 5. Minnesota Statutes 2016, section 290.92, subdivision 28, is amended to read:

138.19 Subd. 28. **Payments to horse racing license holders.** Effective with payments made
138.20 after April 1, 1988, any holder of a license issued by the Minnesota Racing Commission
138.21 who makes a payment for personal or professional services to a holder of a class C license
138.22 issued by the commission, except an amount paid as a purse, shall deduct from the payment
138.23 and withhold 6.25 percent of the amount as Minnesota withholding tax when the amount
138.24 paid to that individual by the same person during the calendar year exceeds \$600. For
138.25 purposes of the provisions of this section, a payment to any person which is subject to
138.26 withholding under this subdivision must be treated as if the payment was a wage paid by
138.27 an employer to an employee. Every individual who is to receive a payment which is subject
138.28 to withholding under this subdivision shall furnish the license holder with a statement, made
138.29 under the penalties of perjury, containing the name, address, and Social Security account
138.30 number of the person receiving the payment. No withholding is required if the individual
138.31 presents a signed certificate from the individual's employer which states that the individual
138.32 is an employee of that employer. A nonresident individual who holds a class C license must
138.33 be treated as an athlete for purposes of applying the provisions of subdivision 4a and section
138.34 290.17, subdivision 2(1)(b)(ii)(a)(2)(ii).

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

Sec. 6. Minnesota Statutes 2017 Supplement, section 462D.03, subdivision 2, is amended to read:

Subd. 2. **Designation of qualified beneficiary.** (a) The account holder must designate a first-time home buyer as the qualified beneficiary of the account ~~by April 15 of the year~~ in a form and manner prescribed by the commissioner following the taxable year in which the account was established. The account holder may be the qualified beneficiary. The account holder may change the designated qualified beneficiary at any time, but no more than one qualified beneficiary may be designated for an account at any one time. For purposes of the one beneficiary restriction, a married couple qualifies as one beneficiary. Changing the designated qualified beneficiary of an account does not affect computation of the ten-year period under section 462D.06, subdivision 2.

(b) The commissioner shall establish a process for account holders to notify the state that permits recording of the account, the account holder or holders, any transfers under section 462D.04, subdivision 2, and the designated qualified beneficiary for each account. This may be done upon filing the account holder's income tax return or in any other way the commissioner determines to be appropriate.

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

ARTICLE 11

DEPARTMENT OF REVENUE; SALES AND USE TAXES; TECHNICAL CHANGES

Section 1. Minnesota Statutes 2016, section 297A.68, subdivision 17, is amended to read:

Subd. 17. **Ships used in interstate commerce; other vessels.** Repair, replacement, and rebuilding parts and materials, and lubricants, for the following are exempt:

(1) ships or vessels used or to be used principally in interstate or foreign commerce ~~are exempt;~~ and

(2) vessels with a gross registered tonnage of at least 3,000 tons ~~are exempt.~~

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

140.1 Sec. 2. Minnesota Statutes 2016, section 297A.68, subdivision 44, is amended to read:

140.2 Subd. 44. **Greater Minnesota business expansions.** (a) Purchases and use of tangible
140.3 personal property or taxable services by a qualified business, ~~as defined in section 116J.8738,~~
140.4 are exempt if:

140.5 (1) the commissioner of employment and economic development certifies to the
140.6 commissioner of revenue, in a format approved by the commissioner of revenue, that the
140.7 qualified business meets the requirements under section 116J.8738;

140.8 (2) the business subsidy agreement provides that the exemption under this subdivision
140.9 applies;

140.10 ~~(2)~~ (3) the property or services are primarily used or consumed at the facility in greater
140.11 Minnesota identified in the business subsidy agreement; and

140.12 ~~(3)~~ (4) the purchase was made and delivery received during the duration of the
140.13 certification of the business as a qualified business under section 116J.8738 business subsidy
140.14 agreement.

140.15 (b) Purchase and use of construction materials and supplies used or consumed in, and
140.16 equipment incorporated into, the construction of improvements to real property in greater
140.17 Minnesota are exempt if the improvements after completion of construction are to be used
140.18 in the conduct of the trade or business of the qualified business, ~~as defined in section~~
140.19 ~~116J.8738~~ and the commissioner of employment and economic development certifies to
140.20 the commissioner of revenue, in a format approved by the commissioner of revenue, that
140.21 the qualified business meets the requirements under section 116J.8738. This exemption
140.22 applies regardless of whether the purchases are made by the business or a contractor.

140.23 (c) The exemptions under this subdivision apply to a local sales and use tax.

140.24 (d) The tax on purchases imposed under this subdivision must be imposed and collected
140.25 as if the rate under section 297A.62 applied, and then refunded in the manner provided in
140.26 section 297A.75. The total amount refunded for a facility over the certification period is
140.27 limited to the amount listed in the business subsidy agreement. No more than \$7,000,000
140.28 may be refunded in a fiscal year for all purchases under this subdivision. Refunds must be
140.29 allocated on a first-come, first-served basis. If more than \$7,000,000 of eligible claims are
140.30 made in a fiscal year, claims by qualified businesses carry over to the next fiscal year, and
140.31 the commissioner of revenue must first allocate refunds to qualified businesses eligible for
140.32 a refund in the preceding fiscal year. Any portion of the balance of funds allocated for
140.33 refunds under this paragraph does not cancel and shall be carried forward to and available

for refunds in subsequent fiscal years. Notwithstanding section 297A.75, subdivision 4, for an eligible refund claim that carries over to a subsequent fiscal year, the interest on the amount carried over must be paid on the refund no sooner than from 90 days after July 1 of the fiscal year in which funds are available for the eligible claim.

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

Sec. 3. Minnesota Statutes 2016, section 297A.71, subdivision 45, is amended to read:

Subd. 45. **Biopharmaceutical manufacturing facility.** (a) Materials and supplies used or consumed in, capital equipment incorporated into, and privately owned infrastructure in support of the construction, improvement, or expansion of a biopharmaceutical manufacturing facility in the state are exempt if the commissioner of employment and economic development certifies to the commissioner of revenue that the following criteria are met:

(1) the facility is used for the manufacturing of biologics;

(2) the total capital investment made at the facility exceeds \$50,000,000; and

(3) the facility creates and maintains at least 190 full-time equivalent positions at the facility. These positions must be new jobs in Minnesota and not the result of relocating jobs that currently exist in Minnesota.

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

(c) To be eligible for a refund, the owner of the biopharmaceutical manufacturing facility must:

(1) initially apply to the ~~Department~~ commissioner of employment and economic development for certification no later than one year from the final completion date of construction, improvement, or expansion of the facility; and

(2) for each year that the owner of the biopharmaceutical manufacturing facility applies for a refund, the ~~owner~~ commissioner must have received written certification from the ~~Department~~ commissioner of employment and economic development that the facility has met the criteria of paragraph (a).

(d) The refund is to be paid annually at a rate of 25 percent of the total allowable refund payable to date, with the commissioner making annual payments of the remaining refund until all of the refund has been paid.

(e) For purposes of this subdivision, "biopharmaceutical" and "biologics" are interchangeable and mean medical drugs or medicinal preparations produced using

technology that uses biological systems, living organisms, or derivatives of living organisms to make or modify products or processes for specific use. The medical drugs or medicinal preparations include but are not limited to proteins, antibodies, nucleic acids, and vaccines.

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

Sec. 4. Minnesota Statutes 2016, section 297A.77, is amended by adding a subdivision to read:

Subd. 5. Records must be kept. Every person liable for any tax imposed by this chapter, or for the collection thereof, shall keep such records, render such statements, make such returns, and comply with such rules, as the commissioner may from time to time prescribe.

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

ARTICLE 12

DEPARTMENT OF REVENUE; TOBACCO TAXES; TECHNICAL CHANGES

Section 1. Minnesota Statutes 2016, section 297F.01, subdivision 19, is amended to read:

Subd. 19. Tobacco products. (a) "Tobacco products" means any product containing, made, or derived from tobacco that is intended for human consumption, whether chewed, smoked, absorbed, dissolved, inhaled, snorted, sniffed, or ingested by any other means, or any component, part, or accessory of a tobacco product, including, but not limited to, cigars; cheroots; stogies; periques; granulated, plug cut, crimp cut, ready rubbed, and other smoking tobacco; snuff; snuff flour; cavendish; plug and twist tobacco; fine-cut and other chewing tobacco; shorts; refuse scraps, clippings, cuttings and sweepings of tobacco, and other kinds and forms of tobacco; but does not include cigarettes as defined in this section. Tobacco products includes vapor products. Tobacco products excludes any tobacco product that has been approved by the United States Food and Drug Administration for sale as a tobacco cessation product, as a tobacco dependence product, or for other medical purposes, and is being marketed and sold solely for such an approved purpose.

(b) Except for the imposition of tax under section 297F.05, subdivisions 3 and 4, tobacco products includes a premium cigar, as defined in subdivision 13a.

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

143.1 Sec. 2. Minnesota Statutes 2016, section 297F.01, is amended by adding a subdivision to
143.2 read:

143.3 Subd. 22b. **Vapor products.** (a) "Vapor products" means any cartridge, bottle, or other
143.4 package that contains nicotine made or derived from tobacco, that is in a solution that is
143.5 consumed, or meant to be consumed, through the use of a heating element, power source,
143.6 electronic circuit, or other electronic, chemical, or mechanical means that produces vapor
143.7 from the nicotine. This paragraph expires December 31, 2018.

143.8 (b) Beginning January 1, 2019, "vapor products" means any cartridge, bottle, or other
143.9 package that contains nicotine, including nicotine produced from sources other than tobacco,
143.10 that is in a solution that is consumed, or meant to be consumed, through the use of a heating
143.11 element, power source, electronic circuit, or other electronic, chemical, or mechanical means
143.12 that produces vapor from the nicotine.

143.13 (c) Vapor products includes any electronic cigarette, electronic cigar, electronic cigarillo,
143.14 electronic pipe, or similar product or device, and any batteries, heating elements, or other
143.15 components, parts, or accessories sold with and meant to be used in the consumption of the
143.16 nicotine solution.

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

143.18 Sec. 3. Minnesota Statutes 2016, section 297F.01, subdivision 23, is amended to read:

143.19 Subd. 23. **Wholesale sales price.** "Wholesale sales price" means the price at which a
143.20 distributor purchases a tobacco product. Wholesale sales price includes the applicable federal
143.21 excise tax, freight charges, or packaging costs, regardless of whether they were included in
143.22 the purchase price. Wholesale sales price of a vapor product does not include the cost of a
143.23 product, device, component, part, or accessory described in subdivision 22b that is sold
143.24 with a nicotine solution if the distributor sells the cartridge of nicotine solution separately
143.25 and can isolate the cost of the product, device, component, part, or accessory.

