

1.1 Senator moves to amend S.F. No. 2374 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 **"ARTICLE 1**

1.4 **INCOME AND CORPORATE FRANCHISE TAXES**

1.5 Section 1. Minnesota Statutes 2024, section 10A.02, subdivision 11b, is amended to read:

1.6 Subd. 11b. **Data privacy related to electronic reporting system.** (a) The board may
1.7 develop and maintain systems to enable treasurers to enter and store electronic records
1.8 online for the purpose of complying with this chapter. Data entered into such systems by
1.9 treasurers or their authorized agents is not government data under chapter 13 and may not
1.10 be accessed or used by the board for any purpose without the treasurer's written consent.
1.11 Data from such systems that has been submitted to the board as a filed report is government
1.12 data under chapter 13.

1.13 (b) For purposes of administering the refund under section 290.06, subdivision 23, the
1.14 board may access or use the following data entered and stored in an electronic reporting
1.15 system and share the data with the commissioner of revenue: (1) the amount of the
1.16 contribution; (2) the name and address of the contributor; (3) any unique identifier for the
1.17 contribution; (4) the name and campaign identification number of the party or candidate
1.18 that received the contribution; and (5) the date on which the contribution was received. Data
1.19 accessed, used, or maintained by the board under this paragraph are classified as nonpublic
1.20 data, as defined in section 13.02, subdivision 9, and private data on individuals, as defined
1.21 in section 13.02, subdivision 12.

1.22 **EFFECTIVE DATE.** This section is effective January 1, 2027.

1.23 Sec. 2. Minnesota Statutes 2024, section 10A.322, subdivision 4, is amended to read:

1.24 Subd. 4. **Refund ~~receipt forms~~ receipts; penalty.** (a) The board must make available
1.25 to a political party on request and to any candidate for whom an agreement under this section
1.26 is effective, ~~a supply of official refund receipt forms~~ receipts in an electronic format that
1.27 state in boldface type that:

1.28 (1) a contributor who is given a receipt ~~form~~ is eligible to claim a refund as provided in
1.29 section 290.06, subdivision 23; and

1.30 (2) if the contribution is to a candidate, that the candidate has signed an agreement to
1.31 limit campaign expenditures as provided in this section.

~~The forms must provide duplicate copies of the receipt to be attached to the contributor's claim.~~ An official refund receipt must only be issued for a contribution of \$10 or more.
Each receipt must be in an electronic format and include a unique receipt validation number that allows the commissioner of revenue to verify the information on the receipt with the Campaign Finance Board. A political party or candidate may provide a printed copy of the electronic receipt to the contributor.

(b) Once each business day, the board must provide the commissioner of revenue a receipt validation report. For each contribution reported to the board since the previous report, the report must include:

(1) the date and amount of the contribution;

(2) the name and address of the contributor;

(3) the name and campaign identification number of the party or candidate that received the contribution; and

(4) the receipt validation number assigned to the contribution.

~~(b) (c)~~ The willful issuance of an official refund receipt ~~form or a facsimile of one~~ to any of the candidate's contributors by a candidate or treasurer of a candidate who did not sign an agreement under this section is subject to a civil penalty of up to \$3,000 imposed by the board.

~~(e) (d)~~ The willful issuance of an official refund receipt ~~form or a facsimile~~ to an individual not eligible to claim a refund under section 290.06, subdivision 23, is subject to a civil penalty of up to \$3,000 imposed by the board.

~~(d) (e)~~ A violation of paragraph ~~(b) (c)~~ or ~~(e) (d)~~ is a misdemeanor.

(f) A receipt validation report and a receipt validation number prepared pursuant to this section are classified as nonpublic data, as defined in section 13.02, subdivision 9, and private data on individuals, as defined in section 13.02, subdivision 12.

EFFECTIVE DATE. This section is effective for contributions made after December 31, 2026.

Sec. 3. Minnesota Statutes 2024, section 41B.0391, subdivision 1, is amended to read:

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

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

(c) "Beginning farmer" means an individual ~~who~~, a limited liability company owned by one individual, or a limited liability company owned by up to two individuals who are spouses or family members. Each individual must:

(1) ~~is~~ be a resident of Minnesota;

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

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

(4) except as provided in subdivision 2, paragraph (f), ~~is not and whose spouse is not~~ not be, nor may their spouse be, a family member of the owner of the agricultural assets from whom the beginning farmer is seeking to purchase or rent agricultural assets;

(5) except as provided in subdivision 2, paragraph (f), ~~is not and whose spouse is not~~ not be, nor may their spouse be, a family member of a partner, member, shareholder, or trustee of the owner of agricultural assets from whom the beginning farmer is seeking to purchase or rent agricultural assets; and

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

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

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

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

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

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

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

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

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

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

~~(d) "Emerging farmer" means an emerging farmer within the meaning of section 17.055, subdivision 1.~~

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

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

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

(g) "Limited land access farmer" means a farmer experiencing limited land access as defined in section 17.133, subdivision 1.

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

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

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

5.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
5.2 31, 2024.

5.3 Sec. 4. Minnesota Statutes 2024, section 41B.0391, subdivision 2, is amended to read:

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

5.8 (1) eight percent of the lesser of the sale price or the fair market value of the agricultural
5.9 asset, up to a maximum of \$50,000;

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

5.12 (3) 15 percent of the cash equivalent of the gross rental income in each of the first,
5.13 second, and third years of a share rent agreement, up to a maximum of \$10,000 per year.

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

5.17 (c) The credit may be claimed only after approval and certification by the authority, ~~and~~
5.18 ~~is limited to the amount stated on the certificate issued under subdivision 4.~~ An owner of
5.19 agricultural assets must apply to the authority for certification ~~and allocation~~ of a credit, in
5.20 a form and manner prescribed by the authority. Applications for credits allowed under
5.21 paragraph (a), clause (1), are due by November 1, 2025, and each year thereafter.
5.22 Applications for credits allowed under paragraph (a), clauses (2) and (3), are due by July
5.23 1, 2025, and each year thereafter.

5.24 (d) An owner of agricultural assets or beginning farmer may terminate a rental agreement,
5.25 including a share rent agreement, for reasonable cause upon approval of the authority. If a
5.26 rental agreement is terminated without the fault of the owner of agricultural assets, the tax
5.27 credits shall not be retroactively disallowed. In determining reasonable cause, the authority
5.28 must look at which party was at fault in the termination of the agreement. If the authority
5.29 determines the owner of agricultural assets did not have reasonable cause, the owner of
5.30 agricultural assets must repay all credits received as a result of the rental agreement to the
5.31 commissioner of revenue. The repayment is additional income tax for the taxable year in
5.32 which the authority makes its decision or when a final adjudication under subdivision 5,
5.33 paragraph (a), is made, whichever is later.

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

(f) For purposes of the credit for the sale of agricultural land only, the family member definitional exclusions in subdivision 1, paragraph (c), clauses (4) and (5), do not apply. For a sale to a family member to qualify for the credit, the sales price of the agricultural land must equal or exceed the assessed value of the land as of the date of the sale. For purposes of this paragraph, "sale to a family member" means a sale to a beginning farmer in which the beginning farmer or the beginning farmer's spouse is a family member of:

(1) the owner of the agricultural land; or

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

(g) For a sale to an ~~emerging~~ limited land access farmer, the credit rate under paragraph (a), clause (1), is twelve percent rather than eight percent.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

Sec. 5. Minnesota Statutes 2024, section 41B.0391, subdivision 4, is amended to read:

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

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

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

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

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

(5) notwithstanding section 41B.211, the Rural Finance Authority must share information with the commissioner of revenue to the extent necessary to administer provisions under this subdivision and section 290.06, subdivisions 37 and 38. The Rural Finance Authority must annually notify the commissioner of revenue of approval and certification or recertification of beginning farmers and owners of agricultural assets under this section.

~~For credits under subdivision 2, the notification must include the amount of credit approved by the authority and stated on the credit certificate.~~

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

~~(c) For credits for owners of agricultural assets allowed under subdivision 2, the authority must not allocate more than \$6,500,000 for taxable years beginning after December 31, 2022, and before January 1, 2024, and \$4,000,000 for taxable years beginning after December 31, 2023. The authority must allocate credits on a first-come, first-served basis beginning on January 1 of each year, except that recertifications for the second and third years of credits under subdivision 2, paragraph (a), clauses (1) and (2), have first priority. Any amount authorized but not allocated for taxable years ending before January 1, 2023, is canceled and is not allocated for future taxable years. For taxable years beginning after December 31, 2022, any amount authorized but not allocated in any taxable year does not cancel and is added to the allocation for the next taxable year. For each taxable year, 50 percent of newly allocated credits must be allocated to emerging farmers. Any portion of a taxable year's newly allocated credits that is reserved for emerging farmers that is not allocated by September 30 of the taxable year is available for allocation to other credit allocations beginning on October 1.~~

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

Sec. 6. Minnesota Statutes 2024, section 41B.0391, subdivision 6, is amended to read:

Subd. 6. **Report to legislature.** (a) No later than February 1, ~~2024~~ each year, the Rural Finance Authority, in consultation with the commissioner of revenue, must provide a report to the chairs and ranking minority members of the legislative committees having jurisdiction over agriculture, economic development, rural development, and taxes, in compliance with sections 3.195 and 3.197, on the beginning farmer tax credits under this section ~~issued in tax years beginning after December 31, 2017, and before January 1, 2024.~~

(b) The report must include background information on beginning farmers in Minnesota and any other information the commissioner and authority find relevant to evaluating the effect of the credits on increasing opportunities for and the number of beginning farmers.

8.1 (c) For credits issued under subdivision 2, paragraph (a), clauses (1) to (3), the report
8.2 must include:

8.3 (1) the number and amount of credits issued under each clause;

8.4 (2) the geographic distribution of credits issued under each clause;

8.5 (3) the type of agricultural assets for which credits were issued under clause (1);

8.6 (4) the number and geographic distribution of beginning farmers whose purchase or
8.7 rental of assets resulted in credits for the seller or owner of the asset;

8.8 (5) the number and amount of credits disallowed under subdivision 2, paragraph (d);
8.9 and

8.10 (6) data on the number of beginning farmers by geographic region ~~in calendar years~~
8.11 ~~2017 through 2023~~, including:

8.12 (i) the number of beginning farmers by race and ethnicity, as those terms are applied in
8.13 the 2020 United States Census; and

8.14 (ii) to the extent available, the number of beginning farmers who are ~~emerging~~ limited
8.15 land access farmers; ~~and~~.

8.16 ~~(7) the number and amount of credit applications that exceeded the allocation available~~
8.17 ~~in each year.~~

8.18 (d) For credits issued under subdivision 3, the report must include:

8.19 (1) the number and amount of credits issued;

8.20 (2) the geographic distribution of credits;

8.21 (3) a listing and description of each approved financial management program for which
8.22 credits were issued; and

8.23 (4) a description of the approval procedure for financial management programs not on
8.24 the list maintained by the authority, as provided in subdivision 3, paragraph (a).

8.25 **EFFECTIVE DATE.** This section is effective for reports due for credits issued for
8.26 taxable years beginning after December 31, 2025. The changes to paragraph (c), clause (6),
8.27 item (ii), are effective for reports due for credits issued for taxable years beginning after
8.28 December 31, 2026.

9.1 Sec. 7. Minnesota Statutes 2024, section 116U.27, subdivision 4, is amended to read:

9.2 Subd. 4. **Applications; allocations.** (a) To qualify for a credit under this section, a
9.3 taxpayer must submit to the director an application for a credit in the form prescribed by
9.4 the director, in consultation with the commissioner of revenue.

9.5 (b) Upon approving an application for a credit that meets the requirements of this section,
9.6 the director shall issue allocation certificates that:

9.7 (1) verify eligibility for the credit;

9.8 (2) state the amount of credit anticipated for the eligible project, with the credit amount
9.9 up to 25 percent of eligible project costs; and

9.10 (3) state the taxable year in which the credit is allocated.

9.11 (c) The director must not issue allocation certificates for more than ~~\$24,950,000~~
9.12 \$1,000,000 of credits each year. Any amount authorized but not allocated for taxable years
9.13 ending before January 1, 2025, is cancelled and is not allocated for future taxable years.
9.14 For taxable years beginning after December 31, 2024, if the entire amount is not allocated
9.15 in that taxable year, any remaining amount is available for allocation for the four following
9.16 taxable years until the entire allocation has been made. The director must not award any
9.17 credits for taxable years beginning after December 31, 2030, and any unallocated amounts
9.18 cancel on that date.

9.19 (d) The director must allocate credits on a first-come, first-served basis.

9.20 (e) Upon completion of a project, the taxpayer shall submit to the director a report
9.21 prepared by an independent certified public accountant licensed in the state of Minnesota
9.22 to verify the amount of eligible production costs related to the project. The report must be
9.23 prepared in accordance with generally accepted accounting principles. Upon receipt and
9.24 approval of the cost verification report and other documents required by the director, the
9.25 director shall determine the final amount of eligible production costs and issue a credit
9.26 certificate to the taxpayer. The credit may not exceed the anticipated credit amount on the
9.27 allocation certificate. If the credit is less than the anticipated amount on the allocation credit,
9.28 the difference is returned to the amount available for allocation under paragraph (c). To
9.29 claim the credit under section 290.06, subdivision 39, or 297I.20, subdivision 4, a taxpayer
9.30 must include a copy of the credit certificate as part of the taxpayer's return.

9.31 **EFFECTIVE DATE.** This section is effective for allocation certificates issued the day
9.32 following final enactment and thereafter for taxable years beginning after December 31,
9.33 2024.

10.1 Sec. 8. Minnesota Statutes 2024, section 270C.445, subdivision 3, is amended to read:

10.2 Subd. 3. **Standards of conduct.** No tax preparer shall:

10.3 (1) without good cause fail to promptly, diligently, and without unreasonable delay
10.4 complete a client's return;

10.5 (2) obtain the signature of a client to a return or authorizing document that contains
10.6 blank spaces to be filled in after it has been signed;

10.7 (3) fail to sign a client's return when compensation for services rendered has been made;

10.8 (4) fail to provide on a client's return the preparer tax identification number when required
10.9 under section 6109(a)(4) of the Internal Revenue Code or section 289A.60, subdivision 28;

10.10 (5) fail or refuse to give a client a copy of any document requiring the client's signature
10.11 within a reasonable time after the client signs the document;

10.12 (6) fail to retain for at least four years a copy of a client's returns;

10.13 (7) fail to maintain a confidential relationship with clients or former clients;

10.14 (8) fail to take commercially reasonable measures to safeguard a client's nonpublic
10.15 personal information;

10.16 (9) make, authorize, publish, disseminate, circulate, or cause to make, either directly or
10.17 indirectly, any false, deceptive, or misleading statement or representation relating to or in
10.18 connection with the offering or provision of tax preparation services;

10.19 (10) require a client to enter into a loan arrangement in order to complete a client's return;

10.20 (11) claim credits or deductions on a client's return for which the tax preparer knows or
10.21 reasonably should know the client does not qualify;

10.22 (12) report a household income on a client's claim filed under chapter 290A that the tax
10.23 preparer knows or reasonably should know is not accurate;

10.24 (13) engage in any conduct that is subject to a penalty under section 289A.60, subdivision
10.25 13, 20, 20a, 26, or 28;

10.26 (14) whether or not acting as a taxpayer representative, fail to conform to the standards
10.27 of conduct required by Minnesota Rules, part 8052.0300, subpart 4;

10.28 (15) whether or not acting as a taxpayer representative, engage in any conduct that is
10.29 incompetent conduct under Minnesota Rules, part 8052.0300, subpart 5;

- 11.1 (16) whether or not acting as a taxpayer representative, engage in any conduct that is
11.2 disreputable conduct under Minnesota Rules, part 8052.0300, subpart 6;
- 11.3 (17) charge, offer to accept, or accept a fee based upon a percentage of an anticipated
11.4 refund for tax preparation services;
- 11.5 (18) under any circumstances, withhold or fail to return to a client a document provided
11.6 by the client for use in preparing the client's return;
- 11.7 (19) take control or ownership of a client's refund by any means, including:
- 11.8 (i) directly or indirectly endorsing or otherwise negotiating a check or other refund
11.9 instrument, including an electronic version of a check;
- 11.10 (ii) directing an electronic or direct deposit of the refund into an account unless the
11.11 client's name is on the account; and
- 11.12 (iii) establishing or using an account in the preparer's name to receive a client's refund
11.13 through a direct deposit or any other instrument unless the client's name is also on the
11.14 account, ~~except that a taxpayer may assign the portion of a refund representing the Minnesota~~
11.15 ~~education credit available under section 290.0674 to a bank account without the client's~~
11.16 ~~name, as provided under section 290.0679;~~
- 11.17 (20) fail to act in the best interests of the client;
- 11.18 (21) fail to safeguard and account for any money handled for the client;
- 11.19 (22) fail to disclose all material facts of which the preparer has knowledge which might
11.20 reasonably affect the client's rights and interests;
- 11.21 (23) violate any provision of section 332.37;
- 11.22 (24) include any of the following in any document provided or signed in connection
11.23 with the provision of tax preparation services:
- 11.24 (i) a hold harmless clause;
- 11.25 (ii) a confession of judgment or a power of attorney to confess judgment against the
11.26 client or appear as the client in any judicial proceeding;
- 11.27 (iii) a waiver of the right to a jury trial, if applicable, in any action brought by or against
11.28 a debtor;
- 11.29 (iv) an assignment of or an order for payment of wages or other compensation for
11.30 services;

12.1 (v) a provision in which the client agrees not to assert any claim or defense otherwise
12.2 available;

12.3 (vi) a waiver of any provision of this section or a release of any obligation required to
12.4 be performed on the part of the tax preparer; or

12.5 (vii) a waiver of the right to injunctive, declaratory, or other equitable relief or relief on
12.6 a class basis; or

12.7 (25) if making, providing, or facilitating a refund anticipation loan, fail to provide all
12.8 disclosures required by the federal Truth in Lending Act, United States Code, title 15, in a
12.9 form that may be retained by the client.

12.10 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
12.11 31, 2025.

12.12 Sec. 9. Minnesota Statutes 2024, section 289A.08, subdivision 7a, is amended to read:

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

12.15 (1) "income" has the meaning given in section 290.01, subdivision 19, paragraph (i).
12.16 The income of a resident qualifying owner of a qualifying entity that is a partnership or
12.17 limited liability company taxed as a partnership under the Internal Revenue Code is not
12.18 subject to allocation outside this state as provided for resident individuals under section
12.19 290.17, subdivision 1, paragraph (a). The income of a nonresident qualifying owner of a
12.20 qualifying entity and the income of a resident qualifying owner of a qualifying entity that
12.21 is an S corporation, including a qualified subchapter S subsidiary organized under section
12.22 1361(b)(3)(B) of the Internal Revenue Code, are allocated and assigned to this state as
12.23 provided for nonresident partners and shareholders under sections 290.17, 290.191, and
12.24 290.20;

12.25 (2) "qualifying entity" means a partnership, limited liability company taxed as a
12.26 partnership or S corporation, or S corporation including a qualified subchapter S subsidiary
12.27 organized under section 1361(b)(3)(B) of the Internal Revenue Code that has at least one
12.28 qualifying owner. Qualifying entity does not include a publicly traded partnership, as defined
12.29 in section 7704 of the Internal Revenue Code; and

12.30 (3) "qualifying owner" means:

12.31 (i) a resident or nonresident individual or estate that is a partner, member, or shareholder
12.32 of a qualifying entity;

13.1 (ii) a resident or nonresident trust that is a shareholder of a qualifying entity that is an
13.2 S corporation; or

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

13.4 (b) For taxable years beginning after December 31, 2020, a qualifying entity may elect
13.5 to file a return and pay the pass-through entity tax imposed under paragraph (c). The election:

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

13.8 (2) must exclude partners, members, shareholders, or owners who are not qualifying
13.9 owners;

13.10 (3) may only be made by qualifying owners who collectively hold more than 50 percent
13.11 of the ownership interests in the qualifying entity held by qualifying owners;

13.12 (4) is binding on all qualifying owners who have an ownership interest in the qualifying
13.13 entity; and

13.14 (5) once made is irrevocable for the taxable year.

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

13.17 (d) The amount of a qualifying owner's tax liability under paragraph (c) is the amount
13.18 of the qualifying owner's income multiplied by the highest tax rate for individuals under
13.19 section 290.06, subdivision 2c. The computation of a qualifying owner's net investment
13.20 income tax liability must be computed under section 290.033. When making this
13.21 determination:

13.22 (1) nonbusiness deductions, standard deductions, or personal exemptions are not allowed;
13.23 and

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

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

13.28 (f) This subdivision does not negate the requirement that a qualifying owner pay estimated
13.29 tax if the qualifying owner's tax liability would exceed the requirements set forth in section
13.30 289A.25. The qualifying owner's liability to pay estimated tax on the qualifying owner's
13.31 tax liability as determined under paragraph (d) is, however, satisfied when the qualifying

14.1 entity pays estimated tax in the manner prescribed in section 289A.25 for composite estimated
14.2 tax.

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

14.6 (h) To the extent not inconsistent with this subdivision, for purposes of this chapter, a
14.7 pass-through entity tax return must be treated as a composite return and a qualifying entity
14.8 filing a pass-through entity tax return must be treated as a partnership filing a composite
14.9 return.

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

14.12 (j) If a nonresident qualifying owner of a qualifying entity making the election to file
14.13 and pay the tax under this subdivision has no other Minnesota source income, filing of the
14.14 pass-through entity tax return is a return for purposes of subdivision 1, provided that the
14.15 nonresident qualifying owner must not have any Minnesota source income other than the
14.16 income from the qualifying entity, other electing qualifying entities, and other partnerships
14.17 electing to file a composite return under subdivision 7. If it is determined that the nonresident
14.18 qualifying owner has other Minnesota source income, the inclusion of the income and tax
14.19 liability for that owner under this provision will not constitute a return to satisfy the
14.20 requirements of subdivision 1. The tax paid for the qualifying owner as part of the
14.21 pass-through entity tax return is allowed as a payment of the tax by the qualifying owner
14.22 on the date on which the pass-through entity tax return payment was made.

14.23 (k) Once a credit is claimed by a qualifying owner under section 290.06, subdivision
14.24 40, a qualifying entity cannot receive a refund for tax paid under this subdivision for any
14.25 amounts claimed under that section by the qualifying owners. Once a credit is claimed under
14.26 section 290.06, subdivision 40, any refund must be claimed in conjunction with a return
14.27 filed by the qualifying owner.

14.28 (l) This subdivision expires ~~at the same time and on the same terms as section~~
14.29 ~~164(b)(6)(B) of the Internal Revenue Code~~ for taxable years beginning after December 31,
14.30 2027, except that the expiration of this subdivision does not affect the commissioner's
14.31 authority to audit or power of examination and assessments for credits claimed under this
14.32 section.

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

15.1 Sec. 10. Minnesota Statutes 2024, section 290.0132, subdivision 11, is amended to read:

15.2 Subd. 11. **National Guard and reserve compensation.** (a) Compensation paid to
15.3 members of the Minnesota National Guard, the National Guard of a neighboring state, or
15.4 other reserve components of the United States military for active service, including
15.5 compensation for services performed under the Active Guard Reserve (AGR) program, is
15.6 a subtraction.

15.7 (b) For purposes of this subdivision, ~~"active service" means~~ the following terms have
15.8 the meanings given:

15.9 (1) ~~state active service as defined in section 190.05, subdivision 5a, clause (1)~~ "active
15.10 service" means:

15.11 (i) service or duty on behalf of the state or neighboring states in case of actual or
15.12 threatened public disaster, war, riot, tumult, breach of the peace, resistance of process, or
15.13 whenever called upon in aid of state civil authority;

15.14 (ii) service or duty under United States Code, title 32, as amended through December
15.15 31, 1983, and travel to or from that service or duty; or

15.16 (iii) service performed under section 190.08, subdivision 3; and

15.17 (2) ~~federally funded state active service as defined in section 190.05, subdivision 5b,~~
15.18 ~~and includes service performed under section 190.08, subdivision 3~~ "neighboring state"
15.19 means North Dakota, South Dakota, Iowa, or Wisconsin.

15.20 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
15.21 31, 2024.

15.22 Sec. 11. Minnesota Statutes 2024, section 290.0132, is amended by adding a subdivision
15.23 to read:

15.24 Subd. 36. **Discharges of indebtedness; coerced debt.** The amount of discharge of
15.25 indebtedness awarded to an individual claimant under section 332.74, subdivision 3, is a
15.26 subtraction.

15.27 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
15.28 31, 2024.

16.1 Sec. 12. Minnesota Statutes 2024, section 290.0132, is amended by adding a subdivision
16.2 to read:

16.3 Subd. 37. **Consumer enforcement public compensation payments.** The amount of
16.4 consumer enforcement public compensation received as a distribution to an eligible consumer
16.5 under section 8.37, subdivision 5, is a subtraction.

16.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
16.7 31, 2024.

16.8 Sec. 13. Minnesota Statutes 2024, section 290.0132, is amended by adding a subdivision
16.9 to read:

16.10 Subd. 38. **Student loan education assistance paid by critical access dental clinics.** (a)
16.11 The amount of student loan educational assistance payments that is received from a critical
16.12 access dental clinic is a subtraction.

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

16.14 (c) "Critical access dental clinic" means a dentist or dental clinic that is designated as a
16.15 critical access dental provider under section 256B.76, subdivision 4.

16.16 (d) "Student loan educational assistance payments" means payments by an employer on
16.17 the education loan of an employee that are included in the definition of educational assistance
16.18 under section 127(c)(1)(B) of the Internal Revenue Code, disregarding the expiration of
16.19 that clause. Student loan educational assistance payments are limited to amounts in excess
16.20 of the limit in section 127(a)(2) of the Internal Revenue Code.

16.21 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
16.22 31, 2025.

16.23 Sec. 14. Minnesota Statutes 2024, section 290.0132, is amended by adding a subdivision
16.24 to read:

16.25 Subd. 39. **Foreign service pension; retirement pay.** (a) Compensation received from
16.26 a pension or other retirement pay from the federal government for service in the foreign
16.27 service and established under United States Code, title 22, sections 4041 to 4069 and 4071,
16.28 is a subtraction.

16.29 (b) The subtraction equals the product of:

16.30 (1) the amount of compensation received under paragraph (a); and

(2) the number of years of foreign service divided by the total number of years of civil service for which the taxpayer receives pension income.

(c) Any amount used to claim the subtraction in this subdivision must not be used to claim the subtraction in subdivision 34.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

Sec. 15. Minnesota Statutes 2024, section 290.033, is amended to read:

290.033 NET INVESTMENT INCOME TAX.

(a) For purposes of this section, "net investment income" has the meaning given in section 1411(c) of the Internal Revenue Code, excluding the net gain attributable to the disposition of property classified as class 2a under section 273.13, subdivision 23.

(b) In addition to the tax computed under section 290.06, subdivision 2c, a tax is imposed on the net investment income of individuals, estates, and trusts in excess of \$1,000,000 at a rate of ~~one~~ 1.5 percent.

(c) For an individual who is not a Minnesota resident for the entire taxable year, the tax under this subdivision must be calculated as if the individual is a Minnesota resident for the entire year, and that amount must be multiplied by a fraction in which:

(1) the numerator is net investment income allocable under section 290.17 to Minnesota; and

(2) the denominator is the total amount of net investment income for the taxable year.

(d) For an estate or trust, the tax on net investment income must be computed by multiplying the net investment income tax liability by a fraction, the numerator of which is the amount of the estate or trust's net investment income allocated to the state pursuant to the provisions of sections 290.17, 290.191, and 290.20, and the denominator of which is the taxpayer's total net investment income.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

Sec. 16. Minnesota Statutes 2024, section 290.06, subdivision 23, is amended to read:

Subd. 23. **Refund of contributions to political parties and candidates.** (a) A taxpayer may claim a refund equal to the amount of the taxpayer's contributions made in the calendar year to candidates and to a political party. The maximum total refund per calendar year for

18.1 an individual must not exceed \$75 and for a married couple, filing jointly, must not exceed
18.2 \$150. The commissioner must not issue a refund, whether in one payment or in aggregate,
18.3 to a taxpayer that exceeds the maximum refund amounts specified in this subdivision. A
18.4 refund of a contribution is allowed only if the taxpayer files:

18.5 (1) a form required by the commissioner and attaches to the form a copy of an official
18.6 refund receipt form issued by the candidate or party and signed by the candidate, the treasurer
18.7 of the candidate's principal campaign committee, or the chair or treasurer of the party unit,
18.8 after the contribution was received. The receipt forms must be numbered, and the data on
18.9 the receipt that are not public must be made available to the campaign finance and public
18.10 disclosure board upon its request.; or

18.11 (2) a claim using the electronic filing system authorized in paragraph (i).

18.12 The form or claim must include one or more unique receipt validation numbers from receipts
18.13 issued pursuant to section 10A.322, subdivision 4.

18.14 (b) A claim must be filed with the commissioner no sooner than January 1 of the calendar
18.15 year in which the contribution was made and no later than April 15 of the calendar year
18.16 following the calendar year in which the contribution was made. A taxpayer may file only
18.17 one claim per calendar year. A claim must be for a minimum of \$10. Amounts paid by the
18.18 commissioner after June 15 of the calendar year following the calendar year in which the
18.19 contribution was made must include interest at the rate specified in section 270C.405.

18.20 ~~(b)~~ (c) No refund is allowed under this subdivision for a contribution to a candidate
18.21 unless the candidate:

18.22 (1) has signed an agreement to limit campaign expenditures as provided in section
18.23 10A.322;

18.24 (2) is seeking an office for which voluntary spending limits are specified in section
18.25 10A.25; and

18.26 (3) has designated a principal campaign committee.

18.27 This subdivision does not limit the campaign expenditures of a candidate who does not
18.28 sign an agreement but accepts a contribution for which the contributor improperly claims
18.29 a refund.

18.30 ~~(e)~~ (d) For purposes of this subdivision, "political party" means a major political party
18.31 as defined in section 200.02, subdivision 7, or a minor political party qualifying for inclusion
18.32 on the income tax or property tax refund form under section 10A.31, subdivision 3a.

A "major party" or "minor party" includes the aggregate of that party's organization within each house of the legislature, the state party organization, and the party organization within congressional districts, counties, legislative districts, municipalities, and precincts.

"Candidate" means a candidate as defined in section 10A.01, subdivision 10, except a candidate for judicial office.

"Contribution" means a gift of money.

~~(d)~~ (e) The commissioner shall make copies of the form available to the public and candidates upon request.

~~(e)~~ (f) The following data collected or maintained by the commissioner under this subdivision are private: the identities of individuals claiming a refund, the identities of candidates to whom those individuals have made contributions, and the amount of each contribution.

~~(f)~~ (g) The commissioner shall report to the campaign finance and public disclosure board by each August 1 a summary showing the total number and aggregate amount of political contribution refunds made on behalf of each candidate and each political party. These data are public.

~~(g)~~ (h) The amount necessary to pay claims for the refund provided in this section is appropriated from the general fund to the commissioner of revenue.

~~(h) For a taxpayer who files a claim for refund via the Internet or other electronic means, the commissioner may accept the number on the official receipt as documentation that a contribution was made rather than the actual receipt as required by paragraph (a).~~

(i) The commissioner must establish an electronic filing system by which refunds are claimed.

EFFECTIVE DATE. This section is effective for contributions made after December 31, 2026.

Sec. 17. Minnesota Statutes 2024, section 290.06, subdivision 23a, is amended to read:

Subd. 23a. **Pass-through entity tax paid to another state.** (a) A credit is allowed against the tax imposed on a qualifying entity under section 289A.08, subdivision 7a, for pass-through entity tax paid to another state. The credit under this subdivision is allowed as a credit for taxes paid to another state under subdivision 22, paragraph (a), and may only be claimed by a qualifying owner. The credit allowed under this subdivision must be claimed in a manner prescribed by the commissioner.

(b) This ~~section~~ subdivision ~~expires at the same time and on the same terms as section 164(b)(6)(B) of the Internal Revenue Code~~ for taxable years beginning after December 31, 2027, except that the expiration of this ~~section~~ subdivision does not affect the commissioner's authority to audit or power of examination and assessments for credits claimed under this section.

(c) As used in this subdivision, the following terms have the meanings given:

(1) "income" has the meaning provided in section 290.01, subdivision 19, paragraph (i);

(2) "pass-through entity tax" means an entity-level tax imposed on the income of a partnership, limited liability corporation, or S corporation;

(3) "qualifying entity" has the meaning provided in section 289A.08, subdivision 7a, paragraph (a); and

(4) "qualifying owner" has the meaning provided in section 289A.08, subdivision 7a, paragraph (b).

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

Sec. 18. Minnesota Statutes 2024, section 290.06, subdivision 37, is amended to read:

Subd. 37. **Beginning farmer incentive credit.** (a) A beginning farmer incentive credit is allowed against the tax due under this chapter for the sale or rental of agricultural assets to a beginning farmer according to section 41B.0391, subdivision 2, ~~and is limited to the amount stated on the certificate issued under section 41B.0391, subdivision 4.~~

(b) The credit may be claimed only after approval and certification by the Rural Finance Authority according to section 41B.0391.

(c) The credit is limited to the liability for tax, as computed under this chapter, for the taxable year. If the amount of the credit determined under this subdivision for any taxable year exceeds this limitation, the excess is a beginning farmer incentive credit carryover to each of the 15 succeeding taxable years. The entire amount of the excess unused credit for the taxable year is carried first to the earliest of the taxable years to which the credit may be carried and then to each successive year to which the credit may be carried. The amount of the unused credit which may be added under this paragraph must not exceed the taxpayer's liability for tax, less the beginning farmer incentive credit for the taxable year.

(d) Credits allowed to a partnership, a limited liability company taxed as a partnership, an S corporation, or multiple owners of property are passed through to the partners, members, shareholders, or owners, respectively, pro rata to each based on the partner's, member's,

21.1 shareholder's, or owner's share of the entity's assets or as specially allocated in the
21.2 organizational documents or any other executed agreement, as of the last day of the taxable
21.3 year.

21.4 (e) For a nonresident or part-year resident, the credit under this section must be allocated
21.5 using the percentage calculated in section 290.06, subdivision 2c, paragraph (e).

21.6 (f) Notwithstanding the approval and certification by the Rural Finance Authority under
21.7 section 41B.0391, the commissioner may utilize any audit and examination powers under
21.8 chapter 270C or 289A to the extent necessary to verify that the taxpayer is eligible for the
21.9 credit and to assess for the amount of any improperly claimed credit.

21.10 (g) This subdivision expires at the same time and on the same terms as section 41B.0391,
21.11 except that the expiration of this subdivision does not affect the commissioner of revenue's
21.12 authority to audit or power of examination and assessment for credits claimed under this
21.13 subdivision.

21.14 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
21.15 31, 2024.

21.16 Sec. 19. Minnesota Statutes 2024, section 290.0674, subdivision 1a, is amended to read:

21.17 Subd. 1a. **Definitions.** (a) For purposes of this section, the following terms have the
21.18 meanings given them.

21.19 (b) "Career and technical education program" means a program that has received approval
21.20 under section 124D.4531 or 136F.32 and that provides individuals with coherent rigorous
21.21 content aligned with academic standards and relevant technical knowledge and skills needed
21.22 to prepare for further education and careers in current and emerging professions and provides
21.23 technical skill proficiency, an industry-recognized credential, and a certificate, a diploma,
21.24 or an associate degree.

21.25 ~~(b)~~ (c) "Education-related expenses" means:

21.26 (1) qualifying instructional fees or tuition;

21.27 (2) expenses for textbooks, including books and other instructional materials and
21.28 equipment purchased or leased for use in elementary and secondary schools in teaching
21.29 only those subjects legally and commonly taught in public elementary and secondary schools
21.30 in this state. "Textbooks" does not include instructional books and materials used in the
21.31 teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such
21.32 tenets, doctrines, or worship, nor does it include books or materials for extracurricular

22.1 activities including sporting events, musical or dramatic events, speech activities, driver's
22.2 education, or similar programs;

22.3 (3) a maximum expense of \$200 per family for personal computer hardware, excluding
22.4 single purpose processors, and educational software that assists a dependent to improve
22.5 knowledge of core curriculum areas or to expand knowledge and skills under the required
22.6 academic standards under section 120B.021, subdivision 1, and the elective standard under
22.7 section 120B.022, subdivision 1, clause (2), purchased for use in the taxpayer's home and
22.8 not used in a trade or business regardless of whether the computer is required by the
22.9 dependent's school; ~~and~~

22.10 (4) the amount paid to others for transportation of a qualifying child attending an
22.11 elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa,
22.12 or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory
22.13 attendance laws, which is not operated for profit, and which adheres to the provisions of
22.14 the Civil Rights Act of 1964 and chapter 363A. For a qualifying child participating in a
22.15 career and technical education program, education-related expenses includes the amount
22.16 paid to others for transportation outside regular school hours that is directly related to the
22.17 qualifying child's participation in the program. Amounts under this clause exclude any
22.18 expense the taxpayer incurred in using the taxpayer's or the qualifying child's vehicle; and

22.19 (5) for a qualifying child participating in a career and technical education program,
22.20 expenses for:

22.21 (i) participation in a student organization that is a requirement of the program curriculum;
22.22 and

22.23 (ii) equipment not eligible under clause (2) that is required for participation in the
22.24 program.

22.25 ~~(e)~~ (d) "Qualified instructor" means an individual who is not a lineal ancestor or sibling
22.26 of the dependent and who is:

22.27 (1) an instructor under section 120A.22, subdivision 10, clause (1), (2), (3), (4), or (5);
22.28 or

22.29 (2) a member of the Minnesota Music Teachers Association.

22.30 ~~(d)~~ (e) "Qualifying child" has the meaning given in section 32(c)(3) of the Internal
22.31 Revenue Code.

22.32 ~~(e)~~ (f) "Qualifying instructional fees or tuition" means fees or tuition for instruction by
22.33 a qualified instructor outside the regular school day or school year, and that does not include

23.1 the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such
23.2 tenets, doctrines, or worship, including:

23.3 (1) driver's education offered as part of school curriculum, regardless of whether it is
23.4 taken from a public or private entity; or

23.5 (2) tutoring or summer camps that:

23.6 (i) are in grade or age appropriate curricula that supplement curricula and instruction
23.7 available during the regular school year;

23.8 (ii) assist a dependent to improve knowledge of core curriculum areas; or

23.9 (iii) expand knowledge and skills under:

23.10 (A) the required academic standards under section 120B.021, subdivision 1; and

23.11 (B) the world languages standards under section 120B.022, subdivision 1.

23.12 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
23.13 31, 2024.

23.14 Sec. 20. Minnesota Statutes 2024, section 290.0681, subdivision 3, is amended to read:

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

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

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

23.28 (2) state the amount of credit or grant anticipated with the project, with the credit amount
23.29 equal to 100 percent and the grant amount equal to 90 percent of the federal credit anticipated
23.30 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 grant at the time the project is placed in service, provided that date is within ~~three~~ six calendar years following the issuance of the allocation certificate.

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

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

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

EFFECTIVE DATE. This section is effective retroactively for projects for which an allocation certificate was issued after June 30, 2021.

Sec. 21. Minnesota Statutes 2024, section 290.0681, subdivision 4, is amended to read:

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

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

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

(b) The recipient of a credit certificate may assign the certificate to another taxpayer before the first one-fifth payment is claimed, which is then allowed the credit under this section or section 297I.20, subdivision 3. Before the payment is claimed but after the first assignment, the first assignee may assign the credit certificate in whole to a second assignee. An assignment is not valid unless the assignee notifies the commissioner within 30 days of

the date that the assignment is made. The commissioner shall prescribe the forms necessary for notifying the commissioner of the assignment of a credit certificate and for claiming a credit by assignment. The original credit certificate recipient and each assignee must file a return with the commissioner for the taxable year that the project is placed in service.

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

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

EFFECTIVE DATE. This section is effective for applications for allocation certificates submitted after June 30, 2025.

Sec. 22. Minnesota Statutes 2024, section 290.0686, is amended to read:

290.0686 CREDIT FOR ATTAINING MASTER'S DEGREE IN TEACHER'S LICENSURE FIELD.

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

(b) "Master's degree program" means a graduate-level program at an accredited university leading to a master of arts or science degree in either a core content area directly related to a qualified teacher's licensure field or in special education. Except for a special education program, the master's degree program may not include pedagogy or a pedagogy component. To be eligible under this credit, a licensed elementary school teacher must pursue and complete a master's degree program in either a core content area in which the teacher provides direct classroom instruction or in special education.

(c) "Qualified teacher" means a person who:

(1) holds a teaching license issued by the licensing division in the Department of Education on behalf of the Professional Educator Licensing and Standards Board ~~both when the teacher begins the master's degree program and when~~ or receives the license within six months of the date the teacher completes the master's degree program;

(2) began a master's degree program after June 30, 2017; and

(3) completes the master's degree program during the taxable year.

(d) "Core content area" means the academic subject of reading, English or language arts, mathematics, science, foreign languages, civics and government, economics, arts, history, or geography.

(e) "Special education" means a program of study directly related to licensure in developmental disabilities, early childhood special education, deaf and hard of hearing education, blind and visually impaired education, emotional or behavioral disorders, autism spectrum disorders, or learning disabilities.

Subd. 2. **Credit allowed.** (a) An individual who is a qualified teacher is allowed a credit against the tax imposed under this chapter. The credit equals the lesser of \$2,500 or the amount the individual paid for tuition, fees, books, and instructional materials necessary to completing the master's degree program and for which the individual did not receive reimbursement from an employer or scholarship.

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

(c) A qualified teacher may claim the credit in this section: (1) in the later of the year the master's degree program is completed or the year the teaching license is received; and (2) only one time for each master's degree program completed in a core content area or in special education.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

Sec. 23. Minnesota Statutes 2024, section 290.0693, subdivision 1, is amended to read:

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

(b) "Combined exemption amount" means the sum of:

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

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

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

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

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

(6) if the taxpayer or taxpayer's spouse had a disability or attained the age of 65 on or before the close of the taxable year, the exemption amount.

~~(b)~~ (c) "Dependent" means any individual who is considered a dependent under sections 151 and 152 of the Internal Revenue Code.

27.1 ~~(e)~~ (d) "Disability" has the meaning given in section 290A.03, subdivision 10.

27.2 ~~(d)~~ (e) "Exemption amount" means the exemption amount under section 290.0121,
27.3 subdivision 1, paragraph (b).

27.4 ~~(e)~~ (f) "Gross rent" means rent paid for the right of occupancy, at arm's length, of a
27.5 homestead, exclusive of charges for any medical services furnished by the landlord as a
27.6 part of the rental agreement, whether expressly set out in the rental agreement or not. The
27.7 gross rent of a resident of a nursing home or intermediate care facility is \$600 per month.
27.8 The gross rent of a resident of an adult foster care home is \$930 per month. The commissioner
27.9 shall annually adjust the amounts in this paragraph as provided in section 270C.22. The
27.10 statutory year is 2023. If the landlord and tenant have not dealt with each other at arm's
27.11 length and the commissioner determines that the gross rent charged was excessive, the
27.12 commissioner may adjust the gross rent to a reasonable amount for purposes of this section.

27.13 ~~(f)~~ (g) "Homestead" has the meaning given in section 290A.03, subdivision 6.

27.14 ~~(g)~~ (h) "Household" has the meaning given in section 290A.03, subdivision 4.

27.15 ~~(h)~~ (i) "Household income" means all income received by all persons of a household in
27.16 a taxable year while members of the household, other than income of a dependent.

27.17 ~~(i)~~ (j) "Income" means adjusted gross income, minus:

27.18 ~~(1) for the taxpayer's first dependent, the exemption amount multiplied by 1.4; the~~
27.19 ~~taxpayer's combined exemption amount;~~

27.20 ~~(2) for the taxpayer's second dependent, the exemption amount multiplied by 1.3; the~~
27.21 ~~amount of discharge of indebtedness subtracted under section 290.0132, subdivision 36;~~
27.22 ~~and~~

27.23 ~~(3) the amount of consumer enforcement public compensation subtracted under section~~
27.24 ~~290.0132, subdivision 37.~~

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

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

27.27 ~~(5) for the taxpayer's fifth dependent, the exemption amount; and~~

27.28 ~~(6) if the taxpayer or taxpayer's spouse had a disability or attained the age of 65 on or~~
27.29 ~~before the close of the taxable year, the exemption amount.~~

27.30 ~~(j)~~ (k) "Rent constituting property taxes" means 17 percent of the gross rent actually
27.31 paid in cash, or its equivalent, or the portion of rent paid in lieu of property taxes, in any

taxable year by a claimant for the right of occupancy of the claimant's Minnesota homestead in the taxable year, and which rent constitutes the basis, in the succeeding taxable year of a claim for a credit under this section by the claimant. If an individual occupies a homestead with another person or persons not related to the individual as the individual's spouse or as dependents, and the other person or persons are residing at the homestead under a rental or lease agreement with the individual, the amount of rent constituting property tax for the individual equals that portion not covered by the rental agreement.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

Sec. 24. Minnesota Statutes 2024, section 290.0693, subdivision 4, is amended to read:

Subd. 4. Owner or managing agent to furnish rent certificate. (a) The owner or managing agent of any property for which rent is paid for occupancy as a homestead must furnish a certificate of rent paid to a person who is a renter on December 31, in the form prescribed by the commissioner. If the renter moves before December 31, the owner or managing agent may give the certificate to the renter at the time of moving, or mail the certificate to the forwarding address if an address has been provided by the renter. The certificate must be made available to the renter before February 1 of the year following the year in which the rent was paid. The owner or managing agent must retain a duplicate of each certificate or an equivalent record showing the same information for a period of four years. The duplicate or other record must be made available to the commissioner upon request.

(b) ~~The commissioner may require the owner or managing agent, through a simple process, to~~ must furnish to the commissioner on or before January 31 a copy of each certificate of rent paid furnished to a renter for rent paid in the prior year. The commissioner shall prescribe the content, format, and manner of the form pursuant to section 270C.30. The commissioner may require the Social Security number, individual taxpayer identification number, federal employer identification number, or Minnesota taxpayer identification number of the owner or managing agent who is required to furnish a certificate of rent paid under this paragraph. Before implementation, the commissioner, after consulting with representatives of owners or managing agents, shall develop an implementation and administration plan for the requirements of this paragraph that attempts to minimize financial burdens, administration and compliance costs, and takes into consideration existing systems of owners and managing agents.

29.1 (c) An owner who fails to furnish the certificate of rent paid to the renter or to the
29.2 commissioner as required under this section is subject to the penalty imposed under section
29.3 289A.60, subdivision 12.

29.4 **EFFECTIVE DATE.** This section is effective for rent paid after December 31, 2025.

29.5 Sec. 25. Minnesota Statutes 2024, section 290.0695, subdivision 1, is amended to read:

29.6 Subdivision 1. **Definitions.** (a) For ~~purpose~~ purposes of this section, the following terms
29.7 have the meanings given them.

29.8 (b) "Credit certificate" means the certificate issued by the commissioner of transportation
29.9 under subdivision 3, paragraph (a).

29.10 ~~(b)~~ (c) "Eligible taxpayer" means any railroad that is classified by the United States
29.11 Surface Transportation Board as a Class II or Class III railroad.

29.12 ~~(c)~~ (d) "Eligible transferee" means any taxpayer subject to tax under this chapter or
29.13 chapter 297I.

29.14 (e) "Eligible transferor" means an eligible taxpayer or a taxpayer to which the credit
29.15 may be passed through under subdivision 4.

29.16 ~~(d)~~ (f) "Qualified railroad reconstruction or replacement expenditures" means gross
29.17 expenditures in the taxable year for maintenance, reconstruction, or replacement of railroad
29.18 infrastructure, including track, roadbed, bridges, industrial leads and sidings, and track-related
29.19 structures owned or leased by a Class II or Class III railroad in Minnesota as of January 1,
29.20 2021. Qualified railroad reconstruction or replacement expenditures also includes new
29.21 construction of industrial leads, switches, spurs and sidings and extensions of existing sidings
29.22 in Minnesota by a Class II or Class III railroad.

29.23 (g) "Transfer credit certificate" means the certificate issued to a transferee by the
29.24 commissioner under subdivision 3, paragraph (d).

29.25 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
29.26 after December 31, 2023.

29.27 Sec. 26. Minnesota Statutes 2024, section 290.0695, subdivision 3, is amended to read:

29.28 Subd. 3. ~~Transferability~~ Credit certificates; written agreement required; credit
29.29 ~~certificate transferability.~~ (a) To qualify for a credit under this section, an eligible taxpayer
29.30 must apply to the commissioner of transportation for a credit certificate. The application
29.31 for the credit certificate must be in the form and manner prescribed by the commissioner

of transportation, in consultation with the commissioner. If the application is approved, the commissioner of transportation must issue the credit certificate to the eligible transferor designated in the application within 30 days of receipt of the application. The credit certificate must state, at a minimum, the number of miles of qualified railroad reconstruction or replacement expenditures in the taxable year and the total amount of credit calculated under the provisions of subdivision 2, paragraph (a). The commissioner of transportation must provide a copy of the credit certificate to the commissioner of revenue. The commissioner of transportation must not issue more than one credit certificate to an eligible transferor in a taxable year.

(b) By written agreement, an eligible taxpayer transferor may transfer the credit allowed under this section by written agreement to an eligible transferee. The amount of the transferred credit is limited to the unused, remaining portion of the credit as follows:

(1) any amount of the credit allowed that is stated in the credit certificate before any of the credit is claimed; or

(2) the entire amount of the credit carryover in each of the five succeeding taxable years.

~~(b)~~ (c) The eligible taxpayer transferor and the eligible transferee must jointly file a copy of the written transfer agreement with the commissioner within 30 days of the transfer. The written agreement must contain the name, address, and taxpayer identification number of the parties to the transfer; the taxable year the eligible taxpayer incurred the qualified expenditures; the amount of credit being transferred; and the taxable year or years for which the transferred credit may be claimed.

~~(e)~~ (d) The commissioner must issue a transfer credit certificate to the transferee within 30 days of the joint filing of a copy of the written transfer agreement with the commissioner.

~~(d) In the case of an audit or assessment, the transferee is liable for repayment of credits claimed in excess of the allowed amount.~~

(e) An eligible transferor must not transfer a credit to an eligible transferee more than once in a taxable year.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2023.

Sec. 27. Minnesota Statutes 2024, section 290.091, subdivision 2, is amended to read:

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

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

31.3 (1) the taxpayer's federal alternative minimum taxable income as defined in section
31.4 55(b)(1)(D) of the Internal Revenue Code;

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

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

31.8 (ii) the medical expense deduction;

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

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

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

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

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

31.22 (6) the amount of addition required by section 290.0131, subdivisions 9, 10, and 16;

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

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

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

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

31.30 (ii) an overpayment of state income tax as provided by section 290.0132, subdivision
31.31 3, to the extent included in federal alternative minimum taxable income;

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

32.5 (iv) amounts subtracted from federal taxable or adjusted gross income as provided by
32.6 section 290.0132, subdivisions 7, 9 to 15, 17, 21, 24, 26 to 29, 31, 34, ~~and 35~~, and 39;

32.7 (v) the amount of the net operating loss allowed under section 290.095, subdivision 11,
32.8 paragraph (c); and

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

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

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

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

32.17 (d) "Regular tax" means the tax that would be imposed under this chapter (without regard
32.18 to this section, section 290.033, and section 290.032), reduced by the sum of the
32.19 nonrefundable credits allowed under this chapter.

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

32.22 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
32.23 31, 2024.

32.24 Sec. 28. Minnesota Statutes 2024, section 290.095, subdivision 2, is amended to read:

32.25 Subd. 2. **Defined and limited.** (a) The term "net operating loss" as used in this section
32.26 shall mean a net operating loss as defined in section 172(c) of the Internal Revenue Code,
32.27 with the modifications specified in subdivision 4. The deductions provided in section 290.21
32.28 cannot be used in the determination of a net operating loss.

32.29 (b) The term "net operating loss deduction" as used in this section means the aggregate
32.30 of the net operating loss carryovers to the taxable year, computed in accordance with
32.31 subdivision 3. The provisions of section 172(b) of the Internal Revenue Code relating to
32.32 the carryback of net operating losses, do not apply.

33.1 (c) The amount of net operating loss deduction under this section must not exceed 70
33.2 60 percent of taxable net income in a single taxable year.

33.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
33.4 31, 2024.

33.5 Sec. 29. Minnesota Statutes 2024, section 290.92, is amended by adding a subdivision to
33.6 read:

33.7 **Subd. 32. Nonconformity to certain worker classification rules.** For purposes of
33.8 employee classification under this section, "Internal Revenue Code" does not include section
33.9 530 of Public Law 95-600, as amended.

33.10 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
33.11 31, 2025.

33.12 Sec. 30. Minnesota Statutes 2024, section 290A.03, subdivision 3, is amended to read:

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

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

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

33.16 (i) all nontaxable income;

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

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

33.23 (iv) cash public assistance and relief;

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

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

- 34.1 (vii) workers' compensation;
- 34.2 (viii) nontaxable strike benefits;
- 34.3 (ix) the gross amounts of payments received in the nature of disability income or sick
34.4 pay as a result of accident, sickness, or other disability, whether funded through insurance
34.5 or otherwise;
- 34.6 (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of
34.7 1986, as amended through December 31, 1995;
- 34.8 (xi) contributions made by the claimant to an individual retirement account, including
34.9 a qualified voluntary employee contribution; simplified employee pension plan;
34.10 self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of
34.11 the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal
34.12 Revenue Code, to the extent the sum of amounts exceeds the retirement base amount for
34.13 the claimant and spouse;
- 34.14 (xii) to the extent not included in federal adjusted gross income, distributions received
34.15 by the claimant or spouse from a traditional or Roth style retirement account or plan;
- 34.16 (xiii) nontaxable scholarship or fellowship grants;
- 34.17 (xiv) alimony received to the extent not included in the recipient's income;
- 34.18 (xv) the amount of deduction allowed under section 220 or 223 of the Internal Revenue
34.19 Code;
- 34.20 (xvi) the amount deducted for tuition expenses under section 222 of the Internal Revenue
34.21 Code; and
- 34.22 (xvii) the amount deducted for certain expenses of elementary and secondary school
34.23 teachers under section 62(a)(2)(D) of the Internal Revenue Code.
- 34.24 In the case of an individual who files an income tax return on a fiscal year basis, the
34.25 term "federal adjusted gross income" shall mean federal adjusted gross income reflected in
34.26 the fiscal year ending in the calendar year. Federal adjusted gross income shall not be reduced
34.27 by the amount of a net operating loss carryback or carryforward or a capital loss carryback
34.28 or carryforward allowed for the year.
- 34.29 (b) "Income" does not include:
- 34.30 (1) amounts excluded pursuant to the Internal Revenue Code, sections 101(a) and 102;

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

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

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

(5) relief granted under this chapter;

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

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

(8) alimony paid; ~~or~~

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

(10) to the extent included in federal adjusted gross income, the amount of discharge of indebtedness awarded to the claimant under section 332,74, subdivision 3; or

(11) to the extent included in federal adjusted gross income, the amount of consumer enforcement public compensation received as a distribution to an eligible consumer under section 8.37, subdivision 5.

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

(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 had a disability or attained the age of 65 on or before December 31 of the year for which the taxes were levied, the exemption amount.

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

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

(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

(3) "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 claims based on property taxes payable in 2026 and thereafter.

Sec. 31. **CORRECTION OF ERRORS; CERTAIN RETIREMENT CONTRIBUTIONS.**

An annuity contract provider that receives a contribution from an individual to an individual retirement plan on an annuity contract no later than the time prescribed by law under section 219(f)(3) of the Internal Revenue Code, must treat the contribution as having been made on account of the preceding taxable year. This section applies only if the annuity contract provider receives notification from the individual indicating the tax year designation for the contribution within three years from the original due date for filing the return for that taxable year.

EFFECTIVE DATE. This provision is effective retroactively for contributions made in 2024 to apply to the taxable year 2023 contribution limitation.

Sec. 32. **REPEALER.**

Minnesota Statutes 2024, sections 13.4967, subdivision 2a; and 290.0679, are repealed.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2025.

ARTICLE 2
PROPERTY TAXES

Section 1. Minnesota Statutes 2024, section 272.01, subdivision 2, is amended to read:

Subd. 2. **Exempt property used by private entity for profit.** (a) When any real or personal property which is exempt from ad valorem taxes, and taxes in lieu thereof, is leased,

loaned, or otherwise made available and used by a private individual, association, or corporation in connection with a business conducted for profit, there shall be imposed a tax, for the privilege of so using or possessing such real or personal property, in the same amount and to the same extent as though the lessee or user was the owner of such property.

(b) The tax imposed by this subdivision shall not apply to:

(1) property leased or used as a concession in or relative to the use in whole or part of a public park, market, fairgrounds, port authority, economic development authority established under chapter 469, municipal auditorium, municipal parking facility, municipal museum, or municipal stadium;

(2) property of an airport owned by a city, town, county, or group thereof which is:

(i) leased to or used by any person or entity including a fixed base operator; and

(ii) used as a hangar for the storage ~~or~~, repair, or manufacture of aircraft or to provide aviation goods, services, or facilities to the airport or general public;

~~the exception from taxation provided in this clause does not apply to:~~

~~(i) property located at an airport owned or operated by the Metropolitan Airports Commission or by a city of over 50,000 population according to the most recent federal census or such a city's airport authority; or~~

~~(ii) hangars leased by a private individual, association, or corporation in connection with a business conducted for profit other than an aviation-related business;~~

(3) property constituting or used as a public pedestrian ramp or concourse in connection with a public airport;

(4) except as provided in paragraph (f), property constituting or used as a passenger check-in area or ticket sale counter, boarding area, or luggage claim area in connection with a public airport but not the airports owned or operated by the Metropolitan Airports Commission or cities of over 50,000 population or an airport authority therein. Real estate owned by a municipality in connection with the operation of a public airport and leased or used for agricultural purposes is not exempt;

(5) property leased, loaned, or otherwise made available to a private individual, corporation, or association under a cooperative farming agreement made pursuant to section 97A.135; ~~or~~

(6) property leased, loaned, or otherwise made available to a private individual, corporation, or association under section 272.68, subdivision 4-; or

(7) property owned by a nonprofit conservation organization that is leased, loaned, or otherwise made available to a private individual, corporation, or association for grazing activities that further the nonprofit conservation organization's conservation objectives for the property, as documented in the organization's management or restoration plan.

(c) Except as provided in paragraph (f), the exception from taxation provided in paragraph (b), clause (2), does not apply to:

(1) property located at an airport owned or operated by the Metropolitan Airports Commission or by a city of over 50,000 population according to the most recent federal census or such a city's airport authority; or

(2) hangars leased by a private individual, association, or corporation in connection with a business conducted for profit other than an aviation-related business.

~~(e)~~ (d) Taxes imposed by this subdivision are payable as in the case of personal property taxes and shall be assessed to the lessees or users of real or personal property in the same manner as taxes assessed to owners of real or personal property, except that such taxes shall not become a lien against the property. When due, the taxes shall constitute a debt due from the lessee or user to the state, township, city, county, and school district for which the taxes were assessed and shall be collected in the same manner as personal property taxes. If property subject to the tax imposed by this subdivision is leased or used jointly by two or more persons, each lessee or user shall be jointly and severally liable for payment of the tax.

~~(d)~~ (e) The tax on real property of the federal government, the state or any of its political subdivisions that is leased, loaned, or otherwise made available to a private individual, association, or corporation and becomes taxable under this subdivision or other provision of law must be assessed and collected as a personal property assessment. The taxes do not become a lien against the real property.

(f) Property of an airport that is:

(1) located at an airport owned or operated by a city of over 50,000 but under 150,000 in population according to the most recent federal census or such a city's airport authority;

(2) not owned or operated by the Metropolitan Airports Commission; and

(3) used as a hangar for the storage, repair, or manufacture of aircraft or to provide aviation goods, services, or facilities to the airport or general public, or used as a passenger check-in area or ticket sale counter, boarding area, or luggage claim area, shall have the tax

39.1 imposed by this subdivision calculated as follows: for property taxes payable in 2026 through
39.2 2037, the net tax capacity of such property shall be reduced by 50 percent.

39.3 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
39.4 in 2026.

39.5 Sec. 2. Minnesota Statutes 2024, section 272.02, subdivision 19, is amended to read:

39.6 Subd. 19. **Property used to distribute electricity to farmers.** Electric power distribution
39.7 ~~lines and their attachments and appurtenances~~ systems, not including substations, or
39.8 transmission or generation equipment, that are used primarily for supplying electricity to
39.9 farmers at retail, are exempt.

39.10 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2025
39.11 and thereafter.

39.12 Sec. 3. Minnesota Statutes 2024, section 272.02, is amended by adding a subdivision to
39.13 read:

39.14 Subd. 106. **Certain property owned by an Indian Tribe.** (a) Property is exempt that:

39.15 (1) was classified as class 3a under section 273.13, subdivision 24, for taxes payable in
39.16 2025;

39.17 (2) is located in a city of the first class with a population greater than 400,000 as of the
39.18 2020 federal census;

39.19 (3) was on January 1, 2024, and is for the current assessment, owned by a federally
39.20 recognized Indian Tribe, or its instrumentality, that is located within the state of Minnesota;
39.21 and

39.22 (4) is used exclusively for Tribal purposes or institutions of purely public charity as
39.23 defined in subdivision 7.

39.24 (b) For the purposes of this subdivision, a "Tribal purpose" means a public purpose
39.25 defined in subdivision 8 and includes noncommercial Tribal government activities. Property
39.26 that qualifies for the exemption under this subdivision is limited to one parcel that does not
39.27 exceed 40,000 square feet. Property used for single-family housing, market-rate apartments,
39.28 agriculture, or forestry does not qualify for this exemption.

39.29 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2026.

Sec. 4. Minnesota Statutes 2024, section 272.02, is amended by adding a subdivision to read:

Subd. 107. Electric generation facility; personal property. (a) Notwithstanding subdivision 9, clause (a), attached machinery and other personal property that are part of an electric generation facility with more than 40 megawatts and less than 50 megawatts of installed capacity and that meet the requirements of this subdivision are exempt from taxation and payments in lieu of taxation. The facility must:

(1) be designed to utilize natural gas as a primary fuel;

(2) be owned and operated by a municipal power agency as defined in section 453.52, subdivision 8;

(3) be located within 1,000 feet of an existing natural gas pipeline;

(4) satisfy a resource deficiency identified in an integrated resource plan filed under section 216B.2422;

(5) be located outside of the metropolitan area as defined in section 473.121, subdivision 2; and

(6) have received, by resolution, the approval of the governing bodies of the city and county in which the facility is located for the exemption of personal property provided in this subdivision.

(b) Construction of the facility must have commenced after January 1, 2026, and before January 1, 2028. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

EFFECTIVE DATE. This section is effective beginning with property taxes payable in 2029.

Sec. 5. Minnesota Statutes 2024, section 272.02, is amended by adding a subdivision to read:

Subd. 108. Certain property owned by an Indian Tribe. (a) The market value of the portion of Tribal-owned property is exempt from taxation if all the following apply:

(1) the property is located in a city of the first class with a population greater than 400,000 as of the 2020 federal census;

41.1 (2) the property was, on January 2, 2025, and is for the current assessment, owned by a
41.2 federally recognized Indian Tribe, or its instrumentality, that is located within the state of
41.3 Minnesota; and

41.4 (3) the assessor determines the market value of the portion of property used exclusively
41.5 for noncommercial Tribal government activities does not exceed in the aggregate 7,955
41.6 square feet.

41.7 (b) The market value of the portion of the Tribal-owned property used for single-family
41.8 housing, market-rate apartments, parking facilities, agriculture, or forestry shall not be
41.9 exempt from taxation.

41.10 **EFFECTIVE DATE.** This section is effective beginning with the assessment year in
41.11 which the property owner has complied with Minnesota Statutes, section 272.025.

41.12 Sec. 6. Minnesota Statutes 2024, section 272.02, is amended by adding a subdivision to
41.13 read:

41.14 Subd. 109. **Certain property owned by an Indian Tribe.** Property is exempt that:

41.15 (1) was classified as class 2b under section 273.13, subdivision 23, for taxes payable in
41.16 2025;

41.17 (2) is located within a county with a population greater than 5,580 but less than 5,620
41.18 according to the 2020 federal census;

41.19 (3) is located in an unorganized territory with a population less than 800 according to
41.20 the 2020 federal census; and

41.21 (4) was on January 2, 2023, and is for the current assessment, owned by a federally
41.22 recognized Indian Tribe, or its instrumentality, that is located within the state of Minnesota.

41.23 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2026.

41.24 Sec. 7. Minnesota Statutes 2024, section 273.117, is amended to read:

41.25 **273.117 CONSERVATION PROPERTY TAX VALUATION.**

41.26 (a) The value of real property ~~which~~ that is subject to a conservation restriction or
41.27 easement ~~shall~~ must not be reduced by the assessor if:

41.28 ~~(a)~~ (1) the restriction or easement is for a conservation purpose and is recorded on the
41.29 property; and

42.1 ~~(b)~~ (2) the property is being used in accordance with the terms of the conservation
42.2 restriction or easement.

42.3 (b) This section does not apply to:

42.4 (1) conservation restrictions or easements covering riparian buffers along lakes, rivers,
42.5 and streams that are used for water quantity or quality control;

42.6 (2) easements in a county that has adopted, by referendum, a program to protect farmland
42.7 and natural areas since 1999;

42.8 (3) conservation restrictions or easements entered into prior to May 23, 2013; or

42.9 (4) conservation easements in a metropolitan county that has adopted, by resolution, a
42.10 program to protect farmland or natural areas. A metropolitan county that has adopted a
42.11 program to protect farmland or natural areas may, by resolution, authorize the assessor to
42.12 consider the impact of the conservation easement on the property's value. For purposes of
42.13 this clause, "metropolitan county" has the meaning given in section 473.121, subdivision
42.14 4.

42.15 **EFFECTIVE DATE.** This section is effective for assessment year 2026 and thereafter.

42.16 Sec. 8. Minnesota Statutes 2024, section 273.124, subdivision 8, is amended to read:

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

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

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

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

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

"Family farm corporation," "family farm," and "partnership operating a family farm" have the meanings given in section 500.24, except that the number of allowable shareholders, members, or partners under this subdivision shall not exceed ~~12~~ 18. "Limited liability company" has the meaning contained in sections 322C.0102, subdivision 12, and 500.24, subdivision 2, paragraphs (l) and (m). "Joint family farm venture" means a cooperative agreement among two or more farm enterprises authorized to operate a family farm under section 500.24.

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

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

(d) Nonhomestead agricultural property that is owned by a family farm corporation, joint farm venture, limited liability company, or partnership; and located not farther than four townships or cities, or combination thereof, from agricultural land that is owned, and used for the purposes of a homestead by an individual who is a shareholder, member, or partner of the corporation, venture, company, or partnership; is entitled to receive the first

tier homestead classification rate on any remaining market value in the first homestead class tier that is in excess of the market value of the shareholder's, member's, or partner's class 2 agricultural homestead property, if the owner, or someone acting on the owner's behalf notifies the county assessor by July 1 that the property may be eligible under this paragraph for the current assessment year, for taxes payable in the following year. As used in this paragraph, "agricultural property" means property classified as 2a under section 273.13, along with any contiguous property classified as 2b under section 273.13, if the contiguous 2a and 2b properties are under the same ownership.

EFFECTIVE DATE. This section is effective for homestead applications in 2025 and thereafter.

Sec. 9. Minnesota Statutes 2024, section 273.124, subdivision 14, is amended to read:

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

(1) the parcel on which the house is located is contiguous on at least two sides to (i) agricultural land, (ii) land owned or administered by the United States Fish and Wildlife Service, or (iii) land administered by the Department of Natural Resources on which in lieu taxes are paid under sections 477A.11 to 477A.14 or section 477A.17;

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

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

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

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

~~(b)(i)~~ (b)(1) Agricultural property shall be classified as the owner's homestead, to the same extent as other agricultural homestead property, if all of the following criteria are met:

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

(2) (ii) the owner, the owner's spouse, or grandparent, a grandchild, child, stepchild, sibling, ~~or~~ uncle, aunt, nephew, niece, parent, or stepparent of the owner or of the owner's spouse, is actively farming the agricultural property, either on the person's own behalf as an individual or on behalf of a partnership operating a family farm, family farm corporation, joint family farm venture, or limited liability company of which the person is a partner, shareholder, or member;

(3) (iii) both the owner of the agricultural property and the person who is actively farming the agricultural property under ~~clause (2)~~ item (ii), are Minnesota residents;

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

(5) (v) neither the owner nor the person actively farming the agricultural property lives ~~farther than four townships or cities, or a combination of four townships or cities, from the agricultural property, except that if the owner or the owner's spouse is required to live in employer-provided housing, the owner or owner's spouse, whichever is actively farming the agricultural property, may live more than four townships or cities, or combination of four townships or cities from the agricultural property~~ outside the county where the agricultural property is located, or lives outside a county that is adjacent to the county where the agricultural property is located.

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

(ii) (2) Property containing the residence of an owner who owns qualified property under clause (i) (1) shall be classified as part of the owner's agricultural homestead, if that property is also used for noncommercial storage or drying of agricultural crops.

(iii) (3) As used in this paragraph, "agricultural property" means class 2a property and any class 2b property that is contiguous to and under the same ownership as the class 2a property.

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

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

46.3 (d) Agricultural land used for purposes of a homestead and actively farmed by a person
46.4 holding a vested remainder interest in it must be classified as a homestead under section
46.5 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other
46.6 dwellings on the land used for purposes of a homestead by persons holding vested remainder
46.7 interests who are actively engaged in farming the property, and up to one acre of the land
46.8 surrounding each homestead and reasonably necessary for the use of the dwelling as a home,
46.9 must also be assessed class 2a.

46.10 (e) Agricultural land and buildings that were class 2a homestead property under section
46.11 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain classified as
46.12 agricultural homesteads for subsequent assessments if:

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

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

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

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

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

46.27 (f) Agricultural land and buildings that were class 2a homestead property under section
46.28 273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain classified
46.29 agricultural homesteads for subsequent assessments if:

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

46.32 (2) the property is located in the county of Blue Earth, Brown, Cottonwood, Le Sueur,
46.33 Nicollet, Nobles, or Rice;

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

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

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

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

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

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

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

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

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

Homestead treatment applies under this paragraph even if:

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

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

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

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

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

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

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

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

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

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

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

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

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

48.25 The owners and any persons who are actively farming the property must include the
48.26 appropriate Social Security numbers or individual taxpayer identification numbers, and sign
48.27 and date the application. If any of the specified information has changed since the full
48.28 application was filed, the owner must notify the assessor, and must complete a new
48.29 application to determine if the property continues to qualify for the special agricultural
48.30 homestead. The commissioner of revenue shall prepare a standard reapplication form for
48.31 use by the assessors.

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

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

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

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

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

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

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

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

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

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

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

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

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

50.3 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2026.

50.4 Sec. 10. Minnesota Statutes 2024, section 273.128, subdivision 1, is amended to read:

50.5 Subdivision 1. **Requirement.** (a) Low-income rental property classified as class 4d(1)
50.6 under section 273.13, subdivision 25, is entitled to valuation under this section if at least
50.7 20 percent of the units in the rental housing property meet any of the following qualifications:

50.8 (1) the units are subject to a housing assistance payments contract under Section 8 of
50.9 the United States Housing Act of 1937, as amended;

50.10 (2) the units are rent-restricted and income-restricted units of a qualified low-income
50.11 housing project receiving tax credits under section 42(g) of the Internal Revenue Code;

50.12 (3) the units are financed by the Rural Housing Service of the United States Department
50.13 of Agriculture and receive payments under the rental assistance program pursuant to section
50.14 521(a) of the Housing Act of 1949, as amended; or

50.15 (4) the units are subject to rent and income restrictions under the terms of financial
50.16 assistance provided to the rental housing property by the federal government or the state of
50.17 Minnesota, or a local unit of government, as evidenced by a document recorded against the
50.18 property. The restrictions under this clause must require assisted units to be occupied by
50.19 residents whose household income at the time of initial occupancy does not exceed 60
50.20 percent of the greater of area or state median income, adjusted for family size, as determined
50.21 by the United States Department of Housing and Urban Development. The restriction must
50.22 also require the rents for assisted units to not exceed 30 percent of 60 percent of the greater
50.23 of area or state median income, adjusted for family size, as determined by the United States
50.24 Department of Housing and Urban Development.

50.25 ~~The restrictions must require assisted units to be occupied by residents whose household~~
50.26 ~~income at the time of initial occupancy does not exceed 60 percent of the greater of area or~~
50.27 ~~state median income, adjusted for family size, as determined by the United States Department~~
50.28 ~~of Housing and Urban Development. The restriction must also require the rents for assisted~~
50.29 ~~units to not exceed 30 percent of 60 percent of the greater of area or state median income,~~
50.30 ~~adjusted for family size, as determined by the United States Department of Housing and~~
50.31 ~~Urban Development.~~

50.32 (b) The owner of a property certified as class 4d(1) under this section must use the
50.33 property tax savings received from the 4d(1) classification for one or more of the following

51.1 eligible uses: property maintenance, property security, improvements to the property, rent
51.2 stabilization, or increases to the property's replacement reserve account. To maintain the
51.3 class 4d(1) classification, the property owner must annually reapply and certify to the
51.4 Housing Finance Agency that the property tax savings were used for one or more eligible
51.5 uses.

51.6 (c) In order to meet the requirements of this section, property which received the 4d(1)
51.7 classification in the prior year must demonstrate compliance with paragraph (b).

51.8 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2026.

51.9 Sec. 11. Minnesota Statutes 2024, section 273.13, subdivision 22, is amended to read:

51.10 Subd. 22. **Class 1.** (a) Except as provided in subdivision 23 and in paragraphs (b) and
51.11 (c), real estate which is residential and used for homestead purposes is class 1a. In the case
51.12 of a duplex or triplex in which one of the units is used for homestead purposes, the entire
51.13 property is deemed to be used for homestead purposes. The market value of class 1a property
51.14 must be determined based upon the value of the house, garage, and land.

51.15 The first \$500,000 of market value of class 1a property has a net classification rate of
51.16 one percent of its market value; and the market value of class 1a property that exceeds
51.17 \$500,000 has a classification rate of 1.25 percent of its market value.

51.18 (b) Class 1b property includes homestead real estate or homestead manufactured homes
51.19 used for the purposes of a homestead by:

51.20 (1) any person who is blind as defined in section 256D.35, or the person who is blind
51.21 and the spouse of the person who is blind;

51.22 (2) any person who is permanently and totally disabled or by the person with a disability
51.23 and the spouse of the person with a disability; or

51.24 (3) the surviving spouse of a veteran who was permanently and totally disabled
51.25 homesteading a property classified under this paragraph for taxes payable in 2008.

51.26 Property is classified and assessed under clause (2) only if the government agency or
51.27 income-providing source certifies, upon the request of the homestead occupant, that the
51.28 homestead occupant satisfies the disability requirements of this paragraph, and that the
51.29 property is not eligible for the valuation exclusion under subdivision 34.

51.30 Property is classified and assessed under paragraph (b) only if the commissioner of
51.31 revenue or the county assessor certifies that the homestead occupant satisfies the requirements
51.32 of this paragraph.

52.1 Permanently and totally disabled for the purpose of this subdivision means a condition
52.2 which is permanent in nature and totally incapacitates the person from working at an
52.3 occupation which brings the person an income. The first \$50,000 market value of class 1b
52.4 property has a net classification rate of .45 percent of its market value. The remaining market
52.5 value of class 1b property is classified as class 1a or class 2a property, whichever is
52.6 appropriate.

52.7 (c) Class 1c property is commercial use real and personal property that abuts public
52.8 water as defined in section 103G.005, subdivision 15, or abuts a state trail administered by
52.9 the Department of Natural Resources, and is devoted to temporary and seasonal residential
52.10 occupancy for recreational purposes but not devoted to commercial purposes for more than
52.11 250 days in the year preceding the year of assessment, and that includes a portion used as
52.12 a homestead by the owner, which includes a dwelling occupied as a homestead by a
52.13 shareholder of a corporation that owns the resort, a partner in a partnership that owns the
52.14 resort, or a member of a limited liability company that owns the resort even if the title to
52.15 the homestead is held by the corporation, partnership, or limited liability company. For
52.16 purposes of this paragraph, property is devoted to a commercial purpose on a specific day
52.17 if any portion of the property, excluding the portion used exclusively as a homestead, is
52.18 used for residential occupancy and a fee is charged for residential occupancy. Class 1c
52.19 property must contain three or more rental units. A "rental unit" is defined as a cabin,
52.20 condominium, townhouse, sleeping room, or individual camping site equipped with water
52.21 and electrical hookups for recreational vehicles. Class 1c property must provide recreational
52.22 activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill
52.23 or cross-country ski equipment; provide marina services, launch services, or guide services;
52.24 or sell bait and fishing tackle. Any unit in which the right to use the property is transferred
52.25 to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies
52.26 for class 1c even though it may remain available for rent. A camping pad offered for rent
52.27 by a property that otherwise qualifies for class 1c is also class 1c, regardless of the term of
52.28 the rental agreement, as long as the use of the camping pad does not exceed 250 days. If
52.29 the same owner owns two separate parcels that are located in the same township, and one
52.30 of those properties is classified as a class 1c property and the other would be eligible to be
52.31 classified as a class 1c property if it was used as the homestead of the owner, both properties
52.32 will be assessed as a single class 1c property; for purposes of this sentence, properties are
52.33 deemed to be owned by the same owner if each of them is owned by a limited liability
52.34 company, and both limited liability companies have the same membership. The portion of
52.35 the property used as a homestead is class 1a property under paragraph (a). The remainder
52.36 of the property is classified as follows: the first ~~\$600,000~~ \$1,500,000 of market value is tier

53.1 I, the next ~~\$1,700,000~~ \$3,000,000 of market value is tier II, and any remaining market value
53.2 is tier III. The classification rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent;
53.3 and tier III, 1.25 percent. Owners of real and personal property devoted to temporary and
53.4 seasonal residential occupancy for recreation purposes in which all or a portion of the
53.5 property was devoted to commercial purposes for not more than 250 days in the year
53.6 preceding the year of assessment desiring classification as class 1c, must submit a declaration
53.7 to the assessor designating the cabins or units occupied for 250 days or less in the year
53.8 preceding the year of assessment by January 15 of the assessment year. Those cabins or
53.9 units and a proportionate share of the land on which they are located must be designated as
53.10 class 1c as otherwise provided. The remainder of the cabins or units and a proportionate
53.11 share of the land on which they are located must be designated as class 3a commercial. The
53.12 owner of property desiring designation as class 1c property must provide guest registers or
53.13 other records demonstrating that the units for which class 1c designation is sought were not
53.14 occupied for more than 250 days in the year preceding the assessment if so requested. The
53.15 portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center
53.16 or meeting room, and (5) other nonresidential facility operated on a commercial basis not
53.17 directly related to temporary and seasonal residential occupancy for recreation purposes
53.18 does not qualify for class 1c.

53.19 (d) Class 1d property includes structures that meet all of the following criteria:

53.20 (1) the structure is located on property that is classified as agricultural property under
53.21 section 273.13, subdivision 23;

53.22 (2) the structure is occupied exclusively by seasonal farm workers during the time when
53.23 they work on that farm, and the occupants are not charged rent for the privilege of occupying
53.24 the property, provided that use of the structure for storage of farm equipment and produce
53.25 does not disqualify the property from classification under this paragraph;

53.26 (3) the structure meets all applicable health and safety requirements for the appropriate
53.27 season; and

53.28 (4) the structure is not salable as residential property because it does not comply with
53.29 local ordinances relating to location in relation to streets or roads.

53.30 The market value of class 1d property has the same classification rates as class 1a property
53.31 under paragraph (a).

53.32 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2026
53.33 and thereafter.

54.1 Sec. 12. Minnesota Statutes 2024, section 273.13, subdivision 23, is amended to read:

54.2 Subd. 23. **Class 2.** (a) An agricultural homestead consists of class 2a agricultural land
54.3 that is homesteaded, along with any class 2b rural vacant land that is contiguous to the class
54.4 2a land under the same ownership. The market value of the house and garage and immediately
54.5 surrounding one acre of land has the same classification rates as class 1a or 1b property
54.6 under subdivision 22. The value of the remaining land including improvements up to the
54.7 first tier valuation limit of agricultural homestead property has a classification rate of 0.5
54.8 percent of market value. The remaining property over the first tier has a classification rate
54.9 of one percent of market value. For purposes of this subdivision, the "first tier valuation
54.10 limit of agricultural homestead property" and "first tier" means the limit certified under
54.11 section 273.11, subdivision 23.

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

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

54.22 (c) Class 2b rural vacant land consists of parcels of property, or portions thereof, that
54.23 are unplatted real estate, rural in character and not used for agricultural purposes, including
54.24 land used for growing trees for timber, lumber, and wood and wood products, that is not
54.25 improved with a structure. The presence of a minor, ancillary nonresidential structure as
54.26 defined by the commissioner of revenue does not disqualify the property from classification
54.27 under this paragraph. Any parcel of 20 acres or more improved with a structure that is not
54.28 a minor, ancillary nonresidential structure must be split-classified, and ten acres must be
54.29 assigned to the split parcel containing the structure. If a parcel of 20 acres or more is enrolled
54.30 in the sustainable forest management incentive program under chapter 290C, the number
54.31 of acres assigned to the split parcel improved with a structure that is not a minor, ancillary
54.32 nonresidential structure must equal three acres or the number of acres excluded from the
54.33 sustainable forest incentive act covenant due to the structure, whichever is greater. Class
54.34 2b property has a classification rate of one percent of market value unless it is part of an
54.35 agricultural homestead under paragraph (a), or qualifies as class 2c under paragraph (d).

(d) Class 2c managed forest land consists of no less than 20 and no more than 1,920 acres statewide per taxpayer that is being managed under a forest management plan that meets the requirements of ~~chapter 290C~~ section 290C.02, subdivision 7, prepared by an approved plan writer as defined in section 290C.02, subdivision 2, but and is not enrolled in the sustainable forest resource management incentive program. It has a classification rate of .65 percent, provided that the owner of the property must apply to the assessor in order for the property to initially qualify for the reduced rate and provide the information required by the assessor to verify that the property qualifies for the reduced rate. If the assessor receives the application and information before May 1 in an assessment year, the property qualifies beginning with that assessment year. If the assessor receives the application and information after April 30 in an assessment year, the property may not qualify until the next assessment year. The commissioner of natural resources must concur that the land is qualified. The commissioner of natural resources shall annually provide county assessors verification information on a timely basis. The presence of a minor, ancillary nonresidential structure as defined by the commissioner of revenue does not disqualify the property from classification under this paragraph. Notwithstanding any law to the contrary, managed forest land that is otherwise eligible to be classified as class 2c under this paragraph is eligible regardless of whether it is wholly or partially subject to a conservation easement.

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

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

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

"Agricultural purposes" as used in this section means the raising, cultivation, drying, or storage of agricultural products for sale, or the storage of machinery or equipment used in support of agricultural production by the same farm entity. For a property to be classified as agricultural based only on the drying or storage of agricultural products, the products being dried or stored must have been produced by the same farm entity as the entity operating the drying or storage facility. "Agricultural purposes" also includes (i) enrollment in a local conservation program or the Reinvest in Minnesota program under sections 103F.501 to 103F.535 or the federal Conservation Reserve Program as contained in Public Law 99-198 or a similar state or federal conservation program if the property was classified as agricultural (A) under this subdivision for taxes payable in 2003 because of its enrollment in a qualifying program and the land remains enrolled or (B) in the year prior to its enrollment, or (ii) use

of land, not to exceed three acres, to provide environmental benefits such as buffer strips, old growth forest restoration or retention, or retention ponds to prevent soil erosion. For purposes of this section, a "local conservation program" means a program administered by a town, statutory or home rule charter city, or county, including a watershed district, water management organization, or soil and water conservation district, in which landowners voluntarily enroll land and receive incentive payments equal to at least \$50 per acre in exchange for use or other restrictions placed on the land. In order for property to qualify under the local conservation program provision, a taxpayer must apply to the assessor by February 1 of the assessment year and must submit the information required by the assessor, including but not limited to a copy of the program requirements, the specific agreement between the land owner and the local agency, if applicable, and a map of the conservation area. Agricultural classification shall not be based upon the market value of any residential structures on the parcel or contiguous parcels under the same ownership.

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

(f) Agricultural land under this section also includes:

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

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

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

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

(iii) for intensive market farming; ~~for purposes of this paragraph, "market farming" means the cultivation of one or more fruits or vegetables or production of animal or other agricultural products for sale to local markets by the farmer or an organization with which the farmer is affiliated, or~~

(3) contiguous acreage that contains a residence and is less than 15 acres in size, if the contiguous acreage inclusive of the house, garage, and surrounding one acre of land was

57.1 used in the preceding year for market farming and the owner provides the county assessor
57.2 with the filed federal Schedule F (Form 1040) for the most recent completed tax year which
57.3 reports gross income of at least \$20,000.

57.4 For purposes of this paragraph, "market farming" means the cultivation of one or more
57.5 fruits or vegetables or production of animal or other agricultural products for sale to local
57.6 markets by the farmer or an organization with which the farmer is affiliated, and "contiguous
57.7 acreage;" for purposes of this paragraph, means all of a tax parcel as described in section
57.8 272.193, or all of a set of contiguous tax parcels under that section that are owned by the
57.9 same person.

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

57.12 Classification under this subdivision is not determinative for qualifying under section
57.13 273.111.

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

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

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

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

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

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

57.29 (5) game birds and waterfowl bred and raised (i) on a game farm licensed under section
57.30 97A.105, provided that the annual licensing report to the Department of Natural Resources,
57.31 which must be submitted annually by March 30 to the assessor, indicates that at least 500
57.32 birds were raised or used for breeding stock on the property during the preceding year and

58.1 that the owner provides a copy of the owner's most recent schedule F; or (ii) for use on a
58.2 shooting preserve licensed under section 97A.115;

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

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

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

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

58.10 (1) wholesale and retail sales;

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

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

58.13 (4) office facilities for the support of the activities enumerated in clauses (1), (2), and
58.14 (3), the assessor shall classify the part of the parcel used for agricultural purposes as class
58.15 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use.
58.16 The grading, sorting, and packaging of raw agricultural products for first sale is considered
58.17 an agricultural purpose. A greenhouse or other building where floricultural, horticultural
58.18 or nursery products are grown that is also used for the conduct of retail sales must be
58.19 classified as agricultural if it is primarily used for the growing of floricultural, horticultural
58.20 or nursery products from seed, cuttings, or roots and occasionally as a showroom for the
58.21 retail sale of those products. Use of a greenhouse or building only for the display of already
58.22 grown floricultural, horticultural or nursery products does not qualify as an agricultural
58.23 purpose.

58.24 "Floriculture," for the purposes of this paragraph, includes production of bedding and garden
58.25 plants, foliage plants, potted flowering plants, and cut flowers.

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

58.30 (l) Class 2d airport landing area consists of a landing area or public access area of a
58.31 privately owned public use airport. It has a classification rate of one percent of market value.
58.32 To qualify for classification under this paragraph, a privately owned public use airport must

59.1 be licensed as a public airport under section 360.018. For purposes of this paragraph, "landing
59.2 area" means that part of a privately owned public use airport properly cleared, regularly
59.3 maintained, and made available to the public for use by aircraft and includes runways,
59.4 taxiways, aprons, and sites upon which are situated landing or navigational aids. A landing
59.5 area also includes land underlying both the primary surface and the approach surfaces that
59.6 comply with all of the following:

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

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

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

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

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

59.25 (1) a legal description of the property;

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

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

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

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

(n) When any portion of the property under this subdivision or subdivision 22 begins to be actively mined, the owner must file a supplemental affidavit within 60 days from the day any aggregate is removed stating the number of acres of the property that is actively being mined. The acres actively being mined must be (1) valued and classified under subdivision 24 in the next subsequent assessment year, and (2) removed from the aggregate resource preservation property tax program under section 273.1115, if the land was enrolled in that program. Copies of the original affidavit and all supplemental affidavits must be filed with the county assessor, the local zoning administrator, and the Department of Natural Resources, Division of Land and Minerals. A supplemental affidavit must be filed each time a subsequent portion of the property is actively mined, provided that the minimum acreage change is five acres, even if the actual mining activity constitutes less than five acres.

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

EFFECTIVE DATE. This section is effective beginning with assessment year 2026.

Sec. 13. Minnesota Statutes 2024, section 273.13, subdivision 34, is amended to read:

Subd. 34. Homestead of veteran with a disability 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~~ \$175,000 of market value is excluded, except as provided in clause (2); and

(2) for a total (100 percent) and permanent disability, ~~\$300,000~~ \$350,000 of market value is excluded.

(c) If a veteran with a disability qualifying for a valuation exclusion under paragraph (b), clause (2), predeceases the veteran's spouse, and if upon the death of the veteran the spouse holds the legal or beneficial title to the homestead and permanently resides there, the exclusion shall carry over to the benefit of the veteran's spouse until such time as the spouse remarries, or sells, transfers, or otherwise disposes of the property, except as otherwise provided in paragraph (n). Qualification under this paragraph requires an application under paragraph (h), and a spouse must notify the assessor if there is a change in the spouse's marital status, ownership of the property, or use of the property as a permanent residence.

(d) If the spouse of a member of any branch or unit of the United States armed forces who dies due to a service-connected cause while serving honorably in active service, as indicated on United States Government Form DD1300 or DD2064, holds the legal or beneficial title to a homestead and permanently resides there, the spouse is entitled to the benefit described in paragraph (b), clause (2), until such time as the spouse remarries or sells, transfers, or otherwise disposes of the property, except as otherwise provided in paragraph (n).

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

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

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

(h) To qualify for a valuation exclusion under this subdivision a property owner must apply to the assessor by December 31 of the first assessment year for which the exclusion is sought. Except as provided in paragraph (c), the owner of a property that has been accepted for a valuation exclusion must notify the assessor if there is a change in ownership of the property or in the use of the property as a homestead.

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

(j) For purposes of this subdivision:

- 62.1 (1) "active service" has the meaning given in section 190.05;
- 62.2 (2) "own" means that the person's name is present as an owner on the property deed;
- 62.3 (3) "primary family caregiver" means a person who is approved by the secretary of the
62.4 United States Department of Veterans Affairs for assistance as the primary provider of
62.5 personal care services for an eligible veteran under the Program of Comprehensive Assistance
62.6 for Family Caregivers, codified as United States Code, title 38, section 1720G; and
- 62.7 (4) "veteran" has the meaning given the term in section 197.447.
- 62.8 (k) If a veteran did not apply for or receive the exclusion under paragraph (b), clause
62.9 (2), before dying, or the exclusion under paragraph (b), clause (2), did not exist at the time
62.10 of the veterans death, the veteran's spouse is entitled to the benefit under paragraph (b),
62.11 clause (2), until the spouse remarries or sells, transfers, or otherwise disposes of the property,
62.12 except as otherwise provided in paragraph (n), if:
- 62.13 (1) the spouse files a first-time application;
- 62.14 (2) upon the death of the veteran, the spouse holds the legal or beneficial title to the
62.15 homestead and permanently resides there;
- 62.16 (3) the veteran met the honorable discharge requirements of paragraph (a); and
- 62.17 (4) the United States Department of Veterans Affairs certifies that:
- 62.18 (i) the veteran met the total (100 percent) and permanent disability requirement under
62.19 paragraph (b), clause (2); or
- 62.20 (ii) the spouse has been awarded dependency and indemnity compensation.
- 62.21 (l) The purpose of this provision of law providing a level of homestead property tax
62.22 relief for veterans with a disability, their primary family caregivers, and their surviving
62.23 spouses is to help ease the burdens of war for those among our state's citizens who bear
62.24 those burdens most heavily.
- 62.25 (m) By July 1, the county veterans service officer must certify the disability rating and
62.26 permanent address of each veteran receiving the benefit under paragraph (b) to the assessor.
- 62.27 (n) A spouse who received the benefit in paragraph (c), (d), or (k) but no longer holds
62.28 the legal or beneficial title to the property may continue to receive the exclusion for a
62.29 property other than the property for which the exclusion was initially granted until the spouse
62.30 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.

(o) If a spouse had previously received the exclusion under paragraph (c) or (d) and the exclusion expired prior to taxes payable in 2020, the spouse may reapply under this section for the exclusion under paragraph (c) or (d).

EFFECTIVE DATE. This section is effective beginning with assessment year 2025.

Sec. 14. **[273.1388] AGRICULTURAL WATER QUALITY CREDIT.**

Subdivision 1. Eligibility. (a) A property is eligible for an agricultural water quality credit under this section if the property is:

(1) class 2a or 2b property under section 273.13, subdivision 23;

(2) certified by the commissioner of agriculture or a certifying agent under sections 17.9891 to 17.993; and

(3) located in Dodge, Fillmore, Goodhue, Houston, Mower, Olmsted, Wabasha, or Winona County.

(b) The commissioner of agriculture must annually notify county assessors of the location of each certified acre in the assessor's county.

Subd. 2. Credit amount. The amount of the agricultural water quality credit is \$5 per certified acre.

Subd. 3. Credit reimbursement. The county auditor must determine the tax reductions allowed under this section within the county for each taxes payable year and must certify that amount to the commissioner of revenue as part of the data required under section 270C.85, subdivision 2. Any prior year adjustments must also be certified as part of the data required under section 270C.85, subdivision 2. The commissioner must 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.

Subd. 4. **Payment.** (a) The commissioner of revenue shall reimburse each local taxing jurisdiction, other than school districts, for the tax reductions granted under this section in two equal installments on October 31 and December 26 of the taxes payable year for which the reductions are granted, including in each payment the prior year adjustments certified under section 270C.85, subdivision 2, for that taxes payable year.

(b) The commissioner of revenue shall certify the total of the tax reductions granted under this section for each taxes payable year within each school district to the commissioner of education, and the commissioner of education must pay the reimbursement amounts to each school district as provided in section 273.1392.

Subd. 5. **Appropriation.** An amount sufficient to make the payments required by this section to taxing jurisdictions other than school districts is annually appropriated from the clean water fund to the commissioner of revenue. An amount sufficient to make the payments required by this section for school districts is annually appropriated from the clean water fund to the commissioner of education.

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

Sec. 15. Minnesota Statutes 2024, section 273.1392, is amended to read:

273.1392 PAYMENT; SCHOOL DISTRICTS.

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

EFFECTIVE DATE. This section is effective July 1, 2026.

65.1 Sec. 16. Minnesota Statutes 2024, section 273.1393, is amended to read:

65.2 **273.1393 COMPUTATION OF NET PROPERTY TAXES.**

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

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

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

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

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

65.9 (5) disparity reduction credit;

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

65.11 (7) the school bond credit as provided in section 273.1387;

65.12 (8) agricultural credit as provided in section 273.1384;

65.13 (9) taconite homestead credit as provided in section 273.135;

65.14 (10) supplemental homestead credit as provided in section 273.1391; ~~and~~

65.15 (11) the bovine tuberculosis zone credit, as provided in section 273.113; and

65.16 (12) the agricultural water quality credit as provided in section 273.1388.

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

65.18 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
65.19 in 2026.

65.20 Sec. 17. Minnesota Statutes 2024, section 273.19, subdivision 1, is amended to read:

65.21 Subdivision 1. **Tax-exempt property; lease.** (a) Except as provided in subdivision 3 or
65.22 4, tax-exempt property held under a lease for a term of at least one year, and not taxable
65.23 under section 272.01, subdivision 2, or under a contract for the purchase thereof, shall be
65.24 considered, for all purposes of taxation, as the property of the person holding it. In this
65.25 subdivision, "tax-exempt property" means property owned by the United States, the state
65.26 or any of its political subdivisions, a school, or any religious, scientific, or benevolent society
65.27 or institution, incorporated or unincorporated, or any corporation whose property is not
65.28 taxed in the same manner as other property.

65.29 ~~This subdivision~~ (b) Paragraph (a) does not apply to:

66.1 (1) property exempt from taxation under section 272.01, subdivision 2, paragraph (b),
66.2 clauses (2), (3), and (4), or to;

66.3 (2) property exempt from taxation under section 272.0213; or

66.4 (3) a lease of any term of residential rental housing property exempt from taxation under
66.5 section 272.02, subdivision 7.

66.6 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2025
66.7 and thereafter.

66.8 Sec. 18. Minnesota Statutes 2024, section 273.38, is amended to read:

66.9 **273.38 PERCENTAGE OF ASSESSMENTS; EXCEPTIONS.**

66.10 The distribution ~~lines and the attachments and appurtenances thereto~~ systems, not
66.11 including substations, or transmission or generation equipment, of cooperative associations
66.12 organized under the provisions of Laws 1923, chapter 326, and laws amendatory thereof
66.13 and supplemental thereto, and engaged in the electrical heat, light and power business, upon
66.14 a mutual, nonprofit and cooperative plan, shall be assessed and taxed as provided in sections
66.15 273.40 and 273.41.

66.16 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2025
66.17 and thereafter.

66.18 Sec. 19. Minnesota Statutes 2024, section 273.41, is amended to read:

66.19 **273.41 AMOUNT OF TAX; DISTRIBUTION.**

66.20 There is hereby imposed upon each such cooperative association on December 31 of
66.21 each year a tax of \$10 for each 100 members, or fraction thereof, of such association. The
66.22 tax, when paid, shall be in lieu of all personal property taxes, state, county, or local, upon
66.23 ~~distribution lines and the attachments and appurtenances thereto of such associations~~ that
66.24 part of the association's distribution system, not including substations, or transmission or
66.25 generation equipment, located in rural areas. The tax shall be payable on or before March
66.26 1 of the next succeeding year, to the commissioner of revenue. If the tax, or any portion
66.27 thereof, is not paid within the time herein specified for the payment thereof, there shall be
66.28 added thereto a specific penalty equal to ten percent of the amount so remaining unpaid.
66.29 Such penalty shall be collected as part of said tax, and the amount of said tax not timely
66.30 paid, together with said penalty, shall bear interest at the rate specified in section 270C.40
66.31 from the time such tax should have been paid until paid. The commissioner shall deposit
66.32 the amount so received in the general fund of the state treasury.

67.1 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2025
67.2 and thereafter.

67.3 Sec. 20. Minnesota Statutes 2024, section 275.065, subdivision 3, is amended to read:

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

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

67.11 (c) The notice must inform taxpayers that it contains the amount of property taxes each
67.12 taxing authority proposes to collect for taxes payable the following year. In the case of a
67.13 town, or in the case of the state general tax, the final tax amount will be its proposed tax.
67.14 The notice must clearly state for each city that has a population over 500, county, school
67.15 district, regional library authority established under section 134.201, metropolitan taxing
67.16 districts as defined in paragraph (i), and fire protection and emergency medical services
67.17 special taxing districts established under section 144F.01, the time and place of a meeting
67.18 for each taxing authority in which the budget and levy will be discussed and public input
67.19 allowed, prior to the final budget and levy determination. The taxing authorities must provide
67.20 the county auditor with the information to be included in the notice on or before the time it
67.21 certifies its proposed levy under subdivision 1. The public must be allowed to speak at that
67.22 meeting, which must occur after November 24 and must not be held before 6:00 p.m. It
67.23 must provide a website address and a telephone number for the taxing authority that taxpayers
67.24 may call if they have questions related to the notice and an address where comments will
67.25 be received by mail, except that no notice required under this section shall be interpreted
67.26 as requiring the printing of a personal telephone number or address as the contact information
67.27 for a taxing authority. If a taxing authority does not maintain a website or public offices
67.28 where telephone calls can be received by the authority, the authority may inform the county
67.29 of the lack of a public website or telephone number and the county shall not list a website
67.30 or telephone number for that taxing authority.

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

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

year; and, in the case of residential property, whether the property is classified as homestead or nonhomestead. The notice must clearly inform taxpayers of the years to which the market values apply and that the values are final values;

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

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

(ii) the proposed tax amount.

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

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

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

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

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

69.3 (1) special assessments;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(3) Metropolitan Mosquito Control Commission under section 473.711.