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

143.27 **ARTICLE 13**

143.28 **DEPARTMENT OF REVENUE; PROPERTY TAXES; TECHNICAL CHANGES**

143.29 Section 1. Minnesota Statutes 2016, section 270C.85, subdivision 2, is amended to read:

143.30 Subd. 2. **Powers and duties.** The commissioner shall have and exercise the following
143.31 powers and duties in administering the property tax laws:;

144.1 ~~(a)~~ (1) confer with, advise, and give the necessary instructions and directions to local
144.2 assessors and local boards of review throughout the state as to their duties under the laws
144.3 of the state;

144.4 ~~(b)~~ (2) direct proceedings, actions, and prosecutions to be instituted to enforce the laws
144.5 relating to the liability and punishment of public officers and officers and agents of
144.6 corporations for failure or negligence to comply with the provisions of the property tax
144.7 laws, and cause complaints to be made against local assessors, members of boards of
144.8 equalization, members of boards of review, or any other assessing or taxing officer, to the
144.9 proper authority, for their removal from office for misconduct or negligence of duty;

144.10 ~~(c)~~ (3) require county attorneys to assist in the commencement of prosecutions in actions
144.11 or proceedings for removal, forfeiture, and punishment, for violation of the property tax
144.12 laws in their respective districts or counties;

144.13 ~~(d)~~ (4) require town, city, county, and other public officers to report and certify
144.14 information, at the parcel level or in the aggregate, as to the assessment and taxation of real
144.15 and personal property, and such other information as may be needful in the work of the
144.16 commissioner, in such form as the commissioner may prescribe. The commissioner shall
144.17 prescribe the content, format, manner, and time of filing of all required reports and
144.18 certifications;

144.19 ~~(e)~~ (5) transmit to the governor, on or before the third Monday in December of each
144.20 even-numbered year, and to each member of the legislature, on or before November 15 of
144.21 each even-numbered year, the report of the department for the preceding years, showing all
144.22 the taxable property subject to the property tax laws and the value of the same, in tabulated
144.23 form;

144.24 ~~(f)~~ (6) inquire into the methods of assessment and taxation and ascertain whether the
144.25 assessors faithfully discharge their duties; and

144.26 ~~(g)~~ (7) assist local assessors in determining the estimated market value of industrial
144.27 special-use property. For purposes of this ~~paragraph~~ clause, "industrial special-use property"
144.28 means property that:

144.29 ~~(1)~~ (i) is designed and equipped for a particular type of industry;

144.30 ~~(2)~~ (ii) is not easily adapted to some other use due to the unique nature of the facilities;

144.31 ~~(3)~~ (iii) has facilities totaling at least 75,000 square feet in size; and

144.32 ~~(4)~~ (iv) has a total estimated market value of \$10,000,000 or greater based on the
144.33 assessor's preliminary determination.

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

Sec. 2. Minnesota Statutes 2017 Supplement, section 270C.89, subdivision 1, is amended to read:

Subdivision 1. **Initial report.** Each county assessor shall file ~~by April 1~~ with the commissioner a copy of ~~the abstract~~ preliminary assessment information that the commissioner may require under section 270C.85, subdivision 2, clause (4), that will be acted upon by the local and county boards of review. ~~The abstract must list the real and personal property in the county itemized by assessment districts.~~ The assessor of each county in the state shall file with the commissioner, within ten working days following final action of the local board of review or equalization and within five days following final action of the county board of equalization, any changes made by the local or county board. ~~The information must be filed in the manner prescribed by the commissioner.~~

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

Sec. 3. Minnesota Statutes 2016, section 270C.89, subdivision 2, is amended to read:

Subd. 2. **Final report.** The final ~~abstract of assessments~~ assessment information after adjustments by the State Board of Equalization and inclusion of any omitted property shall be ~~submitted~~ reported to the commissioner ~~on or before September 1 of each calendar year~~ under section 270C.85, subdivision 2, clause (4). ~~The final abstract must separately report the captured tax capacity of tax increment financing districts under section 469.177, subdivision 2, the areawide net tax capacity contribution values determined under sections 276A.05, subdivision 1, and 473F.07, subdivision 1, and the value subject to the power line credit under section 273.42.~~

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

Sec. 4. Minnesota Statutes 2016, section 270C.91, is amended to read:

**270C.91 RECORD OF PROCEEDINGS CHANGING NET TAX CAPACITY;
DUTIES OF COUNTY AUDITOR.**

A record of all proceedings of the commissioner affecting any change in the net tax capacity of any property, as revised by the State Board of Equalization, shall be kept by the commissioner and a copy thereof, duly certified, shall be mailed each year to the auditor of each county wherein such property is situated, on or before June 30 ~~or 30 days after submission of the abstract required by section 270C.89, whichever is later.~~ This record shall specify the amounts or amount, or both, added to or deducted from the net tax capacity of

146.1 the real property of each of the several towns and cities, and of the real property not in towns
146.2 or cities, also the percent or amount of both, added to or deducted from the several classes
146.3 of personal property in each of the towns and cities, and also the amount added to or deducted
146.4 from the assessment of any person. The county auditor shall add to or deduct from such
146.5 tract or lot, or portion thereof, of any real property in the county the required percent or
146.6 amount, or both, on the net tax capacity thereof as it stood after equalized by the county
146.7 board, adding in each case a fractional sum of 50 cents or more, and deducting in each case
146.8 any fractional sum of less than 50 cents, so that no net tax capacity of any separate tract or
146.9 lot shall contain any fraction of a dollar; and add to, or deduct from, the several classes of
146.10 personal property in the county the required percent or amount, or both, on the net tax
146.11 capacity thereof as it stood after equalized by the county board, adding or deducting in
146.12 manner aforesaid any fractional sum so that no net tax capacity of any separate class of
146.13 personal property shall contain a fraction of a dollar, and add to or deduct from assessment
146.14 of any person, as they stood after equalization by the county board, the required amounts
146.15 to agree with the assessments as returned by the commissioner.

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

146.17 Sec. 5. Minnesota Statutes 2016, section 273.061, subdivision 9, is amended to read:

146.18 Subd. 9. **Additional general duties.** Additional duties of the county assessor ~~shall be~~
146.19 are as follows:

146.20 (1) to make all assessments, based upon the appraised values reported by the local
146.21 assessors or assistants and the county assessor's own knowledge of the value of the property
146.22 assessed;

146.23 (2) to personally view and determine the value of any property ~~which~~ that because of
146.24 its type or character may be difficult for the local assessor to appraise;

146.25 (3) to make all changes ordered by the local boards of review, relative to the net tax
146.26 capacity of the property of any individual, firm or corporation after notice has been given
146.27 and hearings held as provided by law;

146.28 (4) to enter all assessments in the assessment books, furnished by the county auditor,
146.29 with each book and the tabular statements for each book in correct balance;

146.30 (5) to prepare all assessment cards, charts, maps and any other forms prescribed by the
146.31 commissioner of revenue;

146.32 (6) to attend the meeting of the county board of equalization; to investigate and report
146.33 on any assessment ordered by said board; to enter all changes made by said board in the

147.1 ~~assessment books and prepare the abstract of assessments for the commissioner of revenue~~
147.2 information reported to the commissioner under section 270C.85, subdivision 2, clause (4);
147.3 to enter all changes made by the State Board of Equalization in the assessment books; to
147.4 deduct all exemptions authorized by law from each assessment and certify to the county
147.5 auditor the taxable value of each parcel of land, as described and listed in the assessment
147.6 books by the county auditor, and the taxable value of the personal property of each person,
147.7 firm, or corporation assessed;

147.8 (7) to investigate and make recommendations relative to all applications for the abatement
147.9 of taxes or applications for the reduction of the net tax capacity of any property; and

147.10 (8) to perform all other duties relating to the assessment of property for the purpose of
147.11 taxation which may be required by the commissioner of revenue.

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

147.13 Sec. 6. Minnesota Statutes 2017 Supplement, section 273.0755, is amended to read:

147.14 **273.0755 TRAINING AND EDUCATION OF PROPERTY TAX PERSONNEL.**

147.15 (a) Beginning with the four-year period starting on July 1, 2000, every person licensed
147.16 by the state Board of Assessors at the Accredited Minnesota Assessor level or higher, shall
147.17 successfully complete a weeklong Minnesota laws course sponsored by the Department of
147.18 Revenue at least once in every four-year period. An assessor need not attend the course if
147.19 they successfully pass the test for the course.

147.20 (b) The commissioner of revenue may require that each county, and each city for which
147.21 the city assessor performs the duties of county assessor, have ~~(i)~~ (1) a person on the assessor's
147.22 staff who is certified by the Department of Revenue in sales ratio calculations, ~~(ii)~~ (2) an
147.23 officer or employee who is certified by the Department of Revenue in tax calculations, and
147.24 ~~(iii)~~ (3) an officer or employee who is certified by the Department of Revenue in the proper
147.25 preparation of ~~abstracts of assessment.~~ information reported to the commissioner under
147.26 section 270C.85, subdivision 2, clause (4). ~~The commissioner of revenue may require that each~~
147.27 ~~county have an officer or employee who is certified by the Department of Revenue in the~~
147.28 ~~proper preparation of abstracts of tax lists~~ information reported to the commissioner under
147.29 section 270C.85, subdivision 2, clause (4). Certifications under this paragraph expire after
four years.

147.30 (c) Beginning with the four-year educational licensing period starting on July 1, 2004,
147.31 every Minnesota assessor licensed by the State Board of Assessors must attend and participate
147.32 in a seminar that focuses on ethics, professional conduct and the need for standardized
147.33 assessment practices developed and presented by the commissioner of revenue. This

requirement must be met at least once in every subsequent four-year period. This requirement applies to all assessors licensed for one year or more in the four-year period.

(d) When the commissioner of revenue determines that an individual or board that performs functions related to property tax administration has performed those functions in a manner that is not uniform or equitable, the commissioner may require that the individual or members of the board complete supplemental training. The commissioner may not require that an individual complete more than 32 hours of supplemental training pursuant to this paragraph. If the individual is required to complete supplemental training due to that individual's membership on a local or county board of appeal and equalization, the commissioner may not require that the individual complete more than two hours of supplemental training.