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

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

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

(2) population growth and decline;

(3) state or federal government action; and

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

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

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

71.1 Sec. 21. Minnesota Statutes 2024, section 276.04, subdivision 2, is amended to read:

71.2 Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the printing of
71.3 the tax statements. The commissioner of revenue shall prescribe the form of the property
71.4 tax statement and its contents. The tax statement must not state or imply that property tax
71.5 credits are paid by the state of Minnesota. The statement must contain a tabulated statement
71.6 of the dollar amount due to each taxing authority and the amount of the state tax from the
71.7 parcel of real property for which a particular tax statement is prepared. The dollar amounts
71.8 attributable to the county, the state tax, the voter approved school tax, the other local school
71.9 tax, the township or municipality, and the total of the metropolitan special taxing districts
71.10 as defined in section 275.065, subdivision 3, paragraph (i), must be separately stated. The
71.11 amounts due all other special taxing districts, if any, may be aggregated except that any
71.12 levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin,
71.13 Ramsey, Scott, or Washington under chapter 398A shall be listed on a separate line directly
71.14 under the appropriate county's levy. If the county levy under this paragraph includes an
71.15 amount for a lake improvement district as defined under sections 103B.501 to 103B.581,
71.16 the amount attributable for that purpose must be separately stated from the remaining county
71.17 levy amount. In the case of Ramsey County, if the county levy under this paragraph includes
71.18 an amount for public library service under section 134.07, the amount attributable for that
71.19 purpose may be separated from the remaining county levy amount. The amount of the tax
71.20 on homesteads qualifying under the senior citizens' property tax deferral program under
71.21 chapter 290B is the total amount of property tax before subtraction of the deferred property
71.22 tax amount. The amount of the tax on contamination value imposed under sections 270.91
71.23 to 270.98, if any, must also be separately stated. The dollar amounts, including the dollar
71.24 amount of any special assessments, may be rounded to the nearest even whole dollar. For
71.25 purposes of this section whole odd-numbered dollars may be adjusted to the next higher
71.26 even-numbered dollar.

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

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

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

72.1 (2) the property's homestead market value exclusion under section 273.13, subdivision
72.2 35;

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

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

72.5 (5) for agricultural properties, the credits under sections 273.1384 ~~and~~ 273.1387, and
72.6 273.1388;

72.7 (6) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135;
72.8 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of credit
72.9 received under section 273.135 must be separately stated and identified as "taconite tax
72.10 relief"; and

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

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

72.20 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
72.21 in 2026.

72.22 Sec. 22. Minnesota Statutes 2024, section 279.37, subdivision 2, is amended to read:

72.23 Subd. 2. **Installment payments.** (a) The owner of any such parcel, or any person to
72.24 whom the right to pay taxes has been given by statute, mortgage, or other agreement, may
72.25 make and file with the county auditor of the county in which the parcel is located a written
72.26 offer to pay the current taxes each year before they become delinquent, or to contest the
72.27 taxes under chapter 278 and agree to confess judgment for the amount provided, as
72.28 determined by the county auditor. By filing the offer, the owner waives all irregularities in
72.29 connection with the tax proceedings affecting the parcel and any defense or objection which
72.30 the owner may have to the proceedings, and also waives the requirements of any notice of
72.31 default in the payment of any installment or interest to become due pursuant to the composite
72.32 judgment to be so entered. Unless the property is subject to subdivision 1a, with the offer,
72.33 the owner shall (i) tender one-tenth of the amount of the delinquent taxes, costs, penalty,

and interest, and (ii) tender all current year taxes and penalty due at the time the confession of judgment is entered. In the offer, the owner shall agree to pay the balance in nine equal installments, with interest as provided in section 279.03, payable annually on installments remaining unpaid from time to time, on or before December 31 of each year following the year in which judgment was confessed.

(b) For property which qualifies under section 279.03, subdivision 2, paragraph (b), each year the commissioner shall set the interest rate for offers made under paragraph (a) at the greater of five percent or ~~two percent above~~ the prime rate charged by banks during the six-month period ending on September 30 of that year, rounded to the nearest full percent, provided that the rate must not exceed the maximum annum rate specified under section 279.03, subdivision 1a. The rate of interest becomes effective on January 1 of the immediately succeeding year. The commissioner's determination under this subdivision is not a rule subject to the Administrative Procedure Act in chapter 14, including section 14.386. If a default occurs in the payments under any confessed judgment entered under this paragraph, the taxes and penalties due are subject to the interest rate specified in section 279.03.

For the purposes of this subdivision:

(1) the term "prime rate charged by banks" means the average predominant prime rate quoted by commercial banks to large businesses, as determined by the Board of Governors of the Federal Reserve System; and

(2) "default" means the cancellation of the confession of judgment due to nonpayment of the current year tax or failure to make any installment payment required by this confessed judgment within 60 days from the date on which payment was due.

(c) The interest rate established at the time judgment is confessed is fixed for the duration of the judgment. By October 15 of each year, the commissioner of revenue must determine the rate of interest as provided under paragraph (b) and, by November 1 of each year, must certify the rate to the county auditor.

(d) A qualified property owner eligible to enter into a second confession of judgment may do so at the interest rate provided in paragraph (b).

(e) Repurchase agreements or contracts for repurchase for properties being repurchased under section 282.261 are not eligible to receive the interest rate under paragraph (b).

(f) The offer must be substantially as follows:

"To the court administrator of the district court of county, I,, am the owner of the following described parcel of real estate located in county, Minnesota:

..... Upon that real estate there are delinquent taxes for the year, and prior years, as follows: (here insert year of delinquency and the total amount of delinquent taxes, costs, interest, and penalty). By signing this document I offer to confess judgment in the sum of \$..... and waive all irregularities in the tax proceedings affecting these taxes and any defense or objection which I may have to them, and direct judgment to be entered for the amount stated above, minus the sum of \$....., to be paid with this document, which is one-tenth or one-fifth of the amount of the taxes, costs, penalty, and interest stated above. I agree to pay the balance of the judgment in nine or four equal, annual installments, with interest as provided in section 279.03, payable annually, on the installments remaining unpaid. I agree to pay the installments and interest on or before December 31 of each year following the year in which this judgment is confessed and current taxes each year before they become delinquent, or within 30 days after the entry of final judgment in proceedings to contest the taxes under chapter 278.

Dated,"

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

Sec. 23. Minnesota Statutes 2024, section 449.08, is amended to read:

449.08 TAX LEVY FOR FREE MUSIC IN THIRD CLASS CITIES.

The council of any city of the third class may levy a tax for the purpose of providing free musical entertainment for the general public. The proceeds of this tax shall be used only for the purpose of providing free musical entertainment for the public. The annual expenditure for this purpose is limited to ~~\$3,000~~ \$10,000.

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

Sec. 24. Minnesota Statutes 2024, section 469.171, subdivision 1, is amended to read:

Subdivision 1. **Authorized types.** (a) The following types of tax reductions may be approved by the commissioner for businesses located in a border city enterprise zone, after the governing body of the border city has designated an area or areas, ~~each consisting of at least 100 acres, of the city not in excess of a total of 400 acres~~ in which the tax reductions may be provided:

(1) an exemption from the general sales tax imposed by chapter 297A for purchases of construction materials or equipment for use in the zone if the purchase was made after the date of application for the zone;

(2) a credit against the income tax of an employer for additional workers employed in the zone, other than workers employed in construction, up to a maximum of \$3,000 per employee per year;

(3) an income tax credit for a percentage of the cost of debt financing to construct new or expanded facilities in the zone; ~~and~~

(4) a state paid property tax credit for a portion of the property taxes paid by a new commercial or industrial facility or the additional property taxes paid by an expansion of an existing commercial or industrial facility in the zone; and

(5) reimbursement of land acquisition costs for business expansion within the zone if the municipality determines that expansion was necessary to prevent relocation outside the state.

(b) An application for a tax reduction under this subdivision may not be approved unless the governing body finds that the construction or improvement of the facility is not likely to have the effect of transferring existing employment from a location outside of the municipality but within the state.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

Sec. 25. Minnesota Statutes 2024, section 469.171, subdivision 4, is amended to read:

Subd. 4. **Restriction.** The tax reductions provided by this section shall not apply to (1) ~~a facility the primary purpose of which is one of the following: the provision of recreation or entertainment, or a private or commercial golf course, country club, massage parlor, tennis club, skating facility including roller skating, skateboard, and ice skating, racquet sports facility, including any handball or racquetball court, hot tub facility, suntan facility, or racetrack;~~ (2) property of a public utility; ~~(3) (2) property used in the operation of a financial institution; (4) or (3) property owned by a fraternal or veterans' organization; or (5) a retail food or beverage facility operating under a franchise agreement that requires the business to be located in this state.~~

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

76.1 Sec. 26. Minnesota Statutes 2024, section 469.171, subdivision 6a, is amended to read:

76.2 Subd. 6a. **Additional border city allocations.** The commissioner may allocate \$2,000,000
76.3 for tax reductions pursuant to subdivision 9 to border city enterprise zones. This money
76.4 shall be allocated among the zones on a per capita basis. Tax reductions authorized by this
76.5 subdivision may not be allocated to any property which is:

76.6 ~~(1) a facility the primary purpose of which is one of the following: the provision of~~
76.7 ~~recreation or entertainment, or a private or commercial golf course, country club, massage~~
76.8 ~~parlor, tennis club, skating facility including roller skating, skateboard, and ice skating,~~
76.9 ~~racquet sports facility, including any handball or racquetball court, hot tub facility, suntan~~
76.10 ~~facility, or racetrack;~~

76.11 ~~(2)~~ (1) property of a public utility;

76.12 ~~(3)~~ (2) property used in the operation of a financial institution; or

76.13 ~~(4)~~ (3) property owned by a fraternal or veterans' organization;

76.14 ~~(5) property of a retail food or beverage service business operating under a franchise~~
76.15 ~~agreement that requires the business to be located in the state.~~

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

76.17 Sec. 27. Minnesota Statutes 2024, section 469.1731, subdivision 1, is amended to read:

76.18 Subdivision 1. **Designation.** To encourage economic development, to revitalize the
76.19 designated areas, to expand tax base and economic activity, and to provide job creation,
76.20 growth, and retention, the following border cities may designate, by resolution, areas of the
76.21 city as development zones after a public hearing upon 30-day notice.

76.22 (a) The city of Breckenridge may designate all or any part of the city as a zone.

76.23 (b) The city of Dilworth may designate ~~between one and six areas of the city as zones~~
76.24 ~~containing not more than 100 acres in the aggregate~~ all or any part of the city as a zone.

76.25 (c) The city of East Grand Forks may designate all or any part of the city as a zone.

76.26 (d) The city of Moorhead may designate ~~between one and six areas of the city as zones~~
76.27 ~~containing not more than 100 acres in the aggregate~~ all or any part of the city as a zone.

76.28 (e) The city of Ortonville may designate ~~between one and six areas of the city as zones~~
76.29 ~~containing not more than 100 acres in the aggregate~~ all or any part of the city as a zone.

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

77.1 Sec. 28. Minnesota Statutes 2024, section 469.1812, is amended by adding a subdivision
77.2 to read:

77.3 Subd. 2a. **Land bank organization.** "Land bank organization" means an organization
77.4 that, at least in part, acquires, holds, or manages vacant, blighted, foreclosed, or tax-forfeited
77.5 property for future development, redevelopment, or disposal, and that is either:

77.6 (1) a nonprofit organization exempt from federal income taxation under section 501(c)(3)
77.7 of the Internal Revenue Code whose governing board members are elected or appointed by
77.8 the state of Minnesota, any political subdivision of the state of Minnesota, or an agency of
77.9 the state of Minnesota or its political subdivisions, or are elected or appointed officials of
77.10 the state of Minnesota or any of its political subdivisions; or

77.11 (2) a limited liability company of which a nonprofit organization described in clause (1)
77.12 is the sole member.

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

77.14 Sec. 29. Minnesota Statutes 2024, section 469.1813, subdivision 1, is amended to read:

77.15 Subdivision 1. **Authority.** The governing body of a political subdivision may grant a
77.16 current or prospective abatement, by contract or otherwise, of the taxes imposed by the
77.17 political subdivision on a parcel of property, which may include personal property and
77.18 machinery, or defer the payments of the taxes and abate the interest and penalty that otherwise
77.19 would apply, if:

77.20 (1) it expects the benefits to the political subdivision of the proposed abatement agreement
77.21 to at least equal the costs to the political subdivision of the proposed agreement or intends
77.22 the abatement to phase in a property tax increase, as provided in clause (2)(vii); and

77.23 (2) it finds that doing so is in the public interest because it will:

77.24 (i) increase or preserve tax base;

77.25 (ii) provide employment opportunities in the political subdivision;

77.26 (iii) provide or help acquire or construct public facilities;

77.27 (iv) help redevelop or renew blighted areas;

77.28 (v) help provide access to services for residents of the political subdivision;

77.29 (vi) finance or provide public infrastructure;

(vii) phase in a property tax increase on the parcel resulting from an increase of 50 percent or more in one year on the estimated market value of the parcel, other than increase attributable to improvement of the parcel; ~~or~~

(viii) stabilize the tax base through equalization of property tax revenues for a specified period of time with respect to a taxpayer whose real and personal property is subject to valuation under Minnesota Rules, chapter 8100;

(ix) provide for the development of affordable housing to households at or below 80 percent of area median income as estimated by the United States Department of Housing and Urban Development for the political subdivision in which the project is located; or

(x) allow the property to be held by a land bank organization for future development.

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

Sec. 30. Minnesota Statutes 2024, section 469.1813, subdivision 6, is amended to read:

Subd. 6. Duration limit. (a) A political subdivision may grant an abatement for a period no longer than 15 years, except as provided under ~~paragraph~~ paragraphs (b) and (c). The abatement period commences in the first year in which the abatement granted is either paid or retained in accordance with section 469.1815, subdivision 2. The subdivision may specify in the abatement resolution a shorter duration. If the resolution does not specify a period of time, the abatement is for eight years. If an abatement has been granted to a parcel of property and the period of the abatement has expired, the political subdivision that granted the abatement may not grant another abatement for eight years after the expiration of the first abatement. This prohibition does not apply to improvements added after and not subject to the first abatement. Economic abatement agreements for real and personal property subject to valuation under Minnesota Rules, chapter 8100, are not subject to this prohibition and may be granted successively.

(b) A political subdivision proposing to abate taxes for a parcel may request, in writing, that the other political subdivisions in which the parcel is located grant an abatement for the property. If one of the other political subdivisions declines, in writing, to grant an abatement or if 90 days pass after receipt of the request to grant an abatement without a written response from one of the political subdivisions, the duration limit for an abatement for the parcel by the requesting political subdivision and any other participating political subdivision is increased to 20 years. If the political subdivision which declined to grant an abatement later grants an abatement for the parcel, the 20-year duration limit is reduced by one year for each year that the declining political subdivision grants an abatement for the

79.1 parcel during the period of the abatement granted by the requesting political subdivision.

79.2 The duration limit may not be reduced below the limit under paragraph (a).

79.3 (c) An abatement under subdivision 1, clause (2), items (ix) and (x), may be granted for
79.4 a period no longer than five years. This limit also applies if the resolution does not specify
79.5 a period of time.

79.6 **EFFECTIVE DATE.** This section is effective for abatement resolutions approved after
79.7 the day following final enactment.

79.8 Sec. 31. Minnesota Statutes 2024, section 469.1813, is amended by adding a subdivision
79.9 to read:

79.10 Subd. 11. **Repayment.** A land bank organization receiving an abatement under
79.11 subdivision 1, clause (2), item (ix) or (x), must repay the abatement with interest if the land
79.12 for which the abatement was granted is used for a purpose other than the purpose given by
79.13 the land bank organization prior to redevelopment, as determined by the governing body
79.14 of the political subdivision that granted the abatement. This subdivision applies immediately
79.15 after the abatement under this section expires and land is subject to repayment under this
79.16 subdivision for the same number of years that the abatement was granted. Interest under
79.17 this section is payable at the rate determined in section 270C.40, subdivision 5.

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

79.19 Sec. 32. **EXEMPTION FOR LAND HELD FOR ECONOMIC DEVELOPMENT.**

79.20 Notwithstanding Minnesota Statutes, section 272.02, subdivision 39, property owned
79.21 by the Port Authority of the city of Bloomington that was acquired by the Port Authority
79.22 in May 2016 and exempt under Minnesota Statutes, section 272.02, subdivision 39, for
79.23 taxes payable in 2017 through 2025, must continue to be exempt pursuant to Minnesota
79.24 Statutes, section 272.02, subdivision 39, for taxes payable in 2026 through 2031 provided
79.25 that the requirements of that subdivision are met. Notwithstanding Minnesota Statutes,
79.26 section 272.025, an initial application for the exemption under this section must be filed
79.27 with the assessor by June 30, 2025.

79.28 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
79.29 city of Bloomington and its chief clerical officer comply with the requirements of Minnesota
79.30 Statutes, section 645.021, subdivisions 2 and 3.

80.1 Sec. 33. **REPEALER.**

80.2 Minnesota Statutes 2024, sections 275.065, subdivision 3c; and 276.04, subdivision 2a,
80.3 are repealed.

80.4 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
80.5 in 2026.

80.6 **ARTICLE 3**
80.7 **SALES AND USE, EXCISE, GROSS RECEIPTS, AND LOCAL SALES AND USE**
80.8 **TAXES**

80.9 Section 1. Minnesota Statutes 2024, section 289A.20, subdivision 4, is amended to read:

80.10 Subd. 4. **Sales and use tax.** (a) The taxes imposed by chapter 297A are due and payable
80.11 to the commissioner monthly on or before the 20th day of the month following the month
80.12 in which the taxable event occurred, or following another reporting period as the
80.13 commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph (f)
80.14 or (g), except that use taxes due on an annual use tax return as provided under section
80.15 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

80.16 (b) A vendor having a liability of \$250,000 or more during a fiscal year ending June 30,
80.17 except a vendor of construction materials as defined in paragraph (e), must remit the June
80.18 liability for the next year in the following manner:

80.19 (1) Two business days before June 30 of calendar year ~~2020 and 2021~~ 2027, the vendor
80.20 must remit ~~87.5~~ 10.896 percent of the estimated June liability to the commissioner. ~~Two~~
80.21 ~~business days before June 30 of calendar year 2022 and thereafter, the vendor must remit~~
80.22 ~~84.5 percent, or a reduced percentage as certified by the commissioner under section 16A.152,~~
80.23 ~~subdivision 2, paragraph (a), clause (6), of the estimated June liability to the commissioner.~~

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

80.26 (c) A vendor having a liability of:

80.27 (1) \$10,000 or more, but less than \$250,000, during a fiscal year must remit by electronic
80.28 means all liabilities on returns due for periods beginning in all subsequent calendar years
80.29 on or before the 20th day of the month following the month in which the taxable event
80.30 occurred, or on or before the 20th day of the month following the month in which the sale
80.31 is reported under section 289A.18, subdivision 4; or

(2) \$250,000 or more during a fiscal year must remit by electronic means all liabilities in the manner provided in paragraph (a) on returns due for periods beginning in the subsequent calendar year, except that a vendor subject to the remittance requirements of paragraph (b) must remit the percentage of the estimated June liability, as provided in paragraph (b), clause (1), which is due two business days before June 30. The remaining amount of the June liability is due on August 20.

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

(e) For the purposes of paragraph (b), "vendor of construction materials" means a retailer that sells any of the following construction materials, if 50 percent or more of the retailer's sales revenue for the fiscal year ending June 30 is from the sale of those materials:

(1) lumber, veneer, plywood, wood siding, wood roofing;

(2) millwork, including wood trim, wood doors, wood windows, wood flooring; or

(3) concrete, cement, and masonry.

~~(f) Paragraph (b) expires after the percentage of estimated payment is reduced to zero in accordance with section 16A.152, subdivision 2, paragraph (a), clause (6).~~

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2026.

Sec. 2. Minnesota Statutes 2024, section 289A.60, subdivision 15, is amended to read:

Subd. 15. Accelerated payment of June sales tax liability; penalty for underpayment. ~~(a) For payments made after December 31, 2019 and before December 31, 2021, if a vendor is required by law to submit an estimation of June sales tax liabilities and 87.5 percent payment by a certain date, the vendor shall pay a penalty equal to ten percent of the amount of actual June liability required to be paid in June less the amount remitted in June. The penalty must not be imposed, however, if the amount remitted in June equals the lesser of 87.5 percent of the preceding May's liability or 87.5 percent of the average monthly liability for the previous calendar year.~~

~~(b)~~ For payments made after December 31, 2021, the penalty must not be imposed if the amount remitted in June equals the lesser of ~~84.5~~ 10.896 percent, ~~or a reduced percentage as certified by the commissioner under section 16A.152, subdivision 2, paragraph (a), clause (6),~~ of the preceding May's liability or ~~84.5~~ 10.896 percent of the average monthly liability for the previous calendar year.

~~(c) This subdivision expires after the percentage of estimated payment is reduced to zero in accordance with section 16A.152, subdivision 2, paragraph (a), clause (6).~~

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2026.

Sec. 3. Minnesota Statutes 2024, section 295.54, subdivision 2, is amended to read:

Subd. 2. **Pharmacy refund.** ~~(a) A pharmacy may claim an annual~~ a quarterly refund against the total amount of tax, if any, the pharmacy owes during that calendar year under section 295.52, subdivision 4. The refund shall equal to the amount paid by the pharmacy to a wholesale drug distributor subject to tax under section 295.52, subdivision 3, for legend drugs delivered by the pharmacy outside of Minnesota, multiplied by the tax percentage specified in section 295.52, subdivision 3. ~~If the amount of the refund exceeds the tax liability of the pharmacy under section 295.52, subdivision 4, the commissioner shall provide the pharmacy with a refund equal to the excess amount.~~

~~(b) Each qualifying pharmacy must apply for the refund on the annual~~ quarterly return as prescribed by the commissioner, ~~on or before March 15 of the year following the calendar year the legend drugs were delivered outside Minnesota.~~ in accordance with the following schedule:

(1) for legend drugs delivered by the pharmacy outside of Minnesota between January 1 and March 31, a pharmacy may file its refund request on or after July 1 of the calendar year in which the legend drugs are delivered by the pharmacy outside of Minnesota;

(2) for legend drugs delivered by the pharmacy outside of Minnesota between April 1 and June 30, a pharmacy may file its refund request on or after July 1 of the calendar year in which the legend drugs are delivered by the pharmacy outside of Minnesota;

(3) for legend drugs delivered by the pharmacy outside of Minnesota between July 1 and September 30, a pharmacy may file its refund request on or after October 1 of the calendar year in which the legend drugs are delivered by the pharmacy outside of Minnesota; and

(4) for legend drugs delivered by the pharmacy outside of Minnesota between October 1 and December 31, a pharmacy may file its refund request on or after January 1 of the calendar year immediately following the calendar year in which the legend drugs are delivered by the pharmacy outside of Minnesota.

~~The refund shall not be~~ (c) No refund is allowed if the initial claim for refund is filed more than one year after the original due date of the return end of the quarter in which the legend drugs were delivered by the pharmacy outside of Minnesota. Interest on refunds paid under this subdivision will begin begins to accrue 60 days after the date a claim for refund is filed. For purposes of this subdivision, the date a claim is filed is the due date of the return if a return is due or the date of the actual claim for refund, whichever is later.

EFFECTIVE DATE. This section is effective for legend drugs delivered outside of Minnesota after December 31, 2025.

Sec. 4. [295.90] SOCIAL MEDIA DATA COLLECTION EXCISE TAX.

Subdivision 1. **Tax imposed.** A tax is imposed on the collection of consumer data by a social media platform business as provided under this section.

Subd. 2. **Rate of tax.** The tax is imposed on social media platform businesses based on the number of Minnesota social media platform consumers from whom a social media platform business collects data within a month:

<u>Minnesota consumers</u>	<u>Tax</u>
<u>Fewer than or equal to 100,000</u>	<u>Zero</u>
<u>Over 100,000 but not more than 500,000</u>	<u>\$0.10 per month on the number of Minnesota consumers over 100,000 but not more than 500,000;</u>
<u>Over 500,000 but not more than 1,000,000</u>	<u>\$40,000 plus \$0.25 per month on the number of Minnesota consumers over 500,000 but not more than 1,000,000; and</u>
<u>Over 1,000,000</u>	<u>\$165,000 plus \$0.50 per month on the number of Minnesota consumers over 1,000,000.</u>

Subd. 3. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Commissioner" means the commissioner of revenue.

(c) "Consumer" means an individual who establishes an account on an app or website owned by a social media platform business whose consumer data is collected by the social media platform business, regardless of whether the individual is charged for establishing the account.

(d) "Consumer data" means any information that identifies, relates to, describes, is capable of being associated with, or could reasonably be linked with a consumer, whether directly submitted to the social media platform business by the consumer or derived from other sources.

(e) "Minnesota consumer" means a consumer who is a resident of Minnesota.

(f) "Resident" has the meaning given in section 290.01, subdivision 7.

(g) "Social media platform" has the meaning given in section 325M.31, paragraph (j).

(h) "Social media platform business" means a for-profit entity that operates a social media platform that engages, collects, maintains, uses, processes, sells, or shares consumer data in support of the entity's business activities and collects consumer data on more than 100,000 individual Minnesota consumers in a month within the calendar year.

Subd. 4. **Consumers.** (a) Until the contrary is established, it is presumed that a consumer whose information on record with or available to a social media platform business indicates a Minnesota home address, a Minnesota mailing address, or an internet protocol address connected with a Minnesota location is a Minnesota consumer for purposes of this section. The burden of proving that a consumer is not a Minnesota resident is on the social media platform business.

(b) A Minnesota consumer must be counted only once in the calculation of the monthly tax imposed on a social media platform business.

(c) Business entities that are part of a controlled group of corporations as defined in section 1563(a) of the Internal Revenue Code shall be treated as a single entity for purposes of meeting the definition of a social media platform business under this section.

(d) The single member of a single member limited liability company must be treated as a consumer under this section.

Subd. 5. **Credit against tax paid to another jurisdiction.** A social media platform business that has paid tax under this section may claim a credit against the tax paid with respect to a Minnesota consumer if another state imposes an excise tax identical to the tax imposed under this section with respect to the same consumer.

Subd. 6. **Record keeping.** A social media platform business shall maintain records as required by the commissioner.

Subd. 7. **Administration.** Unless specifically provided otherwise, the audit, assessment, refund, penalty, interest, enforcement, collection remedies, appeal, and administrative

85.1 provisions of chapters 270C and 289A that are applicable to taxes imposed under chapter
85.2 297A apply to the tax imposed under this section.

85.3 Subd. 8. **Returns; payment of tax.** (a) A social media platform business must report
85.4 the tax on a return prescribed by the commissioner and must remit the tax in a form and
85.5 manner prescribed by the commissioner. The return and the tax must be filed and paid using
85.6 the filing cycle and due dates provided for taxes imposed under section 289A.20, subdivision
85.7 4, and chapter 297A.

85.8 (b) Interest must be paid on an overpayment refunded or credited to the taxpayer from
85.9 the date of payment of the tax until the date the refund is paid or credited. For purposes of
85.10 this subdivision, the date of payment is the due date of the return or the date of actual
85.11 payment of the tax, whichever is later.

85.12 Subd. 9. **Deposit of revenues.** The commissioner must deposit the revenues, including
85.13 penalties and interest, derived from the tax imposed by this section to the general fund.

85.14 Subd. 10. **Personal debt.** The tax imposed by this section, and interest and penalties
85.15 imposed with respect to it, are a personal debt of the person required to file a return from
85.16 the time that the liability for it arises, irrespective of when the time for payment of the
85.17 liability occurs. In the case of a fiduciary, the debt must be that of the person in the person's
85.18 official or fiduciary capacity only, unless the person has voluntarily distributed the assets
85.19 held in that capacity without reserving sufficient assets to pay the tax, interest, and penalties,
85.20 in which event the person is personally liable for any deficiency.

85.21 **EFFECTIVE DATE.** This section is effective for consumer data collected after
85.22 December 31, 2025.

85.23 Sec. 5. Minnesota Statutes 2024, section 297A.68, is amended by adding a subdivision to
85.24 read:

85.25 Subd. 9a. **Championship golf tournaments admission and related events.** The granting
85.26 of the privilege of admission to a world championship golf tournament sponsored by the
85.27 Professional Golfers' Association of America and to related events sponsored by the
85.28 Professional Golfers' Association of America is exempt.

85.29 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
85.30 30, 2025.

86.1 Sec. 6. Minnesota Statutes 2024, section 297A.68, subdivision 42, is amended to read:

86.2 Subd. 42. **Qualified data centers.** (a) Purchases of enterprise information technology
86.3 equipment and computer software for use in a qualified data center, or a qualified refurbished
86.4 data center, are exempt, except that computer software maintenance agreements are exempt
86.5 for purchases made after June 30, 2013. The tax on purchases exempt under this paragraph
86.6 must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied,
86.7 and then refunded after June 30, 2013, in the manner provided in section 297A.75. This
86.8 exemption includes enterprise information technology equipment and computer software
86.9 purchased to replace or upgrade enterprise information technology equipment and computer
86.10 software in a qualified data center, or a qualified refurbished data center.

86.11 (b) Electricity used or consumed in the operation of a qualified data center or qualified
86.12 refurbished data center is exempt.

86.13 (c) For purposes of this subdivision, "qualified data center" means a facility in Minnesota:

86.14 (1) that is comprised of one or more buildings that consist in the aggregate of at least
86.15 25,000 square feet, and that are located on a single parcel or on contiguous parcels, where
86.16 the total cost of construction or refurbishment, investment in enterprise information
86.17 technology equipment, and computer software is at least \$30,000,000 within a 48-month
86.18 period. The 48-month period begins no sooner than July 1, 2012, except that costs for
86.19 computer software maintenance agreements purchased before July 1, 2013, are not included
86.20 in determining if the \$30,000,000 threshold has been met;

86.21 (2) that is constructed or substantially refurbished after June 30, 2012, where
86.22 "substantially refurbished" means that at least 25,000 square feet have been rebuilt or
86.23 modified, including:

86.24 (i) installation of enterprise information technology equipment; environmental control,
86.25 computer software, and energy efficiency improvements; and

86.26 (ii) building improvements; and

86.27 (3) that is used to house enterprise information technology equipment, where the facility
86.28 has the following characteristics:

86.29 (i) uninterruptible power supplies, generator backup power, or both;

86.30 (ii) sophisticated fire suppression and prevention systems; and

86.31 (iii) enhanced security. A facility will be considered to have enhanced security if it has
86.32 restricted access to the facility to selected personnel; permanent security guards; video

87.1 camera surveillance; an electronic system requiring pass codes, keycards, or biometric scans,
87.2 such as hand scans and retinal or fingerprint recognition; or similar security features.

87.3 In determining whether the facility has the required square footage, the square footage
87.4 of the following spaces shall be included if the spaces support the operation of enterprise
87.5 information technology equipment: office space, meeting space, and mechanical and other
87.6 support facilities. For purposes of this subdivision, "computer software" includes, but is not
87.7 limited to, software utilized or loaded at a qualified data center or qualified refurbished data
87.8 center, including maintenance, licensing, and software customization.

87.9 (d) For purposes of this subdivision, a "qualified refurbished data center" means an
87.10 existing facility that qualifies as a data center under paragraph (c), clauses (2) and (3), but
87.11 that is comprised of one or more buildings that consist in the aggregate of at least 25,000
87.12 square feet, and that are located on a single parcel or contiguous parcels, where the total
87.13 cost of construction or refurbishment, investment in enterprise information technology
87.14 equipment, and computer software is at least \$50,000,000 within a 24-month period.

87.15 (e) For purposes of this subdivision, "enterprise information technology equipment"
87.16 means computers and equipment supporting computing, networking, or data storage,
87.17 including servers and routers. It includes, but is not limited to: cooling systems, cooling
87.18 towers, and other temperature control infrastructure; power infrastructure for transformation,
87.19 distribution, or management of electricity used for the maintenance and operation of a
87.20 qualified data center or qualified refurbished data center, including but not limited to exterior
87.21 dedicated business-owned substations, backup power generation systems, battery systems,
87.22 and related infrastructure; and racking systems, cabling, and trays, which are necessary for
87.23 the maintenance and operation of the qualified data center or qualified refurbished data
87.24 center.

87.25 (f) A qualified data center or qualified refurbished data center may claim the exemptions
87.26 in this subdivision for purchases made either within 20 years of the date of its first purchase
87.27 qualifying for the exemption under paragraph (a), or by June 30, ~~2042~~ 2062, whichever is
87.28 earlier.

87.29 (g) The purpose of this exemption is to create jobs in the construction and data center
87.30 industries.

87.31 (h) This subdivision is effective for sales and purchases made before July 1, ~~2042~~ 2062.

87.32 (i) The commissioner of employment and economic development must certify to the
87.33 commissioner of revenue, in a format approved by the commissioner of revenue, when a
87.34 qualified data center has met the requirements under paragraph (c) or a qualified refurbished

88.1 data center has met the requirements under paragraph (d). The certification must provide
88.2 the following information regarding each qualified data center or qualified refurbished data
88.3 center:

88.4 (1) the total square footage amount;

88.5 (2) the total amount of construction or refurbishment costs and the total amount of
88.6 qualifying investments in enterprise information technology equipment and computer
88.7 software;

88.8 (3) the beginning and ending of the applicable period under either paragraph (c) or (d)
88.9 in which the qualifying expenditures and purchases under clause (2) were made, but in no
88.10 case shall the period begin before July 1, 2012; and

88.11 (4) the date upon which the qualified data center first met the requirements under
88.12 paragraph (c) or a qualified refurbished data center first met the requirements under paragraph
88.13 (d).

88.14 (j) Any refund for sales tax paid on qualifying purchases under this subdivision must
88.15 not be issued unless the commissioner of revenue has received the certification required
88.16 under paragraph (i) issued by the commissioner of employment and economic development.

88.17 (k) The commissioner of employment and economic development must annually notify
88.18 the commissioner of revenue of the qualified data centers that are projected to meet the
88.19 requirements under paragraph (c) and the qualified refurbished data centers that are projected
88.20 to meet the requirements under paragraph (d) in each of the next four years. The notification
88.21 must provide the information required under paragraph (i), clauses (1) to (4), for each
88.22 qualified data center or qualified refurbished data center.

88.23 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
88.24 30, 2025.

88.25 Sec. 7. Minnesota Statutes 2024, section 297A.70, is amended by adding a subdivision to
88.26 read:

88.27 **Subd. 11b. Minnesota intercollegiate sport tickets and admissions.** (a) Tickets and
88.28 admissions to games and events for an intercollegiate sport sponsored by a public institution
88.29 of higher education are exempt.

88.30 **(b) For the purposes of this subdivision:**

(1) "intercollegiate sport" means a sport played at the collegiate level for which eligibility requirements for participation by a student athlete are established by a national association that promotes or regulates collegiate athletics; and

(2) "public institution of higher education" means a state university, a state community college, a state technical college, or the University of Minnesota.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2025.

Sec. 8. Minnesota Statutes 2024, section 297A.99, subdivision 3a, is amended to read:

Subd. 3a. **Temporary moratorium.** (a) Notwithstanding subdivisions 1, 2, and 3, until after ~~May 31, 2025~~ June 30, 2026, a political subdivision may not engage in any of the following activities in connection with imposing a new local sales and use tax or modifying an existing local sales and use tax:

(1) any activity described in subdivision 1, paragraph (d);

(2) adopt a resolution; or

(3) seek voter approval.

(b) Paragraph (a) does not apply to new local sales and use taxes or modifications to existing local sales and use taxes authorized in May, 2023.

(c) This subdivision expires ~~June~~ July 1, 2025 2026.

EFFECTIVE DATE. This section is effective only if article 5 of this act is not finally enacted in the 2025 regular session or the provisions of article 5 of this act are not passed in a special session prior to July 1, 2025.

Sec. 9. Minnesota Statutes 2024, section 297A.9915, subdivision 1, is amended to read:

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

(b) "Metropolitan area" ~~means the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington~~ has the meaning given in section 473.121, subdivision 2.

(c) "Metropolitan Council" or "council" means the Metropolitan Council established by section 473.123.

(d) "Regional transportation sales tax" means the regional transportation sales and use tax imposed under this section.

90.1 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
90.2 30, 2025.

90.3 Sec. 10. Minnesota Statutes 2024, section 297A.9925, subdivision 1, is amended to read:

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

90.6 (b) "Metropolitan Council" or "council" means the Metropolitan Council established by
90.7 section 473.123.

90.8 (c) "Metropolitan ~~county~~ area" has the meaning given in section 473.121, subdivision
90.9 4 2.

90.10 (d) "Metropolitan sales tax" means the metropolitan region sales and use tax imposed
90.11 under this section.

90.12 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
90.13 30, 2025.

90.14 Sec. 11. Minnesota Statutes 2024, section 297A.9925, subdivision 2, is amended to read:

90.15 Subd. 2. **Sales tax imposition; rate.** Notwithstanding section 473.123, subdivision 1,
90.16 the Metropolitan Council must impose a metropolitan region sales and use tax at a rate of
90.17 0.25 percent on retail sales made in the metropolitan ~~counties~~ area or to a destination in the
90.18 metropolitan ~~counties~~ area.

90.19 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
90.20 30, 2025.

90.21 Sec. 12. Laws 1996, chapter 471, article 2, section 29, subdivision 1, as amended by Laws
90.22 2006, chapter 259, article 3, section 3, Laws 2011, First Special Session chapter 7, article
90.23 4, section 4, and Laws 2017, First Special Session chapter 1, article 5, section 6, is amended
90.24 to read:

90.25 Subdivision 1. **Sales tax authorized.** (a) Notwithstanding Minnesota Statutes, section
90.26 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of
90.27 Hermantown may, by ordinance, impose an additional sales tax of up to one percent on
90.28 sales transactions taxable pursuant to Minnesota Statutes, chapter 297A, that occur within
90.29 the city. The proceeds of the tax imposed under this section must be used to meet the costs
90.30 of:

90.31 (1) extending a sewer interceptor ~~line~~ lines;

91.1 (2) construction of a booster pump ~~station~~ stations, reservoirs, and related improvements
91.2 to the water system; and

91.3 (3) construction of a building containing a police and fire station and an administrative
91.4 services facility.

91.5 (b) If the city imposed a sales tax of only one-half of one percent under paragraph (a),
91.6 it may increase the tax to one percent to fund the purposes under paragraph (a) provided it
91.7 is approved by the voters at a general election held before December 31, 2012.

91.8 (c) As approved by the voters at the November 8, 2016, general election, the proceeds
91.9 under this section may also be used to meet the costs of debt service payments for
91.10 construction of the Hermantown Wellness Center.

91.11 **EFFECTIVE DATE.** This section is effective the day following final enactment without
91.12 local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1.

91.13 Sec. 13. Laws 1996, chapter 471, article 2, section 29, subdivision 4, as amended by Laws
91.14 2006, chapter 259, article 3, section 4, and Laws 2017, First Special Session chapter 1,
91.15 article 5, section 7, is amended to read:

91.16 Subd. 4. **Termination.** The tax authorized under this section terminates at the earlier of
91.17 (1) December 31, ~~2036~~ 2046, or (2) when the Hermantown City Council first determines
91.18 that sufficient funds have been received from the tax to fund the costs, including bonds and
91.19 associated bond costs for the uses specified in subdivision 1. Any funds remaining after
91.20 completion of the improvements and retirement or redemption of the bonds may be placed
91.21 in the general fund of the city.

91.22 **EFFECTIVE DATE.** This section is effective the day following final enactment without
91.23 local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1.

91.24 Sec. 14. Laws 2023, chapter 64, article 5, section 25, subdivision 1, is amended to read:

91.25 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used or consumed in and
91.26 equipment incorporated into the construction, reconstruction, upgrade, expansion, renovation,
91.27 or remodeling of a new water treatment plant and trunk water main improvements in the
91.28 city of Ramsey are exempt from sales and use tax under Minnesota Statutes, chapter 297A,
91.29 provided that the materials, supplies, and equipment are purchased after December 31, 2022,
91.30 and before July 1, 2027.

91.31 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section
91.32 297A.62, ~~subdivision~~ subdivisions 1 and 1a, applied and then refunded in the same manner

92.1 provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17).
92.2 Refunds for eligible purchases must not be issued until after June 30, 2023, ~~and before July~~
92.3 ~~1, 2027.~~

92.4 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
92.5 made after December 31, 2022, and before July 1, 2027.

92.6 Sec. 15. **BROWERVILLE PUBLIC SCHOOLS; SALES TAX EXEMPTION FOR**
92.7 **CONSTRUCTION MATERIALS.**

92.8 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment
92.9 incorporated into the following projects in Independent School District No. 787, Browerville
92.10 Public Schools, are exempt from sales and use tax imposed under Minnesota Statutes,
92.11 chapter 297A, if the materials, supplies, and equipment are purchased after December 1,
92.12 2023, and before January 1, 2026:

92.13 (1) renovations to the prekindergarten through grade 12 school building; and

92.14 (2) construction of a new gymnasium, classrooms, locker rooms, a wrestling and weight
92.15 room, offices, and a stage.

92.16 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section
92.17 297A.62, subdivisions 1 and 1a, applied and then refunded in the same manner provided
92.18 for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds
92.19 for eligible purchases must not be issued until after June 30, 2025.

92.20 Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1
92.21 is appropriated from the general fund to the commissioner of revenue.

92.22 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
92.23 made after December 1, 2023, and before January 1, 2026.

92.24 Sec. 16. **CITY OF WOODBURY; SALES AND USE TAX EXEMPTION FOR**
92.25 **CONSTRUCTION MATERIALS.**

92.26 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used or consumed in and
92.27 equipment incorporated into the construction, reconstruction, upgrade, expansion, renovation,
92.28 or remodeling of a water treatment facility and water tower, including water pipeline
92.29 infrastructure and associated improvements funded by the city of Woodbury are exempt
92.30 from sales and use tax under Minnesota Statutes, chapter 297A, provided that the materials,
92.31 supplies, and equipment are purchased after January 31, 2024, and before December 1,
92.32 2028.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivisions 1 and 1a, applied and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible purchases must not be issued until after June 30, 2025.

Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after January 31, 2024, and before December 1, 2028.

Sec. 17. **REPEALER.**

Minnesota Statutes 2024, sections 297D.01; 297D.02; 297D.03; 297D.04; 297D.05; 297D.06; 297D.07; 297D.08; 297D.085; 297D.09; 297D.10; 297D.11; 297D.12; and 297D.13, are repealed.

EFFECTIVE DATE. This section is effective August 1, 2025.

ARTICLE 4

PROPERTY TAX AIDS

Section 1. Minnesota Statutes 2024, section 126C.13, subdivision 4, is amended to read:

Subd. 4. **General education aid.** ~~For fiscal year 2015 and later,~~ A district's general education aid equals:

(1) general education revenue, excluding operating capital revenue, equity revenue, local optional revenue, and transition revenue; plus

(2) operating capital aid under section 126C.10, subdivision 13b;

(3) equity aid under section 126C.10, subdivision 30; plus

(4) transition aid under section 126C.10, subdivision 33; plus

(5) shared time aid under section 126C.01, subdivision 7; plus

(6) referendum aid under section 126C.17, subdivisions 7 ~~and~~ 7a, and 7c; plus

(7) online learning aid under section 124D.096; plus

(8) local optional aid according to section 126C.10, subdivision 2e, paragraph (f).

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2027 and later.

94.1 Sec. 2. Minnesota Statutes 2024, section 126C.17, is amended by adding a subdivision to
94.2 read:

94.3 Subd. 7c. **Seasonal tax base replacement aid.** (a) For purposes of this subdivision,
94.4 "eligible school district" means a school district for which the seasonal tax base adjustment
94.5 factor under paragraph (c) is at least equal to 0.15. A school district determined eligible
94.6 under this paragraph for aid in fiscal year 2027 or any later fiscal year remains an eligible
94.7 school district for aid in any subsequent fiscal year.

94.8 (b) A district's seasonal tax base replacement aid equals the product of (1) the seasonal
94.9 tax base adjustment factor, and (2) the district's referendum equalization levy calculated
94.10 under subdivision 6, after any adjustment under subdivisions 7a and 7b.

94.11 (c) A district's seasonal tax base adjustment factor equals the lesser of 0.50 or the ratio
94.12 of (1) the seasonal market value for the district, to (2) the sum of the referendum market
94.13 value and the seasonal market value for the district. For the purposes of this paragraph,
94.14 "seasonal market value" means the market value of all taxable property classified as class
94.15 4c(12) under section 273.13.

94.16 (d) The amount calculated under paragraph (b) must be used to reduce the district's
94.17 referendum levy determined after the adjustments under subdivisions 7a and 7b.

94.18 **EFFECTIVE DATE.** This section is effective for taxes payable in 2026 and later.

94.19 Sec. 3. Minnesota Statutes 2024, section 477A.011, subdivision 34, is amended to read:

94.20 Subd. 34. **City revenue need.** (a) For a city with a population equal to or greater than
94.21 10,000, "city revenue need" is 1.15 times the sum of (1) 8.572 times the pre-1940 housing
94.22 percentage; plus (2) 11.494 times the city age index; plus (3) 5.719 times the commercial
94.23 industrial utility percentage; plus (4) 9.484 times peak population decline; plus (5) 293.056;
94.24 plus (6) the sparsity adjustment.

94.25 (b) For a city with a population equal to or greater than 2,500 and less than 10,000, "city
94.26 revenue need" is 1.15 times the sum of (1) 497.308; plus (2) 6.667 times the pre-1940
94.27 housing percentage; plus (3) 9.215 times the commercial industrial utility percentage; plus
94.28 (4) 16.081 times peak population decline; plus (5) the sparsity adjustment.

94.29 (c) For a city with a population less than 2,500, "city revenue need" is the sum of (1)
94.30 196.487; plus (2) 220.877 times the city's transformed population; plus (3) the sparsity
94.31 adjustment.

95.1 (d) For a city with a population of at least 2,500 but less than 3,000, the "city revenue
95.2 need" equals (1) the transition factor times the city's revenue need calculated in paragraph
95.3 (b); plus (2) the city's revenue need calculated under the formula in paragraph (c) times the
95.4 difference between one and the transition factor. For a city with a population of at least
95.5 10,000 but less than 11,000, the "city revenue need" equals (1) the transition factor times
95.6 the city's revenue need calculated in paragraph (a); plus (2) the city's revenue need calculated
95.7 under the formula in paragraph (b) times the difference between one and the transition
95.8 factor. For purposes of the first sentence of this paragraph "transition factor" is 0.2 percent
95.9 times the amount that the city's population exceeds the minimum threshold. For purposes
95.10 of the second sentence of this paragraph, "transition factor" is 0.1 percent times the amount
95.11 that the city's population exceeds the minimum threshold.

95.12 (e) The city revenue need cannot be less than zero.

95.13 (f) For calendar year 2024 and subsequent years, the city revenue need for a city, as
95.14 determined in paragraphs (a) to (e), is multiplied by the ratio of the annual implicit price
95.15 deflator for government consumption expenditures and gross investment for state and local
95.16 governments as prepared by the United States Department of Commerce, for the most
95.17 recently available year to the 2022 implicit price deflator for state and local government
95.18 purchases.

95.19 **EFFECTIVE DATE.** This section is effective for aids payable in 2026 and thereafter.

95.20 Sec. 4. Minnesota Statutes 2024, section 477A.011, is amended by adding a subdivision
95.21 to read:

95.22 **Subd. 48. Sparsity adjustment.** The sparsity adjustment is 200 for:

95.23 (1) a city with a population of 10,000 or more and an average population density of less
95.24 than 150 per square mile, according to the most recent federal census; and

95.25 (2) a city with a population less than 10,000 and an average population density less than
95.26 30 per square mile, according to the most recent federal census.

95.27 The sparsity adjustment is zero for all other cities.

95.28 **EFFECTIVE DATE.** This section is effective for aids payable in 2026 and thereafter.

95.29 Sec. 5. Minnesota Statutes 2024, section 477A.013, subdivision 1, is amended to read:

95.30 Subdivision 1. **Towns.** (a) ~~In 2014 and thereafter, each town is eligible for a distribution~~
95.31 ~~under this subdivision equal to the product of (i) its agricultural property factor, (ii) its town~~

96.1 ~~area factor, (iii) its population factor, and (iv) 0.0045.~~ As used in this subdivision, the
96.2 following terms have the meanings given them:

96.3 (1) "agricultural property factor" means the ratio of the adjusted net tax capacity of
96.4 agricultural property located in a town, to the adjusted net tax capacity of all other property
96.5 located in the town. The agricultural property factor cannot exceed eight;

96.6 (2) "agricultural property" means property classified under section 273.13, as homestead
96.7 and nonhomestead agricultural property, rural vacant land, and noncommercial seasonal
96.8 recreational property;

96.9 (3) "town area factor" means the most recent estimate of total acreage, not to exceed
96.10 50,000 acres, located in the township available as of July 1 in the aid calculation year,
96.11 estimated or established by:

96.12 (i) the United States Bureau of the Census;

96.13 (ii) the ~~State Land Management Information Center~~ Minnesota Geospatial Information
96.14 Office; or

96.15 (iii) the secretary of state; ~~and~~

96.16 (4) "population factor" means the square root of the town's population; and

96.17 (5) "town aid factor" means the product of the town's (i) agricultural property factor, (ii)
96.18 town area factor, and (iii) population factor.

96.19 ~~(b) If the sum of the aids payable to all towns under this subdivision exceeds the limit~~
96.20 ~~under section 477A.03, subdivision 2c, the distribution to each town must be reduced~~
96.21 ~~proportionately so that the total amount of aids distributed under this subdivision does not~~
96.22 ~~exceed the limit in section 477A.03, subdivision 2c.~~

96.23 (b) Each town is eligible for a distribution under this subdivision equal to the product
96.24 of (1) the total amount available for town aid under section 477A.03, subdivision 2c, and
96.25 (2) the ratio of (i) the town's town aid factor, to (ii) the sum of the town aid factors for all
96.26 towns.

96.27 (c) Data used in calculating aids to towns under this subdivision, other than acreage,
96.28 shall be the most recently available data as of January 1 in the year in which the aid is
96.29 calculated.

96.30 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2026
96.31 and thereafter.

97.1 Sec. 6. Minnesota Statutes 2024, section 477A.03, subdivision 2a, is amended to read:

97.2 Subd. 2a. **Cities.** ~~For aids payable in 2021 through 2023, the total aid payable under~~
97.3 ~~section 477A.013, subdivision 9, is \$564,398,012. For aids payable in 2024 and thereafter~~
97.4 2025, the total aid payable under section 477A.013, subdivision 9, is \$644,398,012. For
97.5 aids payable in 2026 and thereafter, the total aid payable under section 477A.013, subdivision
97.6 9, is \$624,398,012.

97.7 **EFFECTIVE DATE.** This section is effective for aids payable in 2026 and thereafter.

97.8 Sec. 7. Minnesota Statutes 2024, section 477A.03, subdivision 2b, is amended to read:

97.9 Subd. 2b. **Counties.** (a) ~~For aids payable in 2021 through 2023, the total aid payable~~
97.10 ~~under section 477A.0124, subdivision 3, is \$118,795,000, of which \$3,000,000 shall be~~
97.11 ~~allocated as required under Laws 2014, chapter 150, article 4, section 6. For aids payable~~
97.12 ~~in 2024, the total aid payable under section 477A.0124, subdivision 3, is \$154,197,053, of~~
97.13 ~~which \$3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4,~~
97.14 ~~section 6. For aids payable in 2025 and thereafter, the total aid payable under section~~
97.15 477A.0124, subdivision 3, is \$151,197,053. For aids payable in 2026 and thereafter, the
97.16 total aid payable under section 477A.0124, subdivision 3, is \$142,346,540. On or before
97.17 the first installment date provided in section 477A.015, paragraph (a), \$500,000 of this
97.18 appropriation shall be transferred each year by the commissioner of revenue to the Board
97.19 of Public Defense for the payment of services under section 611.27. Any transferred amounts
97.20 not expended or encumbered in a fiscal year shall be certified by the Board of Public Defense
97.21 to the commissioner of revenue on or before October 1 and shall be included in the next
97.22 certification of county need aid.

97.23 (b) ~~For aids payable in 2021 through 2023, the total aid under section 477A.0124,~~
97.24 ~~subdivision 4, is \$145,873,444. For aids payable in 2024 and thereafter 2025, the total aid~~
97.25 under section 477A.0124, subdivision 4, is \$190,471,391. For aids payable in 2026 and
97.26 thereafter, the total aid under section 477A.0124, subdivision 4, is \$179,321,904. The
97.27 commissioner of revenue shall transfer to the Legislative Budget Office \$207,000 annually
97.28 for the cost of preparation of local impact notes as required by section 3.987, and other local
97.29 government activities. The commissioner of revenue shall transfer to the commissioner of
97.30 education \$7,000 annually for the cost of preparation of local impact notes for school districts
97.31 as required by section 3.987. The commissioner of revenue shall deduct the amounts
97.32 transferred under this paragraph from the appropriation under this paragraph. The amounts
97.33 transferred are appropriated to the Legislative Coordinating Commission and the
97.34 commissioner of education respectively.

98.1 **EFFECTIVE DATE.** This section is effective for aids payable in 2026 and thereafter.

98.2 Sec. 8. Minnesota Statutes 2024, section 477A.23, subdivision 6, is amended to read:

98.3 Subd. 6. **Appropriation.** For aids payable in ~~2023 and 2024~~ 2025 and 2026, ~~\$15,000,000~~
98.4 \$14,730,000 is appropriated in each year from the general fund to the commissioner of
98.5 revenue to make the payments required under this section. For aids payable in ~~2025~~ 2027
98.6 and thereafter, ~~\$12,000,000~~ \$14,787,000 is annually appropriated from the general fund to
98.7 the commissioner of revenue to make the payments required under this section.

98.8 **EFFECTIVE DATE.** This section is effective for aids payable in 2025 and thereafter.

98.9 Sec. 9. **[477A.41] FIRE PROTECTION AND EMS SPECIAL TAXING DISTRICT**
98.10 **AID.**

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

98.13 (b) "Commissioner" means the commissioner of revenue.

98.14 (c) "Special taxing district" means a special taxing district that was established for the
98.15 purpose of providing fire or ambulance services, or both, and that was formed under any
98.16 of the following:

98.17 (1) section 144F.01;

98.18 (2) Laws 1987, chapter 402, section 2, as amended;

98.19 (3) Laws 1993, chapter 375, article 5, section 39; or

98.20 (4) Laws 2009, chapter 88, article 2, section 46, as amended.

98.21 Subd. 2. **Distribution.** (a) A special taxing district's annual aid amount is equal to 50
98.22 percent of the average of the special taxing district's levies certified under section 275.07,
98.23 subdivision 4, paragraph (b), for the previous five years. If a special taxing district has been
98.24 established for fewer than six years, the special taxing district's aid amount is equal to 50
98.25 percent of the average of all of the special taxing district's levies certified under section
98.26 275.07, subdivision 4, paragraph (b), in prior years.

98.27 (b) If the sum of the aids payable to all eligible special taxing districts under this section
98.28 exceeds the limit under subdivision 4, the distribution to each special taxing district must
98.29 be reduced proportionally so that the total amount of aids distributed under this section does
98.30 not exceed the limit in subdivision 4.

99.1 Subd. 3. **Commissioner responsibilities; payment.** (a) The commissioner must annually
99.2 calculate and certify the amount of aid payable to each special taxing district on or before
99.3 August 1 of the year preceding the aid distribution year.

99.4 (b) The commissioner shall make the aid payments to affected taxing authorities on July
99.5 20 annually.

99.6 Subd. 4. **Appropriation.** \$1,555,000 is annually appropriated from the general fund to
99.7 the commissioner of revenue to make payments under this section.

99.8 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2026 and
99.9 thereafter.

99.10 Sec. 10. Laws 2023, chapter 64, article 4, section 27, is amended by adding a subdivision
99.11 to read:

99.12 Subd. 9. **Report.** (a) By January 15, 2026, each: (1) local unit that receives aid in an
99.13 amount greater than \$10,000; (2) county; and (3) Tribal government must report the following
99.14 information to the commissioner of public safety in the form and manner approved by that
99.15 commissioner:

99.16 (i) the amount of aid received; and

99.17 (ii) the ways in which the aid was used or is intended to be used.

99.18 (b) By February 15, 2026, the commissioner of public safety must compile the information
99.19 received from counties, Tribal governments, or local units pursuant to paragraph (a) and
99.20 submit the compiled data in a report to the chairs and ranking minority members of the
99.21 legislative committees and divisions with jurisdiction over public safety finance and policy
99.22 and taxes and property taxes. The report must comply with the requirements of Minnesota
99.23 Statutes, sections 3.195 and 3.197.

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

99.25 Sec. 11. **AID PENALTY FORGIVENESS.**

99.26 Subdivision 1. **City of Stewart.** Notwithstanding Minnesota Statutes, section 477A.017,
99.27 subdivision 3, the city of Stewart must receive its aid payment for calendar year 2023 under
99.28 Minnesota Statutes, section 477A.013, that was withheld under Minnesota Statutes, section
99.29 477A.017, subdivision 3, provided the state auditor certifies to the commissioner of revenue
99.30 by June 16, 2025, that the state auditor received the annual financial reporting for 2022
99.31 from the city of Stewart by June 1, 2025. Upon certification from the state auditor to the

100.1 commissioner of revenue, the commissioner of revenue must make a payment of \$87,501.50
100.2 to the city of Stewart by June 30, 2025.

100.3 Subd. 2. **City of Alpha.** Notwithstanding Minnesota Statutes, section 477A.017,
100.4 subdivision 3, the city of Alpha must receive its aid payment for calendar year 2023 under
100.5 Minnesota Statutes, section 477A.013, that was withheld under Minnesota Statutes, section
100.6 477A.017, subdivision 3, provided the state auditor certifies to the commissioner of revenue
100.7 by June 16, 2025, that the state auditor received the annual financial reporting for 2022
100.8 from the city of Alpha by June 1, 2025. Upon certification from the state auditor to the
100.9 commissioner of revenue, the commissioner of revenue must make a payment of \$18,472
100.10 to the city of Alpha by June 30, 2025.

100.11 Subd. 3. **City of Odin.** Notwithstanding Minnesota Statutes, section 477A.017,
100.12 subdivision 3, the city of Odin must receive its aid payment for calendar year 2024 under
100.13 Minnesota Statutes, section 477A.013, that was withheld under Minnesota Statutes, section
100.14 477A.017, subdivision 3, and its small city assistance payment for calendar year 2024 under
100.15 Minnesota Statutes, section 162.145, that was withheld under Minnesota Statutes, section
100.16 162.145, subdivision 3, paragraph (c), provided the state auditor certifies to the commissioner
100.17 of revenue by June 16, 2025, that the state auditor received the annual financial reporting
100.18 for 2023 from the city of Odin by June 1, 2025. Upon certification from the state auditor to
100.19 the commissioner of revenue, the commissioner of revenue must make a payment of \$39,909
100.20 to the city of Odin by June 30, 2025.

100.21 Subd. 4. **City of Trosky.** Notwithstanding Minnesota Statutes, section 477A.017,
100.22 subdivision 3, the city of Trosky must receive its aid payment for calendar year 2024 under
100.23 Minnesota Statutes, section 477A.013, that was withheld under Minnesota Statutes, section
100.24 477A.017, subdivision 3, and its small city assistance payment for calendar year 2024 under
100.25 Minnesota Statutes, section 162.145, that was withheld under Minnesota Statutes, section
100.26 162.145, subdivision 3, paragraph (c), provided the state auditor certifies to the commissioner
100.27 of revenue by June 16, 2025, that the state auditor received the annual financial reporting
100.28 for 2023 from the city of Trosky by June 1, 2025. Upon certification from the state auditor
100.29 to the commissioner of revenue, the commissioner of revenue must make a payment of
100.30 \$25,003 to the city of Trosky by June 30, 2025.

100.31 Subd. 5. **Appropriation.** The amounts necessary to make the payments required under
100.32 subdivisions 1 and 2 are appropriated in fiscal year 2025 from the general fund to the
100.33 commissioner of revenue. This is a onetime appropriation.

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

101.1 Sec. 12. **COUNTY PROGRAM AID TAX BASE EQUALIZATION MINIMUM**
101.2 **ALLOCATION ADJUSTMENT.**

101.3 (a) For aids payable in 2026 only, notwithstanding Minnesota Statutes, section
101.4 477A.0124, subdivision 4, paragraph (g), the allocation to a county under Minnesota Statutes,
101.5 section 477A.0124, subdivision 4, paragraphs (a) to (e), shall not be less than:

101.6 (1) an amount equal to 0.27 percent of the total appropriation available for that year
101.7 under Minnesota Statutes, section 477A.03, subdivision 2b, paragraph (b); or

101.8 (2) 94 percent of the tax base equalization aid for the county in the prior year, whichever
101.9 is greater.

101.10 (b) If the sum of aids payable to counties under this section exceeds the limit under
101.11 Minnesota Statutes, section 477A.03, subdivision 2b, paragraph (b), the distribution for
101.12 those counties whose aid amounts exceed their minimum aid must be proportionately reduced
101.13 so that the amount of aid distributed under this section does not exceed the limit in Minnesota
101.14 Statutes, section 477A.03, subdivision 2b, paragraph (b).

101.15 **EFFECTIVE DATE.** This section is effective for aids payable in 2026 and thereafter.

101.16 Sec. 13. **LGA PAYMENT ADJUSTMENT.**

101.17 (a) For aids payable in 2026 only, notwithstanding Minnesota Statutes, section 477A.03,
101.18 subdivision 2a, the commissioner of revenue must calculate the aid gap percentage under
101.19 Minnesota Statutes, section 477A.013, subdivision 8, paragraph (b), as if the total amount
101.20 available for aids payable in 2026 under Minnesota Statutes, section 477A.03, subdivision
101.21 2a, is \$644,398,012.

101.22 (b) For aids payable in 2026 only, the commissioner of revenue must proportionally
101.23 reduce each city's aid amount calculated under Minnesota Statutes, section 477A.013,
101.24 subdivision 9, until the total aid for all cities equals the amount available for aid under
101.25 Minnesota Statutes, section 477A.03, subdivision 2a.

101.26 **EFFECTIVE DATE.** This section is effective for aids payable in 2026 and thereafter.

101.27 Sec. 14. **APPROPRIATION; SEASONAL TAX BASE REPLACEMENT AID.**

101.28 Subdivision 1. **Department of Education.** The sums indicated in this section are
101.29 appropriated from the general fund to the Department of Education for the fiscal years
101.30 designated.

102.1 Subd. 2. **Additional general education aid.** For additional general education aid under
102.2 Minnesota Statutes, section 126C.13:

102.3 \$ 3,422,000 2027

102.4 The 2027 appropriation includes \$0 for 2026 and \$3,422,000 for 2027.

102.5 Sec. 15. **REPEALER.**

102.6 Minnesota Statutes 2024, section 477A.30, subdivision 8, is repealed.

102.7 **ARTICLE 5**

102.8 **LOCAL SALES TAX REFORM**

102.9 Section 1. Minnesota Statutes 2024, section 297A.99, subdivision 1, is amended to read:

102.10 Subdivision 1. **Authorization; scope.** (a) A political subdivision of this state may impose
102.11 a general sales tax: (1) under section 297A.9901, (2) under section 297A.9915, ~~(2)~~ (3) under
102.12 section 297A.992, ~~(3)~~ (4) under section 297A.9925, ~~(4)~~ (5) under section 297A.993, ~~(5)~~ (6)
102.13 if permitted by special law, or ~~(6)~~ (7) if the political subdivision enacted and imposed the
102.14 tax before January 1, 1982, and its predecessor provision.

102.15 (b) This section governs the imposition of a general sales tax by the political subdivision.
102.16 The provisions of this section preempt the provisions of any special law:

102.17 (1) enacted before ~~June 2, 1997~~ July 1, 2025, or

102.18 (2) enacted on or after ~~June 2, 1997~~ July 1, 2025, that does not explicitly exempt the
102.19 special law provision from this section's rules by reference.

102.20 (c) This section does not apply to or preempt a sales tax on motor vehicles. Beginning
102.21 July 1, 2019, no political subdivision may impose a special excise tax on motor vehicles
102.22 unless it is imposed under section 297A.993.

102.23 (d) A political subdivision may not advertise or expend funds for the promotion of a
102.24 referendum to support imposing a local sales tax and may only spend funds related to
102.25 imposing a local sales tax to:

102.26 (1) conduct the referendum;

102.27 (2) disseminate information included in the resolution adopted under subdivision 2, but
102.28 only if the disseminated information includes a list of specific projects and the cost of each
102.29 individual project;

103.1 (3) provide notice of, and conduct public forums at which proponents and opponents on
103.2 the merits of the referendum are given equal time to express their opinions on the merits of
103.3 the referendum;

103.4 (4) provide facts and data on the impact of the proposed local sales tax on consumer
103.5 purchases; and

103.6 (5) provide facts and data related to the individual programs and projects to be funded
103.7 with the local sales tax.

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

103.9 Sec. 2. Minnesota Statutes 2024, section 297A.99, subdivision 1a, is amended to read:

103.10 Subd. 1a. **Requirements.** Local sales taxes are to be used instead of traditional local
103.11 revenues only for construction and rehabilitation of capital projects when a clear regional
103.12 benefit beyond the taxing jurisdiction can be demonstrated. ~~Use of local sales tax revenues~~
103.13 ~~for local projects decreases the benefits to taxpayers of the deductibility of local property~~
103.14 ~~taxes and the state assistance provided through the property tax refund system and increases~~
103.15 ~~the fiscal inequities between similar communities.~~

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

103.17 Sec. 3. Minnesota Statutes 2024, section 297A.99, subdivision 3, is amended to read:

103.18 Subd. 3. **Legislative authority required before voter approval; requirements for**
103.19 **adoption, use, termination.** (a) A political subdivision must receive legislative authority
103.20 to impose a local sales tax before submitting the tax for approval by voters of the political
103.21 subdivision. Imposition of a local sales tax is subject to approval by voters of the political
103.22 subdivision at a general election. The election must be conducted at a general election within
103.23 the two-year period after the governing body of the political subdivision has received
103.24 authority to impose the tax. If the authorizing legislation allows the tax to be imposed for
103.25 more than one project, there must be a separate question approving the use of the tax revenue
103.26 for each project. Notwithstanding the authorizing legislation, a project that is not approved
103.27 by the voters may not be funded with the local sales tax revenue and the ~~termination date~~
103.28 ~~of the tax set~~ total amount for all projects allowed in the authorizing legislation must be
103.29 ~~reduced proportionately based on the share of that project's cost to the total costs of all~~
103.30 ~~projects included in the authorizing legislation~~ accordingly.

103.31 (b) The proceeds of the tax must be dedicated exclusively to payment of the construction
103.32 and rehabilitation costs and associated bonding costs related to the specific capital

improvement projects that were approved by the voters under paragraph (a). The political subdivision must not commingle revenue from a tax for a project or projects approved by the voters under this section with revenue from a local sales tax authorized under section 297A.9901, or by any special law, ordinance, or city charter, including an extension of or modification to the uses of a local sales tax for a different project.

(c) The political subdivision imposing the tax must notify the commissioner at least 90 days before the date the political subdivision anticipates that revenues raised from the tax are sufficient to fund the projects approved by the voters under paragraph (a). The notification applies to each authorization of a tax and each project approved by the voters under paragraph (a), regardless of whether the legislature has authorized the tax and notwithstanding the requirements of paragraph (d). The tax must terminate after the revenues raised are sufficient to fund the projects approved by the voters under paragraph (a). The political subdivision must notify the commissioner within 30 days of the date that sufficient revenues have been raised to fund the projects approved by the voters under paragraph (a).

(d) After a sales tax imposed by a political subdivision has expired or been terminated, the political subdivision is prohibited from imposing a local sales tax for a period of one year.

~~(e) Notwithstanding paragraph (a), if a political subdivision received voter approval to seek authority for a local sales tax at the November 6, 2018, general election and is granted authority to impose a local sales tax before January 1, 2021, the tax may be imposed without an additional referendum provided that it meets the requirements of subdivision 2 and the list of specific projects contained in the resolution does not conflict with the projects listed in the approving referendum.~~

~~(f)~~ (e) If a tax is terminated because sufficient revenues have been raised, any amount of tax collected under subdivision 9, after sufficient revenues have been raised and before the quarterly termination required under subdivision 12, paragraph (a), that is greater than the average quarterly revenues collected over the immediately preceding 12 calendar months must be retained by the commissioner for deposit in the general fund.

(f) Except as provided in paragraph (g), the total tax rate imposed by a political subdivision under section 297A.9901, or authorized by any special law, ordinance, or city charter must not exceed one-half of one percent. The limit in this paragraph does not apply to taxes authorized by any special law, ordinance, or city charter before June 1, 2023. Upon expiration of a tax authorized by any special law, ordinance, or city charter, the limit in this paragraph applies.

105.1 (g) A county may impose a tax authorized by special law at the maximum rate allowed
105.2 under paragraph (f) and at the maximum rate allowed under section 297A.993.

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

105.4 Sec. 4. Minnesota Statutes 2024, section 297A.99, is amended by adding a subdivision to
105.5 read:

105.6 **Subd. 11a. Collection and retention.** (a) For taxes imposed or modified by special law
105.7 after June 30, 2025, and for taxes imposed or modified under the provisions of section
105.8 297A.9901, the commissioner shall remit the proceeds of the tax, less refunds and a
105.9 proportionate share described in clauses (1) and (2), at least quarterly, to the political
105.10 subdivision, as defined in section 297A.9901, subdivision 1, paragraph (1). The commissioner
105.11 shall deduct from the proceeds distributed to a political subdivision an amount that equals:

105.12 (1) not more than one percent for the amounts described in subdivision 11, clauses (1),
105.13 (2), and (3); and

105.14 (2) if the political subdivision is a city, the city's contribution share, as defined in section
105.15 297A.9903, subdivision 1, paragraph (e), of the amount to be paid under section 297A.9903,
105.16 pursuant to the requirements of subdivision 11b.

105.17 (b) The revenue under paragraph (a), clause (1), must be deposited into the Revenue
105.18 Department service and recovery special revenue fund established under section 270C.15.

105.19 (c) The revenue retained under paragraph (a), clause (2), must be deposited into the local
105.20 sales tax equalization distribution account established in subdivision 11c.

105.21 (d) Taxes described in paragraph (a) are not subject to the requirements of subdivision
105.22 11, to the extent inconsistent with this subdivision.

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

105.24 Sec. 5. Minnesota Statutes 2024, section 297A.99, is amended by adding a subdivision to
105.25 read:

105.26 **Subd. 11b. Contribution share.** For taxes imposed or modified by special law and
105.27 section 297A.9901, the amount of tax that the commissioner must retain under subdivision
105.28 11a, paragraph (a), clause (2), is equal to:

105.29 (1) five percent for a city whose tax is authorized and imposed under section 297A.9901;

105.30 (2) five percent for a city that modifies a tax under section 297A.9901 that was authorized
105.31 and imposed by special law before July 1, 2025; or

106.1 (3) eight percent for a city that is authorized by special law to impose a new tax after
106.2 June 30, 2025.

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

106.4 Sec. 6. Minnesota Statutes 2024, section 297A.99, is amended by adding a subdivision to
106.5 read:

106.6 Subd. 11c. **Accounts established; transfer.** The local sales tax equalization distribution
106.7 account is established in the special revenue fund. Money in the account must be distributed
106.8 in accordance with section 297A.9903.

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

106.10 Sec. 7. **[297A.9901] SPECIFIED CAPITAL PROJECTS; LOCAL AUTHORIZATION**
106.11 **ALLOWED; REQUIREMENTS.**

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

106.14 (b) "Associated bonding costs" means the cost of issuing bonds to finance a specified
106.15 capital project, including but not limited to the costs of issuance of the bonds, capitalized
106.16 interest, and the payment of principal and interest on the bonds.

106.17 (c) "City" means a statutory or home rule charter city located in Minnesota.

106.18 (d) "Contributor" has the meaning given in section 297A.9903, subdivision 1, paragraph
106.19 (f).

106.20 (e) "Convention center" means a structure:

106.21 (1) that has a minimum of 50,000 square feet for exhibit and meeting spaces;

106.22 (2) the square footage of which is expressly designed and constructed for the purposes
106.23 of presenting conventions, public meetings, and exhibitions and includes parking facilities
106.24 that serve the center; and

106.25 (3) if located outside the metropolitan area, is more than 15 miles from the nearest
106.26 existing convention center.

106.27 (f) "Correctional facility" means a public facility licensed and inspected by the
106.28 commissioner of corrections and established and operated for the detention and confinement
106.29 of adults or juveniles, including but not limited to programs or facilities operating under
106.30 chapter 401, secure juvenile detention facilities, municipal holding facilities, juvenile

107.1 temporary holdover facilities, regional or local jails, lockups, work houses, work farms, and
107.2 detention facilities.

107.3 (g) "District court" means one of the ten judicial district courts in Minnesota subject to
107.4 chapter 484.

107.5 (h) "Law enforcement center" means:

107.6 (1) a facility that serves multiple communities and provides public safety functions,
107.7 including a fire or police station and a facility that provides emergency 911 or emergency
107.8 medical services and dispatch functions, training facilities, court security and support,
107.9 emergency operations, evidence and record retention, and other public safety services; and

107.10 (2) a facility attached to a city hall that meets the requirements of clause (1).

107.11 (i) "Library" means a library that is part of a regional public library system established
107.12 under section 134.20, excluding a library located within a metropolitan county.

107.13 (j) "Metropolitan county" has the meaning given in section 473.121, subdivision 4.

107.14 (k) "Park" means a park located entirely outside of a metropolitan county that meets the
107.15 criteria of regional significance under section 85.536, subdivision 6, as determined by the
107.16 Greater Minnesota Regional Parks and Trails Commission.

107.17 (l) "Political subdivision" means a county located in Minnesota or a statutory or home
107.18 rule charter city located in Minnesota.

107.19 (m) "Regional community center" means a structure that is expressly designed and
107.20 constructed for the purposes of recreational, cultural, educational, or public group activities
107.21 or for civic engagement or social support, serving both residents and nonresidents of the
107.22 community.

107.23 (n) "Regional sports complex" means a defined area of sports pavilions, stadiums,
107.24 gymnasiums, swimming pools, or similar facilities:

107.25 (1) where regional tournaments may be hosted:

107.26 (2) where members of the public engage in physical exercise, participate in athletic
107.27 competitions, witness sporting events, and host regional tournaments; and

107.28 (3) which, if located outside the metropolitan area, is more than 15 miles from the nearest
107.29 existing regional sports complex.

107.30 (o) "Qualified recipient" has the meaning given in section 297A.9903, subdivision 1,
107.31 paragraph (j).

108.1 (p) "Specified capital project" means a convention center, correctional facility, district
108.2 court, law enforcement center, library, park, regional community center, regional sports
108.3 complex, or trail.

108.4 (q) "Trail" means a trail of regional significance located entirely outside of a metropolitan
108.5 county that meets the criteria of regional significance under section 85.536, subdivision 6,
108.6 as determined by the Greater Minnesota Regional Parks and Trails Commission.

108.7 Subd. 2. **Local authorization allowed.** Notwithstanding section 477A.016 or any other
108.8 law or ordinance, a political subdivision may impose, extend, or modify the uses of a local
108.9 sales tax to finance a specified capital project without legislative authorization by
108.10 demonstrating the regional significance of each specified capital project as provided in
108.11 subdivisions 3 to 5. The authorization under this section applies to an extension to or
108.12 modification of a local sales tax authorized under special law or the requirements of section
108.13 297A.99.

108.14 Subd. 3. **Regional community centers; regional sports complexes.** To impose a local
108.15 sales tax to fund construction or remodeling of or improvements to a regional community
108.16 center or regional sports complex, a political subdivision must:

108.17 (1) demonstrate that the regional community center meets the definition in subdivision
108.18 1, paragraph (m); or

108.19 (2) demonstrate that the regional sports complex meets the definition in subdivision 1,
108.20 paragraph (n); and

108.21 (3) conduct and present an analysis of the surrounding region to demonstrate that there
108.22 is no similar facility open to nonresidents at the same cost as to residents.

108.23 Subd. 4. **Criminal justice facilities.** (a) To impose a local sales tax to fund construction
108.24 or remodeling of or improvements to a correctional facility, a political subdivision must
108.25 demonstrate the need for the facility by providing:

108.26 (1) official documentation of the age of the facility; and

108.27 (2)(i) official correspondence from the Department of Corrections that includes an
108.28 analysis of the facility and description of the improvements or updates needed; or

108.29 (ii) if the facility is a joint project between two or more counties, the joint powers
108.30 agreement or other official documentation between at least one other county demonstrating
108.31 that the facility will serve public safety functions for the region.

109.1 (b) To impose a local sales tax to fund construction or remodeling of or improvements
109.2 to a district court office, a political subdivision must demonstrate the need for the facility
109.3 by providing the age of the facility and a description of improvements needed.

109.4 (c) To impose a local sales tax to fund construction or remodeling of or improvements
109.5 to a law enforcement center, a political subdivision must provide resolutions from
109.6 surrounding counties, statutory or home rule charter cities, or townships affirming that the
109.7 functions of the law enforcement center will meet the needs of the surrounding county,
109.8 statutory or home rule charter city, or township.

109.9 Subd. 5. **Convention centers; libraries.** (a) To impose a local sales tax to finance
109.10 construction or remodeling of or improvements to a convention center, a political subdivision
109.11 must demonstrate that the convention center meets the definition in subdivision 1, paragraph
109.12 (e).

109.13 (b) To impose a local sales tax to finance construction of or improvements to a library,
109.14 a political subdivision must demonstrate that the library meets the definition in subdivision
109.15 1, paragraph (i).

109.16 Subd. 6. **Demonstration of regional benefit; public hearing.** (a) A political subdivision
109.17 seeking to impose a local sales tax must conduct at least one public hearing to provide
109.18 information regarding each specified capital project the political subdivision proposes to
109.19 fund with the local sales tax. Notice of each hearing must be provided at least 30 days in
109.20 advance of the hearing and must include:

109.21 (1) the tax rate;

109.22 (2) a description of each project proposed to be funded by the local sales tax; and

109.23 (3) the amount of tax revenue that would be used for each project, inclusive of the
109.24 contribution share under section 297A.99, subdivision 11b, if applicable, and the estimated
109.25 time needed to raise that amount of revenue.

109.26 (b) The public must be allowed to speak at the hearing required under paragraph (a).
109.27 The hearing must not be held before 6:00 p.m. The political subdivision must provide a
109.28 website address and a telephone number for the political subdivision that members of the
109.29 public may call if they have questions related to the notice and a mailing address where
109.30 comments are received by mail, except that no notice required under this paragraph shall
109.31 be interpreted as requiring the printing of a personal telephone number or address as the
109.32 contact information for a political subdivision. If a political subdivision does not maintain
109.33 a website or public offices where telephone calls are received by the political subdivision,

110.1 the notice of the hearing required under paragraph (a) must indicate that the political
110.2 subdivision does not maintain a website or public offices where telephone calls are received
110.3 by the political subdivision.

110.4 (c) Political subdivisions are required to obtain demonstrations of support for each
110.5 specified capital project to be funded with revenue from a local sales tax from at least two
110.6 adjacent political subdivisions or townships. The demonstration of support must be in the
110.7 form of a resolution. For purposes of this paragraph, a county in which a statutory or home
110.8 rule charter city or a township is located and a statutory or home rule charter city or township
110.9 located within a county qualifies as adjacent. If submitting a resolution in support of a capital
110.10 project to be funded by a local sales tax, a political subdivision must indicate whether the
110.11 political subdivision is eligible for a distribution under section 297A.9903.

110.12 Subd. 7. **Resolution required.** (a) After conducting the public hearing required under
110.13 subdivision 6 and before the governing body of a political subdivision seeks voter approval
110.14 to impose a local sales tax, the governing body shall adopt a resolution indicating the political
110.15 subdivision's approval of the tax. The resolution must include:

110.16 (1) the proposed tax rate;

110.17 (2) a detailed description of no more than three projects to be funded with revenue from
110.18 the tax;

110.19 (3) documentation of the regional significance of each project, including:

110.20 (i) the share of the economic benefit to or use of each project by residents or businesses
110.21 located outside of the jurisdiction of the political subdivision;

110.22 (ii) demonstration that each project meets the requirements of the applicable definitions
110.23 in subdivision 1; and

110.24 (iii) demonstration of support as required under subdivision 6, paragraph (c);

110.25 (4) the amount of local sales tax revenue needed for each project and the estimated time
110.26 needed to raise that amount of revenue, inclusive of, if applicable, the contribution share to
110.27 qualified recipients under section 297A.99, subdivision 11b; and

110.28 (5) the total revenue to be raised for all projects before the tax expires and the estimated
110.29 length of time that the tax will be in effect if all proposed projects are funded.

110.30 (b) The political subdivision seeking authority to impose a local sales tax by special law
110.31 must submit the resolution and the documentation required under paragraph (a) to the
110.32 commissioner pursuant to section 297A.9902.

111.1 Subd. 8. **Voter approval required.** (a) Imposition of a local sales tax under this section
111.2 is subject to approval by voters of the political subdivision at a general or special election.
111.3 The election must be held within two years of the date the political subdivision receives
111.4 approval from the commissioner under section 297A.9902 or the date the political subdivision
111.5 receives legislative authorization under special law. A political subdivision may choose to
111.6 conduct the election at a general or special election held on the first Tuesday after the first
111.7 Monday in November. There must be a separate question approving the use of the tax
111.8 revenue for each project. A project that is not approved by the voters may not be funded
111.9 with the local sales tax revenue. For purposes of this section, "general election" and "special
111.10 election" have the meanings given in section 200.02, except that a general election or special
111.11 election held under this section must be held on the first Tuesday after the first Monday in
111.12 November.

111.13 (b) Each ballot question presented to voters must include:

111.14 (1) a description of each specified capital project, including acknowledgment of any
111.15 state mandate for a government service that necessitates the construction of the project, if
111.16 applicable;

111.17 (2) acknowledgment that the political subdivision is seeking authorization from voters
111.18 to impose the sales tax;

111.19 (3) the total cost of each capital project;

111.20 (4) the start date of the project and total project cost that may be generated for a period
111.21 lasting no longer than 30 years;

111.22 (5) the tax rate;

111.23 (6) acknowledgment that the total project cost may increase by up to three percent and
111.24 the duration of imposition of the tax may increase by up to ten years, but in no case will the
111.25 total duration exceed 30 years;

111.26 (7) a statement that by voting "yes" the voter is voting for the tax at the rate specified
111.27 in clause (5) to impose a new local sales tax, increase a local sales tax, or extend a local
111.28 sales tax that would otherwise expire, whichever is applicable; and

111.29 (8) a statement acknowledging that tax revenues will be used or may be used, whichever
111.30 is applicable, for a contribution share.

111.31 (c) The ballot language must not contain any statement that informs voters that by voting
111.32 "no" the voter acknowledges that the project subject to approval in the question may be
111.33 funded by increased property taxes.

112.1 Subd. 9. **Administration; termination.** (a) The proceeds of the tax must be dedicated
112.2 exclusively to payment of the construction and rehabilitation costs and associated bonding
112.3 costs related to the specified capital projects approved by the voters under subdivision 8,
112.4 paragraph (a), and, if applicable, the contribution share issued to a political subdivision that
112.5 is a contributor for which no qualified recipient exists for equalization distributions. The
112.6 political subdivision must not commingle revenue from a tax approved by the voters under
112.7 this section with revenue from a local sales tax authorized under this section or by any
112.8 special law, ordinance, or city charter, including an extension of or modification to the uses
112.9 of a local sales tax for a different project.

112.10 (b) The political subdivision imposing the tax must notify the commissioner at least 90
112.11 days before the date the political subdivision anticipates that revenues raised from the tax
112.12 are sufficient to fund the projects approved by the voters under subdivision 8, paragraph
112.13 (a). The notification applies to each authorization of a tax and each project approved by the
112.14 voters under subdivision 8, paragraph (a), regardless of whether the legislature has authorized
112.15 the tax and notwithstanding the requirements of paragraph (c). The tax must terminate after
112.16 the revenues raised are sufficient to fund the projects approved by the voters under
112.17 subdivision 8, paragraph (a). The political subdivision must notify the commissioner within
112.18 30 days of the date that sufficient revenues have been raised to fund the projects approved
112.19 by the voters under subdivision 8, paragraph (a).

112.20 (c) After a sales tax imposed by a political subdivision has expired or been terminated,
112.21 the political subdivision is prohibited from imposing a local sales tax for a period of one
112.22 year.

112.23 (d) If a tax is terminated because sufficient revenues have been raised, any amount of
112.24 tax collected after sufficient revenues have been raised and before the quarterly termination
112.25 required under section 297A.99, subdivision 12, paragraph (a), that is greater than the
112.26 average quarterly revenues collected over the immediately preceding 12 calendar months
112.27 must be retained by the commissioner for deposit in the general fund.

112.28 Subd. 10. **Other provisions apply.** (a) The provisions of section 297A.99, subdivisions
112.29 1, paragraph (d), and 4 to 13, apply to taxes authorized under this subdivision.

112.30 (b) The total tax rate imposed by a political subdivision under this section and any special
112.31 law, ordinance, or city charter must not exceed one-half of one percent.

112.32 (c) A county may impose a tax under this section at the maximum rate allowed under
112.33 paragraph (b) and at the maximum rate allowed under section 297A.993.

(d) The maximum collection period for a tax imposed under this section is the earlier of the amount of time necessary to collect the revenue equal to the cost of the specified capital projects approved by the voters, including as associated bonding costs, or 30 years.

Subd. 11. **Bonds; authorization.** (a) A political subdivision may issue bonds under chapter 475 to finance all or a portion of the costs of a specified capital project. The aggregate principal amount of bonds issued must not exceed the cost of a qualifying capital project approved by the voters, plus associated bonding costs. The bonds may be paid from or secured by any funds available to the political subdivision, including the tax authorized under this section and approved by the voters. The issuance of bonds under this subdivision is not subject to sections 275.60 and 275.61.

(b) A separate election to approve the bonds under section 475.58 is not required.

Subd. 12. **Filing and imposition requirements.** (a) A political subdivision that has received approval to impose a tax from the commissioner under this section must file a certificate of local approval with the secretary of state within 60 days after receiving voter approval for the tax to be lawfully imposed. If the tax is approved by the voters, the political subdivision must impose the tax within 15 months of receiving the voter approval. If the tax is not imposed within 15 months, the authority to impose the tax under this section expires.

(b) If, after receiving voter approval, a political subdivision cancels a project approved by the voters, the political subdivision must notify the commissioner. The commissioner must proportionately decrease the maximum amount of tax revenue the political subdivision may collect. If the political subdivision has already collected revenue for the canceled project, the political subdivision must return the money to the commissioner for deposit to the general fund. The political subdivision must use any other source of revenue available to pay any outstanding debt on the bonds that were issued for the canceled project.

Subd. 13. **Allowance for inflation.** (a) Before the expiration of the 15-month period under subdivision 12, paragraph (a), a political subdivision may increase the amount approved by the voters to finance the specified capital project, the amount of time the tax may be imposed as approved by the voters to collect revenues sufficient to fund the specified capital project, or both.

(b) The total cost of the specified project as approved by the voters under subdivision 8, paragraph (b), clause (3), may be increased by up to three percent of the amount approved by the voters under subdivision 8, paragraph (a).

114.1 (c) The amount of time the tax may be imposed as approved by the voters under
114.2 subdivision 8, paragraph (a), may be increased by up to ten years, but the total amount of
114.3 time the tax may be imposed must not exceed 30 years.

114.4 (d) A political subdivision exercising the options under paragraph (b), (c), or both, must
114.5 adopt a resolution documenting the need for the increase in project cost or duration of
114.6 imposition of the tax, or both. The political subdivision must file the resolution with the
114.7 commissioner within 30 days of adopting the resolution, but not after the 15-month period
114.8 under subdivision 12, paragraph (a), has expired.

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

114.10 **Sec. 8. [297A.9902] LOCAL SALES TAXES; OVERSIGHT.**

114.11 (a) A political subdivision seeking to impose a local sales tax under the provisions of
114.12 section 297A.9901 must file a copy of the resolution required under section 297A.9901,
114.13 subdivision 7, paragraph (a), and documentation required under section 297A.9901,
114.14 subdivision 7, paragraph (a), clause (3), with the commissioner by October 31 of the first
114.15 year before the political subdivision seeks voter approval of the tax.

114.16 (b) The commissioner must verify whether a project included in the submission under
114.17 paragraph (a) meets the requirements for one of the projects described in section 297A.9901,
114.18 subdivisions 1, 5, 6, and 7. By January 10 of the first year in which the political subdivision
114.19 must seek voter approval of a local sales tax authorized under section 297A.9901, subdivision
114.20 8, paragraph (a), the commissioner must notify the political subdivision of the commissioner's
114.21 determination.

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

114.23 **Sec. 9. [297A.9903] LOCAL SALES TAX EQUALIZATION DISTRIBUTIONS.**

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

114.26 (b) "City" means a statutory or home rule charter city.

114.27 (c) "Commissioner" means commissioner of revenue.

114.28 (d) "Contribution share" means the percentage of the total local sales taxes that were
114.29 collected by a city in the previous calendar year pursuant to section 297A.99, subdivision
114.30 11b.

114.31 (e) "Contributor" means a city that:

- 115.1 (1) authorizes and imposes a local sales tax under section 297A.9901;
- 115.2 (2) amends, extends, or otherwise modifies a local sales tax that was authorized before
- 115.3 July 1, 2025; or
- 115.4 (3) is authorized by special law to impose a new local sales tax after June 30, 2025.
- 115.5 (f) "Local sales tax" means:
- 115.6 (1) a local sales tax imposed under section 297A.9901; or
- 115.7 (2) a local sales tax imposed under special law.
- 115.8 (g) "Metropolitan county" has the meaning given in section 473.121, subdivision 4.
- 115.9 (h) "Population" means the population estimated or established as of January 1 in the
- 115.10 year distributions under this section are calculated by any of the following, whichever is
- 115.11 most recent:
- 115.12 (1) the most recent federal census;
- 115.13 (2) a special census conducted under contract with the United States Bureau of the
- 115.14 Census; or
- 115.15 (3) a population estimate of the state demographer made pursuant to section 4A.02.
- 115.16 (i) "Qualified recipient" means a city that is qualified to receive a distribution under this
- 115.17 section and:
- 115.18 (1) does not meet the definition of contributor;
- 115.19 (2) did not impose a local sales tax in the prior calendar year; and
- 115.20 (3) is:
- 115.21 (i) contiguous to a city located in a metropolitan county and included in the definition
- 115.22 of contributor in the prior calendar year; or
- 115.23 (ii) located at least partially in a county outside of the metropolitan area where at least
- 115.24 one city is included in the definition of contributor in the prior calendar year.
- 115.25 (j) "Sharing pool" means the contribution share or portion of a contribution share for a
- 115.26 contributor that is distributed among qualified recipients.
- 115.27 Subd. 2. **Contribution share.** The commissioner must annually retain each contributor's
- 115.28 contribution share. The commissioner must designate sharing pools for each contributor
- 115.29 such that the contributor has a sharing pool for each county in which the contributor is
- 115.30 located. The commissioner must allot a contributor's contribution share among each of the

116.1 contributor's sharing pools in proportion to the contributor's population that resides in each
116.2 county.

116.3 Subd. 3. **Distribution share; requirements.** (a) In order to receive a distribution share,
116.4 a qualified recipient must adopt a resolution supporting a proposed local sales tax imposed
116.5 by a contributor to the commissioner by October 31 of the year before the contributor seeks
116.6 voter approval of the tax.

116.7 (b) The commissioner must distribute the contribution share in each sharing pool among
116.8 qualified recipients such that:

116.9 (1) for each contributor's sharing pool for a metropolitan county, the contributor's sharing
116.10 pool is distributed among all qualified recipients that are contiguous to the contributor
116.11 proportionally to the share of each qualified recipient's population that resides in the sharing
116.12 pool; and

116.13 (2) for each contributor's sharing pool for a county outside of the metropolitan area, the
116.14 contributor's sharing pool is distributed among all qualified recipients that are located in
116.15 the same county outside of the metropolitan area proportionally to the share of each qualified
116.16 recipient's population that resides in the sharing pool's county.

116.17 (c) A qualified recipient's distribution is the sum of the distributions to that qualified
116.18 recipient calculated under paragraph (b).

116.19 Subd. 4. **Certification.** The commissioner must annually calculate and certify each city's
116.20 contribution share and each qualified recipient's distribution based on local sales taxes
116.21 collected in the prior calendar year. If no qualified recipients exist for a city that is a
116.22 contributor, the contribution share retained under subdivision 2 must be paid to that city,
116.23 and that contribution is subject to the requirements under section 297A.99, subdivisions 1,
116.24 paragraph (d), and 4 to 13. The commissioner must provide notice of the certification to
116.25 each city by January 31.

116.26 Subd. 5. **Payment.** By March 15 annually, the commissioner of revenue must pay to
116.27 each qualified recipient the distribution or contribution share certified under subdivision 4.

116.28 Subd. 6. **Appropriation.** The amount required to make distributions under this section
116.29 is appropriated from the local sales tax equalization distribution account established under
116.30 section 297A.99, subdivision 11c, to the commissioner of revenue.

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

ARTICLE 6**TAX INCREMENT FINANCING**

Section 1. Minnesota Statutes 2024, section 469.176, subdivision 4n, is amended to read:

Subd. 4n. Temporary use of increment authorized. (a) Notwithstanding any other provision of this section or any other law to the contrary, except the requirements to pay bonds to which increments are pledged, the authority may elect, by resolution, to transfer unobligated increment for one or more of the following purposes:

(1) to provide improvements, loans, interest rate subsidies, or assistance in any form to private development consisting of the construction or substantial rehabilitation of buildings and ancillary facilities, if doing so will create or retain jobs in the state, including construction jobs, and the construction commences before December 31, 2025, and would not have commenced before that date without the assistance; or

(2) to make an equity or similar investment in a corporation, partnership, or limited liability company that the authority determines is necessary to make construction of a development that meets the requirement of clause (1) financially feasible.

(b) For each calendar year for which transfers are permitted under this subdivision, the maximum transfer equals the excess of the district's unobligated increment which includes any increment not required for payments of obligations due during six months following the transfer on outstanding bonds, binding contracts, and other outstanding financial obligations of the district to which the district's increment is pledged.

(c) The authority may transfer increments permitted under this subdivision after creating a written spending plan that authorizes the authority to take the action described in paragraph (a) and details the use of transferred increment. Additionally, the municipality must approve the authority's spending plan after holding a public hearing. The municipality must publish notice of the hearing in a newspaper of general circulation in the municipality and on the municipality's public website at least ten days, but not more than 30 days, prior to the date of the hearing.

(d) Increment that is improperly retained, received, spent, or transferred is not eligible for transfer under this subdivision.

(e) An authority making a transfer under this subdivision must provide to the Office of the State Auditor a copy of the spending plan approved and signed by the municipality.

(f) The authority to transfer increments under this subdivision expires on December 31, 2022. All transferred increments must be spent, loaned, or invested by December 31, 2025.

Increment not spent, loaned, or invested by December 31, 2025, must be returned to the district. The requirement to return increment to the district includes any proceeds, principal, and interest received on loans of transferred increment; interest or investment earnings on transferred increment; or other repayments or returns of transferred increment defined as tax increment under section 469.174, subdivision 25, that remain in the funds or accounts of the authority or municipality on December 31, 2025, or that are subsequently received by the authority or municipality. If the district has already been decertified when increment is returned under this paragraph, the increment shall be treated as excess increment and distributed as provided in subdivision 2, paragraph (c), clause (4).

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

Sec. 2. Laws 2010, chapter 389, article 7, section 22, as amended by Laws 2011, chapter 112, article 11, section 16, is amended to read:

Sec. 22. CITY OF RAMSEY; TAX INCREMENT FINANCING DISTRICT; SPECIAL RULES.

(a) If the city of Ramsey or an authority of the city elects upon the adoption of a tax increment financing plan for a district, the rules under this section apply to a redevelopment tax increment financing district established by the city or an authority of the city. The redevelopment tax increment district includes parcels within the area bounded on the east by Ramsey Boulevard, on the north by Bunker Lake Boulevard as extended west to Llama Street, on the west by Llama Street, and on the south by a line running parallel to and 600 feet south of the southerly right-of-way for U.S. Highway 10, but including Parcels 28-32-25-43-0007 and 28-32-25-34-0002 in their entirety, and excluding the Anoka County Regional Park property in its entirety. A parcel within this area that is included in a tax increment financing district that was certified before the date of enactment of this act may be included in the district created under this act if the initial district is decertified.

(b) The requirements for qualifying a redevelopment tax increment district under Minnesota Statutes, section 469.174, subdivision 10, do not apply to the parcels located within the district.

(c) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district. Eligible expenditures within the district include but are not limited to (1) the city's share of the costs necessary to provide for the construction of the Northstar Transit Station and related infrastructure, including structured parking, a pedestrian overpass, and roadway improvements, (2) the cost of land acquired by the city or the housing and redevelopment

119.1 authority in and for the city of Ramsey within the district prior to the establishment of the
119.2 district, and (3) the cost of public improvements installed within the tax increment financing
119.3 district prior to the establishment of the district.

119.4 (d) The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities
119.5 must be undertaken within a five-year period from the date of certification of a tax increment
119.6 financing district, is considered to be met for the district if the activities were undertaken
119.7 within ten years from the date of certification of the district.

119.8 (e) Except for administrative expenses, the in-district percentage for purposes of the
119.9 restriction on pooling under Minnesota Statutes, section 469.1763, subdivision 2, for this
119.10 district is 100 percent.

119.11 (f) The requirement of Minnesota Statutes, section 469.177, subdivision 4, does not
119.12 apply to Parcels 28-32-25-42-0021 and 28-32-25-41-0014, where development occurred
119.13 after enactment of Laws 2010, chapter 389, article 7, section 22, and prior to adoption of
119.14 the tax increment financing plan for the district.

119.15 (g) The requirement of Minnesota Statutes, section 469.178, subdivision 7, paragraph
119.16 (b), is considered to be met for the district if the city adopts interfund loan resolutions
119.17 reflecting the terms and conditions required by Minnesota Statutes, section 469.178,
119.18 subdivision 7, paragraph (d), by December 31, 2025.

119.19 **EFFECTIVE DATE.** This section is effective the day after the city of Ramsey and its
119.20 chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and
119.21 3.

119.22 Sec. 3. Laws 2013, chapter 143, article 9, section 21, is amended to read:

119.23 Sec. 21. **CITY OF MAPLEWOOD; TAX INCREMENT FINANCING DISTRICT;**
119.24 **SPECIAL RULES.**

119.25 (a) If the city of Maplewood elects, upon the adoption of a tax increment financing plan
119.26 for a district, the rules under this section apply to one or more redevelopment tax increment
119.27 financing districts established by the city or the economic development authority of the city.
119.28 The area within which the redevelopment tax increment districts may be created is parcel
119.29 362922240002 (the "parcel") or any replatted parcels constituting a part of the parcel and
119.30 the adjacent rights-of-way. For purposes of this section, the parcel is the "3M Renovation
119.31 and Retention Project Area" or "project area."

120.1 (b) The requirements for qualifying redevelopment tax increment districts under
120.2 Minnesota Statutes, section 469.174, subdivision 10, do not apply to the parcel, which is
120.3 deemed eligible for inclusion in a redevelopment tax increment district.

120.4 (c) The 90 percent rule under Minnesota Statutes, section 469.176, subdivision 4j, does
120.5 not apply to the parcel.

120.6 (d) The expenditures outside district rule under Minnesota Statutes, section 469.1763,
120.7 subdivision 2, does not apply; the five-year rule under Minnesota Statutes, section 469.1763,
120.8 subdivision 3, is extended to ten years; and expenditures must only be made within the
120.9 project area or the area bounded by State Highway 61 to the West, Interstate Highway 694
120.10 to the North, White Bear Avenue to the East, and both sides of Beam Avenue to the South.

120.11 (e) If, after one year from the date of certification of the original net tax capacity of the
120.12 tax increment district, no demolition, rehabilitation, or renovation of property has been
120.13 commenced on a parcel located within the tax increment district, no additional tax increment
120.14 may be taken from that parcel, and the original net tax capacity of the parcel shall be excluded
120.15 from the original net tax capacity of the tax increment district. If 3M Company subsequently
120.16 commences demolition, rehabilitation, or renovation, the authority shall certify to the county
120.17 auditor that the activity has commenced, and the county auditor shall certify the net tax
120.18 capacity thereof as most recently certified by the commissioner of revenue and add it to the
120.19 original net tax capacity of the tax increment district. The authority must submit to the
120.20 county auditor evidence that the required activity has taken place for each parcel in the
120.21 district.

120.22 (f) The authority to approve a tax increment financing plan and to establish a tax
120.23 increment financing district under this section expires December 31, 2018.

120.24 **EFFECTIVE DATE.** This section is effective the day after the city of Maplewood and
120.25 its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2
120.26 and 3.

120.27 Sec. 4. Laws 2014, chapter 308, article 6, section 9, as amended by Laws 2017, First
120.28 Special Session chapter 1, article 6, section 12, is amended to read:

120.29 **Sec. 9. CITY OF MAPLE GROVE; TAX INCREMENT FINANCING DISTRICT.**

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

120.32 (b) "City" means the city of Maple Grove.