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

Sec. 7. Minnesota Statutes 2016, section 273.113, subdivision 3, is amended to read:

Subd. 3. **Reimbursement for lost revenue.** The county auditor shall certify to the commissioner of revenue, ~~as part of the abstracts of tax lists required to be filed with the commissioner~~ under section ~~275.29~~ 270C.85, subdivision 2, clause (4), the amount of tax lost to the county from the property tax credit under subdivision 2. Any prior year adjustments must also be certified ~~in the abstracts of tax lists~~. The commissioner of revenue shall review the certifications to determine their accuracy. The commissioner may make the changes in the certification that are considered necessary or return a certification to the county auditor for corrections. The commissioner shall reimburse each taxing district, other than school districts, for the taxes lost. The payments must be made at the time provided in section 473H.10 for payment to taxing jurisdictions in the same proportion that the ad valorem tax is distributed. Reimbursements to school districts must be made as provided in section 273.1392. The amount necessary to make the reimbursements under this section is annually appropriated from the general fund to the commissioner of revenue.

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

Sec. 8. Minnesota Statutes 2016, section 273.119, subdivision 2, is amended to read:

Subd. 2. **Reimbursement for lost revenue.** The county may transfer money from the county conservation account created in section 40A.152 to the county revenue fund to reimburse the fund for the cost of the property tax credit. The county auditor shall certify to the commissioner of revenue, ~~as part of the abstracts of tax lists required to be filed with the commissioner~~ under section ~~275.29~~ 270C.85, subdivision 2, clause (4), the amount of

149.1 tax lost to the county from the property tax credit under subdivision 1 and the extent that
149.2 the tax lost exceeds funds available in the county conservation account. Any prior year
149.3 adjustments must also be certified ~~in the abstracts of tax lists~~. The commissioner of revenue
149.4 shall review the certifications to determine their accuracy. The commissioner may make
149.5 the changes in the certification that are considered necessary or return a certification to the
149.6 county auditor for corrections. The commissioner shall reimburse each taxing district, other
149.7 than school districts, from the Minnesota conservation fund under section 40A.151 for the
149.8 taxes lost in excess of the county account. The payments must be made at the time provided
149.9 in section 473H.10, subdivision 3, for payment to taxing jurisdictions in the same proportion
149.10 that the ad valorem tax is distributed.

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

149.12 Sec. 9. Minnesota Statutes 2016, section 273.1231, subdivision 3, is amended to read:

149.13 Subd. 3. **Disaster or emergency area.** (a) "Disaster or emergency area" means a
149.14 geographic area for which:

149.15 (1)(i) the president of the United States, the secretary of agriculture, or the administrator
149.16 of the Small Business Administration has determined that a disaster exists pursuant to federal
149.17 law, or

149.18 (ii) a local emergency has been declared pursuant to section 12.29; and

149.19 (2) an application by the local unit of government requesting property tax relief under
149.20 this section has been received by the governor and approved by the executive council.

149.21 (b) The executive council must not approve an application unless:

149.22 (1) a completed disaster survey is included; and

149.23 (2) within the boundaries of the applicant, (i) the average damage for the buildings that
149.24 are damaged is at least \$5,000, and (ii) either at least 25 taxable buildings were damaged,
149.25 or the total dollar amount of damage to all taxable buildings equals or exceeds one percent
149.26 of the total taxable market value of buildings for the applicant as reported to the commissioner
149.27 of revenue under section ~~270C.89, subdivision 2~~ 270C.85, subdivision 2, clause (4), for the
149.28 assessment in the year prior to the year of the damage.

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

Sec. 10. Minnesota Statutes 2016, section 273.136, subdivision 2, is amended to read:

Subd. 2. **Reduction amounts submitted to county.** The commissioner of revenue shall determine, not later than April 1 of each year, the amount of reduction resulting from section 273.135 in each county containing a tax relief area as defined by section 273.134, paragraph (b), basing determinations on a review of ~~abstracts of tax lists submitted by the county auditors pursuant to section 275.29~~ information reported to the commissioner under section 270C.85, subdivision 2, clause (4). The commissioner may make changes ~~in the abstracts of tax lists~~ as deemed necessary. The commissioner of revenue, after such review, shall submit to the St. Louis County auditor, on or before April 15, the amount of the first half payment payable hereunder and on or before September 15 the amount of the second half payment.

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

Sec. 11. Minnesota Statutes 2017 Supplement, section 273.1384, subdivision 2, is amended to read:

Subd. 2. **Agricultural homestead market value credit.** Property classified as agricultural homestead under section 273.13, subdivision 23, paragraph (a), is eligible for an agricultural credit. The credit is computed using the property's agricultural credit market value, defined for this purpose as the property's market value excluding the market value of the house, garage, and immediately surrounding one acre of land. The credit is equal to 0.3 percent of the first \$115,000 of the property's agricultural credit market value plus 0.1 percent of the property's agricultural credit market value in excess of \$115,000, subject to a maximum credit of \$490 for a full agricultural homestead. In the case of property that is classified as part homestead and part nonhomestead solely because not all the owners occupy or farm the property, not all the owners have qualifying relatives occupying or farming the property, or solely because not all the spouses of owners occupy the property, the credit is computed on the amount of agricultural credit market value corresponding to the percentage of homestead, and the maximum credit equals \$490 multiplied by the percentage of homestead. The percentage of homestead is equal to 100 divided by the number of owners of the property, or, in the case of a trust, the number of grantors of the trust that owns the property.

EFFECTIVE DATE. This section is effective for taxes payable in 2019 and thereafter.

Sec. 12. Minnesota Statutes 2016, section 273.1384, subdivision 3, is amended to read:

Subd. 3. **Credit reimbursements.** The county auditor shall determine the tax reductions allowed under subdivision 2 within the county for each taxes payable year and shall certify

that amount to the commissioner of revenue ~~as a part of the abstracts of tax lists submitted by the county auditors under section 275.29~~ under section 270C.85, subdivision 2, clause (4). Any prior year adjustments shall also be certified ~~on the abstracts of tax lists.~~ The commissioner shall review the certifications for accuracy, and may make such changes as are deemed necessary, or return the certification to the county auditor for correction. The credit under this section must be used to proportionately reduce the net tax capacity-based property tax payable to each local taxing jurisdiction as provided in section 273.1393.

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

Sec. 13. Minnesota Statutes 2017 Supplement, section 273.1387, subdivision 3, is amended to read:

Subd. 3. **Credit reimbursements.** The county auditor shall determine the tax reductions allowed under this section within the county for each taxes payable year and shall certify that amount to the commissioner of revenue ~~as a part of the abstracts of tax lists submitted under section 275.29~~ under section 270C.85, subdivision 2, clause (4). Any prior year adjustments shall also be certified ~~on the abstracts of tax lists.~~ The commissioner shall review the certifications for accuracy, and may make such changes as are deemed necessary, or return the certification to the county auditor for correction. The credit under this section must be used to reduce the school district net tax capacity-based property tax as provided in section 273.1393.

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

Sec. 14. Minnesota Statutes 2016, section 273.18, is amended to read:

273.18 LISTING, VALUATION, AND ASSESSMENT OF EXEMPT PROPERTY BY COUNTY AUDITORS.

(a) In every sixth year after the year 2010, the county auditor shall enter the description of each tract of real property exempt by law from taxation, with the name of the owner, and the assessor shall value and assess the same in the same manner that other real property is valued and assessed, and shall designate in each case the purpose for which the property is used.

(b) ~~For purposes of the apportionment of fire state aid under section 69.021, subdivision 7,~~ The county auditor shall include ~~on the abstract of assessment of exempt real property filed under this section~~ in the exempt property information that the commissioner may require under section 270C.85, subdivision 2, clause (4), the total number of acres of all

natural resources lands for which in lieu payments are made under sections 477A.11 to 477A.14. The assessor shall estimate its market value, provided that if the assessor is not able to estimate the market value of the land on a per parcel basis, the assessor shall furnish the commissioner of revenue with an estimate of the average value per acre of this land within the county.

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

Sec. 15. Minnesota Statutes 2016, section 274.14, is amended to read:

274.14 LENGTH OF SESSION; RECORD.

The board must meet after the second Friday in June on at least one meeting day and may meet for up to ten consecutive meeting days. The actual meeting dates must be contained on the valuation notices mailed to each property owner in the county as provided in section 273.121. For this purpose, "meeting days" is defined as any day of the week excluding Sunday. At the board's discretion, "meeting days" may include Saturday. No action taken by the county board of review after June 30 is valid, except for corrections permitted in sections 273.01 and 274.01. The county auditor shall keep an accurate record of the proceedings and orders of the board. The record must be published like other proceedings of county commissioners. A copy of the published record must be sent to the commissioner of revenue, ~~with the abstract of assessment required by section 274.16~~ within five days following final action of the county board of equalization.

For counties that conduct either regular board of review meetings or open book meetings, at least one of the meeting days must include a meeting that does not end before 7:00 p.m. For counties that require taxpayer appointments for the board of review, appointments must include some available times that extend until at least 7:00 p.m. The county may have a Saturday meeting in lieu of, or in addition to, the extended meeting times under this paragraph.

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

Sec. 16. Minnesota Statutes 2016, section 274.16, is amended to read:

274.16 CORRECTED LISTS, ~~ABSTRACTS.~~

The county assessor or, in Ramsey County, the official designated by the board of county commissioners shall calculate the changes of the assessment lists determined by the county board of equalization, and make corrections accordingly, in the real or personal lists, or both, and shall make ~~duplicate abstracts~~ duplicates of them. One must be filed in the assessor's

153.1 office, and one must be forwarded to the commissioner of revenue as provided in section
153.2 270C.89.

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

153.4 Sec. 17. Minnesota Statutes 2017 Supplement, section 275.025, subdivision 1, is amended
153.5 to read:

153.6 Subdivision 1. **Levy amount.** The state general levy is levied against
153.7 commercial-industrial property and seasonal residential recreational property, as defined
153.8 in this section. The state general levy for commercial-industrial property is \$784,590,000
153.9 for taxes payable in 2018 and thereafter. The state general levy for seasonal-recreational
153.10 property is \$44,190,000 for taxes payable in 2018 and thereafter. The tax under this section
153.11 is not treated as a local tax rate under section 469.177 and is not the levy of a governmental
153.12 unit under chapters 276A and 473F.

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

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

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

153.20 (3) an increase or decrease in taxable value for commercial-industrial or seasonal
153.21 residential recreational property reported on the abstracts of tax lists submitted under section
153.22 ~~275.29 that was not reported on the abstracts of assessment submitted under section 270C.89~~
153.23 to the commissioner under section 270C.85, subdivision 2, clause (4), for the same year.

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

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

153.27 Sec. 18. Minnesota Statutes 2016, section 290B.09, subdivision 1, is amended to read:

153.28 Subdivision 1. **Determination; payment.** The county auditor shall determine the total
153.29 current year's deferred amount of property tax under this chapter in the county, and ~~submit~~
153.30 report those amounts ~~as part of the abstracts of tax lists submitted by the county auditors~~
153.31 under section 275.29 to the commissioner under section 270C.85, subdivision 2, clause (4).

154.1 The commissioner may make changes ~~in the abstracts of tax lists~~ as deemed necessary. The
154.2 commissioner of revenue, after such review, shall pay the deferred amount of property tax
154.3 to each county treasurer on or before August 31.

154.4 The county treasurer shall distribute as part of the October settlement the funds received
154.5 as if they had been collected as a part of the property tax.

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

154.7 Sec. 19. Minnesota Statutes 2016, section 469.177, subdivision 1, is amended to read:

154.8 Subdivision 1. **Original net tax capacity.** (a) Upon or after adoption of a tax increment
154.9 financing plan, the auditor of any county in which the district is situated shall, upon request
154.10 of the authority, certify the original net tax capacity of the tax increment financing district
154.11 and that portion of the district overlying any subdistrict as described in the tax increment
154.12 financing plan and shall certify in each year thereafter the amount by which the original net
154.13 tax capacity has increased or decreased as a result of a change in tax exempt status of
154.14 property within the district and any subdistrict, reduction or enlargement of the district or
154.15 changes pursuant to subdivision 4. The auditor shall certify the amount within 30 days after
154.16 receipt of the request and sufficient information to identify the parcels included in the district.
154.17 The certification relates to the taxes payable year as provided in subdivision 6.

154.18 (b) If the classification under section 273.13 of property located in a district changes to
154.19 a classification that has a different assessment ratio, the original net tax capacity of that
154.20 property must be redetermined at the time when its use is changed as if the property had
154.21 originally been classified in the same class in which it is classified after its use is changed.

154.22 (c) The amount to be added to the original net tax capacity of the district as a result of
154.23 previously tax exempt real property within the district becoming taxable equals the net tax
154.24 capacity of the real property as most recently assessed pursuant to ~~section 273.18~~ information
154.25 reported to the commissioner under section 270C.85, subdivision 2, clause (4), or, if that
154.26 assessment was made more than one year prior to the date of title transfer rendering the
154.27 property taxable, the net tax capacity assessed by the assessor at the time of the transfer. If
154.28 improvements are made to tax exempt property after the municipality approves the district
154.29 and before the parcel becomes taxable, the assessor shall, at the request of the authority,
154.30 separately assess the estimated market value of the improvements. If the property becomes
154.31 taxable, the county auditor shall add to original net tax capacity, the net tax capacity of the
154.32 parcel, excluding the separately assessed improvements. If substantial taxable improvements
154.33 were made to a parcel after certification of the district and if the property later becomes tax
154.34 exempt, in whole or part, as a result of the authority acquiring the property through

155.1 foreclosure or exercise of remedies under a lease or other revenue agreement or as a result
155.2 of tax forfeiture, the amount to be added to the original net tax capacity of the district as a
155.3 result of the property again becoming taxable is the amount of the parcel's value that was
155.4 included in original net tax capacity when the parcel was first certified. The amount to be
155.5 added to the original net tax capacity of the district as a result of enlargements equals the
155.6 net tax capacity of the added real property as most recently certified by the commissioner
155.7 of revenue as of the date of modification of the tax increment financing plan pursuant to
155.8 section 469.175, subdivision 4.

155.9 (d) If the net tax capacity of a property increases because the property no longer qualifies
155.10 under the Minnesota Agricultural Property Tax Law, section 273.111; the Minnesota Open
155.11 Space Property Tax Law, section 273.112; or the Metropolitan Agricultural Preserves Act,
155.12 chapter 473H, the Rural Preserve Property Tax Program under section 273.114, or because
155.13 platted, unimproved property is improved or market value is increased after approval of the
155.14 plat under section 273.11, subdivision 14a or 14b, the increase in net tax capacity must be
155.15 added to the original net tax capacity. If the net tax capacity of a property increases because
155.16 the property no longer qualifies for the homestead market value exclusion under section
155.17 273.13, subdivision 35, the increase in net tax capacity must be added to original net tax
155.18 capacity if the original construction of the affected home was completed before the date the
155.19 assessor certified the original net tax capacity of the district.

155.20 (e) The amount to be subtracted from the original net tax capacity of the district as a
155.21 result of previously taxable real property within the district becoming tax exempt or
155.22 qualifying in whole or part for an exclusion from taxable market value, or a reduction in
155.23 the geographic area of the district, shall be the amount of original net tax capacity initially
155.24 attributed to the property becoming tax exempt, being excluded from taxable market value,
155.25 or being removed from the district. If the net tax capacity of property located within the tax
155.26 increment financing district is reduced by reason of a court-ordered abatement, stipulation
155.27 agreement, voluntary abatement made by the assessor or auditor or by order of the
155.28 commissioner of revenue, the reduction shall be applied to the original net tax capacity of
155.29 the district when the property upon which the abatement is made has not been improved
155.30 since the date of certification of the district and to the captured net tax capacity of the district
155.31 in each year thereafter when the abatement relates to improvements made after the date of
155.32 certification. The county auditor may specify reasonable form and content of the request
155.33 for certification of the authority and any modification thereof pursuant to section 469.175,
155.34 subdivision 4.

(f) If a parcel of property contained a substandard building or improvements described in section 469.174, subdivision 10, paragraph (e), that were demolished or removed and if the authority elects to treat the parcel as occupied by a substandard building under section 469.174, subdivision 10, paragraph (b), or by improvements under section 469.174, subdivision 10, paragraph (e), the auditor shall certify the original net tax capacity of the parcel using the greater of (1) the current net tax capacity of the parcel, or (2) the estimated market value of the parcel for the year in which the building or other improvements were demolished or removed, but applying the classification rates for the current year.

(g) For a redevelopment district qualifying under section 469.174, subdivision 10, paragraph (a), clause (4), as a qualified disaster area, the auditor shall certify the value of the land as the original tax capacity for any parcel in the district that contains a building that suffered substantial damage as a result of the disaster or emergency.

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

Sec. 20. **REPEALER.**

Minnesota Statutes 2016, section 275.29, is repealed.

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

ARTICLE 14

DEPARTMENT OF REVENUE; MISCELLANEOUS; TECHNICAL CHANGES

Section 1. Minnesota Statutes 2016, section 272.02, subdivision 27, is amended to read:

Subd. 27. **Superior National Forest; recreational property for use by disabled veterans with a disability.** Real and personal property is exempt if it is located in the Superior National Forest, and owned or leased and operated by a nonprofit organization that is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code and primarily used to provide recreational opportunities for ~~disabled~~ veterans with a disability and their families.

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

Sec. 2. Minnesota Statutes 2016, section 272.02, subdivision 81, is amended to read:

Subd. 81. **Certain recreational property for disabled veterans with a disability.** Real and personal property is exempt if it is located in a county in the metropolitan area with a population of less than 500,000 according to the 2000 federal census, and owned or leased

157.1 and operated by a nonprofit organization, and primarily used to provide recreational
157.2 opportunities for ~~disabled~~ veterans with a disability and their families.

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

157.4 Sec. 3. Minnesota Statutes 2016, section 273.032, is amended to read:

157.5 **273.032 MARKET VALUE DEFINITION.**

157.6 (a) Unless otherwise provided, for the purpose of determining any property tax levy
157.7 limitation based on market value or any limit on net debt, the issuance of bonds, certificates
157.8 of indebtedness, or capital notes based on market value, any qualification to receive state
157.9 aid based on market value, or any state aid amount based on market value, the terms "market
157.10 value," "estimated market value," and "market valuation," whether equalized or unequalized,
157.11 mean the estimated market value of taxable property within the local unit of government
157.12 before any of the following or similar adjustments for:

157.13 (1) the market value exclusions under:

157.14 (i) section 273.11, subdivisions 14a and 14c (vacant platted land);

157.15 (ii) section 273.11, subdivision 16 (certain improvements to homestead property);

157.16 (iii) section 273.11, subdivisions 19 and 20 (certain improvements to business properties);

157.17 (iv) section 273.11, subdivision 21 (homestead property damaged by mold);

157.18 (v) section 273.13, subdivision 34 (homestead of a ~~disabled~~ veteran with a disability or
157.19 family caregiver); or

157.20 (vi) section 273.13, subdivision 35 (homestead market value exclusion); or

157.21 (2) the deferment of value under:

157.22 (i) the Minnesota Agricultural Property Tax Law, section 273.111;

157.23 (ii) the Aggregate Resource Preservation Law, section 273.1115;

157.24 (iii) the Minnesota Open Space Property Tax Law, section 273.112;

157.25 (iv) the rural preserves property tax program, section 273.114; or

157.26 (v) the Metropolitan Agricultural Preserves Act, section 473H.10; or

157.27 (3) the adjustments to tax capacity for:

157.28 (i) tax increment financing under sections 469.174 to 469.1794;

157.29 (ii) fiscal disparities under chapter 276A or 473F; or

(iii) powerline credit under section 273.425.

(b) Estimated market value under paragraph (a) also includes the market value of tax-exempt property if the applicable law specifically provides that the limitation, qualification, or aid calculation includes tax-exempt property.

(c) Unless otherwise provided, "market value," "estimated market value," and "market valuation" for purposes of property tax levy limitations and calculation of state aid, refer to the estimated market value for the previous assessment year and for purposes of limits on net debt, the issuance of bonds, certificates of indebtedness, or capital notes refer to the estimated market value as last finally equalized.

(d) For purposes of a provision of a home rule charter or of any special law that is not codified in the statutes and that imposes a levy limitation based on market value or any limit on debt, the issuance of bonds, certificates of indebtedness, or capital notes based on market value, the terms "market value," "taxable market value," and "market valuation," whether equalized or unequalized, mean "estimated market value" as defined in paragraph (a).

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

Sec. 4. Minnesota Statutes 2017 Supplement, section 273.13, subdivision 22, is amended to read:

Subd. 22. **Class 1.** (a) Except as provided in subdivision 23 and in paragraphs (b) and (c), real estate which is residential and used for homestead purposes is class 1a. In the case of a duplex or triplex in which one of the units is used for homestead purposes, the entire property is deemed to be used for homestead purposes. The market value of class 1a property must be determined based upon the value of the house, garage, and land.

The first \$500,000 of market value of class 1a property has a net classification rate of one percent of its market value; and the market value of class 1a property that exceeds \$500,000 has a classification rate of 1.25 percent of its market value.

(b) Class 1b property includes homestead real estate or homestead manufactured homes used for the purposes of a homestead by:

(1) any person who is blind as defined in section 256D.35, or the ~~blind~~ person who is blind and the ~~blind person's~~ spouse of the person who is blind;

(2) any person who is permanently and totally disabled or by the ~~disabled~~ person with a disability and the ~~disabled person's~~ spouse of the person with a disability; or

(3) the surviving spouse of a veteran who was permanently and totally disabled ~~veteran~~ homesteading a property classified under this paragraph for taxes payable in 2008.