121.1 (c) "Project area" means all or a portion of the area in the city commencing at a point
121.2 130 feet East and 120 feet North of the southwest corner of the Southeast Quarter of Section
121.3 23, Township 119, Range 22, Hennepin County, said point being on the easterly right-of-way
121.4 line of Hemlock Lane; thence northerly along said easterly right-of-way line of Hemlock
121.5 Lane to a point on the west line of the east one-half of the Southeast Quarter of section 23,
121.6 thence south along said west line a distance of 1,200 feet; thence easterly to the east line of
121.7 Section 23, 1,030 feet North from the southeast corner thereof; thence South 74 degrees
121.8 East 1,285 feet; thence East a distance of 1,000 feet; thence North 59 degrees West a distance
121.9 of 650 feet; thence northerly to a point on the northerly right-of-way line of 81st Avenue
121.10 North, 650 feet westerly measured at right angles, from the east line of the Northwest Quarter
121.11 of Section 24; thence North 13 degrees West a distance of 795 feet; thence West to the west
121.12 line of the Southeast Quarter of the Northwest Quarter of Section 24; thence North 55
121.13 degrees West to the south line of the Northwest Quarter of the Northwest Quarter of Section
121.14 24; thence West along said south line to the east right-of-way line of Zachary Lane; thence
121.15 North along the east right-of-way line of Zachary Lane to the southwest corner of Lot 1,
121.16 Block 1, Metropolitan Industrial Park 5th Addition; thence East along the south line of said
121.17 Lot 1 to the northeast corner of Outlot A, Metropolitan Industrial Park 5th Addition; thence
121.18 South along the east line of said Outlot A and its southerly extension to the south right-of-way
121.19 line of County State-Aid Highway (CSAH) 109; thence easterly along the south right-of-way
121.20 line of CSAH 109 to the east line of the Northwest Quarter of the Northeast Quarter of
121.21 Section 24; thence South along said east line to the north line of the South Half of the
121.22 Northeast Quarter of Section 24; thence East along said north line to the westerly right-of-way
121.23 line of Jefferson Highway North; thence southerly along the westerly right-of-way line of
121.24 Jefferson Highway to the centerline of CSAH 130; thence continuing South along the west
121.25 right-of-way line of Pilgrim Lane North to the westerly extension of the north line of Outlot
121.26 A, Park North Fourth Addition; thence easterly along the north line of Outlot A, Park North
121.27 Fourth Addition to the northeast corner of said Outlot A; thence southerly along the east
121.28 line of said Outlot A to the southeast corner of said Outlot A; thence easterly along the south
121.29 line of Lot 1, Block 1, Park North Fourth Addition to the westerly right-of-way line of State
121.30 Highway 169; thence southerly, southwesterly, westerly, and northwesterly along the
121.31 westerly right-of-way line of State Highway 169 and the northerly right-of-way line of
121.32 Interstate 694 to its intersection with the southerly extension of the easterly right-of-way
121.33 line of Zachary Lane North; thence northerly along the easterly right-of-way line of Zachary
121.34 Lane North and its northerly extension to the north right-of-way line of CSAH 130; thence
121.35 westerly, southerly, northerly, southwesterly, and northwesterly to the point of beginning
121.36 and there terminating, provided that the project area includes the rights-of-way for all present

122.1 and future highway interchanges abutting the area described in this paragraph, and may
122.2 include any additional property necessary to cause the property included in the tax increment
122.3 financing district to consist of complete parcels.

122.4 (d) "Soil deficiency district" means a type of tax increment financing district consisting
122.5 of a portion of the project area in which the city finds by resolution that the following
122.6 conditions exist:

122.7 (1) unusual terrain or soil deficiencies that occurred over 80 percent of the acreage in
122.8 the district require substantial filling, grading, or other physical preparation for use; and

122.9 (2) the estimated cost of the physical preparation under clause (1), but excluding costs
122.10 directly related to roads as defined in Minnesota Statutes, section 160.01, and local
122.11 improvements as described in Minnesota Statutes, sections 429.021, subdivision 1, clauses
122.12 (1) to (7), (11), and (12), and 430.01, exceeds the fair market value of the land before
122.13 completion of the preparation.

122.14 Subd. 2. **Special rules.** (a) If the city elects, upon the adoption of the tax increment
122.15 financing plan for a district, the rules under this section apply to a redevelopment district,
122.16 renewal and renovation district, soil condition district, or soil deficiency district established
122.17 by the city or a development authority of the city in the project area.

122.18 (b) Prior to or upon the adoption of the first tax increment plan subject to the special
122.19 rules under this subdivision, the city must find by resolution that parcels consisting of at
122.20 least 80 percent of the acreage of the project area, excluding street and railroad rights-of-way,
122.21 are characterized by one or more of the following conditions:

122.22 (1) peat or other soils with geotechnical deficiencies that impair development of
122.23 commercial buildings or infrastructure;

122.24 (2) soils or terrain that require substantial filling in order to permit the development of
122.25 commercial buildings or infrastructure;

122.26 (3) landfills, dumps, or similar deposits of municipal or private waste;

122.27 (4) quarries or similar resource extraction sites;

122.28 (5) floodway; and

122.29 (6) substandard buildings, within the meaning of Minnesota Statutes, section 469.174,
122.30 subdivision 10.

122.31 (c) For the purposes of paragraph (b), clauses (1) to (5), a parcel is characterized by the
122.32 relevant condition if at least 70 percent of the area of the parcel contains the relevant

123.1 condition. For the purposes of paragraph (b), clause (6), a parcel is characterized by
123.2 substandard buildings if substandard buildings occupy at least 30 percent of the area of the
123.3 parcel.

123.4 (d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is
123.5 extended to ~~eight~~ 13 years for any district, and Minnesota Statutes, section 469.1763,
123.6 subdivision 4, does not apply to any district.

123.7 (e) Notwithstanding any provision to the contrary in Minnesota Statutes, section 469.1763,
123.8 subdivision 2, paragraph (a), not more than 40 percent of the total revenue derived from tax
123.9 increments paid by properties in any district, measured over the life of the district, may be
123.10 expended on activities outside the district but within the project area.

123.11 (f) For a soil deficiency district:

123.12 (1) increments may be collected through ~~20~~ 25 years after the receipt by the authority
123.13 of the first increment from the district;

123.14 (2) increments may be used only to:

123.15 (i) acquire parcels on which the improvements described in item (ii) will occur;

123.16 (ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the additional
123.17 cost of installing public improvements directly caused by the deficiencies; and

123.18 (iii) pay for the administrative expenses of the authority allocable to the district; and

123.19 (3) any parcel acquired with increments from the district must be sold at no less than
123.20 their fair market value.

123.21 (g) Increments spent for any infrastructure costs, whether inside a district or outside a
123.22 district but within the project area, are deemed to satisfy the requirements of Minnesota
123.23 Statutes, section 469.176, subdivision 4j.

123.24 (h) The authority to approve tax increment financing plans to establish tax increment
123.25 financing districts under this section expires June 30, 2020.

123.26 (i) Notwithstanding the restrictions in paragraph (f), clause (2), the city may use
123.27 increments from a soil deficiency district to acquire parcels and for other infrastructure costs
123.28 either inside or outside of the district, but within the project area, if the acquisition or
123.29 infrastructure is for a qualified development. For purposes of this paragraph, a development
123.30 is a qualified development only if all of the following requirements are satisfied:

123.31 (1) the city finds, by resolution, that the land acquisition and infrastructure are undertaken
123.32 primarily to serve the development;

124.1 (2) the city has a binding, written commitment and adequate financial assurances from
124.2 the developer that the development will be constructed; and

124.3 (3) the development does not consist of retail trade or housing improvements.

124.4 **EFFECTIVE DATE.** (a) The amendment to subdivision 2, paragraph (d), is effective
124.5 the day after the governing body of the city of Maple Grove and its chief clerical officer
124.6 comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and
124.7 3.

124.8 (b) The amendment to subdivision 2, paragraph (f), is effective upon compliance by the
124.9 city of Maple Grove, Hennepin County, and Independent School District No. 279 with the
124.10 requirements of Minnesota Statutes, section 469.1782, subdivision 2.

124.11 Sec. 5. Laws 2017, First Special Session chapter 1, article 6, section 22, is amended to
124.12 read:

124.13 Sec. 22. **CITY OF ST. PAUL; FORD SITE REDEVELOPMENT TIF DISTRICT.**

124.14 (a) For purposes of computing the duration limits under Minnesota Statutes, section
124.15 469.176, subdivision 1b, the housing and redevelopment authority of the city of St. Paul
124.16 may waive receipt of increment for the Ford Site Redevelopment Tax Increment Financing
124.17 District. This authority is limited to the first four years of increment or increments derived
124.18 from taxes payable in 2023, whichever occurs first.

124.19 (b) If the city elects to waive receipt of increment under paragraph (a), for purposes of
124.20 applying any limits based on when the district was certified under Minnesota Statutes,
124.21 section 469.176, subdivision 6, or 469.1763, the date of certification for the district is deemed
124.22 to be January 2 of the property tax assessment year for which increment is first received
124.23 under the waiver.

124.24 (c) The five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is
124.25 extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision
124.26 4, relating to the use of increment after the expiration of the five-year period, is extended
124.27 to 11 years for the Ford Site Redevelopment Tax Increment Financing District in the city
124.28 of St. Paul.

124.29 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
124.30 city of St. Paul and its chief clerical officer comply with the requirements of Minnesota
124.31 Statutes, section 645.021, subdivisions 2 and 3.

Sec. 6. **CITY OF BLOOMINGTON; TEMPORARY USE OF INCREMENT;
EXTENSION.**

(a) Notwithstanding Minnesota Statutes, section 469.176, subdivision 4n, the city of Bloomington may elect to spend, loan, or invest transferred increment, including any interest or investment earnings on such transferred increment, as authorized under Minnesota Statutes, section 469.176, subdivision 4n, through December 31, 2027, provided that:

(1) construction commences prior to December 31, 2027;

(2) the transferred increment was collected from and used in TIF District No. 1-C or TIF District No. 1-G, in the city of Bloomington; and

(3) the use of the transferred increment is detailed in the city's written spending plan adopted pursuant to Minnesota Statutes, section 469.176, subdivision 4n, paragraph (c).

(b) Increment not spent, loaned, or invested by December 31, 2027, must be returned to the district. The requirement to return increment to the district includes any proceeds, principal, and interest received on loans of transferred increment; interest or investment earnings on transferred increment; or other repayments or returns of transferred increment defined as tax increment under Minnesota Statutes, section 469.174, subdivision 25, that remain in the funds or accounts of the authority or municipality on December 31, 2027, or that are subsequently received by the authority or municipality.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Bloomington and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 7. **CITY OF BROOKLYN CENTER; TIF AUTHORITY.**

Subdivision 1. **Establishment.** Under the special rules established in subdivision 2, the economic development authority of the city of Brooklyn Center or the city of Brooklyn Center may establish not more than two redevelopment tax increment financing districts located wholly within the area in the city identified as the "Opportunity Site," which includes the area bounded by Shingle Creek Parkway from Hennepin County State-Aid Highway 10 to Summit Drive North; Summit Drive North from Shingle Creek Parkway to marked Trunk Highway 100; marked Trunk Highway 100 from Summit Drive North to Hennepin County State-Aid Highway 10; and Hennepin County State-Aid Highway 10 from marked Trunk Highway 100 to Shingle Creek Parkway, together with internal and adjacent roads and rights of way.

126.1 Subd. 2. **Special rules.** If the city or the authority establishes a tax increment financing
 126.2 district under this section, the following special rules apply:

126.3 (1) the district is deemed to meet all the requirements of Minnesota Statutes, section
 126.4 469.174, subdivision 10; and

126.5 (2) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district.

126.6 Subd. 3. **Expiration.** The authority to approve a tax increment financing plan to establish
 126.7 a tax increment financing district under this section expires on December 31, 2031.

126.8 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 126.9 city of Brooklyn Center and its chief clerical officer comply with the requirements of
 126.10 Minnesota Statutes, section 645.021, subdivisions 2 and 3.

126.11 Sec. 8. **CITY OF BROOKLYN PARK; TIF AUTHORITY; 610/ZANE AREA.**

126.12 Subdivision 1. **Establishment of districts.** Under the special rules established in
 126.13 subdivision 2, the economic development authority of the city of Brooklyn Park or the city
 126.14 of Brooklyn Park may establish not more than two redevelopment districts located wholly
 126.15 within the area of the city of Brooklyn Park. The districts may be composed of the following
 126.16 parcels identified by their current parcel identification numbers together with adjacent and
 126.17 internal roads and rights-of-way:

126.18	<u>0811921410009</u>	<u>0811921440008</u>	<u>0911921210097</u>	<u>0911921210099</u>	<u>0911921220014</u>
126.19	<u>0911921220015</u>	<u>0911921220068</u>	<u>0911921230005</u>	<u>0911921320016</u>	<u>0911921320021</u>
126.20	<u>0911921320024</u>	<u>0911921330006</u>	<u>0911921340015</u>	<u>0911921340016</u>	<u>0911921430009</u>
126.21	<u>0911921430010</u>	<u>0911921430011</u>	<u>0911921430012</u>	<u>0911921430016</u>	<u>0911921430023</u>
126.22	<u>0911921430027</u>	<u>0911921430043</u>	<u>0911921430047</u>	<u>0911921430050</u>	<u>0911921430051</u>
126.23	<u>0911921430052</u>	<u>0911921430056</u>	<u>0911921430066</u>	<u>0911921430070</u>	<u>0911921430074</u>
126.24	<u>0911921430075</u>	<u>0911921430079</u>	<u>0911921430084</u>	<u>0911921430085</u>	<u>0911921430089</u>
126.25	<u>0911921430091</u>	<u>0911921430092</u>	<u>0911921430096</u>	<u>0911921430101</u>	<u>0911921430106</u>
126.26	<u>0911921430109</u>	<u>0911921430111</u>	<u>0911921430116</u>	<u>0911921430119</u>	<u>0911921120005</u>
126.27	<u>0911921210007</u>	<u>0911921230008</u>	<u>0911921230049</u>	<u>0911921240006</u>	<u>0911921240009</u>
126.28	<u>0911921320018</u>	<u>0911921330009</u>	<u>0911921430006</u>	<u>0911921430014</u>	<u>0911921430015</u>
126.29	<u>0911921430019</u>	<u>0911921430020</u>	<u>0911921430028</u>	<u>0911921430030</u>	<u>0911921430033</u>
126.30	<u>0911921430037</u>	<u>0911921430038</u>	<u>0911921430040</u>	<u>0911921430048</u>	<u>0911921430054</u>
126.31	<u>0911921430055</u>	<u>0911921430059</u>	<u>0911921430069</u>	<u>0911921430071</u>	<u>0911921430072</u>
126.32	<u>0911921430076</u>	<u>0911921430080</u>	<u>0911921430081</u>	<u>0911921430082</u>	<u>0911921430083</u>
126.33	<u>0911921430086</u>	<u>0911921430087</u>	<u>0911921430088</u>	<u>0911921430094</u>	<u>0911921430095</u>
126.34	<u>0911921430099</u>	<u>0911921430104</u>	<u>0911921430114</u>	<u>0911921210006</u>	<u>0911921210096</u>

127.1	<u>0911921210100</u>	<u>0911921210101</u>	<u>0911921220008</u>	<u>0911921220017</u>	<u>0911921230014</u>
127.2	<u>0911921230015</u>	<u>0911921240004</u>	<u>0911921240007</u>	<u>0911921310010</u>	<u>0911921310011</u>
127.3	<u>0911921310012</u>	<u>0911921330010</u>	<u>0911921330012</u>	<u>0911921340009</u>	<u>0911921430013</u>
127.4	<u>0911921430017</u>	<u>0911921430021</u>	<u>0911921430022</u>	<u>0911921430026</u>	<u>0911921430031</u>
127.5	<u>0911921430032</u>	<u>0911921430036</u>	<u>0911921430041</u>	<u>0911921430042</u>	<u>0911921430046</u>
127.6	<u>0911921430053</u>	<u>0911921430057</u>	<u>0911921430064</u>	<u>0911921430065</u>	<u>0911921430073</u>
127.7	<u>0911921430077</u>	<u>0911921430078</u>	<u>0911921430100</u>	<u>0911921430105</u>	<u>0911921430107</u>
127.8	<u>0911921430108</u>	<u>0911921430110</u>	<u>0911921430115</u>	<u>0911921430117</u>	<u>0911921430118</u>
127.9	<u>0811921140050</u>	<u>0811921140051</u>	<u>0911921210005</u>	<u>0911921210095</u>	<u>0911921220070</u>
127.10	<u>0911921220071</u>	<u>0911921230009</u>	<u>0911921230010</u>	<u>0911921230011</u>	<u>0911921230012</u>
127.11	<u>0911921230013</u>	<u>0911921240005</u>	<u>0911921240008</u>	<u>0911921310007</u>	<u>0911921310009</u>
127.12	<u>0911921320023</u>	<u>0911921330008</u>	<u>0911921330011</u>	<u>0911921340008</u>	<u>0911921340014</u>
127.13	<u>0911921340017</u>	<u>0911921430018</u>	<u>0911921430024</u>	<u>0911921430025</u>	<u>0911921430029</u>
127.14	<u>0911921430034</u>	<u>0911921430035</u>	<u>0911921430039</u>	<u>0911921430044</u>	<u>0911921430045</u>
127.15	<u>0911921430049</u>	<u>0911921430058</u>	<u>0911921430060</u>	<u>0911921430061</u>	<u>0911921430062</u>
127.16	<u>0911921430063</u>	<u>0911921430067</u>	<u>0911921430068</u>	<u>0911921430090</u>	<u>0911921430093</u>
127.17	<u>0911921430097</u>	<u>0911921430098</u>	<u>0911921430102</u>	<u>0911921430103</u>	<u>0911921430112</u>
127.18	<u>0911921430113</u>	<u>0911921430120</u>	<u>1011921330022</u>		

127.19 Subd. 2. **Special rules.** If the city or the authority establishes a tax increment financing
 127.20 district under subdivision 1, the following special rules apply:

127.21 (1) the districts are deemed to meet all the requirements of Minnesota Statutes, section
 127.22 469.174, subdivision 10; and

127.23 (2) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district.

127.24 Subd. 3. **Expiration.** The authority to approve a tax increment financing plan to establish
 127.25 a tax increment finance district under this section expires on December 31, 2031.

127.26 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 127.27 city of Brooklyn Park and its chief clerical officer comply with the requirements of Minnesota
 127.28 Statutes, section 645.021, subdivisions 2 and 3.

127.29 Sec. 9. **CITY OF BROOKLYN PARK; TIF AUTHORITY; BIOTECH AREA.**

127.30 Subdivision 1. **Establishment of districts.** Under the special rules established in
 127.31 subdivision 2, the economic development authority of the city of Brooklyn Park or the city
 127.32 of Brooklyn Park may establish not more than two redevelopment districts located wholly
 127.33 within the area of the city of Brooklyn Park. The districts may be composed of the following

128.1 parcels identified by their current parcel identification numbers together with adjacent and
 128.2 internal roads and rights-of-way:

128.3 0711921110003 0711921120006 0711921110007 0711921140001 0711921140002
 128.4 0711921140007 0711921240002 0711921240004 0711921110004 0711921110006
 128.5 0711921110008 0711921120005 0711921130005 0711921140005 0711921140006
 128.6 0711921210003 0811921230002 0811921230004 0711921110005 0711921120009
 128.7 0711921220003 0711921230001 0711921230002 0811921220002

128.8 Subd. 2. **Special rules.** If the city or the authority establishes a tax increment financing
 128.9 district under subdivision 1, the following special rules apply:

128.10 (1) the districts are deemed to meet all the requirements of Minnesota Statutes, section
 128.11 469.174, subdivision 10; and

128.12 (2) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district.

128.13 Subd. 3. **Expiration.** The authority to approve a tax increment financing plan to establish
 128.14 a tax increment finance district under this section expires on December 31, 2031.

128.15 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 128.16 city of Brooklyn Park and its chief clerical officer comply with the requirements of Minnesota
 128.17 Statutes, section 645.021, subdivisions 2 and 3.

128.18 Sec. 10. **CITY OF BROOKLYN PARK; TIF AUTHORITY; BROOKLYN**
 128.19 **BOULEVARD/WEST BROADWAY AREA.**

128.20 Subdivision 1. **Establishment of districts.** Under the special rules established in
 128.21 subdivision 2, the economic development authority of the city of Brooklyn Park or the city
 128.22 of Brooklyn Park may establish not more than two redevelopment tax increment financing
 128.23 districts located wholly within the area of the city of Brooklyn Park. The districts may be
 128.24 composed of the following parcels identified by their current parcel identification numbers
 128.25 together with adjacent and internal roads and rights-of-way:

128.26 2011921430092 2011921430099 2011921440089 2011921430101 2011921440088
 128.27 2911921120001 2911921120004 2911921120032 2911921110004 2911921120005
 128.28 2011921430093 2011921430100 2011921430102 2011921430103 2911921110118
 128.29 2911921120006 2911921120043 2011921340022 2011921340027 2011921340036
 128.30 2011921340038 2011921340042 2011921340047 2011921340048 2011921340070
 128.31 2011921340071 2011921340026 2011921340037 2011921340046 2011921340050
 128.32 2011921340069 2011921340075 2011921340079 2011921340080 2011921330004
 128.33 2011921330005 2011921330006 2011921330012 2011921340024 2011921340025

129.1	<u>2011921340029</u>	<u>2011921340044</u>	<u>2011921340066</u>	<u>2011921340068</u>	<u>2011921340073</u>
129.2	<u>2011921340076</u>	<u>2011921340078</u>	<u>2911921210023</u>	<u>2911921210030</u>	<u>2911921210040</u>
129.3	<u>2911921210042</u>	<u>2911921210051</u>	<u>2911921210052</u>	<u>2911921210054</u>	<u>2911921210056</u>
129.4	<u>2911921210057</u>	<u>2911921210063</u>	<u>2911921210074</u>	<u>2911921210077</u>	<u>2911921210078</u>
129.5	<u>2911921210079</u>	<u>2911921210090</u>	<u>2911921220010</u>	<u>2911921220012</u>	<u>2911921220021</u>
129.6	<u>2911921220023</u>	<u>2911921220025</u>	<u>2911921240102</u>	<u>2911921240117</u>	<u>2911921240132</u>
129.7	<u>2911921210021</u>	<u>2911921210024</u>	<u>2911921210025</u>	<u>2911921210026</u>	<u>2911921210027</u>
129.8	<u>2911921210028</u>	<u>2911921210029</u>	<u>2911921210034</u>	<u>2911921210035</u>	<u>2911921210037</u>
129.9	<u>2911921210038</u>	<u>2911921210039</u>	<u>2911921210053</u>	<u>2911921210061</u>	<u>2911921210062</u>
129.10	<u>2911921210066</u>	<u>2911921210070</u>	<u>2911921210073</u>	<u>2911921210081</u>	<u>2911921210082</u>
129.11	<u>2911921210086</u>	<u>2911921210094</u>	<u>2911921210105</u>	<u>2911921210106</u>	<u>2911921220011</u>
129.12	<u>2911921220020</u>	<u>2911921220022</u>	<u>2911921220028</u>	<u>2911921240101</u>	<u>2911921240104</u>
129.13	<u>2911921240105</u>	<u>2911921240106</u>	<u>2911921240109</u>	<u>2911921240134</u>	<u>2911921210007</u>
129.14	<u>2911921210050</u>	<u>2911921210055</u>	<u>2911921210058</u>	<u>2911921210059</u>	<u>2911921210071</u>
129.15	<u>2911921210083</u>	<u>2911921210104</u>	<u>2911921240095</u>	<u>2911921240099</u>	<u>2911921240118</u>
129.16	<u>2011921320010</u>	<u>2011921330003</u>	<u>2011921330007</u>	<u>2011921340023</u>	<u>2011921340028</u>
129.17	<u>2011921340034</u>	<u>2011921340035</u>	<u>2011921340039</u>	<u>2011921340040</u>	<u>2011921340043</u>
129.18	<u>2011921340045</u>	<u>2011921340049</u>	<u>2011921340077</u>	<u>2911921210022</u>	<u>2911921210031</u>
129.19	<u>2911921210032</u>	<u>2911921210033</u>	<u>2911921210036</u>	<u>2911921210041</u>	<u>2911921210060</u>
129.20	<u>2911921210064</u>	<u>2911921210065</u>	<u>2911921210067</u>	<u>2911921210068</u>	<u>2911921210069</u>
129.21	<u>2911921210080</u>	<u>2911921210084</u>	<u>2911921210085</u>	<u>2911921210087</u>	<u>2911921210088</u>
129.22	<u>2911921210089</u>	<u>2911921210091</u>	<u>2911921210092</u>	<u>2911921210093</u>	<u>2911921210096</u>
129.23	<u>2911921210103</u>	<u>2911921210111</u>	<u>2911921220024</u>	<u>2911921220026</u>	<u>2911921220029</u>
129.24	<u>2911921240100</u>	<u>2911921240103</u>	<u>2911921240107</u>	<u>2911921240133</u>	<u>2911921240135</u>
129.25	<u>3011921110009</u>	<u>3011921110007</u>			

129.26 and the following roadways within the city of Brooklyn Park: Brooklyn Boulevard (from
129.27 and including the intersection at Highway 169 to and including the intersection at Kentucky
129.28 Avenue North) and West Broadway Avenue (from and including the intersection at 75th
129.29 Avenue and to and including the intersection at 78th Avenue).

129.30 Subd. 2. **Special rules.** If the city or the authority establishes a tax increment financing
129.31 district under subdivision 1, the following special rules apply:

129.32 (1) the districts are deemed to meet all the requirements of Minnesota Statutes, section
129.33 469.174, subdivision 10; and

129.34 (2) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district.

129.35 Subd. 3. **Expiration.** The authority to approve a tax increment financing plan to establish
129.36 a tax increment finance district under this section expires on December 31, 2031.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Brooklyn Park and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 11. **CITY OF EDEN PRAIRIE; TAX INCREMENT FINANCING AUTHORITY; EDEN PRAIRIE CENTER.**

Subdivision 1. Establishment. Pursuant to the special rules established in subdivision 2, the economic development authority of the city of Eden Prairie or the city of Eden Prairie may establish not more than two redevelopment districts located within the area of the city of Eden Prairie consisting of parcels, together with adjacent roads and rights-of-way, within the area surrounded by Flying Cloud Drive, West 78th Street, and Prairie Center Drive.

Subd. 2. Special rules. If the city or authority establishes a tax increment financing district under this section, the following special rules apply:

(1) the districts are deemed to meet the requirements of Minnesota Statutes, section 469.174, subdivision 10; and

(2) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district.

Subd. 3. Expiration. The authority to approve a tax increment financing plan to establish a tax increment financing district under this section expires December 31, 2026.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Eden Prairie and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 12. **CITY OF EDINA; 70TH & FRANCE TIF DISTRICT; FIVE-YEAR RULE EXTENSION; DURATION EXTENSION.**

(a) The five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision 4, relating to the use of increment after the expiration of the five-year period, is extended to 11 years for Tax Increment Financing District 70th & France in the city of Edina.

(b) Notwithstanding Minnesota Statutes, section 469.176, subdivisions 1b and 1d, the city of Edina or its housing and redevelopment authority may elect to extend the duration of the district by ten years for Tax Increment Financing District 70th & France.

EFFECTIVE DATE. Paragraph (a) is effective the day after the governing body of the city of Edina and its chief clerical officer comply with the requirements of Minnesota

131.1 Statutes, section 645.021, subdivisions 2 and 3. Paragraph (b) is effective upon compliance
131.2 by the governing bodies of the city of Edina, Hennepin County, and Independent School
131.3 District No. 273 with the requirements of Minnesota Statutes, section 469.1782, subdivision
131.4 2.

131.5 Sec. 13. **CITY OF EDINA; 72ND & FRANCE 2 TIF DISTRICT; FIVE-YEAR RULE**
131.6 **EXTENSION; DURATION EXTENSION.**

131.7 (a) The five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is
131.8 extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision
131.9 4, relating to the use of increment after the expiration of the five-year period, is extended
131.10 to 11 years for Tax Increment Financing District 72nd & France 2 in the city of Edina.

131.11 (b) Notwithstanding Minnesota Statutes, section 469.176, subdivisions 1b and 1d, the
131.12 city of Edina or its housing and redevelopment authority may elect to extend the duration
131.13 of the district by five years for Tax Increment Financing District 72nd & France 2.

131.14 **EFFECTIVE DATE.** Paragraph (a) is effective the day after the governing body of the
131.15 city of Edina and its chief clerical officer comply with the requirements of Minnesota
131.16 Statutes, section 645.021, subdivisions 2 and 3. Paragraph (b) is effective upon compliance
131.17 by the governing bodies of the city of Edina, Hennepin County, and Independent School
131.18 District No. 273 with the requirements of Minnesota Statutes, section 469.1782, subdivision
131.19 2.

131.20 Sec. 14. **CITY OF MARSHALL; TEMPORARY USE OF INCREMENT;**
131.21 **EXTENSION.**

131.22 (a) Notwithstanding Minnesota Statutes, section 469.176, subdivision 4n, paragraph (f),
131.23 the city of Marshall may elect to spend, loan, or invest transferred increment, including any
131.24 interest or investment earnings on such transferred increment, as authorized under Minnesota
131.25 Statutes, section 469.176, subdivision 4n, through December 31, 2027, provided that the
131.26 transferred increment was collected from TIF District No. 1-1, TIF District No. 1-7, or TIF
131.27 District No. 2-1, in the city of Marshall, and the use of the transferred increment is detailed
131.28 in the city's written spending plan adopted pursuant to Minnesota Statutes, section 469.176,
131.29 subdivision 4n, paragraph (c).

131.30 (b) Increment not spent, loaned, or invested by December 31, 2027, must be returned
131.31 to the district. The requirement to return increment to the district includes any proceeds,
131.32 principal, and interest received on loans of transferred increment; interest or investment
131.33 earnings on transferred increment; or other repayments or returns of transferred increment

132.1 defined as tax increment under Minnesota Statutes, section 469.174, subdivision 25, that
132.2 remain in the funds or accounts of the authority or municipality on December 31, 2027, or
132.3 that are subsequently received by the authority or municipality.

132.4 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
132.5 city of Marshall and its chief clerical officer comply with the requirements of Minnesota
132.6 Statutes, section 645.021, subdivisions 2 and 3.

132.7 Sec. 15. **CITY OF MINNETONKA; OPUS TIF DISTRICT; FIVE-YEAR RULE**
132.8 **EXTENSION.**

132.9 (a) The five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is
132.10 extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision
132.11 4, relating to the use of increment after the expiration of the five-year period, is extended
132.12 to 11 years for the Opus tax increment financing district established in 2021 by the economic
132.13 development authority in the city of Minnetonka.

132.14 (b) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district.

132.15 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
132.16 city of Minnetonka and its chief clerical officer comply with the requirements of Minnesota
132.17 Statutes, section 645.021, subdivisions 2 and 3.

132.18 Sec. 16. **CITY OF MOORHEAD; TAX INCREMENT FINANCING DISTRICT**
132.19 **NO. 31; FIVE-YEAR RULE EXTENSION.**

132.20 The five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is
132.21 extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision
132.22 4, relating to the use of increment after the expiration of the five-year period, is extended
132.23 to 11 years for Tax Increment Financing District No. 31 in the city of Moorhead.

132.24 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
132.25 city of Moorhead and its chief clerical officer comply with the requirements of Minnesota
132.26 Statutes, section 645.021, subdivisions 2 and 3.

132.27 Sec. 17. **CITY OF OAKDALE; TEMPORARY USE OF INCREMENT; EXTENSION.**

132.28 (a) Notwithstanding Minnesota Statutes, section 469.176, subdivision 4n, paragraph (f),
132.29 the city of Oakdale may elect to spend, loan, or invest transferred increment, including any
132.30 interest or investment earnings on such transferred increment, as authorized under Minnesota
132.31 Statutes, section 469.176, subdivision 4n, through December 31, 2027, provided that the

133.1 transferred increment was collected from TIF District No. 1-4 or TIF District No. 1-6, in
133.2 the city of Oakdale, and the use of the transferred increment is detailed in the city's written
133.3 spending plan adopted pursuant to Minnesota Statutes, section 469.176, subdivision 4n,
133.4 paragraph (c).

133.5 (b) Increment not spent, loaned, or invested by December 31, 2027, must be returned
133.6 to the district. The requirement to return increment to the district includes any proceeds,
133.7 principal, and interest received on loans of transferred increment; interest or investment
133.8 earnings on transferred increment; or other repayments or returns of transferred increment
133.9 defined as tax increment under Minnesota Statutes, section 469.174, subdivision 25, that
133.10 remain in the funds or accounts of the authority or municipality on December 31, 2027, or
133.11 that are subsequently received by the authority or municipality.

133.12 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
133.13 city of Oakdale and its chief clerical officer comply with the requirements of Minnesota
133.14 Statutes, section 645.021, subdivisions 2 and 3.

133.15 Sec. 18. **CITY OF PLYMOUTH; TAX INCREMENT FINANCING;**
133.16 **ESTABLISHMENT.**

133.17 Subdivision 1. **Establishment.** Under the special rules established in subdivision 2, the
133.18 city of Plymouth may establish not more than two redevelopment districts located wholly
133.19 within the city of Plymouth, Hennepin County, Minnesota, limited to the area identified as
133.20 the city center district in the Plymouth, Minnesota Zoning Map in effect on January 1, 2024,
133.21 and adopted pursuant to section 21000.12 of the Plymouth Zoning Code of Ordinances.

133.22 Subd. 2. **Special rules.** If the city establishes a tax increment financing district under
133.23 this section, the following special rules apply:

133.24 (1) the district is deemed to meet the requirements of Minnesota Statutes, section 469.174,
133.25 subdivision 10;

133.26 (2) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district;
133.27 and

133.28 (3) the five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is
133.29 extended to ten years, and the period under Minnesota Statutes, section 469.1763, subdivision
133.30 4, relating to the use of increment after the expiration of the five-year period, is extended
133.31 to 11 years.

133.32 Subd. 3. **Expiration.** The authority to approve a tax increment financing plan to establish
133.33 a tax increment financing district under this section expires December 31, 2031.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Plymouth and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 19. **CITY OF ST. CLOUD; TAX INCREMENT FINANCING; ESTABLISHMENT.**

Subdivision 1. Establishment. Under the special rules established in subdivision 2, the economic development authority of the city of St. Cloud or the city of St. Cloud may establish not more than two redevelopment districts adjacent to the Division Street corridor or within the Central Business District or Fringe Central District, limited to the following parcels identified by tax identification numbers, together with the adjacent roads and rights-of-way:

(1) in Stearns County: 82517020000 (Lady Slipper Catalyst Site); 82515440001 (North Riverfront Catalyst Site); 82515470000; 82515480000 (Empire Catalyst Site); 82518760015 (Swan Lot Catalyst Site); 82528850020 (Riverboat Lot Catalyst Site); 82528850001 (Former Herberger's); 82528850065 (Former Herberger's); 82528850005 (Former Herberger's); 82528850053; 82528850050; 82528850048 (Former Press Bar/Cowboy Jacks Lots); and

(2) in Benton County: 170037810 (Transit Oriented Development Catalyst Site); 170058101 (Ace Block Catalyst Site); 170042000; 170041600; 170041100; 170041601; 170041200; 170041800; 170059600 (Star Bank Catalyst Site); 170059300 (Riverfront South Catalyst Site); 170058300; 170059200; 170058600; 170058800; 170059100; 170058900; 1700113900 (Transit Oriented Development Catalyst Site); 170060600; 170060700; and 170060800 (EDA Parking Lot & adjacent sites).

Subd. 2. Special rules. If the city or authority establishes a tax increment financing district under this section, the following special rules apply:

(1) the districts are deemed to meet all the requirements of Minnesota Statutes, section 469.174, subdivision 10;

(2) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district; and

(3) increments generated from the districts may be expended for the reconstruction, expansion, or new construction of adjacent public infrastructure, including but not limited to public parking, streets, and utilities necessary to serve the development, and all expenditures under this clause are deemed expended on activities within the district for purposes of Minnesota Statutes, section 469.1763.

Subd. 3. **Expiration.** The authority to approve a tax increment financing plan to establish a tax increment financing district under this section expires on December 31, 2031.

EFFECTIVE DATE. This section is effective the day after the city of St. Cloud and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

ARTICLE 7

PUBLIC FINANCE

Section 1. Minnesota Statutes 2024, section 373.40, subdivision 2, is amended to read:

Subd. 2. Application of election requirement. (a) Bonds issued by a county to finance capital improvements under an approved capital improvement plan are not subject to the election requirements of section 375.18 or 475.58. The bonds must be approved by vote of at least three-fifths of the members of the county board. In the case of a metropolitan county, the bonds must be approved by vote of at least two-thirds of the members of the county board.

(b) Before issuance of bonds qualifying under this section, the county must publish a notice of its intention to issue the bonds and the date and time of a hearing to obtain public comment on the matter. The notice must be published in the official newspaper of the county or in a newspaper of general circulation in the county. The notice must be published at least ~~14~~ ten, but not more than 28, days before the date of the hearing.

(c) A county may issue the bonds only upon obtaining the approval of a majority of the voters voting on the question of issuing the obligations, if a petition requesting a vote on the issuance is signed by voters equal to five percent of the votes cast in the county in the last county general election and is filed with the county auditor within 30 days after the public hearing. If the county elects not to submit the question to the voters, the county shall not propose the issuance of bonds under this section for the same purpose and in the same amount for a period of 365 days from the date of receipt of the petition. If the question of issuing the bonds is submitted and not approved by the voters, the provisions of section 475.58, subdivision 1a, shall apply.

Sec. 2. Minnesota Statutes 2024, section 446A.086, subdivision 1, is amended to read:

Subdivision 1. Definitions. (a) As used in this section, the following terms have the meanings given.

(b) "Authority" means the Minnesota Public Facilities Authority.

136.1 (c) "Commissioner" means the commissioner of management and budget.

136.2 (d) "Debt obligation" means:

136.3 (1) a general obligation bond or note issued by a county, a bond or note to which the
136.4 general obligation of a county is pledged under section 469.034, subdivision 2, or a bond
136.5 or note payable from a county lease obligation under section 641.24, to provide funds for
136.6 the construction of:

136.7 (i) jails;

136.8 (ii) correctional facilities;

136.9 (iii) law enforcement facilities;

136.10 (iv) a courthouse or justice center, if connected to a jail, correctional facility, or other
136.11 law enforcement facility;

136.12 ~~(iv)~~ (v) social services and human services facilities;

136.13 ~~(v)~~ (vi) solid waste facilities; or

136.14 ~~(vi)~~ (vii) qualified housing development projects as defined in section 469.034,
136.15 subdivision 2; or

136.16 (2) a general obligation bond or note issued by a governmental unit to provide funds for
136.17 the construction, improvement, or rehabilitation of:

136.18 (i) wastewater facilities;

136.19 (ii) drinking water facilities;

136.20 (iii) stormwater facilities; or

136.21 (iv) any publicly owned building or infrastructure improvement that has received partial
136.22 funding from grants awarded by the commissioner of employment and economic development
136.23 related to redevelopment, contaminated site cleanup, bioscience, small cities development
136.24 programs, and rural business infrastructure programs, for which bonds are issued by the
136.25 authority under section 446A.087.

136.26 (e) "Governmental unit" means a county or a statutory or home rule charter city.

136.27 Sec. 3. Minnesota Statutes 2024, section 446A.086, subdivision 2, is amended to read:

136.28 Subd. 2. **Application.** (a) This section provides a state guarantee of the payment of
136.29 principal and interest on debt obligations if:

137.1 (1) the obligations are issued for new projects or the refunding at a net present value
137.2 savings of debt service costs of obligations that are currently guaranteed pursuant to this
137.3 section and are not issued for the purposes of refunding previous obligations other than as
137.4 described in this sentence;

137.5 (2) application to the Public Facilities Authority is made before issuance; and

137.6 (3) the obligations are covered by an agreement meeting the requirements of subdivision
137.7 3.

137.8 (b) Applications to be covered by the provisions of this section must be made in a form
137.9 and contain the information prescribed by the authority. Applications are subject to either
137.10 a fee of \$500 for each bond issue requested by a county or governmental unit or the applicable
137.11 fees under section 446A.087.

137.12 (c) Application fees paid under this section must be deposited in a separate credit
137.13 enhancement bond guarantee account in the special revenue fund. Money in the credit
137.14 enhancement bond guarantee account is appropriated to the authority for purposes of
137.15 administering this section.

137.16 (d) Neither the authority nor the commissioner is required to promulgate administrative
137.17 rules under this section and the procedures and requirements established by the authority
137.18 or commissioner under this section are not subject to chapter 14.

137.19 Sec. 4. Minnesota Statutes 2024, section 462C.04, subdivision 2, is amended to read:

137.20 Subd. 2. **Program review.** A public hearing shall be held on each program after one
137.21 publication of notice in a newspaper circulating generally in the city, at least ~~15~~ ten days
137.22 before the hearing. On or before the day on which notice of the public hearing is published,
137.23 the city shall submit the program to the Metropolitan Council, if the city is located in the
137.24 metropolitan area as defined in section 473.121, subdivision 2, or to the regional development
137.25 commission for the area in which the city is located, if any, for review and comment. The
137.26 appropriate reviewing agency shall comment on:

137.27 (a) whether the program furthers local and regional housing policies and is consistent
137.28 with the Metropolitan Development Guide, if the city is located in the metropolitan area,
137.29 or adopted policies of the regional development commission; and

137.30 (b) the compatibility of the program with the housing portion of the comprehensive plan
137.31 of the city, if any.

138.1 Review of the program may be conducted either by the board of the reviewing agency
138.2 or by the staff of the agency. Any comment submitted by the reviewing agency to the city
138.3 must be presented to the body considering the proposed program at the public hearing held
138.4 on the program.

138.5 A member or employee of the reviewing agency shall be permitted to present the
138.6 comments of the reviewing agency at the public hearing. After conducting the public hearing,
138.7 the program may be adopted with or without amendment, provided that any amendments
138.8 must not be inconsistent with the comments, if any, of the reviewing agency and must not
138.9 contain any material changes from the program submitted to the reviewing agency other
138.10 than changes in the financial aspects of any proposed issue of bonds or obligations. If any
138.11 material change other than a change in the financial aspects of a proposed issue of bonds
138.12 or obligations, or any change which is inconsistent with the comments of the reviewing
138.13 agency is adopted, the amended program shall be resubmitted to the appropriate reviewing
138.14 agency for review and comment, and a public hearing shall be held on the amended program
138.15 after one publication of notice in a newspaper circulating generally in the city at least ~~15~~
138.16 ten days before the hearing. The amended program shall be considered after the public
138.17 hearing in the same manner as consideration of the initial program.

138.18 Sec. 5. Minnesota Statutes 2024, section 469.104, is amended to read:

138.19 **469.104 SECTIONS THAT APPLY IF FEDERAL LIMIT APPLIES.**

138.20 Sections 474A.01 to 474A.21 apply to obligations issued under sections 469.090 to
138.21 469.108 that are ~~limited~~ required by federal tax law as defined in section 474A.02,
138.22 subdivision 8, to obtain an allocation of volume cap.

138.23 Sec. 6. Minnesota Statutes 2024, section 469.154, subdivision 4, is amended to read:

138.24 Subd. 4. **Hearing.** Prior to submitting an application to the department requesting
138.25 approval of a project pursuant to subdivision 3, the governing body or a committee of the
138.26 governing body of the municipality or redevelopment agency shall conduct a public hearing
138.27 on the proposal to undertake and finance the project. Notice of the time and place of hearing,
138.28 and stating the general nature of the project and an estimate of the principal amount of bonds
138.29 or other obligations to be issued to finance the project, shall be published at least once not
138.30 less than ~~14~~ ten days nor more than 30 days prior to the date fixed for the hearing, in the
138.31 official newspaper and a newspaper of general circulation of the municipality or
138.32 redevelopment agency. The notice shall state that a draft copy of the proposed application
138.33 to the department, together with all attachments and exhibits, shall be available for public

139.1 inspection following the publication of the notice and shall specify the place and times
139.2 where and when it will be so available. The governing body of the municipality or the
139.3 redevelopment agency shall give all parties who appear at the hearing an opportunity to
139.4 express their views with respect to the proposal to undertake and finance the project.
139.5 Following the completion of the public hearing, the governing body of the municipality or
139.6 redevelopment agency shall adopt a resolution determining whether or not to proceed with
139.7 the project and its financing; it may thereafter apply to the department for approval of the
139.8 project.

139.9 Sec. 7. Minnesota Statutes 2024, section 474A.091, subdivision 2, is amended to read:

139.10 Subd. 2. **Application for residential rental projects.** (a) Issuers may apply for an
139.11 allocation for residential rental bonds under this section by submitting to the department an
139.12 application on forms provided by the department accompanied by:

139.13 (1) a preliminary resolution;

139.14 (2) a statement of bond counsel that the proposed issue of obligations requires an
139.15 allocation under this chapter and the Internal Revenue Code;

139.16 (3) an application deposit in the amount of two percent of the requested allocation;

139.17 (4) a sworn statement from the applicant identifying the project as a preservation project,
139.18 30 percent AMI residential rental project, 50 percent AMI residential rental project, 100
139.19 percent LIHTC project, 20 percent LIHTC project, or any other residential rental project;
139.20 and

139.21 (5) a certification from the applicant or its accountant stating that the requested allocation
139.22 does not exceed the aggregate bond limitation.

139.23 The issuer must pay the application deposit to the Department of Management and Budget.
139.24 An entitlement issuer may not apply for an allocation for residential rental project bonds
139.25 under this section unless it has either permanently issued bonds equal to the amount of its
139.26 entitlement allocation for the current year plus any amount carried forward from previous
139.27 years or returned for reallocation all of its unused entitlement allocation. For purposes of
139.28 this subdivision, its entitlement allocation includes an amount obtained under section
139.29 474A.04, subdivision 6.

139.30 (b) An issuer that receives an allocation under this subdivision must permanently issue
139.31 obligations equal to all or a portion of the allocation received on or before the earlier of:
139.32 (1) 180 days of the allocation; or (2) the last business day of December. If an issuer that
139.33 receives an allocation under this subdivision does not permanently issue obligations equal

140.1 to all or a portion of the allocation received within the time period provided in this paragraph
140.2 or returns the allocation to the commissioner, the amount of the allocation is canceled and
140.3 returned for reallocation through the unified pool.

140.4 (c) The Minnesota Housing Finance Agency may apply for and receive an allocation
140.5 under this section without submitting an application deposit.

140.6 Sec. 8. Minnesota Statutes 2024, section 474A.091, subdivision 2a, is amended to read:

140.7 Subd. 2a. **Application for all other types of qualified bonds.** (a) Issuers may apply
140.8 for an allocation for all types of qualified bonds other than residential rental bonds under
140.9 this section by submitting to the department an application on forms provided by the
140.10 department accompanied by:

140.11 (1) a preliminary resolution;

140.12 (2) a statement of bond counsel that the proposed issue of obligations requires an
140.13 allocation under this chapter and the Internal Revenue Code;

140.14 (3) the type of qualified bonds to be issued;

140.15 (4) an application deposit in the amount of two percent of the requested allocation; and

140.16 (5) a public purpose scoring worksheet for manufacturing and enterprise zone
140.17 applications.

140.18 The issuer must pay the application deposit to the Department of Management and Budget.
140.19 An entitlement issuer may not apply for an allocation for public facility bonds or mortgage
140.20 bonds under this section unless it has either permanently issued bonds equal to the amount
140.21 of its entitlement allocation for the current year plus any amount carried forward from
140.22 previous years or returned for reallocation all of its unused entitlement allocation. For
140.23 purposes of this subdivision, an entitlement allocation includes an amount obtained under
140.24 section 474A.04, subdivision 6.

140.25 (b) An issuer that receives an allocation under this subdivision must permanently issue
140.26 obligations equal to all or a portion of the allocation received on or before the earlier of:
140.27 (1) 120 days of the allocation; or (2) the last business day of December. If an issuer that
140.28 receives an allocation under this subdivision does not permanently issue obligations equal
140.29 to all or a portion of the allocation received within the time period provided in this paragraph
140.30 or returns the allocation to the commissioner, the amount of the allocation is canceled and
140.31 returned for reallocation through the unified pool.

141.1 (c) Notwithstanding the restrictions imposed on entitlement issuers under this subdivision,
141.2 the Minnesota Housing Finance Agency may not receive an allocation for mortgage bonds
141.3 under this section prior to the first Monday in October, but may be awarded allocations for
141.4 mortgage bonds from the unified pool on or after the first Monday in October. The Minnesota
141.5 Housing Finance Agency, the Minnesota Office of Higher Education, and the Minnesota
141.6 Rural Finance Authority may apply for and receive an allocation under this section without
141.7 submitting an application deposit.

141.8 Sec. 9. Minnesota Statutes 2024, section 475.521, subdivision 2, is amended to read:

141.9 Subd. 2. **Election requirement.** (a) Bonds issued by a municipality to finance capital
141.10 improvements under an approved capital improvements plan are not subject to the election
141.11 requirements of section 475.58. The bonds must be approved by an affirmative vote of
141.12 three-fifths of the members of a five-member governing body. In the case of a governing
141.13 body having more or less than five members, the bonds must be approved by a vote of at
141.14 least two-thirds of the members of the governing body.

141.15 (b) Before the issuance of bonds qualifying under this section, the municipality must
141.16 publish a notice of its intention to issue the bonds and the date and time of the hearing to
141.17 obtain public comment on the matter. The notice must be published in the official newspaper
141.18 of the municipality or in a newspaper of general circulation in the municipality. Additionally,
141.19 the notice may be posted on the official website, if any, of the municipality. The notice must
141.20 be published at least ~~14~~ ten but not more than 28 days before the date of the hearing.

141.21 (c) A municipality may issue the bonds only after obtaining the approval of a majority
141.22 of the voters voting on the question of issuing the obligations, if a petition requesting a vote
141.23 on the issuance is signed by voters equal to five percent of the votes cast in the municipality
141.24 in the last municipal general election and is filed with the clerk within 30 days after the
141.25 public hearing. If the municipality elects not to submit the question to the voters, the
141.26 municipality shall not propose the issuance of bonds under this section for the same purpose
141.27 and in the same amount for a period of 365 days from the date of receipt of the petition. If
141.28 the question of issuing the bonds is submitted and not approved by the voters, the provisions
141.29 of section 475.58, subdivision 1a, shall apply.