Property is classified and assessed under clause (2) only if the government agency or income-providing source certifies, upon the request of the homestead occupant, that the homestead occupant satisfies the disability requirements of this paragraph, and that the property is not eligible for the valuation exclusion under subdivision 34.

Property is classified and assessed under paragraph (b) only if the commissioner of revenue or the county assessor certifies that the homestead occupant satisfies the requirements of this paragraph.

Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings the person an income. The first \$50,000 market value of class 1b property has a net classification rate of .45 percent of its market value. The remaining market value of class 1b property is classified as class 1a or class 2a property, whichever is appropriate.

(c) Class 1c property is commercial use real and personal property that abuts public water as defined in section 103G.005, subdivision 15, or abuts a state trail administered by the Department of Natural Resources, and is devoted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment, and that includes a portion used as a homestead by the owner, which includes a dwelling occupied as a homestead by a shareholder of a corporation that owns the resort, a partner in a partnership that owns the resort, or a member of a limited liability company that owns the resort even if the title to the homestead is held by the corporation, partnership, or limited liability company. For purposes of this paragraph, property is devoted to a commercial purpose on a specific day if any portion of the property, excluding the portion used exclusively as a homestead, is used for residential occupancy and a fee is charged for residential occupancy. Class 1c property must contain three or more rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site equipped with water and electrical hookups for recreational vehicles. Class 1c property must provide recreational activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill or cross-country ski equipment; provide marina services, launch services, or guide services; or sell bait and fishing tackle. Any unit in which the right to use the property is transferred to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies for class 1c even though it may remain available for rent. A camping pad offered for rent

160.1 by a property that otherwise qualifies for class 1c is also class 1c, regardless of the term of
160.2 the rental agreement, as long as the use of the camping pad does not exceed 250 days. If
160.3 the same owner owns two separate parcels that are located in the same township, and one
160.4 of those properties is classified as a class 1c property and the other would be eligible to be
160.5 classified as a class 1c property if it was used as the homestead of the owner, both properties
160.6 will be assessed as a single class 1c property; for purposes of this sentence, properties are
160.7 deemed to be owned by the same owner if each of them is owned by a limited liability
160.8 company, and both limited liability companies have the same membership. The portion of
160.9 the property used as a homestead is class 1a property under paragraph (a). The remainder
160.10 of the property is classified as follows: the first \$600,000 of market value is tier I, the next
160.11 \$1,700,000 of market value is tier II, and any remaining market value is tier III. The
160.12 classification rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25
160.13 percent. Owners of real and personal property devoted to temporary and seasonal residential
160.14 occupancy for recreation purposes in which all or a portion of the property was devoted to
160.15 commercial purposes for not more than 250 days in the year preceding the year of assessment
160.16 desiring classification as class 1c, must submit a declaration to the assessor designating the
160.17 cabins or units occupied for 250 days or less in the year preceding the year of assessment
160.18 by January 15 of the assessment year. Those cabins or units and a proportionate share of
160.19 the land on which they are located must be designated as class 1c as otherwise provided.
160.20 The remainder of the cabins or units and a proportionate share of the land on which they
160.21 are located must be designated as class 3a commercial. The owner of property desiring
160.22 designation as class 1c property must provide guest registers or other records demonstrating
160.23 that the units for which class 1c designation is sought were not occupied for more than 250
160.24 days in the year preceding the assessment if so requested. The portion of a property operated
160.25 as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5)
160.26 other nonresidential facility operated on a commercial basis not directly related to temporary
160.27 and seasonal residential occupancy for recreation purposes does not qualify for class 1c.

160.28 (d) Class 1d property includes structures that meet all of the following criteria:

160.29 (1) the structure is located on property that is classified as agricultural property under
160.30 section 273.13, subdivision 23;

160.31 (2) the structure is occupied exclusively by seasonal farm workers during the time when
160.32 they work on that farm, and the occupants are not charged rent for the privilege of occupying
160.33 the property, provided that use of the structure for storage of farm equipment and produce
160.34 does not disqualify the property from classification under this paragraph;

161.1 (3) the structure meets all applicable health and safety requirements for the appropriate
161.2 season; and

161.3 (4) the structure is not salable as residential property because it does not comply with
161.4 local ordinances relating to location in relation to streets or roads.

161.5 The market value of class 1d property has the same classification rates as class 1a property
161.6 under paragraph (a).

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

161.8 Sec. 5. Minnesota Statutes 2017 Supplement, section 273.13, subdivision 34, is amended
161.9 to read:

161.10 Subd. 34. **Homestead of ~~disabled~~ veteran with a disability or family caregiver.** (a)

161.11 All or a portion of the market value of property owned by a veteran and serving as the
161.12 veteran's homestead under this section is excluded in determining the property's taxable
161.13 market value if the veteran has a service-connected disability of 70 percent or more as
161.14 certified by the United States Department of Veterans Affairs. To qualify for exclusion
161.15 under this subdivision, the veteran must have been honorably discharged from the United
161.16 States armed forces, as indicated by United States Government Form DD214 or other official
161.17 military discharge papers.

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

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

161.22 (c) If a ~~disabled~~ veteran with a disability qualifying for a valuation exclusion under
161.23 paragraph (b), clause (2), predeceases the veteran's spouse, and if upon the death of the
161.24 veteran the spouse holds the legal or beneficial title to the homestead and permanently
161.25 resides there, the exclusion shall carry over to the benefit of the veteran's spouse for the
161.26 current taxes payable year and for eight additional taxes payable years or until such time
161.27 as the spouse remarries, or sells, transfers, or otherwise disposes of the property, whichever
161.28 comes first. Qualification under this paragraph requires an application under paragraph (h),
161.29 and a spouse must notify the assessor if there is a change in the spouse's marital status,
161.30 ownership of the property, or use of the property as a permanent residence.

161.31 (d) If the spouse of a member of any branch or unit of the United States armed forces
161.32 who dies due to a service-connected cause while serving honorably in active service, as
161.33 indicated on United States Government Form DD1300 or DD2064, holds the legal or

162.1 beneficial title to a homestead and permanently resides there, the spouse is entitled to the
162.2 benefit described in paragraph (b), clause (2), for eight taxes payable years, or until such
162.3 time as the spouse remarries or sells, transfers, or otherwise disposes of the property,
162.4 whichever comes first.

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

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

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

162.15 (h) To qualify for a valuation exclusion under this subdivision a property owner must
162.16 apply to the assessor by July 1 of the first assessment year for which the exclusion is sought.
162.17 For an application received after July 1, the exclusion shall become effective for the following
162.18 assessment year. Except as provided in paragraph (c), the owner of a property that has been
162.19 accepted for a valuation exclusion must notify the assessor if there is a change in ownership
162.20 of the property or in the use of the property as a homestead.

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

162.23 (j) For purposes of this subdivision:

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

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

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

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

162.31 (k) If a veteran dying after December 31, 2011, did not apply for or receive the exclusion
162.32 under paragraph (b), clause (2), before dying, the veteran's spouse is entitled to the benefit

163.1 under paragraph (b), clause (2), for eight taxes payable years or until the spouse remarries
163.2 or sells, transfers, or otherwise disposes of the property if:

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

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

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

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

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

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

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

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

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

163.19 Sec. 6. Minnesota Statutes 2016, section 289A.08, subdivision 6, is amended to read:

163.20 Subd. 6. **Returns of married persons.** ~~A husband and wife~~ Individuals who are married
163.21 to each other must file a joint Minnesota income tax return if they filed a joint federal income
163.22 tax return. If the ~~husband and wife~~ spouses have elected to file separate federal income tax
163.23 returns, they must file separate Minnesota income tax returns. This election to file a joint
163.24 or separate return must be changed if they change their election for federal purposes. In the
163.25 event taxpayers desire to change their election, the change must be done in the manner and
163.26 on the form prescribed by the commissioner.

163.27 The determination of whether an individual is married shall be made under the provisions
163.28 of section 7703 of the Internal Revenue Code.

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

164.1 Sec. 7. Minnesota Statutes 2016, section 289A.25, subdivision 1, is amended to read:

164.2 Subdivision 1. **Requirements to pay.** An individual, trust, S corporation, or partnership
164.3 must, when prescribed in subdivision 3, paragraph (b), make payments of estimated tax.
164.4 For individuals, the term "estimated tax" means the amount the taxpayer estimates is the
164.5 sum of the taxes imposed by chapter 290 for the taxable year. For trusts, S corporations,
164.6 and partnerships, the term estimated tax means the amount the taxpayer estimates is the
164.7 sum of the taxes for the taxable year imposed by chapter 290 and the composite income tax
164.8 imposed by section 289A.08, subdivision 7. If the individual is an infant or incompetent
164.9 person, the payments must be made by the individual's guardian. If joint payments on
164.10 estimated tax are made but a joint return is not made for the taxable year, the estimated tax
164.11 for that year may be treated as the estimated tax of either ~~the husband or the wife~~ spouse or
164.12 may be divided between them.

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

164.14 Sec. 8. Minnesota Statutes 2016, section 289A.31, subdivision 2, is amended to read:

164.15 Subd. 2. **Joint income tax returns.** (a) If a joint income tax return is made by ~~a husband~~
164.16 ~~and wife~~ spouses, the liability for the tax is joint and several. A spouse who qualifies for
164.17 relief from a liability attributable to an underpayment under section 6015(b) of the Internal
164.18 Revenue Code is relieved of the state income tax liability on the underpayment.

164.19 (b) In the case of individuals who were ~~a husband and wife~~ married as determined in
164.20 section 7703 of the Internal Revenue Code prior to the dissolution of their marriage or their
164.21 legal separation, or prior to the death of one of the individuals, for tax liabilities reported
164.22 on a joint or combined return, the liability of each person is limited to the proportion of the
164.23 tax due on the return that equals that person's proportion of the total tax due if ~~the husband~~
164.24 ~~and wife~~ each spouse filed separate returns for the taxable year. This provision is effective
164.25 only when the commissioner receives written notice of the marriage dissolution, legal
164.26 separation, or death of a spouse from the ~~husband or wife~~ surviving spouse. No refund may
164.27 be claimed by an ex-spouse, legally separated or widowed spouse for any taxes paid more
164.28 than 60 days before receipt by the commissioner of the written notice.

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

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

Sec. 9. Minnesota Statutes 2016, section 289A.37, subdivision 6, is amended to read:

Subd. 6. **Order of assessment if joint income tax return.** If a joint income tax return is filed by a ~~husband and wife~~ spouses, an order of assessment may be a single joint notice. If the commissioner has been notified by either spouse that that spouse's address has changed and if that spouse requests it, then, instead of the single joint notice mailed to the last known address of the ~~husband and wife~~ spouses, a duplicate or original of the joint notice must be sent to the requesting spouse at the address designated by the requesting spouse. The other joint notice must be mailed to the other spouse at that spouse's last known address. An assessment is not invalid for failure to send it to a spouse if the spouse actually receives the notice in the same period as if it had been mailed to that spouse at the correct address or if the spouse has failed to provide an address to the commissioner other than the last known address.

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

Sec. 10. Minnesota Statutes 2016, section 290.0802, subdivision 2, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

166.8 Sec. 11. Minnesota Statutes 2016, section 290.0802, subdivision 3, is amended to read:

166.9 Subd. 3. **Restrictions; married couples.** Except in the case of a ~~husband and wife~~
166.10 spouses who live apart at all times during the taxable year, if the taxpayer is married at the
166.11 close of the taxable year, the subtraction under subdivision 2 is allowable only if the taxpayers
166.12 file joint federal and state income tax returns for the taxable year.

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

166.14 Sec. 12. Minnesota Statutes 2017 Supplement, section 290.091, subdivision 2, is amended
166.15 to read:

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

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

166.20 (1) the taxpayer's federal alternative minimum taxable income as defined in section
166.21 55(b)(2) of the Internal Revenue Code;

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

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

166.25 (ii) the medical expense deduction;

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

166.27 (iv) the impairment-related work expenses of a ~~disabled~~ person with a disability;

166.28 (3) for depletion allowances computed under section 613A(c) of the Internal Revenue
166.29 Code, with respect to each property (as defined in section 614 of the Internal Revenue Code),

167.1 to the extent not included in federal alternative minimum taxable income, the excess of the
167.2 deduction for depletion allowable under section 611 of the Internal Revenue Code for the
167.3 taxable year over the adjusted basis of the property at the end of the taxable year (determined
167.4 without regard to the depletion deduction for the taxable year);

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

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

167.10 (6) the amount of addition required by section 290.0131, subdivisions 9 to 11;

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

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

167.13 (ii) an overpayment of state income tax as provided by section 290.0132, subdivision
167.14 3, to the extent included in federal alternative minimum taxable income;

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

167.19 (iv) amounts subtracted from federal taxable income as provided by section 290.0132,
167.20 subdivisions 7, 9 to 15, 17, 21, 24, and 26; and

167.21 (v) the amount of the net operating loss allowed under section 290.095, subdivision 11,
167.22 paragraph (c).

167.23 In the case of an estate or trust, alternative minimum taxable income must be computed
167.24 as provided in section 59(c) of the Internal Revenue Code.

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

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

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

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

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

Sec. 13. Minnesota Statutes 2017 Supplement, section 290A.03, subdivision 3, is amended to read:

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

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

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

(i) all nontaxable income;

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

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

(iv) cash public assistance and relief;

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

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

(vii) workers' compensation;

(viii) nontaxable strike benefits;

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

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

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

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

169.9 (xiii) nontaxable scholarship or fellowship grants;

169.10 (xiv) the amount of deduction allowed under section 199 of the Internal Revenue Code;

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

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

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

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

169.22 (b) "Income" does not include:

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

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

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

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

169.32 (5) relief granted under this chapter;

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

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

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

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

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

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

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

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

170.12 (6) if the claimant or claimant's spouse ~~was disabled~~ had a disability or attained the age
170.13 of 65 on or before December 31 of the year for which the taxes were levied or rent paid,
170.14 the exemption amount.

170.15 (d) For purposes of this subdivision, the "exemption amount" means the exemption
170.16 amount under section 151(d) of the Internal Revenue Code for the taxable year for which
170.17 the income is reported; "retirement base amount" means the deductible amount for the
170.18 taxable year for the claimant and spouse under section 219(b)(5)(A) of the Internal Revenue
170.19 Code, adjusted for inflation as provided in section 219(b)(5)(C) of the Internal Revenue
170.20 Code, without regard to whether the claimant or spouse claimed a deduction; and "traditional
170.21 or Roth style retirement account or plan" means retirement plans under sections 401, 403,
170.22 408, 408A, and 457 of the Internal Revenue Code.

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

170.24 Sec. 14. Minnesota Statutes 2016, section 290A.03, subdivision 4, is amended to read:

170.25 Subd. 4. **Household.** "Household" means a claimant and an individual related to the
170.26 claimant as ~~husband or wife~~ the claimant's spouse who are domiciled in the same homestead.

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

171.1 Sec. 15. Minnesota Statutes 2017 Supplement, section 290A.03, subdivision 8, is amended
171.2 to read:

171.3 Subd. 8. **Claimant.** (a) "Claimant" means a person, other than a dependent, as defined
171.4 under sections 151 and 152 of the Internal Revenue Code disregarding section 152(b)(3)
171.5 of the Internal Revenue Code, who filed a claim authorized by this chapter and who was a
171.6 resident of this state as provided in chapter 290 during the calendar year for which the claim
171.7 for relief was filed.

171.8 (b) In the case of a claim relating to rent constituting property taxes, the claimant shall
171.9 have resided in a rented or leased unit on which ad valorem taxes or payments made in lieu
171.10 of ad valorem taxes, including payments of special assessments imposed in lieu of ad valorem
171.11 taxes, are payable at some time during the calendar year covered by the claim.

171.12 (c) "Claimant" shall not include a resident of a nursing home, intermediate care facility,
171.13 long-term residential facility, or a facility that accepts housing support payments whose
171.14 rent constituting property taxes is paid pursuant to the Supplemental Security Income
171.15 program under title XVI of the Social Security Act, the Minnesota supplemental aid program
171.16 under sections 256D.35 to 256D.54, the medical assistance program pursuant to title XIX
171.17 of the Social Security Act, or the housing support program under chapter 256I.

171.18 If only a portion of the rent constituting property taxes is paid by these programs, the
171.19 resident shall be a claimant for purposes of this chapter, but the refund calculated pursuant
171.20 to section 290A.04 shall be multiplied by a fraction, the numerator of which is income as
171.21 defined in subdivision 3, paragraphs (a) and (b), reduced by the total amount of income
171.22 from the above sources other than vendor payments under the medical assistance program
171.23 and the denominator of which is income as defined in subdivision 3, paragraphs (a) and (b),
171.24 plus vendor payments under the medical assistance program, to determine the allowable
171.25 refund pursuant to this chapter.

171.26 (d) Notwithstanding paragraph (c), if the claimant was a resident of the nursing home,
171.27 intermediate care facility, long-term residential facility, or facility for which the rent was
171.28 paid for the claimant by the housing support program for only a portion of the calendar year
171.29 covered by the claim, the claimant may compute rent constituting property taxes by
171.30 disregarding the rent constituting property taxes from the nursing home or facility and use
171.31 only that amount of rent constituting property taxes or property taxes payable relating to
171.32 that portion of the year when the claimant was not in the facility. The claimant's household
171.33 income is the income for the entire calendar year covered by the claim.

(e) In the case of a claim for rent constituting property taxes of a part-year Minnesota resident, the income and rental reflected in this computation shall be for the period of Minnesota residency only. Any rental expenses paid which may be reflected in arriving at federal adjusted gross income cannot be utilized for this computation. When two individuals of a household are able to meet the qualifications for a claimant, they may determine among them as to who the claimant shall be. If they are unable to agree, the matter shall be referred to the commissioner of revenue whose decision shall be final. If a homestead property owner was a part-year Minnesota resident, the income reflected in the computation made pursuant to section 290A.04 shall be for the entire calendar year, including income not assignable to Minnesota.

(f) If a homestead is occupied by two or more renters, who are not ~~husband and wife married to each other~~, the rent shall be deemed to be paid equally by each, and separate claims shall be filed by each. The income of each shall be each renter's household income for purposes of computing the amount of credit to be allowed.

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

Sec. 16. Minnesota Statutes 2016, section 290A.05, is amended to read:

290A.05 COMBINED HOUSEHOLD INCOME.

If a person occupies a homestead with another person ~~or persons~~ not related to the person as ~~husband and wife~~ the person's spouse, excluding dependents, roomers or boarders on contract, and has property tax payable with respect to the homestead, the household income of the claimant or claimants for the purpose of computing the refund allowed by section 290A.04 shall include the total income received by the other persons residing in the homestead. For purposes of this section, "dependent" includes a parent of the claimant or spouse who lives in the claimant's homestead and does not have an ownership interest in the homestead. If a person occupies a homestead with another person or persons not related to the person as ~~husband and wife~~ the person's spouse or as dependents, the property tax payable or rent constituting property tax shall be reduced as follows.

If the other person or persons are residing at the homestead under rental or lease agreement, the amount of property tax payable or rent constituting property tax shall be that portion not covered by the rental agreement.

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

173.1 Sec. 17. Minnesota Statutes 2016, section 290A.08, is amended to read:

173.2 **290A.08 ONE CLAIMANT PER HOUSEHOLD.**

173.3 Only one claimant per household per year is entitled to relief under this chapter. Payment
173.4 of the claim for relief may be made payable to the ~~husband and wife~~ spouses as one claimant.
173.5 The commissioner, upon written request, may issue separate checks, to the ~~husband and~~
173.6 ~~wife~~ spouses for one-half of the relief provided the original check has not been issued or
173.7 has been returned. Individuals related as ~~husband and wife~~ spouses who were married during
173.8 the year may elect to file a joint claim which shall include each spouse's income, rent
173.9 constituting property taxes, and property taxes payable. ~~Husbands and wives~~ Spouses who
173.10 were married for the entire year and were domiciled in the same household for the entire
173.11 year must file a joint claim. The maximum dollar amount allowable for a joint claim shall
173.12 not exceed the amount that one person could receive.

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

173.14 Sec. 18. Minnesota Statutes 2016, section 290A.09, is amended to read:

173.15 **290A.09 PROOF OF CLAIM.**

173.16 Every claimant shall supply to the commissioner of revenue, in support of the claim,
173.17 proof of eligibility under this chapter, including but not limited to amount of rent paid or
173.18 property taxes accrued, name and address of owner or managing agent of property rented,
173.19 changes in homestead, household membership, household income, size and nature of property
173.20 claimed as a homestead.

173.21 ~~Disabled~~ Persons with a disability filing claims shall submit proof of disability in the
173.22 form and manner as the commissioner may prescribe. The department may require
173.23 examination and certification by the claimant's physician or by a physician designated by
173.24 the commissioner. The cost of any examination shall be borne by the claimant, unless the
173.25 examination proves the disability, in which case the cost of the examination shall be borne
173.26 by the commissioner.