141.30 Sec. 10. Minnesota Statutes 2024, section 641.23, is amended to read:

141.31 **641.23 FUNDS; HOW PROVIDED.**

141.32 Before any contract is made for the erection of a county jail, sheriff's residence, ~~or both~~
141.33 sheriff's offices, law enforcement center, or courthouse or justice center attached to a county

jail, the county board shall either levy a sufficient tax to provide the necessary funds, or issue county bonds therefor in accordance with the provisions of chapter 475, provided that no election is required if the amount of all bonds issued for this purpose and interest on them which are due and payable in any year does not exceed an amount equal to 0.09671 percent of estimated market value of taxable property within the county, as last determined before the bonds are issued.

ARTICLE 8

SUSTAINABLE AVIATION FUEL

Section 1. Minnesota Statutes 2024, section 41A.30, subdivision 1, is amended to read:

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

(b) "Aircraft" has the meaning given in section 296A.01, subdivision 3.

(c) "Aviation gasoline" has the meaning given in section 296A.01, subdivision 7.

(d) "Commissioner" means the commissioner of agriculture.

(e) "Jet fuel" has the meaning given in section 296A.01, subdivision 8.

(f) "Qualifying taxpayer" means a taxpayer, as defined in section 290.01, subdivision 6, that is engaged in the business of:

(1) producing sustainable aviation fuel; or

(2) blending sustainable aviation fuel with aviation gasoline or jet fuel.

(g) "Sustainable aviation fuel" means liquid fuel that:

(1) is derived from: (i) biomass, as defined in section 41A.15, subdivision 2e, that is produced in the United States, provided that any agricultural feedstocks are from planted crops and crop residue harvested from agricultural land cleared or cultivated any time prior to December 19, 2007, that is either actively managed or fallow; (ii) gaseous carbon oxides; or (iii) hydrogen that has a carbon intensity not greater than four kilograms of carbon dioxide equivalent per kilogram of hydrogen produced;

(2) is not derived from palm fatty acid distillates; and

(3) achieves at least a 50 percent life cycle greenhouse gas emissions reduction in comparison with petroleum-based aviation gasoline, aviation turbine fuel, and jet fuel as determined by a test that shows:

(i) that the fuel production pathway achieves at least a 50 percent life cycle greenhouse gas emissions reduction in comparison with petroleum-based aviation gasoline, aviation turbine fuel, and jet fuel utilizing the most recent version of Argonne National Laboratory's Greenhouse Gases, Regulated Emissions, and Energy Use in Technologies (GREET) model that accounts for reduced emissions throughout the fuel production process; or

(ii) that the fuel production pathway achieves at least a 50 percent reduction of the aggregate attributional core life cycle emissions and the positive induced land use change values under the life cycle methodology for sustainable aviation fuels adopted by the International Civil Aviation Organization with the agreement of the United States.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2023, for sustainable aviation fuel sold after June 30, 2024.

Sec. 2. Minnesota Statutes 2024, section 41A.30, subdivision 2, is amended to read:

Subd. 2. Tax credit establishment. (a) A qualifying taxpayer may claim a tax credit against the tax due under chapter 290 equal to \$1.50 for each gallon of sustainable aviation fuel that is:

(1) produced in Minnesota or blended with aviation or gasoline or jet fuel in Minnesota, provided that carbon oxides sequestered as part of the production process are not used as a tertiary injectant in a qualified enhanced oil recovery project; and

(2) sold in Minnesota to a purchaser who certifies that the sustainable aviation fuel is for use as fuel in an aircraft departing from an airport in Minnesota.

(b) The credit may be claimed only after approval and certification by the commissioner and is limited to the amount stated on the credit certificate issued under subdivision 3. A qualifying taxpayer must apply to the commissioner for certification and allocation of a credit in a form and manner prescribed by the commissioner.

(c) A qualifying taxpayer may claim a credit for blending or producing sustainable aviation fuel, but not both. If sustainable aviation fuel is blended with aviation gasoline or jet fuel, the credit is allowed only for the portion of sustainable aviation fuel that is included in the blended fuel.

(d) If the amount of credit that the taxpayer is eligible to receive under this section exceeds the liability for tax under chapter 290, the commissioner of revenue must refund the excess to the taxpayer.

(e) A qualifying taxpayer may claim a supplemental tax credit against the tax due under chapter 290 equal to the rate of \$0.02 per gallon for each additional whole percentage carbon intensity reduction beyond 50 percent, but capped at \$0.50 per gallon.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2023, for sustainable aviation fuel sold after June 30, 2024.

Sec. 3. Minnesota Statutes 2024, section 41A.30, subdivision 5, is amended to read:

Subd. 5. **Allocation limits.** (a) For tax credits allowed under subdivision 2, the commissioner must not issue credit certificates for more than:

(1) \$7,400,000 for each of fiscal year years 2025 to 2027; and

(2) \$2,100,000 for each of fiscal years ~~2026 and 2027~~ 2028 to 2035.

(b) If the entire amount authorized under paragraph (a) is not allocated in that fiscal year ~~2025 or 2026~~, any remaining amount is carried forward into the next fiscal year and is available for allocation through fiscal year ~~2030~~ 2035 until the entire allocation has been made. The commissioner must not issue any credit certificates for fiscal years beginning after June 30, ~~2030~~ 2035, and any unallocated amounts cancel on that date.

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

Sec. 4. Minnesota Statutes 2024, section 41A.30, subdivision 7, is amended to read:

Subd. 7. **Expiration.** This section expires for taxable years beginning after December 31, ~~2030~~ 2035.

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

ARTICLE 9

TAXATION OF GAS PRODUCTION

Section 1. Minnesota Statutes 2024, section 270B.161, is amended to read:

270B.161 DATA AND INFORMATION ON MINE VALUE OF ORE AND WELL VALUE OF GAS.

Data collected from taxpayers and maintained by the commissioner for the purpose of determining the mine value of ore and the well value of gas under section 298.01 are nonpublic data as defined in section 13.02, subdivision 9.

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

145.1 Sec. 2. Minnesota Statutes 2024, section 272.02, subdivision 97, is amended to read:

145.2 Subd. 97. **Property used in business of mining subject to gross proceeds tax.** The
145.3 following property used in the business of mining that is subject to the gross proceeds tax
145.4 under section 298.015 is exempt:

145.5 (1) deposits of ores, metals, ~~and~~ minerals, gas, and the lands in which they are contained;

145.6 (2) all real and personal property used in mining, quarrying, producing, or refining ores,
145.7 minerals, ~~or~~ metals, or gas, including lands occupied by or used in connection with the
145.8 mining, quarrying, production, or ore refining facilities; and

145.9 (3) concentrate.

145.10 This exemption applies for each year that a person subject to tax under section 298.015
145.11 uses the property for mining, quarrying, producing, or refining ores, metals, ~~or~~ minerals, or
145.12 gas.

145.13 **EFFECTIVE DATE.** This section is effective for assessment year 2025 and thereafter.

145.14 Sec. 3. Minnesota Statutes 2024, section 272.03, subdivision 1, is amended to read:

145.15 Subdivision 1. **Real property.** (a) For the purposes of taxation, but not for chapter 297A,
145.16 "real property" includes the land itself, rails, ties, and other track materials annexed to the
145.17 land, and all buildings, structures, and improvements or other fixtures on it, bridges of bridge
145.18 companies, and all rights and privileges belonging or appertaining to the land, and all mines,
145.19 iron ore and taconite minerals not otherwise exempt, quarries, fossils, and trees on or under
145.20 it.

145.21 (b) A building or structure shall include the building or structure itself, together with all
145.22 improvements or fixtures annexed to the building or structure, which are integrated with
145.23 and of permanent benefit to the building or structure, regardless of the present use of the
145.24 building, and which cannot be removed without substantial damage to itself or to the building
145.25 or structure.

145.26 (c)(i) Real property does not include tools, implements, machinery, and equipment
145.27 attached to or installed in real property for use in the business or production activity
145.28 conducted thereon, regardless of size, weight or method of attachment, and mine shafts,
145.29 tunnels, and other underground openings used to extract ores ~~and~~, minerals, metals, or gas
145.30 taxed under chapter 298 together with steel, concrete, and other materials used to support
145.31 such openings.

(ii) The exclusion provided in clause (i) shall not apply to machinery and equipment includable as real estate by paragraphs (a) and (b) even though such machinery and equipment is used in the business or production activity conducted on the real property if and to the extent such business or production activity consists of furnishing services or products to other buildings or structures which are subject to taxation under this chapter.

(iii) The exclusion provided in clause (i) does not apply to the exterior shell of a structure which constitutes walls, ceilings, roofs, or floors if the shell of the structure has structural, insulation, or temperature control functions or provides protection from the elements, unless the structure is primarily used in the production of biofuels, wine, beer, distilled beverages, or dairy products. Such an exterior shell is included in the definition of real property even if it also has special functions distinct from that of a building, or if such an exterior shell is primarily used for the storage of ingredients or materials used in the production of biofuels, wine, beer, distilled beverages, or dairy products, or for the storage of finished biofuels, wine, beer, distilled beverages, or dairy products.

(d) The term real property does not include tools, implements, machinery, equipment, poles, lines, cables, wires, conduit, and station connections which are part of a telephone communications system, regardless of attachment to or installation in real property and regardless of size, weight, or method of attachment or installation.

EFFECTIVE DATE. This section is effective for assessment year 2025 and thereafter.

Sec. 4. Minnesota Statutes 2024, section 273.12, is amended to read:

273.12 ASSESSMENT OF REAL PROPERTY.

It shall be the duty of every assessor and board, in estimating and determining the value of lands for the purpose of taxation, to consider and give due weight to every element and factor affecting the market value thereof, including its location with reference to roads and streets and the location of roads and streets thereon or over the same, and to take into consideration a reduction in the acreage of each tract or lot sufficient to cover the amount of land actually used for any improved public highway and the reduction in area of land caused thereby. It shall be the duty of every assessor and board, in estimating and determining the value of lands for the purpose of taxation, to consider and give due weight to lands which are comparable in character, quality, and location, to the end that all lands similarly located and improved will be assessed upon a uniform basis and without discrimination and, for agricultural lands, to consider and give recognition to its earning potential as measured by its free market rental rate.

When mineral, clay, or gravel deposits exist on a property, and their extent, quality, and costs of extraction are sufficiently well known so as to influence market value, such deposits shall be recognized in valuing the property; except for mineral and energy-resource deposits, metals, and gas, which are subject to taxation under section 298.015, and except for taconite and iron-sulphide deposits which are exempt from the general property tax under section 298.25.

EFFECTIVE DATE. This section is effective for assessment year 2025 and thereafter.

Sec. 5. **[273.1343] HELIUM RELIEF AREAS.**

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

(b) "City" means a statutory or home rule charter city located in Minnesota.

(c) "Commissioner" means the commissioner of revenue.

(d) "County" means a county located in Minnesota.

(e) "Gas" has the meaning given in section 298.001, subdivision 14.

(f) "Helium relief area" means a geographic area within the state of Minnesota that falls within the boundaries of any school district located at least partially within 17 miles of a well, mine, structure, or building used for gas production that was subject to the tax under sections 298.015 and 298.016 during the preceding calendar year.

(g) "Producing" has the meaning given in section 298.001, subdivision 10a.

(h) "Structure" or "building" means a structure or building used directly for drilling, extracting, separating, or beneficiating gas.

(i) "Town" means a township located in Minnesota.

Subd. 2. Establishment. (a) By August 1 of each year, the commissioner must establish helium relief areas as defined in subdivision 1, paragraph (f).

(b) Each subsequent helium relief area established that is overlapping or contiguous with an existing helium relief area is added to the existing helium relief area. Each subsequent helium relief area established that is not overlapping and not contiguous with an existing helium relief area is established as a separate helium relief area.

(c) By September 1 each year, the commissioner must make publicly available:

(1) the geographic boundaries of the helium relief area or helium relief areas;

(2) a list of the school districts located entirely in a helium relief area, for each helium relief area; and

(3) a list of all towns, cities, and counties that have a boundary within a helium relief area, for each helium relief area.

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

Sec. 6. [273.1361] HELIUM HOMESTEAD CREDIT.

Subdivision 1. **Eligibility.** Class 1a property under section 273.13, subdivision 22; class 1b property under section 273.13, subdivision 22; class 2a property under section 273.13, subdivision 23; and class 4d(2) property under section 273.13, subdivision 25, are eligible to receive the credit under this section provided the property is located within a helium relief area under section 273.1343.

Subd. 2. **Credit amount.** For each qualifying property, the helium homestead credit equals \$50.

Subd. 3. **Credit certification.** Upon notification from the commissioner of revenue under subdivision 6, each county auditor having jurisdiction over a helium relief area must determine the tax reductions allowed under this section within the county for each taxes payable year and must certify that amount to the commissioner of revenue as part of the data required under section 270C.85, subdivision 2, clause (4). Any prior year adjustments must also be certified as part of the data required under section 270C.85, subdivision 2, clause (4). The commissioner of revenue must review the certifications for accuracy and may make necessary changes 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.

Subd. 4. **Payment.** (a) The commissioner of revenue shall reimburse each local taxing jurisdiction, other than school districts, for the tax reductions granted under this section in two equal installments on October 31 and December 26 of the taxes payable year for which the reductions are granted, including in each payment the prior year adjustments certified under section 270C.85, subdivision 2, clause (4), for that taxes payable year.

(b) The commissioner of revenue shall certify the total of the tax reductions granted under this section for each taxes payable year within each school district to the commissioner of education and the commissioner of education must pay the reimbursement amounts to each school district as provided in section 273.1392.

Subd. 5. **Appropriation.** An amount sufficient to make the payments required by this section to taxing jurisdictions other than school districts is annually appropriated from the helium property tax relief account under section 273.1362 to the commissioner of revenue. An amount sufficient to make the payments required by this section for school districts is annually appropriated from the helium property tax relief account under section 273.1362 to the commissioner of education.

Subd. 6. **Determination.** The credit under this section shall not be applied as provided in subdivision 3 unless the commissioner of revenue determines on or before October 1 that sufficient funds exist in the helium property tax relief account under section 273.1362, as of September 1, to make payments as required under this section and provides notification to each county auditor on or before October 10.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2027.

Sec. 7. **[273.1362] HELIUM PROPERTY TAX RELIEF ACCOUNT.**

The helium property tax relief account is created in the special revenue fund in the state treasury. Earnings, including interest, dividends, and any other earnings arising from the assets of the account, are credited to the account. Money remaining in the account at the end of a fiscal year is not canceled to the general fund but remains available until expended.

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

Sec. 8. Minnesota Statutes 2024, section 273.1392, is amended to read:

273.1392 PAYMENT; SCHOOL DISTRICTS.

The amounts of bovine tuberculosis credit reimbursements under section 273.113; conservation tax credits under section 273.119; disaster or emergency reimbursement under sections 273.1231 to 273.1235; helium homestead credit under section 273.1361; agricultural credits under sections 273.1384 and 273.1387; aids and credits under section 273.1398; enterprise zone property credit payments under section 469.171; metropolitan agricultural preserve reduction under section 473H.10; and electric generation transition aid under section 477A.24 for school districts, shall be certified to the Department of Education by the Department of Revenue. The amounts so certified shall be paid according to section 127A.45, subdivisions 9, 10, and 13.

EFFECTIVE DATE. This section is effective July 1, 2026.

150.1 Sec. 9. Minnesota Statutes 2024, section 273.1393, is amended to read:

150.2 **273.1393 COMPUTATION OF NET PROPERTY TAXES.**

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

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

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

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

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

150.9 (5) disparity reduction credit;

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

150.11 (7) the school bond credit as provided in section 273.1387;

150.12 (8) agricultural credit as provided in section 273.1384;

150.13 (9) taconite homestead credit as provided in section 273.135;

150.14 (10) supplemental homestead credit as provided in section 273.1391; ~~and~~

150.15 (11) helium homestead credit as provided in section 273.1361; and

150.16 (12) the bovine tuberculosis zone credit, as provided in section 273.113.

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

150.18 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2027.

150.19 Sec. 10. Minnesota Statutes 2024, section 276.04, subdivision 2, is amended to read:

150.20 Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the printing of
150.21 the tax statements. The commissioner of revenue shall prescribe the form of the property
150.22 tax statement and its contents. The tax statement must not state or imply that property tax
150.23 credits are paid by the state of Minnesota. The statement must contain a tabulated statement
150.24 of the dollar amount due to each taxing authority and the amount of the state tax from the
150.25 parcel of real property for which a particular tax statement is prepared. The dollar amounts
150.26 attributable to the county, the state tax, the voter approved school tax, the other local school
150.27 tax, the township or municipality, and the total of the metropolitan special taxing districts
150.28 as defined in section 275.065, subdivision 3, paragraph (i), must be separately stated. The
150.29 amounts due all other special taxing districts, if any, may be aggregated except that any
150.30 levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin,

151.1 Ramsey, Scott, or Washington under chapter 398A shall be listed on a separate line directly
151.2 under the appropriate county's levy. If the county levy under this paragraph includes an
151.3 amount for a lake improvement district as defined under sections 103B.501 to 103B.581,
151.4 the amount attributable for that purpose must be separately stated from the remaining county
151.5 levy amount. In the case of Ramsey County, if the county levy under this paragraph includes
151.6 an amount for public library service under section 134.07, the amount attributable for that
151.7 purpose may be separated from the remaining county levy amount. The amount of the tax
151.8 on homesteads qualifying under the senior citizens' property tax deferral program under
151.9 chapter 290B is the total amount of property tax before subtraction of the deferred property
151.10 tax amount. The amount of the tax on contamination value imposed under sections 270.91
151.11 to 270.98, if any, must also be separately stated. The dollar amounts, including the dollar
151.12 amount of any special assessments, may be rounded to the nearest even whole dollar. For
151.13 purposes of this section whole odd-numbered dollars may be adjusted to the next higher
151.14 even-numbered dollar.

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

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

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

151.23 (2) the property's homestead market value exclusion under section 273.13, subdivision
151.24 35;

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

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

151.27 (5) for agricultural properties, the credits under sections 273.1384 and 273.1387;

151.28 (6) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135;

151.29 273.1361; 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount
151.30 of credit received under section 273.135 must be separately stated and identified as "taconite
151.31 tax relief" and the amount of the credit received under section 273.1361 must be separately
151.32 stated and identified as "helium tax relief"; and

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

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

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2027.

Sec. 11. Minnesota Statutes 2024, section 289A.02, subdivision 6, is amended to read:

Subd. 6. **Mining company.** "Mining company" means a person engaged in the business of mining or producing ores, minerals, metals, or gas in Minnesota subject to the taxes imposed by section 298.01 or 298.015.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

Sec. 12. Minnesota Statutes 2024, section 289A.12, is amended by adding a subdivision to read:

Subd. 19. Informational report by mining companies. (a) A mining company required to file an annual return under section 289A.08, subdivision 15, for the payment of taxes imposed under section 298.015 must also file an annual informational report with the commissioner that contains the following information:

(1) sales used to compute gross proceeds under section 298.016;

(2) the location of the mine or well where the ore, mineral, metal, or gas product is mined, extracted, refined or produced that is used to compute gross proceeds under section 298.016; and

(3) other information necessary to collect tax under section 298.015 and to distribute the tax proceeds under section 298.018.

(b) The commissioner must prescribe the format and manner of the annual informational report. A mining company must file the report on or before May 1 following the close of the calendar year.

153.1 (c) The extension of time provided in section 289A.19, subdivision 2, for the filing of
153.2 the annual return required under section 289A.08, subdivision 15, does not apply to the
153.3 filing of the annual informational report.

153.4 **EFFECTIVE DATE.** This section is effective for annual informational reports due
153.5 after December 31, 2024.

153.6 Sec. 13. Minnesota Statutes 2024, section 289A.19, subdivision 2, is amended to read:

153.7 Subd. 2. **Corporate franchise and mining company taxes.** (a) Except as provided in
153.8 paragraph (b), corporations or mining companies shall receive an extension of seven months
153.9 or the amount of time granted by the Internal Revenue Service, whichever is longer, for
153.10 filing the return of a corporation subject to tax under chapter 290 or for filing the return of
153.11 a mining company subject to tax under sections 298.01 and 298.015. Interest on any balance
153.12 of tax not paid when the regularly required return is due must be paid at the rate specified
153.13 in section 270C.40, from the date such payment should have been made if no extension was
153.14 granted, until the date of payment of such tax.

153.15 If a corporation or mining company does not:

153.16 (1) pay at least 90 percent of the amount of tax shown on the return on or before the
153.17 regular due date of the return, the penalty prescribed by section 289A.60, subdivision 1,
153.18 shall be imposed on the unpaid balance of tax; or

153.19 (2) pay the balance due shown on the regularly required return on or before the extended
153.20 due date of the return, the penalty prescribed by section 289A.60, subdivision 1, shall be
153.21 imposed on the unpaid balance of tax from the original due date of the return.

153.22 (b) If a mining company does not file the annual informational report required under
153.23 section 289A.12, subdivision 19, by May 1 following the close of the calendar year, then
153.24 the mining company subject to tax under section 298.015 must not receive the extension of
153.25 time for filing its annual tax return.

153.26 **EFFECTIVE DATE.** This section is effective for annual informational reports due
153.27 after December 31, 2024.

153.28 Sec. 14. Minnesota Statutes 2024, section 290.0133, subdivision 7, is amended to read:

153.29 Subd. 7. **Nontaxable mining and production losses.** Losses from the business of mining
153.30 or the production of gas, as defined in section 290.05, subdivision 1, ~~elause~~ paragraph (a),
153.31 that are not subject to Minnesota franchise tax are an addition.

154.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
154.2 31, 2024.

154.3 Sec. 15. Minnesota Statutes 2024, section 290.0134, subdivision 9, is amended to read:

154.4 Subd. 9. **Exempt mining and production income.** Income or gains from the business
154.5 of mining or the production of gas as defined in section 290.05, subdivision 1, ~~elause~~
154.6 paragraph (a), that are not subject to Minnesota franchise tax are a subtraction.

154.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
154.8 31, 2024.

154.9 Sec. 16. Minnesota Statutes 2024, section 290.0135, is amended to read:

154.10 **290.0135 BASIS MODIFICATIONS AFFECTING GAIN OR LOSS ON**
154.11 **DISPOSITION OF PROPERTY.**

154.12 (a) For individuals, estates, and trusts, the basis of property is its adjusted basis for
154.13 federal income tax purposes except as set forth in paragraphs (e) and (f). For corporations,
154.14 the basis of property is its adjusted basis for federal income tax purposes, without regard
154.15 to the time when the property became subject to tax under this chapter or to whether
154.16 out-of-state losses or items of tax preference with respect to the property were not deductible
154.17 under this chapter, except that the modifications to the basis for federal income tax purposes
154.18 set forth in paragraphs (b) to (i) are allowed to corporations, and the resulting modifications
154.19 to federal taxable income must be made in the year in which gain or loss on the sale or other
154.20 disposition of property is recognized.

154.21 (b) The basis of property shall not be reduced to reflect federal investment tax credit.

154.22 (c) For property acquired before January 1, 1933, the basis for computing a gain is the
154.23 fair market value of the property as of that date. The basis for determining a loss is the cost
154.24 of the property to the taxpayer less any depreciation, amortization, or depletion, actually
154.25 sustained before that date. If the adjusted cost exceeds the fair market value of the property,
154.26 then the basis is the adjusted cost regardless of whether there is a gain or loss.

154.27 (d) The basis is reduced by the allowance for amortization of bond premium if an election
154.28 to amortize was made pursuant to Minnesota Statutes 1986, section 290.09, subdivision 13,
154.29 and the allowance could have been deducted by the taxpayer under this chapter during the
154.30 period of the taxpayer's ownership of the property.

154.31 (e) For assets placed in service before January 1, 1987, corporations, partnerships, or
154.32 individuals engaged in the business of mining or producing minerals, metals, gas, or ores

155.1 other than iron ore or taconite concentrates subject to the occupation tax under chapter 298
155.2 must use the occupation tax basis of property used in that business.

155.3 (f) For assets placed in service before January 1, 1990, corporations, partnerships, or
155.4 individuals engaged in the business of mining iron ore or taconite concentrates subject to
155.5 the occupation tax under chapter 298 must use the occupation tax basis of property used in
155.6 that business.

155.7 (g) In applying the provisions of sections 301(c)(3)(B), 312(f) and (g), and 316(a)(1) of
155.8 the Internal Revenue Code, the dates December 31, 1932, and January 1, 1933, shall be
155.9 substituted for February 28, 1913, and March 1, 1913, respectively.

155.10 (h) In applying the provisions of section 362(a) and (c) of the Internal Revenue Code,
155.11 the date December 31, 1956, shall be substituted for June 22, 1954.

155.12 (i) The basis of property shall be increased by the amount of intangible drilling costs
155.13 not previously allowed due to differences between this chapter and the Internal Revenue
155.14 Code.

155.15 (j) The adjusted basis of any corporate partner's interest in a partnership is the same as
155.16 the adjusted basis for federal income tax purposes modified as required to reflect the basis
155.17 modifications set forth in paragraphs (b) to (i). The adjusted basis of a partnership in which
155.18 the partner is an individual, estate, or trust is the same as the adjusted basis for federal
155.19 income tax purposes modified as required to reflect the basis modifications set forth in
155.20 paragraphs (e) and (f).

155.21 (k) The modifications contained in paragraphs (b) to (i) also apply to the basis of property
155.22 that is determined by reference to the basis of the same property in the hands of a different
155.23 taxpayer or by reference to the basis of different property.

155.24 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
155.25 31, 2024.

155.26 Sec. 17. Minnesota Statutes 2024, section 290.05, subdivision 1, is amended to read:

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

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

156.1 producing gas, the mining, production, or refining of which is subject to the occupation tax
156.2 imposed by section 298.01; but if any such corporation, individual, estate, or trust engages
156.3 in any other business or activity or has income from any property not used in such business
156.4 it shall be subject to this tax computed on the net income from such property or such other
156.5 business or activity. Royalty shall not be considered as income from the business of mining
156.6 or producing iron ore; mining, producing, or refining other ores, metals, and minerals; or
156.7 producing gas, within the meaning of this section;

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

156.11 (c) any insurance company, other than a disqualified captive insurance company.

156.12 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
156.13 31, 2024.

156.14 Sec. 18. Minnesota Statutes 2024, section 290.20, subdivision 2, is amended to read:

156.15 Subd. 2. **Nonapplication of statutory methods.** The methods prescribed by subdivision
156.16 1 shall not be applicable wherever and insofar as the taxpayer's business consists of the
156.17 ~~mining, or producing, smelting, refining, or any combination of these activities of copper~~
156.18 ~~and nickel ores~~ subject to the occupation tax imposed by section 298.01.

156.19 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
156.20 31, 2024.

156.21 Sec. 19. Minnesota Statutes 2024, section 290.923, subdivision 1, is amended to read:

156.22 Subdivision 1. **Definition.** In this section, "royalty" means the amount in money or value
156.23 of property received by any person having any right, title, or interest in any tract of land in
156.24 this state for permission to explore, mine, take out, and remove ore, mineral, metal, or gas
156.25 from the land.

156.26 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
156.27 31, 2024.

156.28 Sec. 20. Minnesota Statutes 2024, section 297A.68, subdivision 5, is amended to read:

156.29 Subd. 5. **Capital equipment.** (a) Capital equipment is exempt.

156.30 "Capital equipment" means machinery and equipment purchased or leased, and used in
156.31 this state by the purchaser or lessee primarily for manufacturing, fabricating, mining, or

157.1 refining tangible personal property to be sold ultimately at retail if the machinery and
157.2 equipment are essential to the integrated production process of manufacturing, fabricating,
157.3 mining, or refining. Capital equipment also includes machinery and equipment used primarily
157.4 to electronically transmit results retrieved by a customer of an online computerized data
157.5 retrieval system.

157.6 (b) Capital equipment includes, but is not limited to:

157.7 (1) machinery and equipment used to operate, control, or regulate the production
157.8 equipment;

157.9 (2) machinery and equipment used for research and development, design, quality control,
157.10 and testing activities;

157.11 (3) environmental control devices that are used to maintain conditions such as
157.12 temperature, humidity, light, or air pressure when those conditions are essential to and are
157.13 part of the production process;

157.14 (4) materials and supplies used to construct and install machinery or equipment;

157.15 (5) repair and replacement parts, including accessories, whether purchased as spare parts,
157.16 repair parts, or as upgrades or modifications to machinery or equipment;

157.17 (6) materials used for foundations that support machinery or equipment;

157.18 (7) materials used to construct and install special purpose buildings used in the production
157.19 process;

157.20 (8) ready-mixed concrete equipment in which the ready-mixed concrete is mixed as part
157.21 of the delivery process regardless if mounted on a chassis, repair parts for ready-mixed
157.22 concrete trucks, and leases of ready-mixed concrete trucks; and

157.23 (9) machinery or equipment used for research, development, design, or production of
157.24 computer software.

157.25 (c) Capital equipment does not include the following:

157.26 (1) motor vehicles taxed under chapter 297B;

157.27 (2) machinery or equipment used to receive or store raw materials;

157.28 (3) building materials, except for materials included in paragraph (b), clauses (6) and
157.29 (7);

157.30 (4) machinery or equipment used for nonproduction purposes, including, but not limited
157.31 to, the following: plant security, fire prevention, first aid, and hospital stations; support

158.1 operations or administration; pollution control; and plant cleaning, disposal of scrap and
158.2 waste, plant communications, space heating, cooling, lighting, or safety;

158.3 (5) farm machinery and aquaculture production equipment as defined by section 297A.61,
158.4 subdivisions 12 and 13;

158.5 (6) machinery or equipment purchased and installed by a contractor as part of an
158.6 improvement to real property;

158.7 (7) machinery and equipment used by restaurants in the furnishing, preparing, or serving
158.8 of prepared foods as defined in section 297A.61, subdivision 31;

158.9 (8) machinery and equipment used to furnish the services listed in section 297A.61,
158.10 subdivision 3, paragraph (g), clause (6), items (i) to (vi) and (viii);

158.11 (9) machinery or equipment used in the transportation, transmission, or distribution of
158.12 petroleum, liquefied gas, natural gas, water, or steam, in, by, or through pipes, lines, tanks,
158.13 mains, or other means of transporting those products. This clause does not apply to machinery
158.14 or equipment used to blend petroleum or biodiesel fuel as defined in section 239.77; or

158.15 (10) any other item that is not essential to the integrated process of manufacturing,
158.16 fabricating, mining, or refining.

158.17 (d) For purposes of this subdivision:

158.18 (1) "Equipment" means independent devices or tools separate from machinery but
158.19 essential to an integrated production process, including computers and computer software,
158.20 used in operating, controlling, or regulating machinery and equipment; and any subunit or
158.21 assembly comprising a component of any machinery or accessory or attachment parts of
158.22 machinery, such as tools, dies, jigs, patterns, and molds.

158.23 (2) "Fabricating" means to make, build, create, produce, or assemble components or
158.24 property to work in a new or different manner.

158.25 (3) "Integrated production process" means a process or series of operations through
158.26 which tangible personal property is manufactured, fabricated, mined, or refined. For purposes
158.27 of this clause, (i) manufacturing begins with the removal of raw materials from inventory
158.28 and ends when the last process prior to loading for shipment has been completed; (ii)
158.29 fabricating begins with the removal from storage or inventory of the property to be assembled,
158.30 processed, altered, or modified and ends with the creation or production of the new or
158.31 changed product; (iii) mining begins with the removal of overburden from the site of the
158.32 ores, minerals, stone, peat deposit, metals, gas, or surface materials and ends when the last
158.33 process before stockpiling is completed; and (iv) refining begins with the removal from

159.1 inventory or storage of a natural resource and ends with the conversion of the item to its
159.2 completed form.

159.3 (4) "Machinery" means mechanical, electronic, or electrical devices, including computers
159.4 and computer software, that are purchased or constructed to be used for the activities set
159.5 forth in paragraph (a), beginning with the removal of raw materials from inventory through
159.6 completion of the product, including packaging of the product.

159.7 (5) "Machinery and equipment used for pollution control" means machinery and
159.8 equipment used solely to eliminate, prevent, or reduce pollution resulting from an activity
159.9 described in paragraph (a).

159.10 (6) "Manufacturing" means an operation or series of operations where raw materials are
159.11 changed in form, composition, or condition by machinery and equipment and which results
159.12 in the production of a new article of tangible personal property. For purposes of this
159.13 subdivision, "manufacturing" includes the generation of electricity or steam to be sold at
159.14 retail.

159.15 (7) "Mining" means the extraction of minerals, ores, stone, ~~or~~ peat, metals, or gas. "Gas"
159.16 has the meaning given in section 298.001, subdivision 14.

159.17 (8) "Online data retrieval system" means a system whose cumulation of information is
159.18 equally available and accessible to all its customers.

159.19 (9) "Primarily" means machinery and equipment used 50 percent or more of the time in
159.20 an activity described in paragraph (a).

159.21 (10) "Refining" means the process of converting a natural resource to an intermediate
159.22 or finished product, including the treatment of water to be sold at retail.

159.23 (11) This subdivision does not apply to telecommunications equipment as provided in
159.24 subdivision 35a, and does not apply to wire, cable, or poles for telecommunications services.

159.25 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
159.26 made after December 31, 2024.

159.27 Sec. 21. Minnesota Statutes 2024, section 297A.71, subdivision 14, is amended to read:

159.28 Subd. 14. **Mineral production facilities.** Building materials, equipment, and supplies
159.29 used for the construction of the following mineral production facilities are exempt.

159.30 The mineral production facilities that qualify for this exemption are:

160.1 (1) a value added iron products plant, which may be either a new plant or a facility
160.2 incorporated into an existing plant that produces iron upgraded to a minimum of 75 percent
160.3 iron content or any iron alloy with a total minimum metallic content of 90 percent;

160.4 (2) a facility used for the manufacture of fluxed taconite pellets as defined in section
160.5 298.24;

160.6 (3) a new capital project that has a total cost of over \$40,000,000 that is directly related
160.7 to production, cost, or quality at an existing taconite facility that does not qualify under
160.8 clause (1) or (2); and

160.9 (4) a new mine or minerals processing plant for any mineral, ore, metal, or gas subject
160.10 to the gross proceeds tax imposed under section 298.015.

160.11 The tax must be imposed and collected as if the rate under section 297A.62, subdivision
160.12 1, applied, and then refunded in the manner provided in section 297A.75.

160.13 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
160.14 made after December 31, 2024.

160.15 Sec. 22. Minnesota Statutes 2024, section 298.001, subdivision 3a, is amended to read:

160.16 Subd. 3a. **Producer.** "Producer" means a person engaged in the business of mining or
160.17 producing iron ore, taconite concentrate, ~~or~~ direct reduced ore, other ore, minerals, metals,
160.18 or gas in this state.

160.19 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
160.20 31, 2024.

160.21 Sec. 23. Minnesota Statutes 2024, section 298.001, is amended by adding a subdivision
160.22 to read:

160.23 Subd. 10a. **Producing.** "Producing" means and is limited to producing:

160.24 (1) gas products, the drilling, extracting, separating, or beneficiating of which are subject
160.25 to tax under section 298.015; and

160.26 (2) carried out by the entity or affiliated entity that drilled, extracted, separated, or
160.27 beneficiated the gas products.

160.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
160.29 31, 2024.

161.1 Sec. 24. Minnesota Statutes 2024, section 298.001, is amended by adding a subdivision
161.2 to read:

161.3 Subd. 14. **Gas.** "Gas" means all gases, both hydrocarbon and nonhydrocarbon, that occur
161.4 naturally beneath the earth surface in Minnesota. Gas includes but is not limited to natural
161.5 gas, hydrogen, carbon dioxide, nitrogen, hydrogen sulfide, helium, methane, and a mixture
161.6 of some or all of these gases.

161.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
161.8 31, 2024.

161.9 Sec. 25. Minnesota Statutes 2024, section 298.001, is amended by adding a subdivision
161.10 to read:

161.11 Subd. 15. **Gas production.** "Gas production," "the production of gas," and "producing
161.12 gas" mean the action of taking gas in its natural state out from beneath the earth surface in
161.13 Minnesota and includes drilling, extracting, separating, or beneficiating that gas in Minnesota.

161.14 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
161.15 31, 2024.

161.16 Sec. 26. Minnesota Statutes 2024, section 298.01, subdivision 3, is amended to read:

161.17 Subd. 3. **Occupation tax; other ores; gas.** Every person engaged in the business of
161.18 mining, refining, or producing ores, metals, or minerals or producing gas in this state, when
161.19 these resources are extracted in their natural state from beneath the earth surface in
161.20 Minnesota, except iron ore or taconite concentrates, shall pay an occupation tax to the state
161.21 of Minnesota as provided in this subdivision. For purposes of this subdivision, mining
161.22 includes the application of hydrometallurgical processes. Hydrometallurgical processes are
161.23 processes that extract the ores, metals, or minerals, by use of aqueous solutions that leach,
161.24 concentrate, and recover the ore, metal, or mineral. The tax is determined in the same manner
161.25 as the tax imposed by section 290.02, except that sections 290.05, subdivision 1, clause (a),
161.26 290.17, subdivision 4, and 290.191, subdivision 2, do not apply, and the occupation tax
161.27 must be computed by applying to taxable income the rate of 2.45 percent.

161.28 The tax is in addition to all other taxes.

161.29 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
161.30 31, 2024.

Sec. 27. Minnesota Statutes 2024, section 298.01, subdivision 3a, is amended to read:

Subd. 3a. **Gross income.** (a) For purposes of determining a person's taxable income under subdivision 3, gross income is determined by the amount of gross proceeds from mining, refining, or producing ores, metals, or minerals or producing gas in ~~this state~~ Minnesota under section 298.016 and includes any gain or loss recognized from the sale or disposition of assets used in the business in this state. If more than one ore, mineral, ~~or~~ metal, or gas referred to in section 298.016 is mined ~~and processed~~ or produced at the same mine, well, and plant, a gross income for each ore, mineral, ~~or~~ metal, and gas must be determined separately. The gross incomes may be combined on one occupation tax return to arrive at the gross income of all production.

(b) In applying section 290.191, subdivision 5, transfers of ores, metals, ~~or~~ minerals, or gas that are subject to tax under this chapter are deemed to be sales in this state.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

Sec. 28. Minnesota Statutes 2024, section 298.01, subdivision 3b, is amended to read:

Subd. 3b. **Deductions.** (a) For purposes of determining taxable income under subdivision 3, the deductions from gross income include only those expenses necessary to convert raw ores, metals, minerals, or gas to marketable quality. Such expenses include costs associated with refinement but do not include expenses such as transportation, stockpiling, marketing, or marine insurance that are incurred after marketable ores, metals, minerals, or gas are produced, unless the expenses are included in gross income. The allowable deductions from a mine, well, or plant that mines and produces more than one ore, mineral, metal, ~~or~~ energy resource, or gas must be determined separately for the purposes of computing the deduction in section 290.0133, subdivision 9. These deductions may be combined on one occupation tax return to arrive at the deduction from gross income for all production.

(b) The provisions of sections 290.0133, subdivisions 7 and 9, and 290.0134, subdivisions 7 and 9, are not used to determine taxable income.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

Sec. 29. Minnesota Statutes 2024, section 298.01, subdivision 4a, is amended to read:

Subd. 4a. **Gross income.** (a) For purposes of determining a person's taxable income under subdivision 4, gross income is determined by the mine value of the ore mined in

163.1 Minnesota and includes any gain or loss recognized from the sale or disposition of assets
163.2 used in the business in this state.

163.3 (b) Mine value is the value, or selling price, of iron ore or taconite concentrates, f.o.b.
163.4 mine. The mine value is calculated by multiplying the iron unit price for the period, as
163.5 determined by the commissioner, by the tons produced and the weighted average analysis.

163.6 (c) In applying section 290.191, subdivision 5, transfers of iron ore and taconite
163.7 concentrates are deemed to be sales in this state.

163.8 (d) If iron ore ~~or~~, taconite, and ~~a~~ any other ore, mineral, metal, or energy resource, or
163.9 gas referred to in section 298.016 is mined ~~and processed~~ or produced at the same mine,
163.10 well, and plant, a gross income for each other ore, mineral, metal, or energy resource, or
163.11 gas must be determined separately from the mine value for the iron ore or taconite. The
163.12 gross income may be combined on one occupation tax return to arrive at the gross income
163.13 from all production.

163.14 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
163.15 31, 2024.

163.16 Sec. 30. Minnesota Statutes 2024, section 298.01, subdivision 4b, is amended to read:

163.17 Subd. 4b. **Deductions.** For purposes of determining taxable income under subdivision
163.18 4, the deductions from gross income include only those expenses necessary to convert raw
163.19 iron ore or taconite concentrates to marketable quality. Such expenses include costs associated
163.20 with beneficiation and refinement but do not include expenses such as transportation,
163.21 stockpiling, marketing, or marine insurance that are incurred after marketable iron ore or
163.22 taconite pellets are produced. The allowable deductions from a mine, well, or plant that
163.23 mines and produces iron ore or taconite and one or more mineral ~~or~~, metal, or gas referred
163.24 to in section 298.016 must be determined separately for the purposes of computing the
163.25 deduction in section 290.0133, subdivision 9. These deductions may be combined on one
163.26 occupation tax return to arrive at the deduction from gross income for all production.

163.27 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
163.28 31, 2024.

163.29 Sec. 31. Minnesota Statutes 2024, section 298.01, subdivision 5, is amended to read:

163.30 Subd. 5. **If declared unconstitutional.** If the taxes imposed in subdivisions 3 and 4 are
163.31 found unconstitutional by any court of last resort, then persons engaged in the business of
163.32 mining or producing iron ore or other ores, metals, minerals, or gas shall pay the occupation

164.1 taxes imposed in Minnesota Statutes 1986, chapter 298. For purposes of applying Minnesota
164.2 Statutes 1986, chapter 298, the term "other ores" as used in that chapter includes ores other
164.3 than iron ore as well as minerals, metals, or gas.

164.4 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
164.5 31, 2024.

164.6 Sec. 32. Minnesota Statutes 2024, section 298.01, subdivision 6, is amended to read:

164.7 Subd. 6. **Deductions applicable to mining both taconite and other ores or gas; ratio**
164.8 **applied.** If a person is engaged in the business of mining or producing both iron ores,
164.9 taconite concentrates, or direct reduced ore, and other ores, minerals, metals, or gas from
164.10 the same mine or facility, that person must separately determine the mine value of (1) the
164.11 iron ore, taconite concentrates, and direct reduced ore, and (2) the amount of gross proceeds
164.12 from mining other ores, minerals, metals, or gas in Minnesota. The ratio of mine value from
164.13 iron ore, taconite concentrates, and direct reduced ore to gross proceeds from mining other
164.14 ores, minerals, metals, or gas must be applied to deductions common to both processes to
164.15 determine taxable income for tax paid pursuant to subdivisions 3 and 4.

164.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
164.17 31, 2024.

164.18 Sec. 33. Minnesota Statutes 2024, section 298.015, subdivision 1, is amended to read:

164.19 Subdivision 1. **Tax imposed.** (a) Except as provided in paragraph (b), a person engaged
164.20 in the business of mining shall pay to the state of Minnesota for distribution as provided in
164.21 section 298.018 a gross proceeds tax equal to 0.4 percent of the gross proceeds from mining
164.22 in Minnesota. The tax applies to all ores, metals, ~~and~~ minerals, or gas mined, extracted,
164.23 produced, or refined within ~~the state of~~ Minnesota, when the resources are extracted in their
164.24 natural state from beneath earth's surface in Minnesota, except for sand, silica sand, gravel,
164.25 building stone, crushed rock, limestone, granite, dimension granite, dimension stone,
164.26 horticultural peat, clay, soil, iron ore, and taconite concentrates. The tax is in addition to all
164.27 other taxes provided for by law.

164.28 (b) A person engaged in the business of producing gas in Minnesota is subject to the
164.29 following tax rates for carbon dioxide products, helium products, and hydrogen products:

164.30 (1) for the calendar year in which gas is first extracted and for the following two calendar
164.31 years, a gross proceeds tax equal to seven percent of the gross proceeds; and

(2) after the calendar year in which gas is first extracted and after the following two calendar years, a gross proceeds tax equal to nine percent of the gross proceeds.

(c) A person engaged in the business of producing gas in Minnesota is not subject to the minimum payment under subdivision 3.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

Sec. 34. Minnesota Statutes 2024, section 298.016, subdivision 1, is amended to read:

Subdivision 1. **Computation; arm's-length transactions.** When a metal ~~or~~₂ mineral, or gas product is sold by the producer in an arm's-length transaction, the gross proceeds are equal to the proceeds from the sale of the product. This subdivision applies to sales realized on all metal ~~or~~₂ mineral, or gas products produced from mining or production, including reduction, beneficiation, or any treatment or process used by a producer to obtain a metal ~~or~~₂ mineral, or gas product ~~which~~ that is commercially marketable.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

Sec. 35. Minnesota Statutes 2024, section 298.016, subdivision 2, is amended to read:

Subd. 2. **Other transactions.** When a metal ~~or~~₂ mineral, or gas product is used by the producer or disposed of in a non-arm's-length transaction, the gross proceeds must be determined using the alternative computation in subdivision 3. Transactions subject to this subdivision include, but are not limited to, shipments to a wholly owned smelter, transactions with associated or affiliated companies, and any other transactions which are not at arm's length.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

Sec. 36. Minnesota Statutes 2024, section 298.016, subdivision 3, is amended to read:

Subd. 3. **Alternative computation.** (a) Except as provided in paragraphs (c) and (d), the commissioner of revenue shall determine the alternative computation of gross proceeds using the following procedure:

(1) Metal and mineral prices shall be determined by using the average annual market price as published in the Engineering and Mining Journal;

(2) For metals or mineral products with a monthly or weekly price quotation in the Engineering and Mining Journal, but for which no average annual price has been published, an arithmetic average of the monthly or weekly prices published in the Engineering and Mining Journal shall be used; and

(3) If the price of a particular metal or mineral product is not published in the Engineering and Mining Journal, another recognized published price, as established by the commissioner of revenue will be used.

(b) The quantity of each particular metal or mineral product recovered and paid or credited for by the smelter will be multiplied by the average annual market price as determined in ~~clause~~ paragraph (a). Special smelter charges for particular metals will be allowed as a deduction from this price. The resulting amount will be the gross proceeds for calculating the tax in section 298.015.

(c) A recognized published price, as established by the commissioner of revenue, must be used to determine the alternative computation of gross proceeds for gas products.

(d) If a recognized published price is not currently available, the commissioner must use either a recognized price published historically or an arm's length transaction price paid by other parties for gas products of like quantity to determine the greatest market value of the gas product. If the commissioner uses a historical published price, it must be adjusted for inflation, as provided in section 270C.22, using the year in which the most recent historical price is published as the statutory year. If the commissioner uses an arm's length transaction price, the commissioner may adjust the arm's length transaction price to account for differences in quality, recency, inflation, terms and conditions, and other relevant circumstances under which the arm's length transaction price was paid in relation to the non-arm's-length transaction price computed under this subdivision.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

Sec. 37. Minnesota Statutes 2024, section 298.016, subdivision 4, is amended to read:

Subd. 4. **Metal ~~or~~, mineral, or gas products; definition.** For the purposes of this section, "metal ~~or~~, mineral, or gas products" means all those ores, metals, ~~and~~ minerals, or gases subject to the tax provided in section 298.015.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

167.1 Sec. 38. Minnesota Statutes 2024, section 298.016, is amended by adding a subdivision
167.2 to read:

167.3 Subd. 4a. **Gas products; definition.** For purposes of this section, "gas products" means
167.4 all gases subject to the tax imposed in section 298.015.

167.5 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
167.6 31, 2024.

167.7 Sec. 39. Minnesota Statutes 2024, section 298.018, subdivision 1, is amended to read:

167.8 Subdivision 1. **Within taconite assistance area.** (a) The proceeds of the tax paid under
167.9 sections 298.015 and 298.016 on ores, metals, or minerals mined or extracted within the
167.10 taconite assistance area defined in section 273.1341, shall be allocated as follows:

167.11 (1) except as provided under paragraph (b), five percent to the city or town within which
167.12 the ores, metals, minerals, or energy resources are mined or extracted, or within which the
167.13 concentrate was produced. If the mining and concentration, or different steps in either
167.14 process, are carried on in more than one taxing district, the commissioner shall apportion
167.15 equitably the proceeds among the cities and towns by attributing 50 percent of the proceeds
167.16 of the tax to the operation of mining or extraction, and the remainder to the concentrating
167.17 plant and to the processes of concentration, and with respect to each thereof giving due
167.18 consideration to the relative extent of the respective operations performed in each taxing
167.19 district;

167.20 (2) ten percent to the taconite municipal aid account to be distributed as provided in
167.21 section 298.282, subdivisions 1 and 2, on the dates provided under this section;

167.22 (3) ten percent to the school district within which the ores, metals, minerals, or energy
167.23 resources are mined or extracted, or within which the concentrate was produced. If the
167.24 mining and concentration, or different steps in either process, are carried on in more than
167.25 one school district, distribution among the school districts must be based on the
167.26 apportionment formula prescribed in clause (1);

167.27 (4) 20 percent to a group of school districts comprised of those school districts wherein
167.28 the ore, metal, mineral, or energy resource was mined or extracted or in which there is a
167.29 qualifying municipality as defined by section 273.134, paragraph (b), in direct proportion
167.30 to school district indexes as follows: for each school district, its pupil units determined
167.31 under section 126C.05 for the prior school year shall be multiplied by the ratio of the average
167.32 adjusted net tax capacity per pupil unit for school districts receiving aid under this clause
167.33 as calculated pursuant to chapters 122A, 126C, and 127A for the school year ending prior

168.1 to distribution to the adjusted net tax capacity per pupil unit of the district. Each district
168.2 shall receive that portion of the distribution which its index bears to the sum of the indices
168.3 for all school districts that receive the distributions;

168.4 (5) ten percent to the county within which the ores, metals, minerals, or energy resources
168.5 are mined or extracted, or within which the concentrate was produced. If the mining and
168.6 concentration, or different steps in either process, are carried on in more than one county,
168.7 distribution among the counties must be based on the apportionment formula prescribed in
168.8 clause (1), provided that any county receiving distributions under this clause shall pay one
168.9 percent of its proceeds to the Range Association of Municipalities and Schools;

168.10 (6) five percent to St. Louis County acting as the counties' fiscal agent to be distributed
168.11 as provided in sections 273.134 to 273.136;

168.12 (7) 20 percent to the commissioner of Iron Range resources and rehabilitation for the
168.13 purposes of section 298.22;

168.14 (8) three percent to the Douglas J. Johnson economic protection trust fund;

168.15 (9) seven percent to the taconite environmental protection fund; and

168.16 (10) ten percent to the commissioner of Iron Range resources and rehabilitation for
168.17 capital improvements to Giants Ridge Recreation Area.