173.27 A determination of disability of a claimant by the Social Security Administration under
173.28 Title II or Title XVI of the Social Security Act shall constitute presumptive proof of disability.

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

174.1 Sec. 19. Minnesota Statutes 2016, section 297A.61, subdivision 18, is amended to read:

174.2 Subd. 18. **Disabled Person with a disability.** "~~Disabled~~ Person with a disability" means
174.3 an individual who has a permanent and total disability as defined in section 273.13,
174.4 subdivision 22.

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

174.6 Sec. 20. Minnesota Statutes 2017 Supplement, section 297A.67, subdivision 6, is amended
174.7 to read:

174.8 Subd. 6. **Other exempt meals.** (a) Prepared food, candy, and soft drinks purchased for
174.9 and served exclusively to individuals who are 60 years of age or over and their spouses or
174.10 ~~disabled~~ persons with a disability and their spouses by governmental agencies, nonprofit
174.11 organizations, or churches, or pursuant to any program funded in whole or in part through
174.12 United States Code, title 42, sections 3001 through 3045, wherever delivered, prepared, or
174.13 served, are exempt. Taxable food sold through vending machines is not exempt.

174.14 (b) Prepared food, candy, and soft drinks purchased for and served exclusively to children
174.15 who are less than 14 years of age or ~~disabled~~ children with a disability who are less than
174.16 16 years of age and who are attending a child care or early childhood education program,
174.17 are exempt if they are:

174.18 (1) purchased by a nonprofit child care facility that is exempt under section 297A.70,
174.19 subdivision 4, and that primarily serves families with income of 250 percent or less of
174.20 federal poverty guidelines; and

174.21 (2) prepared at the site of the child care facility.

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

174.23 Sec. 21. Minnesota Statutes 2016, section 297A.67, subdivision 12, is amended to read:

174.24 Subd. 12. **Parts and accessories used to make a motor vehicle ~~disabled~~ accessible**
174.25 **to a person with a disability.** Parts, accessories, and labor charges that are used solely to
174.26 modify a motor vehicle to make it ~~disabled~~ accessible to persons with a disability are exempt.

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

174.28 Sec. 22. Minnesota Statutes 2016, section 297A.70, subdivision 3, is amended to read:

174.29 Subd. 3. **Sales of certain goods and services to government.** (a) The following sales
174.30 to or use by the specified governments and political subdivisions of the state are exempt:

- 175.1 (1) repair and replacement parts for emergency rescue vehicles, fire trucks, and fire
175.2 apparatus to a political subdivision;
- 175.3 (2) machinery and equipment, except for motor vehicles, used directly for mixed
175.4 municipal solid waste management services at a solid waste disposal facility as defined in
175.5 section 115A.03, subdivision 10;
- 175.6 (3) chore and homemaking services to a political subdivision of the state to be provided
175.7 to elderly individuals or ~~disabled individuals~~ persons with a disability;
- 175.8 (4) telephone services to the Office of MN.IT Services that are used to provide
175.9 telecommunications services through the MN.IT services revolving fund;
- 175.10 (5) firefighter personal protective equipment as defined in paragraph (b), if purchased
175.11 or authorized by and for the use of an organized fire department, fire protection district, or
175.12 fire company regularly charged with the responsibility of providing fire protection to the
175.13 state or a political subdivision;
- 175.14 (6) bullet-resistant body armor that provides the wearer with ballistic and trauma
175.15 protection, if purchased by a law enforcement agency of the state or a political subdivision
175.16 of the state, or a licensed peace officer, as defined in section 626.84, subdivision 1;
- 175.17 (7) motor vehicles purchased or leased by political subdivisions of the state if the vehicles
175.18 are exempt from registration under section 168.012, subdivision 1, paragraph (b), exempt
175.19 from taxation under section 473.448, or exempt from the motor vehicle sales tax under
175.20 section 297B.03, clause (12);
- 175.21 (8) equipment designed to process, dewater, and recycle biosolids for wastewater
175.22 treatment facilities of political subdivisions, and materials incidental to installation of that
175.23 equipment;
- 175.24 (9) the removal of trees, bushes, or shrubs for the construction and maintenance of roads,
175.25 trails, or firebreaks when purchased by an agency of the state or a political subdivision of
175.26 the state;
- 175.27 (10) purchases by the Metropolitan Council or the Department of Transportation of
175.28 vehicles and repair parts to equip operations provided for in section 174.90, including, but
175.29 not limited to, the Northstar Corridor Rail project; and
- 175.30 (11) purchases of water used directly in providing public safety services by an organized
175.31 fire department, fire protection district, or fire company regularly charged with the
175.32 responsibility of providing fire protection to the state or a political subdivision.

(b) For purposes of this subdivision, "firefighters personal protective equipment" means helmets, including face shields, chin straps, and neck liners; bunker coats and pants, including pant suspenders; boots; gloves; head covers or hoods; wildfire jackets; protective coveralls; goggles; self-contained breathing apparatus; canister filter masks; personal alert safety systems; spanner belts; optical or thermal imaging search devices; and all safety equipment required by the Occupational Safety and Health Administration.

(c) For purchases of items listed in paragraph (a), clause (10), the tax must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied and then refunded in the manner provided in section 297A.75.

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

Sec. 23. Minnesota Statutes 2017 Supplement, section 297A.70, subdivision 4, is amended to read:

Subd. 4. Sales to nonprofit groups. (a) All sales, except those listed in paragraph (b), to the following "nonprofit organizations" are exempt:

(1) a corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes if the item purchased is used in the performance of charitable, religious, or educational functions;

(2) any senior citizen group or association of groups that:

(i) in general limits membership to persons who are either age 55 or older, or ~~physically disabled~~ persons with a physical disability;

(ii) is organized and operated exclusively for pleasure, recreation, and other nonprofit purposes, not including housing, no part of the net earnings of which inures to the benefit of any private shareholders; and

(iii) is an exempt organization under section 501(c) of the Internal Revenue Code; and

(3) an organization that qualifies for an exemption for memberships under subdivision 12 if the item is purchased and used in the performance of the organization's mission.

For purposes of this subdivision, charitable purpose includes the maintenance of a cemetery owned by a religious organization.

(b) This exemption does not apply to the following sales:

(1) building, construction, or reconstruction materials purchased by a contractor or a subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed

177.1 maximum price covering both labor and materials for use in the construction, alteration, or
177.2 repair of a building or facility;

177.3 (2) construction materials purchased by tax-exempt entities or their contractors to be
177.4 used in constructing buildings or facilities that will not be used principally by the tax-exempt
177.5 entities;

177.6 (3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause (2),
177.7 and prepared food, candy, soft drinks, and alcoholic beverages as defined in section 297A.67,
177.8 subdivision 2, except wine purchased by an established religious organization for sacramental
177.9 purposes or as allowed under subdivision 9a; and

177.10 (4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except as
177.11 provided in paragraph (c).

177.12 (c) This exemption applies to the leasing of a motor vehicle as defined in section 297B.01,
177.13 subdivision 11, only if the vehicle is:

177.14 (1) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a
177.15 passenger automobile, as defined in section 168.002, if the automobile is designed and used
177.16 for carrying more than nine persons including the driver; and

177.17 (2) intended to be used primarily to transport tangible personal property or individuals,
177.18 other than employees, to whom the organization provides service in performing its charitable,
177.19 religious, or educational purpose.

177.20 (d) A limited liability company also qualifies for exemption under this subdivision if
177.21 (1) it consists of a sole member that would qualify for the exemption, and (2) the items
177.22 purchased qualify for the exemption.

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

177.24 Sec. 24. Minnesota Statutes 2016, section 297A.70, subdivision 16, is amended to read:

177.25 Subd. 16. **Camp fees.** Fees to camps or other recreation facilities are exempt for:

177.26 (1) services primarily for children, adults accompanying children, or persons with
177.27 ~~disabilities~~ a disability; or

177.28 (2) educational or religious activities;

177.29 ~~and if~~ the camp or facilities are owned and operated by an exempt organization under section
177.30 501(c)(3) of the Internal Revenue Code.

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

178.1 Sec. 25. Minnesota Statutes 2016, section 297A.71, subdivision 22, is amended to read:

178.2 Subd. 22. **Materials used to make residential property ~~disabled~~ accessible to persons**
178.3 **with a disability**. Building materials and equipment sold to, or stored, used, or consumed
178.4 by, a nonprofit organization are exempt if:

178.5 (1) the materials and equipment are used or incorporated into modifying an existing
178.6 residential structure to make it ~~disabled~~ accessible to persons with a disability; and

178.7 (2) the materials and equipment used in the modification would qualify for an exemption
178.8 under either subdivision 11 or 12 if made by the current owner of the residence.

178.9 For purposes of this subdivision, "nonprofit organization" means any nonprofit
178.10 corporation, society, association, foundation, or institution organized and operated exclusively
178.11 for charitable, religious, educational, or civic purposes; or a veterans' group exempt from
178.12 federal taxation under section 501(c), clause (19), of the Internal Revenue Code.

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

178.14 Sec. 26. Minnesota Statutes 2017 Supplement, section 297A.75, subdivision 1, is amended
178.15 to read:

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

178.19 (1) building materials for an agricultural processing facility exempt under section
178.20 297A.71, subdivision 13;

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

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

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

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

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

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

179.1 (8) equipment and materials used for the generation, transmission, and distribution of
179.2 electrical energy and an aerial camera package exempt under section 297A.68, subdivision
179.3 37;

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

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

179.8 (11) materials, supplies, and equipment for construction, improvement, or expansion
179.9 of:

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

179.12 (ii) a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision
179.13 45;

179.14 (iii) a research and development facility exempt under Minnesota Statutes 2014, section
179.15 297A.71, subdivision 46; and

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

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

179.20 (13) materials, supplies, and equipment for qualifying capital projects under section
179.21 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);

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

179.24 (15) items and services purchased under a business subsidy agreement for use or
179.25 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision
179.26 44;

179.27 (16) building materials, equipment, and supplies for constructing or replacing real
179.28 property exempt under section 297A.71, subdivision 49; and

179.29 (17) building materials, equipment, and supplies for constructing or replacing real
179.30 property exempt under section 297A.71, subdivision 50, paragraph (b).