168.18 (b) If the ~~materials~~ ores, metals, minerals, or energy resources are mined, extracted, or
168.19 concentrated in School District No. 2711, Mesabi East, then the amount under paragraph
168.20 (a), clause (1), must instead be distributed pursuant to this paragraph. The cities of Aurora,
168.21 Babbitt, Ely, and Hoyt Lakes must each receive 20 percent of the amount. The city of
168.22 Biwabik and Embarrass Township must each receive ten percent of the amount.

168.23 (c) For the first five years that tax paid under section 298.015, subdivisions 1 and 2, is
168.24 distributed under this subdivision, ten percent of the total proceeds distributed in each year
168.25 must first be distributed pursuant to this paragraph. The remaining 90 percent of the total
168.26 proceeds distributed in each of those years must be distributed as outlined in paragraph (a).
168.27 Of the amount available under this paragraph, the cities of Aurora, Babbitt, Ely, and Hoyt
168.28 Lakes must each receive 20 percent. Of the amount available under this paragraph, the city
168.29 of Biwabik and Embarrass Township must each receive ten percent. This paragraph applies
168.30 only to tax paid by a person engaged in the business of mining within the area described in
168.31 section 273.1341, clauses (1) and (2).

168.32 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
168.33 31, 2024.

169.1 Sec. 40. Minnesota Statutes 2024, section 298.018, subdivision 1a, is amended to read:

169.2 Subd. 1a. **Distribution date.** The proceeds of the tax allocated under ~~subdivision~~
169.3 subdivisions 1, 1b, and 3 shall be distributed on December 15 each year annually by January
169.4 15 following the return due date. Any payment of proceeds received after ~~December 15~~
169.5 January 15 following the return due date shall be distributed on the next gross proceeds tax
169.6 distribution date.

169.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
169.8 31, 2024.

169.9 Sec. 41. Minnesota Statutes 2024, section 298.018, is amended by adding a subdivision
169.10 to read:

169.11 Subd. 1b. **Gas produced within taconite assistance area.** Ten percent of the proceeds
169.12 of the tax paid under sections 298.015 and 298.016 on gas produced within the taconite
169.13 assistance area defined in section 273.1341 during the preceding calendar year is allocated
169.14 to the commissioner of Iron Range resources and rehabilitation for the purposes of section
169.15 298.22.

169.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
169.17 31, 2024.

169.18 Sec. 42. Minnesota Statutes 2024, section 298.018, is amended by adding a subdivision
169.19 to read:

169.20 Subd. 3. **Within a helium relief area.** (a) For a helium relief area established under
169.21 section 273.1343, subdivision 2, the proceeds of the tax paid under sections 298.015 and
169.22 298.016 on gas produced within the helium relief area, and that are not allocated under
169.23 subdivision 1b, are allocated as follows:

169.24 (1) 8.33 percent to school districts that have a boundary within Lake County, distributed
169.25 to each school district in proportion to the school district's pupil units determined under
169.26 section 126C.05, subdivision 1, for the prior school year relative to the total pupil units
169.27 determined under section 126C.05, subdivision 1, for all school districts within Lake County.
169.28 If Lake County does not have a boundary within the helium relief area, the funds allocated
169.29 to this clause must be distributed under clause (2);

169.30 (2) 16.67 percent to school districts located entirely within the helium relief area,
169.31 distributed to each school district in proportion to the school district's pupil units determined
169.32 under section 126C.05, subdivision 1, for the prior school year relative to the total pupil

170.1 units determined under section 126C.05, subdivision 1, for all school districts in the helium
170.2 relief area;

170.3 (3) 4.25 percent distributed to counties located at least partially within the helium relief
170.4 area, distributed in equal amounts to each county;

170.5 (4) 8.25 percent to counties are both: (i) located at least partially within the helium relief
170.6 area and (ii) within which gas products subject to the tax under sections 298.015 and 298.016
170.7 are produced within the helium relief area in the preceding calendar year. If production
170.8 occurs in more than one county, the commissioner must attribute 50 percent of the proceeds
170.9 of the tax to the drilling and extraction, and the remainder to the processes of separating
170.10 and beneficiating. If neither drilling nor extraction occur within the helium relief area, all
170.11 proceeds must be attributable to the processes of separating and beneficiating. If neither
170.12 separating nor beneficiating occurs within the helium relief area, all proceeds must be
170.13 attributable to the processes of drilling and extraction. The commissioner must distribute
170.14 amounts to each county proportionally to the relative extent of respective operations
170.15 performed within the helium relief area in each county. The proportionate distribution for
170.16 drilling and extraction must be based on volume of gas measured over the preceding calendar
170.17 year. The proportionate distribution for separating and beneficiating must be based on man
170.18 hours measured over the preceding calendar year;

170.19 (5) 2.875 percent to cities located at least partially within the helium relief area, distributed
170.20 in equal amounts to each city;

170.21 (6) 5.875 percent to cities that are: (i) located at least partially within the helium relief
170.22 area and (ii) have a boundary within 25 miles of a mine, well, structure, or building located
170.23 entirely within the helium relief area where gas products subject to the tax under sections
170.24 298.015 and 298.016 are produced in the preceding calendar year. If more than one city is
170.25 located at least partially within the helium relief area and has a boundary within 25 miles
170.26 of a mine, well, structure, or building located entirely within the helium relief area where
170.27 gas products subject to the tax under sections 298.015 and 298.016 are produced in the
170.28 preceding calendar year, the commissioner must attribute 50 percent of the proceeds of the
170.29 tax to drilling and extraction, and the remainder to the processes of separating and
170.30 beneficiating. If neither drilling nor extraction occurs within the helium relief area within
170.31 25 miles of a boundary of a city located at least partially within the helium relief area, all
170.32 proceeds must be attributable to the processes of separating and beneficiating. If neither
170.33 separating nor beneficiating occurs within the helium relief area within 25 miles of any city
170.34 located at least partially within the helium relief area, all proceeds must be attributable to
170.35 the processes of drilling and extraction. The commissioner must distribute amounts to each

171.1 city proportionally to the relative extent of respective operations performed within the
171.2 helium relief area within 25 miles of a boundary of each city. The proportionate distribution
171.3 for drilling and extraction must be based on volume of gas measured over the preceding
171.4 calendar year. The proportionate distribution for separating and beneficiating must be based
171.5 on man-hours measured over the preceding calendar year. If there are no eligible recipients
171.6 for distributions under this clause, the funds allocated to this clause must be distributed
171.7 under clause (5). If there are no eligible recipients under this clause and under clause (5),
171.8 the funds allocated to this clause must be distributed under paragraph (b);

171.9 (7) 1.375 percent to towns located at least partially within the helium relief area,
171.10 distributed in equal amounts to each town;

171.11 (8) 2.375 percent to towns that are: (i) located at least partially within the helium relief
171.12 area and (ii) have a boundary within 25 miles of a mine, well, structure, or building located
171.13 entirely within the helium relief area where gas products subject to the tax under sections
171.14 298.015 and 298.016 are produced in the preceding calendar year. If more than one town
171.15 is located at least partially within the helium relief area and has a boundary within 25 miles
171.16 of a mine, well, structure, or building located entirely within the helium relief area where
171.17 gas products subject to the tax under sections 298.015 and 298.016 are produced in the
171.18 preceding calendar year, the commissioner must attribute 50 percent of the proceeds of the
171.19 tax to the drilling and extraction, and the remainder to the processes of separating and
171.20 beneficiating. If neither drilling nor extraction occurs within the helium relief area within
171.21 25 miles of a boundary of a town located at least partially within the helium relief area, all
171.22 proceeds must be attributable to the processes of separating and beneficiating. If neither
171.23 separating nor beneficiating occurs within the helium relief area within 25 miles of any
171.24 town located at least partially within the helium relief area, all proceeds must be attributable
171.25 to the processes of drilling and extraction. The commissioner must distribute amounts to
171.26 each town proportionally to the relative extent of respective operations performed within
171.27 the helium relief area within 25 miles of a boundary of each town. The proportionate
171.28 distribution for drilling and extraction must be based on volume of gas measured over the
171.29 preceding calendar year. The proportionate distribution for separating and beneficiating
171.30 must be based on man-hours measured over the preceding calendar year. If there are no
171.31 eligible recipients for distributions under this clause, the money allocated to this clause must
171.32 be distributed under clause (7). If there are no eligible recipients under this clause and under
171.33 clause (7), the money allocated to this clause must be distributed under paragraph (b); and

171.34 (9) 50 percent to the helium property tax relief account under section 273.1362.

(b) If there are no eligible recipients for distributions of an allocation under a clause under paragraph (a), the money allocated to that clause must be distributed among other clauses for which there are eligible distribution recipients, in proportion to each clause's percentage of total allocations for which there are eligible recipients under paragraph (a).

(c) For purposes of this subdivision, "structure" or "building" means a structure or building used directly for drilling, extracting, separating, or benefiting gas.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

Sec. 43. Minnesota Statutes 2024, section 298.17, is amended to read:

298.17 OCCUPATION TAXES TO BE APPORTIONED.

(a) All occupation taxes paid by persons, copartnerships, companies, joint stock companies, corporations, and associations, however or for whatever purpose organized, engaged in the business of mining or producing iron ore ~~or~~ other ores, metals, minerals, or gas, when collected shall 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) Except as provided in paragraph (e), of the money apportioned to the general fund by this section: (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 and production operations in ~~this state~~ Minnesota. 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 and production 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

173.1 calendar year, to be expended for the purposes of section 298.22; and (3) there is annually
173.2 appropriated and credited to the Iron Range resources and rehabilitation account in the
173.3 special revenue fund for transfer to the Iron Range schools and community development
173.4 account under section 298.28, subdivision 7a, an amount equal to that which would have
173.5 been generated by a six cent tax imposed by section 298.24 on each taxable ton produced
173.6 in the preceding calendar year. Payment to the Iron Range resources and rehabilitation
173.7 account shall be made by May 15 annually.

173.8 (c) The money appropriated pursuant to paragraph (b), clause (2), shall be used (i) to
173.9 provide environmental development grants to local governments located within any county
173.10 in region 3 as defined in governor's executive order number 60, issued on June 12, 1970,
173.11 which does not contain a municipality qualifying pursuant to section 273.134, paragraph
173.12 (b), or (ii) to provide economic development loans or grants to businesses located within
173.13 any such county, provided that the county board or an advisory group appointed by the
173.14 county board to provide recommendations on economic development shall make
173.15 recommendations to the commissioner of Iron Range resources and rehabilitation regarding
173.16 the loans. Payment to the Iron Range resources and rehabilitation account shall be made by
173.17 May 15 annually.

173.18 (d) Of the money allocated to Koochiching County, one-third must be paid to the
173.19 Koochiching County Economic Development Commission.

173.20 (e) Of the money apportioned to the general fund under this section, the proceeds of the
173.21 tax paid under section 298.01, subdivision 3, on gas produced must be allocated as follows:

173.22 (1) 50 percent must be distributed in equal amounts to counties located at least partially
173.23 within a helium relief area established under section 273.1343, subdivision 2. Payment must
173.24 be made annually by the March 15 following the return due date; and

173.25 (2) 50 percent must be distributed in equal amounts to Tribal Nations located in Minnesota
173.26 as follows:

173.27 (i) the proceeds of the tax generated from a well operated on land ceded by a Tribal
173.28 Nation under the Treaty of 1854, as described in section 97A.157, must be distributed in
173.29 equal shares to each Tribal Nation that ceded land under that treaty. The tax generated from
173.30 a well operated on ceded land is equal to the total tax paid by each taxpayer multiplied by
173.31 a fraction, the numerator of which is the total volume of gas extracted by each taxpayer
173.32 from wells operated on the ceded land and the denominator is the total volume of gas
173.33 extracted by each taxpayer from wells in Minnesota;

(ii) the proceeds of the tax generated from a well operated on land ceded by a Tribal Nation under the Treaty of 1855, as described in section 626.90, subdivision 2, paragraph (c), must be distributed in equal shares to each Tribal Nation that is a constituent member of the Minnesota Chippewa Tribe, other than those Tribal Nations covered under item (i). The tax generated from a well operated on ceded land is equal to the total tax paid by each taxpayer multiplied by a fraction, the numerator of which is the total volume of gas extracted by each taxpayer from wells operated on ceded land and the denominator is the total volume of gas extracted by each taxpayer from wells in Minnesota; and

(iii) the remainder of the proceeds of the tax, other than proceeds of the tax from a well operated on ceded land that is distributed under items (i) and (ii), must be distributed in equal shares to each Tribal Nation.

For purposes of this paragraph, "Tribal Nation" means one of the 11 Tribes described in section 3.922, subdivision 1.

The payments under clause (2) shall be made annually to the Tribal Nations by the March 15 following the return due date.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

ARTICLE 10

MISCELLANEOUS

Section 1. Minnesota Statutes 2024, section 3.192, is amended to read:

3.192 REQUIREMENTS FOR NEW OR RENEWED TAX EXPENDITURES.

~~(a) Any bill that creates, renews, or continues a tax expenditure must include a statement of intent that clearly provides the purpose of the tax expenditure and a standard or goal against which its effectiveness may be measured.~~

~~(b) For purposes of this section, "tax expenditure" has the meaning given in section 270C.11, subdivision 6.~~

~~(c) Any bill that creates a new tax expenditure or continues an expiring tax expenditure must include an expiration date for the tax expenditure that is no more than eight years from the day the provision takes effect. For purposes of this section, "tax expenditure" has the meaning given in section 270C.11, subdivision 6.~~

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

175.1 Sec. 2. Minnesota Statutes 2024, section 3.8855, subdivision 2, is amended to read:

175.2 Subd. 2. **Definitions.** For the purposes of this section:

175.3 (1) "commissioner" means the commissioner of revenue; and

175.4 (2) "significant tax expenditure," "tax," and "tax expenditure" have the meanings given
175.5 in section 270C.11, subdivision 6.

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

175.7 Sec. 3. Minnesota Statutes 2024, section 3.8855, subdivision 3, is amended to read:

175.8 Subd. 3. **Membership.** (a) The commission consists of:

175.9 (1) two senators appointed by the senate majority leader;

175.10 (2) two senators appointed by the senate minority leader;

175.11 (3) two representatives appointed by the speaker of the house;

175.12 (4) two representatives appointed by the minority leader of the house of representatives;

175.13 and

175.14 (5) the commissioner of revenue or the commissioner's designee.

175.15 (b) Each appointing authority must make appointments by January 31 of the regular
175.16 legislative session in the odd-numbered year.

175.17 (c) If the chair of the house or senate committee with primary jurisdiction over taxes is
175.18 not an appointed member, the chair is an ex officio, nonvoting member of the commission.

175.19 (d) The commissioner may designate another individual to represent the commissioner
175.20 or the commissioner's designee at any meeting of the commission.

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

175.22 Sec. 4. Minnesota Statutes 2024, section 3.8855, subdivision 4, is amended to read:

175.23 Subd. 4. **Duties.** (a) For not more than three years after the commission is established,
175.24 the commission must complete an initial review of the state's tax expenditures. The initial
175.25 review must identify the purpose objective of each of the state's tax expenditures, ~~if none~~
175.26 ~~was identified in the enacting legislation in accordance with section 3.192.~~ The commission
175.27 may also identify metrics for evaluating the effectiveness of an expenditure.

175.28 (b) The commission must review and evaluate Minnesota's tax expenditures on a regular,
175.29 rotating basis. The commission must establish a review schedule that ensures each tax

176.1 expenditure will be reviewed by the commission at least once every ten years. The
176.2 commission may review expenditures affecting similar constituencies or policy areas in the
176.3 same year, but the commission must review a subset of the tax expenditures within each
176.4 tax type each year. To the extent possible, the commission must review a similar number
176.5 of tax expenditures within each tax type each year. The commission may decide not to
176.6 review a tax expenditure that is adopted by reference to federal law.

176.7 (c) Before ~~December~~ February 1 of the year a tax expenditure is included in a commission
176.8 report, the commission must hold a public hearing on the expenditure, including but not
176.9 limited to a presentation of the review components in subdivision 5.

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

176.11 Sec. 5. Minnesota Statutes 2024, section 3.8855, subdivision 5, is amended to read:

176.12 Subd. 5. **Components of review.** (a) When reviewing a tax expenditure, the commission
176.13 must at a minimum:

176.14 (1) provide an estimate of the annual revenue lost as a result of the expenditure;

176.15 (2) identify the purpose objective of the tax expenditure ~~if none was identified in the~~
176.16 ~~enacting legislation in accordance with section 3.192;~~

176.17 (3) estimate the measurable impacts and efficiency of the tax expenditure in
176.18 accomplishing the purpose objective of the expenditure;

176.19 (4) compare the effectiveness of the tax expenditure and a direct expenditure with the
176.20 same purpose objective;

176.21 (5) identify potential modifications to the tax expenditure to increase its efficiency or
176.22 effectiveness;

176.23 (6) estimate the amount by which the tax rate for the relevant tax could be reduced if
176.24 the revenue lost due to the tax expenditure were applied to a rate reduction;

176.25 (7) if the tax expenditure is a significant tax expenditure, estimate the incidence of the
176.26 tax expenditure and the effect of the expenditure on the incidence of the state's tax system;

176.27 (8) consider the cumulative fiscal impacts of other state and federal taxes providing
176.28 benefits to taxpayers for similar activities; and

176.29 (9) recommend whether the expenditure be continued, repealed, or modified.

177.1 (b) The commission may omit a component in paragraph (a) if the commission determines
177.2 it is not feasible due to the lack of available data, third-party research, staff resources, or
177.3 lack of a majority support for a recommendation.

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

177.5 Sec. 6. Minnesota Statutes 2024, section 3.8855, subdivision 7, is amended to read:

177.6 Subd. 7. **Report to legislature.** (a) By ~~December~~ February 15 of each year, the
177.7 commission must submit a written report to the legislative committees with jurisdiction
177.8 over tax policy. The report must detail the results of the commission's review of tax
177.9 expenditures for the year, including the review components detailed in subdivision 5.

177.10 (b) Notwithstanding paragraph (a), during the period of initial review under subdivision
177.11 4, the report may be limited to the ~~purpose~~ objective statements and metrics for evaluating
177.12 the effectiveness of expenditures, as identified by the commission. The report may also
177.13 include relevant publicly available data on an expenditure.

177.14 (c) The report may include any additional information the commission deems relevant
177.15 to the review of an expenditure.

177.16 (d) The legislative committees with jurisdiction over tax policy must hold a public
177.17 hearing on the report during the regular legislative session in the year following the year in
177.18 which the report was submitted.

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

177.20 Sec. 7. Minnesota Statutes 2024, section 3.8855, subdivision 8, is amended to read:

177.21 Subd. 8. **Terms; vacancies; meetings.** (a) Members of the commission serve a term
177.22 beginning upon appointment and ending at the beginning of the regular legislative session
177.23 in the next odd-numbered year. The appropriate appointing authority must fill a vacancy
177.24 for a seat of a current legislator for the remainder of the unexpired term. Members may be
177.25 removed or replaced at the pleasure of the appointing authority.

177.26 (b) If a commission member ceases to be a member of the legislative body from which
177.27 the member was appointed, the member vacates membership on the commission.

177.28 (c) The commissioner of revenue must convene the first meeting of each year required
177.29 under subdivision 4, paragraph (c).

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

178.1 Sec. 8. Minnesota Statutes 2024, section 8.31, subdivision 2c, is amended to read:

178.2 Subd. 2c. **Undistributed money to ~~general fund~~ consumer protection restitution**

178.3 **account.** If a court of competent jurisdiction finds that a sum recovered under this section
178.4 for the benefit of injured persons cannot reasonably be distributed to the victims, because
178.5 the victims cannot readily be located or identified, or because the cost of distributing the
178.6 money would outweigh the benefit to the victims, then the court ~~may order that the money~~
178.7 ~~be paid into the general fund. All sums recovered must be deposited into the state treasury~~
178.8 ~~and credited to the general fund~~ or attorney general must deposit the money in the consumer
178.9 protection restitution account under section 8.37. Consumer enforcement public compensation
178.10 that the attorney general attempts to distribute to an eligible consumer, but that is not
178.11 redeemed by the consumer within 120 days, may be redeposited in the account. For purposes
178.12 of this subdivision, "consumer enforcement public compensation" and "eligible consumer"
178.13 have the meanings given in section 8.37, subdivision 2.

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

178.15 Sec. 9. **[8.37] CONSUMER PROTECTION RESTITUTION ACCOUNT.**

178.16 **Subdivision 1. Creation of account.** The consumer protection restitution account is
178.17 established in the special revenue fund. Money in the account is appropriated annually to
178.18 the attorney general for the purposes provided under subdivision 4.

178.19 **Subd. 2. Definitions.** (a) The definitions in this subdivision apply to this section.

178.20 (b) "Account" means the consumer protection restitution account established under this
178.21 section.

178.22 (c) "Account administrator" means a person appointed by the attorney general as an
178.23 account administrator under this section.

178.24 (d) "Consumer enforcement action" means litigation in any forum, or settlement of a
178.25 matter that could have resulted in litigation, by the attorney general in whole or in part under
178.26 (1) the authority of the attorney general provided in section 8.31, or (2) other authority
178.27 granted to the attorney general by law to obtain the remedies provided in section 8.31.

178.28 (e) "Consumer enforcement public compensation" means money awarded or recovered
178.29 in a consumer enforcement action to vindicate public interests by providing restitution or
178.30 other compensation to persons directly impacted by unlawful acts and practices that are the
178.31 subject of the consumer enforcement action.

(f) "Court-appointed administrator" means an administrator appointed by a court under section 8.31, subdivision 3c.

(g) "Eligible consumer" means a person who was directly impacted by unlawful acts and practices that are the subject of a consumer enforcement action and, as a result, is eligible to receive consumer enforcement public compensation under a final order.

(h) "Final order" means a judgment, assurance of discontinuance, consent order, settlement, stipulation, or other order or settlement that is no longer appealable and for which no appeals are pending. A final order does not include any judgment, assurance of discontinuance, consent order, settlement, stipulation, or other order or settlement entered into before October 15, 2023.

(i) "Identified amount of unpaid consumer enforcement public compensation" means a specific amount of consumer enforcement public compensation that the attorney general, court-appointed administrator, or fund administrator has determined a specific eligible consumer is entitled to receive following a final order in a consumer enforcement action and that has not been distributed to the specific eligible consumer.

Subd. 3. Money deposited in the account. 50 percent of all money recovered by the attorney general in a consumer enforcement action that is payable to the state and not designated as consumer enforcement public compensation or for another specific purpose up to the first \$1,000,000 each fiscal year must be deposited into the account. The remaining 50 percent of money recovered by the attorney general in a consumer enforcement action that is payable to the state and not designated as consumer enforcement public compensation or for another specific purpose must be deposited into the general fund. For purposes of this subdivision, the amount of money recovered in a consumer enforcement action that must be deposited into the fund is determined at the time when the money otherwise would have been deposited into the general fund.

Subd. 4. Permissible use of account. Money in the account must be used only to distribute consumer enforcement action public compensation to eligible consumers under subdivision 5 and for costs to administer the account. The costs to administer the account may include the cost to retain for any permissible purpose an account administrator or court-appointed administrator but must not exceed three percent of the total amount of money available. The attorney general may pay an account administrator from the account if the account contains excess money.

Subd. 5. Distributions to eligible consumers. (a) Money in the account may be distributed to any eligible consumer with an identified amount of unpaid consumer

enforcement public compensation. If the amount of money in the account is insufficient to pay all distributions to eligible consumers with an identified amount of unpaid consumer enforcement public compensation, the money must be distributed first to consumers eligible for unpaid consumer enforcement public compensation based on a consumer enforcement action with a final order of the oldest date.

(b) If the attorney general projects that there will be insufficient funding to pay all eligible consumers from the funds available on an ongoing basis, the attorney general may recommend to the legislature that the legislature prescribe a formula for prorating or capping payments to eligible consumers so that more eligible consumers will receive payment from the fund.

Subd. 6. Impractical payments and unreasonable effort as to unpaid compensation. (a) The attorney general may deem a distribution to an eligible consumer with an identified amount of unpaid consumer enforcement public compensation impractical if:

(1) the distribution to the eligible consumer is too small to justify the cost to locate the eligible consumer or make the payment;

(2) the eligible consumer does not redeem a payment within a reasonable time; or

(3) other circumstances make distributing the unpaid consumer enforcement compensation to the eligible consumer unreasonable.

(b) The attorney general may deem an attempt to determine an identified amount of unpaid consumer enforcement public compensation for some or all eligible consumers relating to a consumer enforcement action is unreasonable when the judgment, assurance of discontinuance, consent order, settlement, stipulation, or other order or settlement does not identify specific amounts of consumer enforcement public compensation for specific consumers if:

(1) the number of likely eligible consumers and the amount of likely unpaid consumer enforcement public compensation is too small to justify the cost to determine an identified amount of unpaid consumer enforcement public compensation;

(2) the information needed to identify an amount of unpaid consumer enforcement public compensation is unavailable or too costly to obtain; or

(3) other circumstances make an attempt to determine an identified amount of unpaid consumer enforcement public compensation unreasonable.

181.1 Subd. 7. **Concluded distributions.** The attorney general must stop providing distributions
181.2 of unpaid consumer enforcement public compensation relating to a consumer enforcement
181.3 action when the attorney general determines:

181.4 (1) all eligible consumers with an identified amount of unpaid consumer enforcement
181.5 public compensation for the consumer enforcement action have received a distribution
181.6 through the account or the distribution has been deemed impractical under subdivision 6,
181.7 paragraph (a); and

181.8 (2) no additional eligible consumers with unpaid consumer enforcement public
181.9 compensation for the consumer enforcement action exist or the attorney general has deemed
181.10 identifying unpaid compensation under subdivision 6, paragraph (b), unreasonable.

181.11 Subd. 8. **Annual report.** (a) The attorney general must publish on the attorney general's
181.12 website an annual report identifying the following information for the annual period:

181.13 (1) the consumer enforcement actions resulting in payment of money to the account and
181.14 the amount of money paid to the account for each consumer enforcement action;

181.15 (2) the consumer enforcement actions for which distributions were made to eligible
181.16 consumers, the amount of money distributed for each consumer enforcement action, and
181.17 the amount of money distributed to each eligible consumer;

181.18 (3) the consumer enforcement actions for which there are eligible consumers awaiting
181.19 distribution from the account and the amount of money for which those eligible consumers
181.20 are awaiting distribution for each consumer enforcement action;

181.21 (4) the consumer enforcement actions for which the attorney general has concluded
181.22 account distribution;

181.23 (5) the consumer enforcement actions in which the attorney general determined that
181.24 some or all eligible compensation was impractical to distribute or unreasonable to determine
181.25 under subdivision 6;

181.26 (6) a summary of the unlawful acts and practices that directly impacted an eligible
181.27 consumer and a description of the public interests vindicated by a distribution from the
181.28 account;

181.29 (7) all administrative policies that apply to the account, including any policies that
181.30 determine priorities for distribution of money;

181.31 (8) the number of employees working on the account; and

181.32 (9) the cost incurred to administer the account.

182.1 (b) The attorney general must provide the report to the chairs and ranking minority
182.2 members of the legislative committees with jurisdiction over state government, commerce,
182.3 and judiciary.

182.4 Subd. 9. **Account administrator.** (a) The attorney general may appoint an administrator
182.5 for any of the following purposes:

182.6 (1) determining identified amounts of unpaid consumer enforcement public compensation
182.7 for eligible consumers;

182.8 (2) collecting money that can be deposited, in whole or in part, to the account;

182.9 (3) distributing money to eligible consumers; or

182.10 (4) any other costs to administer the account.

182.11 (b) The attorney general may appoint more than one account administrator.

182.12 Subd. 10. **No private right of action.** A person does not have a private right of action
182.13 with respect to a payment from the account or administration of the account.

182.14 Subd. 11. **Collection efforts unaffected.** The distribution of money from the account
182.15 to eligible consumers does not affect the attorney general's authority to collect, satisfy, or
182.16 enforce final orders against persons ordered to pay consumer enforcement public
182.17 compensation to eligible consumers in the final order. To the extent the attorney general
182.18 collects consumer enforcement public compensation pursuant to a final order after money
182.19 has been distributed from the account to eligible consumers that are the subject of that final
182.20 order, the collected consumer enforcement public compensation must be deposited in the
182.21 account in an amount equal to the prior account distribution.

182.22 Subd. 12. **Data classification.** Notwithstanding section 13.65, informal or formal policies
182.23 relating to the account are public data on individuals, as defined in section 13.02, subdivision
182.24 15, and public data not on individuals, as defined by section 13.02, subdivision 14.

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

182.26 Sec. 10. Minnesota Statutes 2024, section 14.03, subdivision 3, is amended to read:

182.27 Subd. 3. **Rulemaking procedures.** (a) The definition of a rule in section 14.02,
182.28 subdivision 4, does not include:

182.29 (1) rules concerning only the internal management of the agency or other agencies that
182.30 do not directly affect the rights of or procedures available to the public;

183.1 (2) an application deadline on a form; and the remainder of a form and instructions for
183.2 use of the form to the extent that they do not impose substantive requirements other than
183.3 requirements contained in statute or rule;

183.4 (3) the curriculum adopted by an agency to implement a statute or rule permitting or
183.5 mandating minimum educational requirements for persons regulated by an agency, provided
183.6 the topic areas to be covered by the minimum educational requirements are specified in
183.7 statute or rule;

183.8 (4) procedures for sharing data among government agencies, provided these procedures
183.9 are consistent with chapter 13 and other law governing data practices.

183.10 (b) The definition of a rule in section 14.02, subdivision 4, does not include:

183.11 (1) rules of the commissioner of corrections relating to the release, placement, term, and
183.12 supervision of inmates serving a supervised release or conditional release term, the internal
183.13 management of institutions under the commissioner's control, and rules adopted under
183.14 section 609.105 governing the inmates of those institutions;

183.15 (2) rules relating to weight limitations on the use of highways when the substance of the
183.16 rules is indicated to the public by means of signs;

183.17 (3) opinions of the attorney general;

183.18 (4) the data element dictionary and the annual data acquisition calendar of the Department
183.19 of Education to the extent provided by section 125B.07;

183.20 (5) the occupational safety and health standards provided in section 182.655;

183.21 (6) revenue ~~notices~~ rulings and tax information bulletins of the commissioner of revenue;

183.22 (7) uniform conveyancing forms adopted by the commissioner of commerce under
183.23 section 507.09;

183.24 (8) standards adopted by the Electronic Real Estate Recording Commission established
183.25 under section 507.0945; or

183.26 (9) the interpretive guidelines developed by the commissioner of human services to the
183.27 extent provided in chapter 245A.

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

183.29 Sec. 11. Minnesota Statutes 2024, section 16A.151, subdivision 2, is amended to read:

183.30 Subd. 2. **Exceptions.** (a) If a state official litigates or settles a matter on behalf of specific
183.31 injured persons or entities, this section does not prohibit distribution of money to the specific

184.1 injured persons or entities on whose behalf the litigation or settlement efforts were initiated.
184.2 If money recovered on behalf of injured persons or entities cannot reasonably be distributed
184.3 to those persons or entities because they cannot readily be located or identified or because
184.4 the cost of distributing the money would outweigh the benefit to the persons or entities, the
184.5 money must be paid into the general fund.

184.6 (b) Money recovered on behalf of a fund in the state treasury other than the general fund
184.7 may be deposited in that fund.

184.8 (c) This section does not prohibit a state official from distributing money to a person or
184.9 entity other than the state in litigation or potential litigation in which the state is a defendant
184.10 or potential defendant.

184.11 (d) State agencies may accept funds as directed by a federal court for any restitution or
184.12 monetary penalty under United States Code, title 18, section 3663(a)(3), or United States
184.13 Code, title 18, section 3663A(a)(3). Funds received must be deposited in a special revenue
184.14 account and are appropriated to the commissioner of the agency for the purpose as directed
184.15 by the federal court.

184.16 ~~(e) Tobacco settlement revenues as defined in section 16A.98, subdivision 1, paragraph~~
184.17 ~~(t), may be deposited as provided in section 16A.98, subdivision 12.~~

184.18 ~~(f)~~ (e) Any money received by the state resulting from a settlement agreement or an
184.19 assurance of discontinuance entered into by the attorney general of the state, or a court order
184.20 in litigation brought by the attorney general of the state, on behalf of the state or a state
184.21 agency, related to alleged violations of consumer fraud laws in the marketing, sale, or
184.22 distribution of opioids in this state or other alleged illegal actions that contributed to the
184.23 excessive use of opioids, must be deposited in the settlement account established in the
184.24 opiate epidemic response fund under section 256.043, subdivision 1. This paragraph does
184.25 not apply to attorney fees and costs awarded to the state or the Attorney General's Office,
184.26 to contract attorneys hired by the state or Attorney General's Office, or to other state agency
184.27 attorneys.

184.28 ~~(g)~~ (f) Notwithstanding paragraph ~~(f)~~ (e), if money is received from a settlement
184.29 agreement or an assurance of discontinuance entered into by the attorney general of the
184.30 state or a court order in litigation brought by the attorney general of the state on behalf of
184.31 the state or a state agency against a consulting firm working for an opioid manufacturer or
184.32 opioid wholesale drug distributor, the commissioner shall deposit any money received into
184.33 the settlement account established within the opiate epidemic response fund under section
184.34 256.042, subdivision 1. Notwithstanding section 256.043, subdivision 3a, paragraph (a),

185.1 any amount deposited into the settlement account in accordance with this paragraph shall
185.2 be appropriated to the commissioner of human services to award as grants as specified by
185.3 the opiate epidemic response advisory council in accordance with section 256.043,
185.4 subdivision 3a, paragraph (e).

185.5 ~~(h)~~ (g) If the Minnesota Pollution Control Agency, through litigation or settlement of a
185.6 matter that could have resulted in litigation, recovers \$250,000 or more in a civil penalty
185.7 from violations of a permit issued by the agency, then 40 percent of the money recovered
185.8 must be distributed to the community health board, as defined in section 145A.02, where
185.9 the permitted facility is located. Within 30 days of a final court order in the litigation or the
185.10 effective date of the settlement agreement, the commissioner of the Minnesota Pollution
185.11 Control Agency must notify the applicable community health board that the litigation has
185.12 concluded or a settlement has been reached. The commissioner must collect the money and
185.13 transfer it to the applicable community health board. The community health board must
185.14 meet directly with the residents potentially affected by the pollution that was the subject of
185.15 the litigation or settlement to identify the residents' concerns and incorporate those concerns
185.16 into a project that benefits the residents. The project must be implemented by the community
185.17 health board and funded as directed in this paragraph. The community health board may
185.18 recover the reasonable costs it incurs to administer this paragraph from the funds transferred
185.19 to the board under this paragraph. This paragraph directs the transfer and use of money only
185.20 and does not create a right of intervention in the litigation or settlement of the enforcement
185.21 action for any person or entity. A supplemental environmental project funded as part of a
185.22 settlement agreement is not part of a civil penalty and must not be included in calculating
185.23 the amount of funds required to be distributed to a community health board under this
185.24 paragraph. For the purposes of this paragraph, "supplemental environmental project" means
185.25 a project that benefits the environment or public health that a regulated facility agrees to
185.26 undertake, though not legally required to do so, as part of a settlement with respect to an
185.27 enforcement action taken by the Minnesota Pollution Control Agency to resolve
185.28 noncompliance.

185.29 ~~(i)~~ (h) A community health board receiving a transfer of funds under paragraph ~~(h)~~ (g)
185.30 must, no later than one year after receiving the funds, submit a report to the chairs and
185.31 ranking minority members of the senate and house of representatives committees with
185.32 primary jurisdiction over environment policy and natural resources that describes:

185.33 (1) the process of community engagement employed to solicit community input regarding
185.34 the use of the funds;

185.35 (2) the purposes and activities for which the funds were used; and

(3) an account of expenditures.

~~(f)~~ (i) The commissioner of the Minnesota Pollution Control Agency must submit a report in September each even-numbered year, beginning in 2024, to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over environmental policy and natural resources that includes:

(1) the amount transferred under paragraph ~~(h)~~ (g) to each community health board during the previous two years; and

(2) any agency services provided to the community health board or community residents during the duration of the project funded by the transfer, and the cost of those agency services, for consideration by the legislature for future appropriations that address reimbursement of the amount of the transfers and the cost of services provided by the agency.

~~(k)~~ (j) Any money received by the state resulting from a settlement agreement or an assurance of discontinuance entered into by the attorney general of the state, or a court order in litigation brought by the attorney general of the state on behalf of the state or a state agency related to alleged violations of consumer fraud laws in the marketing, sale, or distribution of electronic nicotine delivery systems in this state or other alleged illegal actions that contributed to the exacerbation of youth nicotine use, must be deposited in the tobacco use prevention account under section 144.398. This paragraph does not apply to: (1) attorney fees and costs awarded or paid to the state or the Attorney General's Office; (2) contract attorneys hired by the state or Attorney General's Office; or (3) other state agency attorneys. The commissioner of management and budget must transfer to the tobacco use prevention account, any money subject to this paragraph that is received by the state before May 24, 2023.

(k) This section does not apply to money deposited in the consumer protection restitution account under section 8.37.

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

Sec. 12. Minnesota Statutes 2024, section 37.31, subdivision 1, is amended to read:

Subdivision 1. **Bonding authority.** The society may issue negotiable bonds in a principal amount that the society determines necessary to provide sufficient money for achieving its purposes, including the payment of interest on bonds of the society, the establishment of reserves to secure its bonds, the payment of fees to a third party providing credit enhancement, and the payment of all other expenditures of the society incident to and necessary or convenient to carry out its corporate purposes and powers. Bonds of the society

187.1 may be issued as bonds or notes or in any other form authorized by law. The principal
187.2 amount of bonds issued and outstanding under this section at any time may not exceed
187.3 ~~\$30,000,000~~ \$50,000,000, excluding bonds for which refunding bonds or crossover refunding
187.4 bonds have been issued.

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

187.6 Sec. 13. Minnesota Statutes 2024, section 270C.07, is amended to read:

187.7 **270C.07 REVENUE ~~NOTICES~~ RULINGS.**

187.8 Subdivision 1. **Authority.** The commissioner may make, adopt, and publish interpretive
187.9 revenue ~~notices~~ rulings. A "revenue ~~notice~~ ruling" is a policy statement that has been
187.10 published pursuant to subdivision 5 and that provides interpretation, details, or supplementary
187.11 information concerning the application of state revenue laws or rules promulgated by the
187.12 commissioner. Revenue ~~notices~~ rulings are published for the information and guidance of
187.13 taxpayers, local government officials, the department, and others concerned.

187.14 Subd. 2. **Effect.** Revenue ~~notices~~ rulings do not have the force and effect of law and
187.15 have no precedential effect, but may be relied on by taxpayers unless and until revoked or
187.16 modified. ~~A notice may be expressly revoked or modified by the commissioner, by the~~
187.17 ~~issuance of a revenue notice, but may not be revoked or modified retroactively to the~~
187.18 ~~detriment of the taxpayers. A change in the law or an interpretation of the law occurring~~
187.19 ~~after the revenue notice is issued, whether in the form of a statute, court decision,~~
187.20 ~~administrative rule, or revenue notice, results in revocation or modification of the notice to~~
187.21 ~~the extent that the change affects the notice.~~

187.22 Subd. 2a. **Revocation or modification.** A revenue ruling may be expressly revoked or
187.23 modified by the commissioner, by the issuance of a revenue ruling, but may not be revoked
187.24 or modified retroactively to the detriment of taxpayers. A change in the law or an
187.25 interpretation of the law occurring after the revenue ruling is issued, whether in the form
187.26 of a statute, court decision, administrative rule, or revenue ruling, results in revocation or
187.27 modification of the ruling to the extent that the change affects the ruling.

187.28 Subd. 3. **Retroactivity.** Revenue ~~notices~~ rulings are generally interpretive of existing
187.29 law and therefore are retroactive to the effective date of the applicable law provision unless
187.30 otherwise stated in the ~~notice~~ ruling.

187.31 Subd. 4. **Issuance.** The issuance of revenue ~~notices~~ rulings is at the discretion of the
187.32 commissioner. The commissioner shall establish procedures governing the issuance of
187.33 revenue ~~notices~~ rulings and tax information bulletins. ~~At least one week before publication~~

188.1 ~~of a revenue notice in the State Register, the commissioner shall provide a copy of the notice~~
188.2 ~~to the chairs of the Taxes Committee of the house of representatives and the Taxes and Tax~~
188.3 ~~Laws Committee of the senate.~~

188.4 Subd. 4a. **Request.** (a) Any person may submit a revenue ruling request to the
188.5 commissioner. The request must contain the following:

188.6 (1) tax type;

188.7 (2) the name and characteristics of the taxpayer submitting the request;

188.8 (3) description of the issue to be addressed;

188.9 (4) information demonstrating the frequency of the issue;

188.10 (5) any supporting materials and documents that provide background information on
188.11 the issue; and

188.12 (6) any other relevant information and documents identified by the commissioner.

188.13 (b) The commissioner must acknowledge all submitted requests within 21 days of receipt.

188.14 The person making the request must provide additional information and documents as

188.15 requested by the commissioner within 60 days of request. Failure to timely provide the

188.16 requested information and documents may result in the request being denied. Upon the

188.17 commissioner's receipt of all requested additional information and documents, the person's

188.18 request is considered complete.

188.19 (c) The commissioner must respond to all requests for revenue rulings either by issuance

188.20 of a ruling or by letter explaining why the commissioner declined to issue a ruling. If the

188.21 commissioner declines the request, the commissioner shall provide the person making the

188.22 request with a letter explaining the reasons for declining to do so within 45 days of receipt

188.23 of the completed request. If the commissioner does not decline the completed request, the

188.24 commissioner shall complete the revenue ruling and submit it for feedback under subdivision

188.25 5 within 210 days of the commissioner's receipt of the completed request.

188.26 (d) The commissioner's revenue rulings, decisions to decline to issue revenue rulings,

188.27 and other determinations made under this section, may not be appealed.

188.28 Subd. 5. **Review and publication.** The commissioner shall seek feedback from the tax

188.29 section of the Minnesota State Bar Association and the Minnesota Society of Certified

188.30 Public Accountants prior to publication of a revenue ruling. The commissioner shall publish

188.31 the revenue ~~notices~~ rulings in the State Register and in any other manner that makes them

188.32 accessible to the general public. ~~The commissioner may charge a reasonable fee for~~

~~publications.~~ At least two weeks before publication of a revenue ruling in the State Register, the commissioner shall provide a copy of the ruling to the chairs and ranking minority members of the legislative committees with jurisdiction over taxes.

Subd. 6. **Confidentiality.** Prior to publication or other public dissemination, the commissioner shall redact certain information from a revenue ruling or proposed ruling, including the name and address of the taxpayer and taxpayer's representative.

Subd. 7. **Effect of determination.** A determination of any kind made by the commissioner pursuant to this section is not a rule and is not subject to the Administrative Procedure Act contained in chapter 14.

Subd. 8. **Legislative report.** (a) On or before January 31, 2027, and on or before January 31 each year thereafter, the commissioner shall report in writing to the legislature the following information for the immediately preceding calendar year:

(1) the number of revenue ruling requests submitted and the number of those rulings subsequently issued;

(2) the tax types for which rulings were requested;

(3) the types and characteristics of taxpayers requesting rulings; and

(4) any other information that the commissioner considers relevant to legislative oversight of revenue rulings.

(b) The report must be filed as provided in sections 3.195 and 3.197 and copies must be provided to the chairs and ranking minority members of the legislative committees with jurisdiction over taxes.

EFFECTIVE DATE. This section is effective beginning July 1, 2025, except that the first legislative report under subdivision 8 is due January 31, 2027.

Sec. 14. Minnesota Statutes 2024, section 270C.08, is amended to read:

270C.08 TAX INFORMATION BULLETINS.

The commissioner may issue tax information bulletins. "Tax information bulletins" are informational guides to enable taxpayers and local governmental officials to become more familiar with state revenue laws and their rights and responsibilities under these laws. Nothing contained in the tax information bulletins supersedes, alters, or otherwise changes any provisions of the state revenue laws, administrative rules, court decisions, or revenue ~~notices~~ rulings.

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

190.2 Sec. 15. Minnesota Statutes 2024, section 270C.085, is amended to read:

190.3 **270C.085 NOTIFICATION REQUIREMENTS; SALES AND USE TAXES.**

190.4 The commissioner of revenue shall establish a means of electronically notifying persons
190.5 holding a sales tax permit under section 297A.84 of any statutory change in chapter 297A
190.6 and any issuance or change in any administrative rule, revenue ~~notice~~ ruling, or sales tax
190.7 fact sheet or other written information provided by the department explaining the
190.8 interpretation or administration of the tax imposed under that chapter. The notification must
190.9 indicate the basic subject of the statute, rule, fact sheet, or other material and provide an
190.10 electronic link to the material. Any person holding a sales tax permit that provides an
190.11 electronic address to the department must receive these notifications unless they specifically
190.12 request electronically, or in writing, to be removed from the notification list. This requirement
190.13 does not replace traditional means of notifying the general public or persons without access
190.14 to electronic communications of changes in the sales tax law.

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

190.16 Sec. 16. Minnesota Statutes 2024, section 270C.11, subdivision 4, is amended to read:

190.17 Subd. 4. **Contents.** (a) The report shall detail for each tax expenditure item:

190.18 (1) the amount of tax revenue forgone;

190.19 (2) a citation of the statutory or other legal authority for the expenditure;

190.20 (3) the year in which it was enacted or the tax year in which it became effective;

190.21 (4) the ~~purpose~~ objective of the expenditure, as identified ~~in the enacting legislation in~~
190.22 ~~accordance with section 3.192~~ or by the Tax Expenditure Review Commission;

190.23 (5) the incidence of the expenditure, if it is a significant sales or income tax expenditure;

190.24 and

190.25 (6) the revenue-neutral amount by which the relevant tax rate could be reduced if the
190.26 expenditure were repealed.

190.27 (b) The report may contain additional information which the commissioner considers
190.28 relevant to the legislature's consideration and review of individual tax expenditure items.

190.29 This may include but is not limited to analysis of whether the expenditure is achieving that
190.30 objective and the effect of the expenditure on the administration of the tax system.

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

191.2 Sec. 17. Minnesota Statutes 2024, section 289A.51, subdivision 1, is amended to read:

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

191.5 (b) "Electric-assisted bicycle" has the meaning given in section 169.011, subdivision
191.6 27, except that the term is limited to a new electric-assisted bicycle purchased from an
191.7 eligible retailer.

191.8 (c) "Eligible expenses" means the amount paid for an electric-assisted bicycle and any
191.9 qualifying accessories purchased at the same time as the electric-assisted bicycle, inclusive
191.10 of sales tax but exclusive of any other related charges, including charges for a warranty,
191.11 service, or delivery.

191.12 (d) "Eligible individual" means an individual who:

191.13 (1) is at least 15 years old;

191.14 (2) is a person with a disability;

191.15 (3) is a resident individual taxpayer at the time of application for a rebate certificate and
191.16 in the two previous calendar year years;

191.17 (4) has filed an income tax return for the two taxable years immediately preceding the
191.18 calendar year in which the individual applies for a rebate certificate; and

191.19 ~~(3)~~ (5) was not claimed as a dependent on another return in the taxable year described
191.20 in subdivision 3, paragraph (c).

191.21 (e) "Eligible retailer" means a person who has engaged in the business of retail sales of
191.22 new electric-assisted bicycles for at least six months prior to receiving the approval of the
191.23 commissioner under subdivision 5.

191.24 (f) "Person with a disability" means a person who receives social security disability
191.25 benefits under United States Code, title 42, sections 401 to 434.

191.26 (g) "Qualifying accessories" means a bicycle helmet, lights, lock, luggage rack, basket,
191.27 bag or backpack, fenders, or reflective clothing.

191.28 **EFFECTIVE DATE.** This section is effective for rebates after December 31, 2024.

192.1 Sec. 18. Minnesota Statutes 2024, section 289A.51, subdivision 3, is amended to read:

192.2 Subd. 3. **Amount of rebate.** (a) The amount of a rebate under this section equals the
192.3 lesser of:

192.4 (1) ~~the applicable percentage, multiplied by the amount~~ 75 percent of eligible expenses
192.5 paid by an eligible individual; or

192.6 (2) ~~\$1,500~~ \$750.

192.7 ~~(b) The applicable percentage equals 75 percent, but is reduced by one percentage point~~
192.8 ~~until the percentage equals 50 percent, for each \$4,000 of the eligible individual's adjusted~~
192.9 ~~gross income in excess of:~~

192.10 ~~(1) \$50,000 for a married taxpayer filing a joint return; and~~

192.11 ~~(2) \$25,000 for all other filers.~~

192.12 (b) Eligibility for a rebate under this section is limited to eligible individuals with adjusted
192.13 gross incomes that were not more than:

192.14 (1) \$78,000 in the case of a married eligible individual who filed a joint return;

192.15 (2) \$62,000 for an individual who filed a return as a head of household; or

192.16 (3) \$41,000 for all other individuals.

192.17 (c) For the purposes of determining the ~~applicable percentage~~ income limit under
192.18 paragraph (b) ~~and subdivision 4, paragraph (a)~~, the commissioner must use the eligible
192.19 individual's adjusted gross income for the taxable year ending in the calendar year prior to
192.20 the year in which the individual applied for a rebate certificate.

192.21 **EFFECTIVE DATE.** This section is effective for rebates after December 31, 2024.

192.22 Sec. 19. Minnesota Statutes 2024, section 289A.51, subdivision 4, is amended to read:

192.23 Subd. 4. **Commissioner to issue rebate certificates.** (a) To qualify for a rebate under
192.24 this section, an eligible individual must apply to the commissioner for a rebate certificate
192.25 in the manner specified by the commissioner prior to purchasing an electric-assisted bicycle.
192.26 As part of the application, the eligible individual must include proof of the individual's
192.27 adjusted gross income for the taxable year specified in subdivision 3, paragraph (c). The
192.28 commissioner must issue a rebate certificate to an eligible individual stating the issuance
192.29 date, the applicable percentage, and the maximum rebate for which the taxpayer is eligible.
192.30 For a married taxpayer filing a joint return, each spouse may apply to the commissioner
192.31 separately, and the commissioner must issue each spouse a separate rebate certificate.