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

Sec. 27. Minnesota Statutes 2016, section 297B.01, subdivision 14, is amended to read:

Subd. 14. **Purchase price.** (a) "Purchase price" means the total consideration valued in money for a sale, whether paid in money or otherwise. The purchase price excludes the amount of a manufacturer's rebate paid or payable to the purchaser. If a motor vehicle is taken in trade as a credit or as part payment on a motor vehicle taxable under this chapter, the credit or trade-in value allowed by the person selling the motor vehicle shall be deducted from the total selling price to establish the purchase price of the vehicle being sold and the trade-in allowance allowed by the seller shall constitute the purchase price of the motor vehicle accepted as a trade-in. The purchase price in those instances where the motor vehicle is acquired by gift or by any other transfer for a nominal or no monetary consideration shall also include the average value of similar motor vehicles, established by standards and guides as determined by the motor vehicle registrar. The purchase price in those instances where a motor vehicle is manufactured by a person who registers it under the laws of this state shall mean the manufactured cost of such motor vehicle and manufactured cost shall mean the amount expended for materials, labor, and other properly allocable costs of manufacture, except that in the absence of actual expenditures for the manufacture of a part or all of the motor vehicle, manufactured costs shall mean the reasonable value of the completed motor vehicle.

(b) The term "purchase price" shall not include the portion of the value of a motor vehicle due solely to modifications necessary to make the motor vehicle ~~disability~~ accessible to persons with a disability.

(c) The term "purchase price" shall not include the transfer of a motor vehicle by way of gift between a ~~husband and wife~~ spouses or parent and child, or to a nonprofit organization as provided under subdivision 16, paragraph (c), clause (6), nor shall it include the transfer of a motor vehicle by a guardian to a ward when there is no monetary consideration and the title to such vehicle was registered in the name of the guardian, as guardian, only because the ward was a minor.

(d) The term "purchase price" shall not include the transfer of a motor vehicle as a gift between a foster parent and foster child. For purposes of this subdivision, a foster relationship exists, regardless of the age of the child, if (1) a foster parent's home is or was licensed as a foster family home under Minnesota Rules, parts 2960.3000 to 2960.3340, and (2) the county verifies that the child was a state ward or in permanent foster care.

181.1 (e) There shall not be included in "purchase price" the amount of any tax imposed by
181.2 the United States upon or with respect to retail sales whether imposed upon the retailer or
181.3 the consumer.

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

181.5 Sec. 28. Minnesota Statutes 2017 Supplement, section 297B.01, subdivision 16, is amended
181.6 to read:

181.7 Subd. 16. **Sale, sells, selling, purchase, purchased, or acquired.** (a) "Sale," "sells,"
181.8 "selling," "purchase," "purchased," or "acquired" means any transfer of title of any motor
181.9 vehicle, whether absolutely or conditionally, for a consideration in money or by exchange
181.10 or barter for any purpose other than resale in the regular course of business.

181.11 (b) Any motor vehicle utilized by the owner only by leasing such vehicle to others or
181.12 by holding it in an effort to so lease it, and which is put to no other use by the owner other
181.13 than resale after such lease or effort to lease, shall be considered property purchased for
181.14 resale.

181.15 (c) The terms also shall include any transfer of title or ownership of a motor vehicle by
181.16 other means, for or without consideration, except that these terms shall not include:

181.17 (1) the acquisition of a motor vehicle by inheritance from or by bequest of, or
181.18 transfer-on-death of title by, a decedent who owned it;

181.19 (2) the transfer of a motor vehicle which was previously licensed in the names of two
181.20 or more joint tenants and subsequently transferred without monetary consideration to one
181.21 or more of the joint tenants;

181.22 (3) the transfer of a motor vehicle by way of gift from a limited used vehicle dealer
181.23 licensed under section 168.27, subdivision 4a, to an individual, when the transfer is with
181.24 no monetary or other consideration or expectation of consideration and the parties to the
181.25 transfer submit an affidavit to that effect at the time the title transfer is recorded;

181.26 (4) the transfer of a motor vehicle by gift between:

181.27 (i) spouses;

181.28 (ii) parents and a child; or

181.29 (iii) grandparents and a grandchild;

181.30 (5) the voluntary or involuntary transfer of a motor vehicle between ~~a husband and wife~~
181.31 spouses in a divorce proceeding; or

(6) the transfer of a motor vehicle by way of a gift to an organization that is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code when the motor vehicle will be used exclusively for religious, charitable, or educational purposes.

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

Sec. 29. Laws 2017, First Special Session chapter 1, article 8, section 3, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective for (1) petitions and appeals filed after June 30, 2017, for which notices of entry of order are mailed before July 1, 2018, and (2) notices of entry of order mailed after June 30, 2018.

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

Delete the title and insert:

"A bill for an act

relating to taxation; making modifications to individual income, corporate franchise, property, sales and use, estate, mineral and tobacco taxes, and other tax provisions; providing for certain conformity and nonconformity to federal provisions; modifying the property tax refund; extending the small business investment credit; specifying the application of tobacco taxes to vapor products; modifying classification provisions; making minor policy, technical, and clarifying changes to individual income and corporate franchise taxes, sales and use taxes, tobacco taxes, property taxes, and other miscellaneous tax provisions; authorizing fire protection special taxing districts; providing exemptions from the state general levy; modifying watershed project levies; modifying disabled veteran market value exclusion; authorizing early termination from metropolitan agricultural preserve program; requiring study; increasing the estate tax exclusion amount; providing for adjustment of certain tax rates; clarifying application of tax to captive insurance companies; modifying the stillbirth credit; modifying certain local lodging tax authority; establishing certain sales tax exemptions; prohibiting imposition of certain excise taxes or fees; modifying certain MNsure funding and authority provisions; modifying certain estate property ownership requirements; amending Minnesota Statutes 2016, sections 16A.152, by adding a subdivision; 62V.05, subdivisions 2, 5, 10; 62V.08; 103D.905, subdivision 9; 103E.611, subdivision 2; 116J.8737, subdivisions 5, 12; 138.053; 162.145, subdivision 3; 197.603, subdivision 2; 270.41, subdivision 3; 270B.08, subdivision 2; 270C.85, subdivision 2; 270C.89, subdivision 2; 270C.91; 272.02, subdivisions 27, 81, by adding a subdivision; 273.032; 273.061, subdivision 9; 273.113, subdivision 3; 273.119, subdivision 2; 273.1231, subdivision 3; 273.124, subdivision 3a; 273.1245, subdivision 2; 273.136, subdivision 2; 273.1384, subdivision 3; 273.18; 274.14; 274.16; 275.066; 287.21, subdivision 1; 289A.08, subdivisions 1, 6, 7; 289A.25, subdivision 1; 289A.31, subdivision 2; 289A.37, subdivision 6; 289A.38, subdivisions 7, 10; 289A.42; 289A.60, subdivision 24; 290.01, subdivisions 22, 29a, by adding subdivisions; 290.0131, subdivisions 1, 3, 12, 13, by adding a subdivision; 290.0132, subdivisions 1, 7, 20, by adding subdivisions; 290.0134, by adding a subdivision; 290.06, subdivisions 2c, 2d; 290.067, subdivision 2a; 290.0671, subdivision 7; 290.0672, subdivision 2; 290.0681, subdivisions 3, 4; 290.0685, subdivision 1; 290.0802, subdivisions 2, 3; 290.091, subdivision 3; 290.0921, subdivision 3; 290.0922, subdivision 1; 290.095, subdivision 4; 290.21, subdivision 4; 290.92, subdivisions 1, 28; 290A.03, subdivisions 4, 12, 13; 290A.05;

183.1 290A.08; 290A.09; 290B.09, subdivision 1; 291.03, subdivisions 8, 10; 297A.61,
183.2 subdivisions 3, 18; 297A.67, subdivision 12; 297A.68, subdivisions 17, 25, 44;
183.3 297A.70, subdivisions 3, 16; 297A.71, subdivisions 22, 45, by adding a subdivision;
183.4 297A.77, by adding a subdivision; 297A.84; 297A.85; 297B.01, subdivision 14;
183.5 297B.03; 297F.01, subdivisions 19, 23, by adding a subdivision; 297F.17,
183.6 subdivision 6; 297G.16, subdivision 7; 298.28, subdivision 9a; 469.177, subdivision
183.7 1; 469.316, subdivision 1; 469.319, subdivision 4; 471.831, subdivision 1; 473H.08,
183.8 subdivisions 1, 4, by adding a subdivision; 474A.02, subdivision 22b; 475.521,
183.9 subdivision 1; 477A.016; Minnesota Statutes 2017 Supplement, sections 270A.03,
183.10 subdivision 5; 270C.445, subdivision 6; 270C.89, subdivision 1; 272.115,
183.11 subdivision 1; 273.0755; 273.13, subdivisions 22, 25, 34; 273.1384, subdivision
183.12 2; 273.1387, subdivision 3; 275.025, subdivisions 1, 2; 289A.02, subdivision 7;
183.13 289A.10, subdivision 1; 289A.12, subdivision 14; 289A.31, subdivision 1; 289A.35;
183.14 289A.37, subdivision 2; 290.01, subdivisions 4a, 19, 31; 290.0131, subdivision
183.15 10; 290.0132, subdivisions 21, 26; 290.0133, subdivision 12; 290.0137; 290.05,
183.16 subdivision 1; 290.067, subdivisions 1, 2b; 290.0671, subdivision 1; 290.0672,
183.17 subdivision 1; 290.0681, subdivisions 1, 2; 290.0684, subdivision 2; 290.091,
183.18 subdivision 2; 290.17, subdivisions 2, 4; 290.31, subdivision 1; 290A.03,
183.19 subdivisions 3, 8, 15; 291.005, subdivision 1; 291.016, subdivision 3; 291.03,
183.20 subdivisions 1, 9, 11; 297A.67, subdivision 6; 297A.70, subdivision 4; 297A.75,
183.21 subdivision 1; 297B.01, subdivision 16; 298.17; 298.227; 462D.03, subdivision
183.22 2; 462D.06, subdivisions 1, 2; Laws 1986, chapter 396, section 5, as amended;
183.23 Laws 2008, chapter 366, article 5, section 33, as amended; Laws 2015, chapter
183.24 71, article 12, section 8; Laws 2017, First Special Session chapter 1, article 4,
183.25 section 31; article 8, section 3; article 10, section 4; proposing coding for new law
183.26 in Minnesota Statutes, chapters 289A; 290; proposing coding for new law as
183.27 Minnesota Statutes, chapter 299O; repealing Minnesota Statutes 2016, sections
183.28 275.29; 289A.10, subdivision 1a; 289A.12, subdivision 18; 289A.18, subdivision
183.29 3a; 289A.20, subdivision 3a; 289A.38, subdivisions 7, 8, 9; 290.0131, subdivisions
183.30 7, 11; 290.0133, subdivisions 13, 14; 290.10, subdivision 2; 291.03, subdivisions
183.31 8, 10; Minnesota Statutes 2017 Supplement, section 291.03, subdivisions 9, 11."