193.1 (b) The commissioner of revenue may determine the date on which to open applications
193.2 for a rebate certificate, and applications must not be submitted before the date determined
193.3 by the commissioner. Beginning July 1, 2024, and July 1 of each subsequent calendar year
193.4 for which there is an allocation of rebate certificates, the commissioner must allocate rebate
193.5 certificates ~~on a first-come, first-served basis. The commissioner must reserve 40 percent~~
193.6 ~~of the certificates for a married taxpayer filing a joint return with an adjusted gross income~~
193.7 ~~of less than \$78,000 or any other filer with an adjusted gross income of less than \$41,000.~~
193.8 ~~Any portion of the reserved amount under this paragraph that is not allocated by September~~
193.9 ~~30 is available for allocation to other rebate certificate applications beginning on October~~
193.10 ~~1, to eligible applicants. If the number of total applicants exceeds the available allocation~~
193.11 of rebate certificates, the commissioner must allocate certificates through a random lottery.

193.12 (c) If a random lottery is used to allocate certificates as provided in paragraph (b), the
193.13 commissioner must, by August 1, 2025, determine a suitably randomized method to allocate
193.14 the certificates to eligible individuals and must:

193.15 (1) detail the department's anticipated timeline for the lottery, including when applications
193.16 for the lottery by an eligible individual must be made and when the commissioner anticipates
193.17 distributing the certificates;

193.18 (2) establish a method for an eligible individual to apply for placement into the lottery;
193.19 and

193.20 (3) provide the amount of certificates available to be distributed by the department.

193.21 (d) The commissioner must not issue rebate certificates totaling more than \$2,000,000
193.22 in each of calendar years 2024 and 2025, except any amount authorized but not allocated
193.23 in any calendar year does not cancel and is added to the allocation for the next calendar
193.24 year. When calculating the amount of remaining allocations, the commissioner must assume
193.25 that each allocated but unclaimed certificate reduces the available allocations by ~~\$1,500~~
193.26 \$750.

193.27 ~~(d)~~ (e) A rebate certificate that is not assigned to a retailer expires two months after the
193.28 date the certificate was issued and may not be assigned to a retailer after expiration. The
193.29 amount of any expired rebate certificates is added to the available allocation under paragraph
193.30 ~~(e)~~ (d).

193.31 **EFFECTIVE DATE.** This section is effective for rebates after December 31, 2024.

194.1 Sec. 20. Minnesota Statutes 2024, section 289A.60, subdivision 12, is amended to read:

194.2 Subd. 12. **Penalties relating to property tax refunds and certificates of rent paid.** (a)

194.3 If it is determined that a property tax refund claim is excessive and was negligently prepared,
194.4 a claimant is liable for a penalty of ten percent of the disallowed claim. If the claim has
194.5 been paid, the amount disallowed must be recovered by assessment and collection.

194.6 (b) An owner who ~~without reasonable cause~~ fails to give a certificate of rent paid to a
194.7 renter, as required by sections 290.0693, subdivision 4, paragraph (a), and 290A.19,
194.8 paragraph (a), is liable to the commissioner for a penalty of ~~\$100~~ \$50 for each failure. The
194.9 commissioner may abate the penalty using the abatement authority in section 270C.34.

194.10 (c) An owner who fails to file a certificate of rent paid with the commissioner, as required
194.11 by sections 290.0693, subdivision 4, paragraph (b), and 290A.19, paragraph (b), is liable
194.12 to the commissioner for a penalty of \$50 for each failure. The commissioner may abate the
194.13 penalty using the abatement authority in section 270C.34.

194.14 ~~(e)~~ (d) If the owner or managing agent knowingly gives rent certificates that report total
194.15 rent constituting property taxes in excess of the amount of actual rent constituting property
194.16 taxes paid on the rented part of a property, the owner or managing agent is liable for a
194.17 penalty equal to the greater of (1) \$100 or (2) 50 percent of the excess that is reported. An
194.18 overstatement of rent constituting property taxes is presumed to be knowingly made if it
194.19 exceeds by ten percent or more the actual rent constituting property taxes.

194.20 **EFFECTIVE DATE.** This section is effective for rent paid after December 31, 2025.

194.21 Sec. 21. Minnesota Statutes 2024, section 290A.19, is amended to read:

194.22 **290A.19 PARK OWNER TO FURNISH RENT CERTIFICATE.**

194.23 (a) The park owner of a property for which rent is paid for occupancy as a homestead
194.24 must furnish a certificate of rent paid to a person who is a renter on December 31, in the
194.25 form prescribed by the commissioner. If the renter moves before December 31, the park
194.26 owner may give the certificate to the renter at the time of moving, or mail the certificate to
194.27 the forwarding address if an address has been provided by the renter. The certificate must
194.28 be made available to the renter before February 1 of the year following the year in which
194.29 the rent was paid. The park owner must retain a duplicate of each certificate or an equivalent
194.30 record showing the same information for a period of three years. The duplicate or other
194.31 record must be made available to the commissioner upon request.

194.32 (b) ~~The commissioner may require the park owner, through a simple process, to must~~
194.33 furnish to the commissioner on or before March 1 a copy of each certificate of rent paid

195.1 furnished to a renter for rent paid in the prior year. The commissioner shall prescribe the
195.2 content, format, and manner of the form pursuant to section 270C.30. The commissioner
195.3 may require the Social Security number, individual taxpayer identification number, federal
195.4 employer identification number, or Minnesota taxpayer identification number of the park
195.5 owner who is required to furnish a certificate of rent paid under this paragraph. Prior to
195.6 implementation, the commissioner, after consulting with representatives of park owners,
195.7 shall develop an implementation and administration plan for the requirements of this
195.8 paragraph that attempts to minimize financial burdens, administration and compliance costs,
195.9 and takes into consideration existing systems of park owners.

195.10 (c) For the purposes of this section, "park owner" means a park owner as defined under
195.11 section 327C.015, subdivision 9, and "property" includes a lot as defined under section
195.12 327C.015, subdivision 6.

195.13 (d) A park owner who fails to furnish the certificate of rent paid to the renter or to the
195.14 commissioner, as required under this section, is subject to the penalty imposed under section
195.15 289A.60, subdivision 12.

195.16 **EFFECTIVE DATE.** This section is effective for rent paid after December 31, 2025.

195.17 Sec. 22. Minnesota Statutes 2024, section 290C.07, is amended to read:

195.18 **290C.07 CALCULATION OF INCENTIVE PAYMENT.**

195.19 (a) An approved claimant under the sustainable forest incentive program is eligible to
195.20 receive an annual payment for each acre of enrolled land, excluding any acre improved with
195.21 a paved trail under easement, lease, or terminable license to the state of Minnesota or a
195.22 political subdivision. The payment shall equal a percentage of the property tax that would
195.23 be paid on the land determined by using the previous year's statewide average total tax rate
195.24 for all taxes levied within townships and unorganized territories, the estimated market value
195.25 per acre as calculated in section 290C.06, and a class rate of one percent as follows: (1) for
195.26 claimants enrolling land that is subject to a conservation easement funded under section
195.27 97A.056 or a comparable permanent easement conveyed to a governmental or nonprofit
195.28 entity before May 31, 2013, ~~25~~ 22.5 percent; (2) for claimants enrolling land that is not
195.29 subject to a conservation easement under an eight-year covenant, ~~65~~ 58.5 percent; (3) for
195.30 claimants enrolling land that is not subject to a conservation easement under a 20-year
195.31 covenant, ~~90~~ 81 percent; and (4) for claimants enrolling land that is not subject to a
195.32 conservation easement under a 50-year covenant, ~~115~~ 103.5 percent.

(b) The calculated payment must not increase ~~or decrease~~ by more than ten percent relative to the payment received for the previous year. In no case may the payment be less than 90 percent of the amount paid to the claimant for the land enrolled in the program in 2017. If an eligible claimant elects to change the length of the covenant on enrolled land on or before May 15, 2019, the limits under this paragraph do not apply and the claimant must receive payment in the amount corresponding to the new covenant length as calculated under paragraph (a).

(c) In addition to the payments provided under this section, a claimant enrolling more than 1,920 acres shall be allowed an additional payment per acre equal to the amount prescribed in paragraph (a), clause (1), for all acres of enrolled land on which public access is allowed, as required under section 290C.03, paragraph (a), clause (6), excluding any land subject to a conservation easement funded under section 97A.056, or a permanent easement conveyed to a governmental or nonprofit entity that is required to allow for public access under section 290C.03, paragraph (a), clause (6).

EFFECTIVE DATE. This section is effective beginning for payments in calendar year 2026.

Sec. 23. Minnesota Statutes 2024, section 295.81, subdivision 10, is amended to read:

Subd. 10. **Deposit of revenues; account established.** ~~(a) The commissioner must deposit the revenues, including penalties and interest, derived from the tax imposed by this section as follows:~~

~~(1) 80 percent to in the general fund; and,~~

~~(2) 20 percent to the local government cannabis aid account in the special revenue fund.~~

~~(b) The local government cannabis aid account is established in the special revenue fund.~~

EFFECTIVE DATE. The amendment to paragraph (a) is effective for revenues received after June 30, 2025. The amendment to paragraph (b) is effective January 2, 2026.

Sec. 24. Minnesota Statutes 2024, section 299C.76, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For the purposes of this section, the following definitions apply.

(b) "Federal tax information" means federal tax returns and return information or information derived or created from federal tax returns, in possession of or control by the

197.1 requesting agency, that is covered by the safeguarding provisions of section 6103(p)(4) of
197.2 the Internal Revenue Code.

197.3 (c) "IRS Publication 1075" means Internal Revenue Service Publication 1075 that
197.4 provides guidance and requirements for the protection and confidentiality of federal tax
197.5 information as required in section 6103(p)(4) of the Internal Revenue Code.

197.6 (d) "National criminal history record information" means the Federal Bureau of
197.7 Investigation identification records as defined in Code of Federal Regulations, title 28,
197.8 section 20.3(d).

197.9 (e) "Requesting agency" means the Department of Revenue, Department of Employment
197.10 and Economic Development, Department of Children, Youth, and Families, board of directors
197.11 of MNsure, Department of Information Technology Services, attorney general, Office of
197.12 the Legislative Auditor, and counties.

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

197.14 Sec. 25. Minnesota Statutes 2024, section 609.902, subdivision 4, is amended to read:

197.15 Subd. 4. **Criminal act.** "Criminal act" means conduct constituting, or a conspiracy or
197.16 attempt to commit, a felony violation of chapter 152, or a felony violation of section ~~297D.09;~~
197.17 ~~299F.79; 299F.80; 299F.82;~~ 609.185; 609.19; 609.195; 609.20; 609.205; 609.221; 609.222;
197.18 609.223; 609.2231; 609.228; 609.235; 609.245; 609.25; 609.27; 609.322; 609.342; 609.343;
197.19 609.344; 609.345; 609.42; 609.48; 609.485; 609.495; 609.496; 609.497; 609.498; 609.52,
197.20 subdivision 2, if the offense is punishable under subdivision 3, clause (1), if the property is
197.21 a firearm, clause (3)(b), or clause (3)(d)(v); section 609.52, subdivision 2, paragraph (a),
197.22 clause (1) or (4); 609.527, if the crime is punishable under subdivision 3, clause (4); 609.528,
197.23 if the crime is punishable under subdivision 3, clause (4); 609.53; 609.561; 609.562; 609.582,
197.24 subdivision 1 or 2; 609.668, subdivision 6, paragraph (a); 609.67; 609.687; 609.713; 609.86;
197.25 609.894, subdivision 3 or 4; 609.895; 624.713; 624.7191; or 626A.02, subdivision 1, if the
197.26 offense is punishable under section 626A.02, subdivision 4, paragraph (a). "Criminal act"
197.27 also includes conduct constituting, or a conspiracy or attempt to commit, a felony violation
197.28 of section 609.52, subdivision 2, clause (3), (4), (15), or (16), if the violation involves an
197.29 insurance company as defined in section 60A.02, subdivision 4, a nonprofit health service
197.30 plan corporation regulated under chapter 62C, a health maintenance organization regulated
197.31 under chapter 62D, or a fraternal benefit society regulated under chapter 64B.

197.32 **EFFECTIVE DATE.** This section is effective August 1, 2025.

198.1 **Sec. 26. CANCELLATION OF AMOUNTS IN LOCAL GOVERNMENT CANNABIS**
198.2 **AID ACCOUNT.**

198.3 On January 2, 2026, any balance within the local government cannabis aid account in
198.4 the special revenue fund is canceled to the general fund.

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

198.6 **Sec. 27. CANCELLATIONS.**

198.7 (a) Any money in the tax filing modernization account established under Laws 2023,
198.8 chapter 64, article 15, section 24, is canceled to the general fund.

198.9 (b) The appropriation from the general fund in Laws 2023, chapter 64, article 15, section
198.10 30, is canceled.

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

198.12 **Sec. 28. EFFECT OF REVENUE NOTICES.**

198.13 A revenue notice published by the commissioner of revenue on or before July 1, 2025,
198.14 shall have the full force and effect of revenue rulings under Minnesota Statutes, section
198.15 270C.07. If the commissioner of revenue modifies a revenue notice after June 30, 2025, the
198.16 commissioner of revenue must publish the modification as a revenue ruling pursuant to
198.17 Minnesota Statutes, section 270C.07.

198.18 **EFFECTIVE DATE.** This section is effective the day after final enactment.

198.19 **Sec. 29. APPROPRIATION; CITY OF SOUTH ST. PAUL; GRANT.**

198.20 (a) \$250,000 in fiscal year 2025 is appropriated from the general fund to the commissioner
198.21 of revenue for a grant to the city of South St. Paul. This is a onetime appropriation. The
198.22 grant must be paid by June 30, 2025. The grant under this section is not subject to retention
198.23 of administrative costs under Minnesota Statutes, section 16B.98, subdivision 14.

198.24 (b) The grant under this section must be used by the city of South St. Paul to pay for
198.25 planning and development costs within the city.

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

199.1 Sec. 30. **APPROPRIATION; DEPARTMENT OF REVENUE; PASS-THROUGH**
199.2 **AUDIT UNIT.**

199.3 \$692,000 in fiscal year 2026 and \$1,432,000 in fiscal year 2027 are appropriated from
199.4 the general fund to the commissioner of revenue to establish an additional unit dedicated
199.5 to auditing pass-through entities. Money appropriated under this section must be used to
199.6 support the creation and operation of the extra audit unit.

199.7 Sec. 31. **APPROPRIATION; LOCAL BUSINESS CONSTRUCTION IMPACTS**
199.8 **ASSISTANCE PROGRAM.**

199.9 (a) On June 30, 2026, any unencumbered and unexpended amount of the fiscal year
199.10 2024 appropriation in Minnesota Statutes, section 289A.51, subdivision 8, is canceled.

199.11 (b) The amount canceled under paragraph (a) is appropriated in fiscal year 2027 from
199.12 the general fund to the commissioner of transportation for the local business construction
199.13 impacts assistance program under Minnesota Statutes, section 160.167. This is a onetime
199.14 appropriation and is available through June 30, 2029.

199.15 **EFFECTIVE DATE.** This section is effective upon final enactment of modifications
199.16 to the local business construction impacts assistance program under Minnesota Statutes,
199.17 section 160.167, in the 2025 Regular Session House File 2438, or a similarly styled bill
199.18 passed in a regular or special session, prior to July 1, 2026.

199.19 Sec. 32. **REPORT; ELECTRIC-ASSISTED BICYCLE REBATE PROGRAM.**

199.20 (a) By January 15, 2026, the commissioner of revenue must submit a report to the chairs
199.21 and ranking minority members of the legislative committees with jurisdiction over taxes
199.22 and transportation. The report must comply with the requirements of Minnesota Statutes,
199.23 sections 3.195 and 3.197. At a minimum, the report must include:

199.24 (1) a comprehensive report on the operation of the electric-assisted bicycle rebate program
199.25 under Minnesota Statutes, section 289A.51, including the application system that resulted
199.26 in postponement and delay of the application process;

199.27 (2) a comprehensive analysis of the technical challenges resulting from a high volume
199.28 of applicants;

199.29 (3) a timeline of events that led to system failures in the application process;

199.30 (4) identification of technical or procedural challenges in the application and first-come,
199.31 first-served allocation of rebate certificates;

(5) costs incurred by the Department of Revenue as a result of the electric-assisted bicycle rebate program, including expenditures on system fixes or additional staff resources;

(6) recommendations for addressing the specific failure in the application system and preventing similar issues in future rebate certificate rollouts;

(7) an evaluation of any third-party vendor or contractor used in developing and managing the application system, including any accountability measures applied; and

(8) the department's anticipated programming to institute a lottery system for allocating electric-assisted bicycle rebate certificates.

(b) The commissioner must not use funds from the amount allocated for electric-assisted bicycle rebate certificates in preparation of the report.

(c) This section expires on December 31, 2026, or upon submission of the report, whichever is sooner.

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

Sec. 33. STUDY; SALES TAX REMITTANCE FOR PROFESSIONAL ATHLETIC EVENTS.

Subdivision 1. Study; report required. (a) The commissioner, in consultation with representatives of professional sports teams and members of legislative committees with jurisdiction over taxation, must study, evaluate, and provide recommendations regarding:

(1) the use of and legal basis for the accrual method of accounting for purposes of remitting sales taxes for the sale of the privilege of admission to professional athletic events; and

(2) whether interest and penalties must apply to professional sports teams that have remitted sales taxes for the sale of the privilege of admission to professional athletic events using the accrual method since December 31, 2014.

(b) The commissioner must report the recommendations required under paragraph (a) to the chairs and ranking minority members of the legislative committees with jurisdiction over taxes no later than March 15, 2026. The report may include any additional information determined relevant by the commissioner and representatives of professional sports teams, and the members of legislative committees with jurisdiction over taxation who participated in the study. The report must be filed as provided in Minnesota Statutes, sections 3.195 and 3.197.

Subd. 2. Definitions. (a) "Commissioner" means the commissioner of revenue.

201.1 (b) "Professional athletic event" means a sports game, match, activity, or series of games,
201.2 matches, activities, or tournaments organized by a professional sports organization competing
201.3 in Major League Baseball, Major League Soccer, the National Basketball Association, the
201.4 Women's National Basketball Association, the National Football League, the National
201.5 Hockey League, or the Professional Women's Hockey League; and

201.6 (c) "Professional sports team" means a team that competes in Major League Baseball,
201.7 Major League Soccer, the National Basketball Association, the Women's National Basketball
201.8 Association, the National Football League, the National Hockey League, or the Professional
201.9 Women's Hockey League.

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

201.11 **Sec. 34. STUDY; FUNDING THE STATE GRANT PROGRAM.**

201.12 (a) Members of the legislative committees with jurisdiction over higher education finance
201.13 and policy, in consultation with members of the legislative committees with jurisdiction
201.14 over taxation, the commissioner of higher education, and representatives of eligible
201.15 institutions, must study, evaluate, and provide recommendations regarding alternatives to
201.16 funding the state grant program governed under Minnesota Statutes, section 136A.121. The
201.17 report must include:

201.18 (1) a comparison of current and past funding sources of the state grant program in
201.19 Minnesota with current and past funding sources of similar programs in other states; and

201.20 (2) options for funding the state grant program, including an excise tax on assets not
201.21 used in carrying out an eligible institution's exempt purpose, as provided in Code of Federal
201.22 Regulations, title 26, section 53.4968-1(b)(5) (2020), and options for the calculation of the
201.23 excise tax.

201.24 (b) The members of the legislative committees with jurisdiction over higher education
201.25 finance and policy who participated in the study required under paragraph (a) must report
201.26 the recommendations to the chairs and ranking minority members of the legislative
201.27 committees with jurisdiction over higher education finance and policy and taxes no later
201.28 than March 15, 2026. The report may include any additional information determined relevant
201.29 by the members of legislative committees with jurisdiction over higher education finance
201.30 and policy and taxation, the commissioner of higher education, and representatives of eligible
201.31 institutions who participated in the study. The report must be filed as provided in Minnesota
201.32 Statutes, sections 3.195 and 3.197.

202.1 (c) For purposes of this section, "eligible institution" means an institution meeting the
202.2 requirements of Minnesota Statutes, section 136A.103.

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

202.4 Sec. 35. **HENNEPIN COUNTY BASEBALL STADIUM TAX; REVIEW AND**
202.5 **EVALUATION.**

202.6 (a) The commissioner of revenue must review and evaluate the provisions of Minnesota
202.7 Statutes, sections 473.75 to 473.763, to determine whether the tax authorized under Minnesota
202.8 Statutes, section 473.757, subdivision 10, should be extended to fund purposes other than
202.9 those included in Minnesota Statutes, section 473.757, subdivision 11.

202.10 (b) The review and evaluation must include options for distribution of revenues to fund
202.11 improvements to hospitals located in Hennepin County and the need for continued operating
202.12 costs to and improvements to public infrastructure of the ballpark, as defined under Minnesota
202.13 Statutes, section 473.751, subdivision 3.

202.14 (c) In performing the requirements of paragraphs (a) and (b), the commissioner of revenue
202.15 must consult with:

202.16 (1) the Hennepin County Board of Commissioners;

202.17 (2) members of the senate and house of representatives whose districts include areas
202.18 both within and outside Hennepin County;

202.19 (3) the Minnesota Ballpark Authority, as defined under Minnesota Statutes, section
202.20 473.751, subdivision 2;

202.21 (4) the team, as defined under Minnesota Statutes, section 473.751, subdivision 9; and

202.22 (5) members of the boards of directors of hospitals located within Hennepin County.

202.23 (d) The commissioner of revenue must provide a report of the review and evaluation to
202.24 the chairs and ranking minority members of the legislative committees with jurisdiction
202.25 over taxes and health and human services no later than March 15, 2026. The report may
202.26 include any additional information determined relevant by the commissioner and parties
202.27 enumerated in paragraph (c). The report must be filed as provided in Minnesota Statutes,
202.28 sections 3.195 and 3.197.

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

203.1 **Sec. 36. STUDY; ST. PAUL LOCAL SALES TAX.**

203.2 (a) The mayor of the city of St. Paul, in consultation with the chairs and ranking minority
203.3 members of the legislative committees with jurisdiction over taxes and the director of city
203.4 council operations for the city of St. Paul, must study, evaluate, and provide the following
203.5 recommendations regarding the St. Paul local sales tax first enacted in Laws 1993, chapter
203.6 375, article 9, section 46, and as amended:

203.7 (1) whether the taxing authority should be extended, and if so, the proposed date of
203.8 expiration;

203.9 (2) whether the bonding authority for the purposes authorized in Laws 1993, chapter
203.10 375, article 9, section 46, subdivision 2, paragraph (a), should be increased, and if so, the
203.11 amount of increase; and

203.12 (3) any other provisions pertaining to the tax.

203.13 (b) The mayor of the city of St. Paul must report the recommendations required under
203.14 paragraph (a) to the chairs and ranking minority members of the legislative committees with
203.15 jurisdiction over taxes no later than March 15, 2026. The report may include any additional
203.16 information determined relevant by the mayor, the director of city council operations for
203.17 the city of St. Paul, and the members of the legislative committees with jurisdiction over
203.18 taxation who participated in the study. The report must be filed as provided in Minnesota
203.19 Statutes, sections 3.195 and 3.197.

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

203.21 **Sec. 37. STUDY; SPORTS BETTING.**

203.22 Subdivision 1. **Study; report required.** (a) Members of the legislative committees with
203.23 jurisdiction over taxes, finance, and human services must study, evaluate, and provide
203.24 recommendations regarding legalization of sports betting, fantasy sports, or both, in
203.25 consultation with the following:

203.26 (1) representatives of the sports betting and fantasy sports betting industries;

203.27 (2) representatives of Indian Tribes;

203.28 (3) representatives of licensed racetracks;

203.29 (4) representatives of organizations that study or treat problem gambling; and

203.30 (5) representatives of any other entity or organization the members of legislative
203.31 committees with jurisdiction over taxes, finance, and human services deem necessary.

204.1 (b) The recommendations required under paragraph (a) must be filed in a report as
204.2 provided in Minnesota Statutes, sections 3.195 and 3.197. The report must be provided to
204.3 the chairs and ranking minority members of the legislative committees with jurisdiction
204.4 over taxes, finance, and human services no later than March 15, 2026. The report may
204.5 include any additional information determined relevant by the parties listed in paragraph
204.6 (a).

204.7 Subd. 2. **Definitions.** (a) "Indian Tribe" means the following federally recognized Tribes
204.8 and any instrumentality, political subdivision, legal entity, or other organization through
204.9 which one of them conducts business:

204.10 (1) the Fond du Lac Band;

204.11 (2) the Grand Portage Band;

204.12 (3) the Mille Lacs Band;

204.13 (4) the White Earth Band;

204.14 (5) the Bois Forte Band;

204.15 (6) the Leech Lake Band;

204.16 (7) the Red Lake Nation;

204.17 (8) the Upper Sioux Community;

204.18 (9) the Lower Sioux Indian Community;

204.19 (10) the Shakopee Mdewakanton Sioux Community; and

204.20 (11) the Prairie Island Indian Community.

204.21 (b) "Licensed racetrack" has the meaning given in Minnesota Statutes, section 240.01,
204.22 subdivision 10.

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

204.24 Sec. 38. **STUDY; FUNDING CAPITAL IMPROVEMENTS TO THE U.S. BANK**
204.25 **STADIUM.**

204.26 (a) Members of the legislative committees with jurisdiction over taxes and finance must
204.27 study, evaluate, and provide recommendations regarding options for funding capital
204.28 improvements to the U.S. Bank Stadium for the stadium to meet the requirements of
204.29 Minnesota Statutes, section 473J.03, subdivision 4, in consultation with the following:

204.30 (1) commissioners of the Minnesota Sports Facilities Authority;

205.1 (2) representatives of the city of Minneapolis;

205.2 (3) representatives of the Minnesota Vikings; and

205.3 (4) representatives of any other entity or organization the members of the legislative
205.4 committees with jurisdiction over taxes and finance deem necessary.

205.5 (b) The recommendations required under paragraph (a) must be filed in a report as
205.6 provided in Minnesota Statutes, sections 3.195 and 3.197. The report must be provided to
205.7 the chairs and ranking minority members of the legislative committees with jurisdiction
205.8 over taxes and finance no later than March 15, 2026. The report may include any additional
205.9 information determined relevant by the parties listed in paragraph (a).

205.10 (c) For purposes of this section, "Minnesota Sports Facilities Authority" has the meaning
205.11 given in Minnesota Statutes, section 473J.03, subdivision 3.

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

205.13 Sec. 39. **SPECIAL WITHDRAWAL AND RELEASE PROCEDURES FOR THE**
205.14 **SUSTAINABLE FOREST INCENTIVE ACT.**

205.15 For lands enrolled in the Sustainable Forest Incentive Act on or before the day following
205.16 final enactment of section 4, the claimant may elect by July 1, 2026, and without penalty,
205.17 to withdraw land subject to the covenant without regard to the limitations under Minnesota
205.18 Statutes, section 290C.055. The claimant of the enrolled land making an election to withdraw
205.19 land must provide written notice to the commissioner of revenue of its intent to withdraw
205.20 land from the program. The commissioner must issue a document releasing the land from
205.21 the covenant to each claimant electing to withdraw land from the program, effective
205.22 retroactive to the date of the election.

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

205.24 Sec. 40. **REPEALER.**

205.25 (a) Minnesota Statutes 2024, section 477A.32, is repealed.

205.26 (b) Laws 2023, chapter 64, article 15, section 24, is repealed.

205.27 (c) Minnesota Statutes 2024, section 13.4967, subdivision 5, is repealed.

205.28 **EFFECTIVE DATE.** Paragraph (a) is effective for aids payable in 2026 and thereafter.
205.29 Paragraph (b) is effective the day following final enactment. Paragraph (c) is effective
205.30 August 1, 2025.

206.1 **ARTICLE 11**

206.2 **DEPARTMENT OF REVENUE; INDIVIDUAL INCOME AND CORPORATE**
206.3 **FRANCHISE TAXES**

206.4 Section 1. Minnesota Statutes 2024, section 116U.27, subdivision 2, is amended to read:

206.5 Subd. 2. **Credit allowed.** A taxpayer is eligible for a credit up to 25 percent of eligible
206.6 production costs paid in ~~a taxable year~~ any consecutive 12-month period as described in
206.7 subdivision 1, paragraph (h). A taxpayer may only claim a credit if the taxpayer was issued
206.8 a credit certificate under subdivision 4.

206.9 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
206.10 after December 31, 2022.

206.11 Sec. 2. Minnesota Statutes 2024, section 289A.31, subdivision 1, is amended to read:

206.12 Subdivision 1. **Individual income, fiduciary income, mining company, corporate**
206.13 **franchise, and entertainment taxes.** (a) Individual income, fiduciary income, mining
206.14 company, and corporate franchise taxes, and interest and penalties, must be paid by the
206.15 taxpayer upon whom the tax is imposed, except in the following cases:

206.16 (1) the tax due from a decedent for that part of the taxable year in which the decedent
206.17 died during which the decedent was alive and the taxes, interest, and penalty due for the
206.18 prior years must be paid by the decedent's personal representative, if any. If there is no
206.19 personal representative, the taxes, interest, and penalty must be paid by the transferees, as
206.20 defined in section 270C.58, subdivision 3, to the extent they receive property from the
206.21 decedent;

206.22 (2) the tax due from an infant or other incompetent person must be paid by the person's
206.23 guardian or other person authorized or permitted by law to act for the person;

206.24 (3) the tax due from the estate of a decedent must be paid by the estate's personal
206.25 representative;

206.26 (4) the tax due from a trust, including those within the definition of a corporation, as
206.27 defined in section 290.01, subdivision 4, must be paid by a trustee; and

206.28 (5) the tax due from a taxpayer whose business or property is in charge of a receiver,
206.29 trustee in bankruptcy, assignee, or other conservator, must be paid by the person in charge
206.30 of the business or property so far as the tax is due to the income from the business or property.

206.31 (b) Entertainment taxes are the joint and several liability of the entertainer and the
206.32 entertainment entity. The payor is liable to the state for the payment of the tax required to

207.1 be deducted and withheld under section 290.9201, subdivision 7, and is not liable to the
207.2 entertainer for the amount of the payment.

207.3 (c) The taxes imposed under sections 289A.08, subdivision 7a; 289A.35, paragraph (b);
207.4 289A.382, subdivision 3; and 290.0922 on partnerships are the joint and several liability
207.5 of the partnership and the general partners.

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

207.8 Sec. 3. Minnesota Statutes 2024, section 290.01, subdivision 19, is amended to read:

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

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

207.18 (c) In the case of a regulated investment company or a fund thereof, as defined in section
207.19 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment
207.20 company taxable income as defined in section 852(b)(2) of the Internal Revenue Code,
207.21 except that:

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

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

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

208.1 (d) The net income of a real estate investment trust as defined and limited by section
208.2 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust
208.3 taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

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

208.7 (f) The Internal Revenue Code of 1986, as amended through May 1, 2023, applies for
208.8 taxable years beginning after December 31, 1996.

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

208.12 (h) In the case of a partnership electing to file a composite return under section 289A.08,
208.13 subdivision 7, "net income" means the partner's share of federal adjusted gross income from
208.14 the partnership modified by the additions provided in section 290.0131, subdivisions 8 to
208.15 10, 16, and 17, and the subtractions provided in: (1) section 290.0132, subdivisions 9, 27,
208.16 ~~and 28, and 31~~, to the extent the amount is assignable or allocable to Minnesota under section
208.17 290.17; and (2) section 290.0132, subdivision 14. The subtraction allowed under section
208.18 290.0132, subdivision 9, is only allowed on the composite tax computation to the extent
208.19 the electing partner would have been allowed the subtraction.

208.20 (i) In the case of a qualifying entity electing to pay the pass-through entity tax under
208.21 section 289A.08, subdivision 7a, "net income" means the qualifying owner's share of federal
208.22 adjusted gross income from the qualifying entity modified by the additions provided in
208.23 section 290.0131, subdivisions 5, 8 to 10, 16, and 17, and the subtractions provided in: (1)
208.24 section 290.0132, subdivisions 3, 9, 27, ~~and 28, and 31~~, to the extent the amount is assignable
208.25 or allocable to Minnesota under section 290.17; and (2) section 290.0132, subdivision 14.
208.26 The subtraction allowed under section 290.0132, subdivision 9, is only allowed on the
208.27 pass-through entity tax computation to the extent the qualifying owners would have been
208.28 allowed the subtraction. ~~The income of both a resident and nonresident qualifying owner~~
208.29 ~~is allocated and assigned to this state as provided for nonresident partners and shareholders~~
208.30 ~~under sections 290.17, 290.191, and 290.20.~~

208.31 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
208.32 after December 31, 2022.

209.1 Sec. 4. Minnesota Statutes 2024, section 290.0132, subdivision 26, is amended to read:

209.2 Subd. 26. **Social Security benefits.** (a) A taxpayer is allowed a subtraction equal to the
209.3 greater of the simplified subtraction allowed under paragraph (b) or the alternate subtraction
209.4 determined under paragraph (e).

209.5 (b) A taxpayer's simplified subtraction equals the amount of taxable social security
209.6 benefits, as reduced under paragraphs (c) and (d).

209.7 (c) For a taxpayer other than a married taxpayer filing a separate return with adjusted
209.8 gross income above the phaseout threshold, the simplified subtraction is reduced by ten
209.9 percent for each \$4,000 of adjusted gross income, or fraction thereof, in excess of the
209.10 phaseout threshold. The phaseout threshold equals:

209.11 (1) \$100,000 for a married taxpayer filing a joint return or surviving spouse;

209.12 (2) \$78,000 for a single or head of household taxpayer; and

209.13 (3) for a married taxpayer filing a separate return, half the amount for a married taxpayer
209.14 filing a joint return.

209.15 (d) For a married taxpayer filing a separate return, the simplified subtraction is reduced
209.16 by ten percent for each \$2,000 of adjusted gross income, or fraction thereof, in excess of
209.17 the phaseout threshold.

209.18 (e) A taxpayer's alternate subtraction equals the lesser of taxable Social Security benefits
209.19 or a maximum subtraction subject to the limits under paragraphs (f), (g), and (h).

209.20 (f) For married taxpayers filing a joint return and surviving spouses, the maximum
209.21 subtraction under paragraph ~~(e)~~ (e) equals \$5,840. The maximum subtraction is reduced by
209.22 20 percent of provisional income over \$88,630. In no case is the subtraction less than zero.

209.23 (g) For single or head-of-household taxpayers, the maximum subtraction under paragraph
209.24 ~~(e)~~ (e) equals \$4,560. The maximum subtraction is reduced by 20 percent of provisional
209.25 income over \$69,250. In no case is the subtraction less than zero.

209.26 (h) For married taxpayers filing separate returns, the maximum subtraction under
209.27 paragraph ~~(e)~~ (e) equals one-half the maximum subtraction for joint returns under paragraph
209.28 (f). The maximum subtraction is reduced by 20 percent of provisional income over one-half
209.29 the threshold amount specified in paragraph (d). In no case is the subtraction less than zero.

209.30 (i) For purposes of this subdivision, "provisional income" means modified adjusted gross
209.31 income as defined in section 86(b)(2) of the Internal Revenue Code, plus one-half of the

210.1 taxable Social Security benefits received during the taxable year, and "Social Security
210.2 benefits" has the meaning given in section 86(d)(1) of the Internal Revenue Code.

210.3 (j) The commissioner shall adjust the phaseout threshold amounts in ~~paragraphs~~ paragraph
210.4 ~~(c) and (d), clauses (1) and (2),~~ as provided in section 270C.22. The statutory year is taxable
210.5 year 2023. The maximum subtraction and threshold amounts as adjusted must be rounded
210.6 to the nearest \$10 amount. If the amount ends in \$5, the amount is rounded up to the nearest
210.7 \$10 amount.

210.8 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
210.9 after December 31, 2022.

210.10 Sec. 5. Minnesota Statutes 2024, section 290.0132, subdivision 34, is amended to read:

210.11 Subd. 34. **Qualified retirement benefits.** (a) The amount of qualified public pension
210.12 income is a subtraction. The subtraction in this section is limited to:

210.13 (1) \$25,000 for a married taxpayer filing a joint return or surviving spouse; or

210.14 (2) \$12,500 for all other filers.

210.15 (b) For a taxpayer with adjusted gross income above the phaseout threshold, the
210.16 subtraction is reduced by ten percent for each \$2,000 of adjusted gross income, or fraction
210.17 thereof, in excess of the threshold. The phaseout threshold equals:

210.18 (1) \$100,000 for a married taxpayer filing a joint return or surviving spouse;

210.19 (2) \$78,000 for a single or head of household taxpayer; or

210.20 (3) for a married taxpayer filing a separate return, half the amount for a married taxpayer
210.21 filing a joint return.

210.22 (c) For the purposes of this section, "qualified public pension income" means any amount
210.23 received:

210.24 (1) by a former basic member or the survivor of a former basic member, as an annuity
210.25 or survivor benefit, from a pension plan governed by chapter 353, 353E, 354, or 354A,
210.26 provided that the annuity or benefit is based on service for which the member or survivor
210.27 ~~is not also receiving~~ did not earn Social Security benefits;

210.28 (2) as an annuity or survivor benefit from the legislators plan under chapter 3A, the State
210.29 Patrol retirement plan under chapter 352B, or the public employees police and fire plan
210.30 under sections 353.63 to 353.666, provided that the annuity or benefit is based on service
210.31 for which the member or survivor ~~is not also receiving~~ did not earn Social Security benefits;

211.1 (3) from any retirement system administered by the federal government that is based on
211.2 service for which the recipient or the recipient's survivor ~~is not also receiving~~ did not earn
211.3 Social Security benefits; or

211.4 (4) from a public retirement system of or created by another state or any of its political
211.5 subdivisions, or the District of Columbia, if the income tax laws of the other state or district
211.6 permit a similar deduction or exemption or a reciprocal deduction or exemption of a
211.7 retirement or pension benefit received from a public retirement system of or created by this
211.8 state or any political subdivision of this state.

211.9 (d) The commissioner must annually adjust the subtraction limits in paragraph (a) and
211.10 the phaseout thresholds in paragraph (b), as provided in section 270C.22. The statutory year
211.11 is taxable year 2023.

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

211.13 Sec. 6. Minnesota Statutes 2024, section 290.0134, subdivision 20, is amended to read:

211.14 Subd. 20. **Delayed business interest.** (a) For each taxable year an addition is required
211.15 under section ~~290.0131, subdivision 19~~ 290.0133, subdivision 15, the amount of the addition,
211.16 less the sum of all amounts subtracted under this paragraph in all prior taxable years, that
211.17 does not exceed the limitation on business interest in section 163(j) of the Internal Revenue
211.18 Code of 1986, as amended through December 15, 2022, notwithstanding the special rule in
211.19 section 163(j)(10) of the Internal Revenue Code, is a subtraction. Any excess is a delayed
211.20 business interest carryforward, the entire amount of which must be carried to the earliest
211.21 taxable year. No subtraction is allowed under this paragraph for taxable years beginning
211.22 after December 31, 2022.

211.23 (b) For each of the five taxable years beginning after December 31, 2022, there is allowed
211.24 a subtraction equal to one-fifth of the sum of all carryforward amounts that remain after the
211.25 expiration of paragraph (a).

211.26 (c) Entities that are part of a combined reporting group under the unitary rules of section
211.27 290.17, subdivision 4, must compute deductions and additions as required under section
211.28 290.34, subdivision 5.

211.29 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
211.30 after December 31, 2019.

212.1 Sec. 7. Minnesota Statutes 2024, section 290.0693, subdivision 1, is amended to read:

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

212.4 (b) "Dependent" means any individual who is considered a dependent under sections
212.5 151 and 152 of the Internal Revenue Code and was claimed by the taxpayer as a dependent.

212.6 (c) "Disability" has the meaning given in section 290A.03, subdivision 10.

212.7 (d) "Exemption amount" means the exemption amount under section 290.0121,
212.8 subdivision 1, paragraph (b).

212.9 (e) "Gross rent" means rent paid for the right of occupancy, at arm's length, of a
212.10 homestead, exclusive of charges for any medical services furnished by the landlord as a
212.11 part of the rental agreement, whether expressly set out in the rental agreement or not. The
212.12 gross rent of a resident of a nursing home or intermediate care facility is \$600 per month.
212.13 The gross rent of a resident of an adult foster care home is \$930 per month. The commissioner
212.14 shall annually adjust the amounts in this paragraph as provided in section 270C.22. The
212.15 statutory year is 2023. If the landlord and tenant have not dealt with each other at arm's
212.16 length and the commissioner determines that the gross rent charged was excessive, the
212.17 commissioner may adjust the gross rent to a reasonable amount for purposes of this section.

212.18 (f) "Homestead" has the meaning given in section 290A.03, subdivision 6.

212.19 (g) "Household" has the meaning given in section 290A.03, subdivision 4.

212.20 (h) "Household income" means all income received by all persons of a household in a
212.21 taxable year while members of the household, other than income of a dependent.

212.22 (i) "Income" means adjusted gross income, minus:

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

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

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

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

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

212.28 (6) if the taxpayer or taxpayer's spouse had a disability or attained the age of 65 on or
212.29 before the close of the taxable year, the exemption amount.

212.30 (j) "Rent constituting property taxes" means 17 percent of the gross rent actually paid
212.31 in cash, or its equivalent, or the portion of rent paid in lieu of property taxes, in any taxable

213.1 year by a claimant for the right of occupancy of the claimant's Minnesota homestead in the
213.2 taxable year, and which rent constitutes the basis, in the succeeding taxable year of a claim
213.3 for a credit under this section by the claimant. If an individual occupies a homestead with
213.4 another person or persons not related to the individual as the individual's spouse or as
213.5 dependents, and the other person or persons are residing at the homestead under a rental or
213.6 lease agreement with the individual, the amount of rent constituting property tax for the
213.7 individual equals that portion not covered by the rental agreement.

213.8 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
213.9 31, 2024.

213.10 Sec. 8. Minnesota Statutes 2024, section 290.0693, subdivision 6, is amended to read:

213.11 Subd. 6. **Residents of nursing homes, intermediate care facilities, long-term care**
213.12 **facilities, or facilities accepting housing support payments.** (a) A taxpayer must not claim
213.13 a credit under this section if the taxpayer is a resident of a nursing home, intermediate care
213.14 facility, long-term residential facility, or a facility that accepts housing support payments
213.15 whose rent constituting property taxes is paid pursuant to the Supplemental Security Income
213.16 program under title XVI of the Social Security Act, the Minnesota supplemental aid program
213.17 under sections 256D.35 to 256D.54, the medical assistance program pursuant to title XIX
213.18 of the Social Security Act, or the housing support program under chapter 256I.

213.19 (b) If only a portion of the rent constituting property taxes is paid by these programs,
213.20 the resident is eligible for a credit, but the credit calculated must be multiplied by a fraction,
213.21 the numerator of which is adjusted gross income, ~~reduced by the total amount of income~~
213.22 ~~from the above sources other than vendor payments under the medical assistance program~~
213.23 and the denominator of which is adjusted gross income, plus vendor payments under the
213.24 medical assistance program, to determine the allowable credit.

213.25 (c) Notwithstanding paragraphs (a) and (b), if the taxpayer was a resident of the nursing
213.26 home, intermediate care facility, long-term residential facility, or facility for which the rent
213.27 was paid for the claimant by the housing support program for only a portion of the taxable
213.28 year covered by the claim, the taxpayer may compute rent constituting property taxes by
213.29 disregarding the rent constituting property taxes from the nursing home or facility and may
213.30 use only that amount of rent constituting property taxes or property taxes payable relating
213.31 to that portion of the year when the taxpayer was not in the facility. The taxpayer's household
213.32 income is the income for the entire taxable year covered by the claim.

213.33 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
213.34 31, 2024.

214.1 Sec. 9. Minnesota Statutes 2024, section 290.0693, subdivision 8, is amended to read:

214.2 Subd. 8. **One claimant per household.** Only one taxpayer per household per year is
214.3 entitled to claim a credit under this section. In the case of a married couple filing a joint
214.4 return, the couple may claim a credit under this section based on the total amount of both
214.5 spouses' gross rent. In the case of a married taxpayer filing a separate return, only one spouse
214.6 may claim the credit under this section. The credit amount for the spouse that claims the
214.7 credit must be calculated based on household income and both spouses' share of the gross
214.8 rent and not solely on the income of the spouse.

214.9 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
214.10 31, 2024.

214.11 Sec. 10. Minnesota Statutes 2024, section 290.0695, subdivision 2, is amended to read:

214.12 Subd. 2. **Credit allowed; limitation; carryover.** (a) An eligible taxpayer is allowed a
214.13 credit against tax due under this chapter equal to 50 percent of ~~eligible expenses, not to~~
214.14 ~~exceed \$3,000 per mile, multiplied by the number of miles of railroad track owned or leased~~
214.15 ~~within the state by the eligible taxpayer for which the taxpayer made the~~ qualified railroad
214.16 reconstruction or replacement expenditures ~~as of the close of the taxable year for which the~~
214.17 ~~credit is claimed~~ made by an eligible taxpayer within this state during the taxable year for
214.18 which the credit is claimed.

214.19 (b) The credit allowed under paragraph (a) for any taxable year must not exceed the
214.20 product of:

214.21 (1) \$3,000, multiplied by;

214.22 (2) the number of miles of railroad track owned or leased by the eligible taxpayer within
214.23 this state as of the close of the taxable year for which the taxpayer made qualified railroad
214.24 reconstruction or replacement expenditures for which the credit is claimed.

214.25 ~~(b)~~ (c) If the amount of the credit determined under this section for any taxable year
214.26 exceeds the liability for tax under this chapter, the excess is a credit carryover to each of
214.27 the five succeeding taxable years. The entire amount of the excess unused credit for the
214.28 taxable year must be carried first to the earliest of the taxable years to which the credit may
214.29 be carried and then to each successive year to which the credit may be carried. The amount
214.30 of the unused credit that may be added under this paragraph must not exceed the taxpayer's
214.31 liability for tax less the credit for the taxable year.

215.1 ~~(e)~~ (d) An eligible taxpayer claiming a credit under this section may not also claim the
215.2 credit under section 297I.20, subdivision 6, for the same qualified railroad reconstruction
215.3 or replacement expenditures.

215.4 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
215.5 after December 31, 2022.

215.6 Sec. 11. Laws 2023, chapter 1, section 22, is amended to read:

215.7 Sec. 22. **TEMPORARY ADDITIONS AND SUBTRACTIONS; INDIVIDUALS,**
215.8 **ESTATES, AND TRUSTS.**

215.9 (a) For the purposes of this section:

215.10 (1) "subtraction" has the meaning given in Minnesota Statutes, section 290.0132,
215.11 subdivision 1, and the rules in that subdivision apply to this section;

215.12 (2) "addition" has the meaning given in Minnesota Statutes, section 290.0131, subdivision
215.13 1, and the rules in that subdivision apply to this section; and

215.14 (3) the definitions in Minnesota Statutes, section 290.01, apply to this section.

215.15 (b) The following amounts are subtractions:

215.16 (1) the amount of wages used for the calculation of the employee retention credit for
215.17 employers affected by qualified disasters, to the extent not deducted from income, under
215.18 Public Law 116-94, division Q, section 203, or Public Law 116-260, division EE, section
215.19 303;

215.20 (2) the amount of wages used for the calculation of the payroll credit for required paid
215.21 sick leave, to the extent not deducted from income, under Public Law 116-127, section
215.22 7001, as amended by section 9641 of Public Law 117-2;

215.23 (3) the amount of wages or expenses used for the calculation of the payroll credit for
215.24 required paid family leave, to the extent not deducted from income, under Public Law
215.25 116-127, section 7003, as amended by section 9641 of Public Law 117-2;

215.26 (4) the amount of wages used for the calculation of the employee retention credit for
215.27 employers subject to closure due to COVID-19, to the extent not deducted from income,
215.28 under Public Law 116-136, section 2301, as amended by Public Law 116-260, division EE,
215.29 section 207, and Public Law 117-2, section 9651; and

215.30 (5) the amount required to be added to gross income to claim the credit in section 6432
215.31 of the Internal Revenue Code.

216.1 (c) The following amounts are additions:

216.2 (1) the amount subtracted for qualified tuition expenses under section 222 of the Internal
216.3 Revenue Code, as amended by Public Law 116-94, division Q, section 104;

216.4 (2) the amount of above the line charitable contributions deducted under section 2204
216.5 of Public Law 116-136;

216.6 (3) the amount of meal expenses in excess of the 50 percent limitation under section
216.7 274(n)(1) of the Internal Revenue Code allowed under subsection (n), paragraph (2),
216.8 subparagraph (D), of that section; and

216.9 (4) the amount of charitable contributions deducted from federal taxable income by a
216.10 trust for taxable year 2020 under Public Law 116-136, section 2205(a).

216.11 (d) The commissioner of revenue must apply the subtractions in paragraph (b) and the
216.12 additions in paragraph (c), when calculating the following:

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

216.15 (2) a taxpayer's alternative minimum taxable income under Minnesota Statutes, section
216.16 290.091; and

216.17 (3) "income" ~~as defined in Minnesota Statutes, section 289A.08, subdivision 7, paragraph~~
216.18 ~~(j),~~ for the purposes of determining the tax for composite filers and the pass-through entity
216.19 tax, means the partner's share of federal adjusted gross income from the partnership modified
216.20 by the additions provided in Minnesota Statutes, section 290.0131, subdivisions 8 to 10,
216.21 16, 17, and 19, and the subtractions provided in (i) Minnesota Statutes, section 290.0132,
216.22 subdivisions 9, 27, and 28, to the extent the amount is assignable or allocable to Minnesota
216.23 under Minnesota Statutes, section 290.17; and (ii) Minnesota Statutes, section 290.0132,
216.24 subdivision 14. The subtraction allowed under Minnesota Statutes, section 290.0132,
216.25 subdivision 9, is only allowed on the composite tax computation to the extent the electing
216.26 partner would have been allowed the subtraction.

216.27 (e) For the purpose of calculating property tax refunds under Minnesota Statutes, chapter
216.28 290A, any amounts allowed as a subtraction in paragraph (b) are excluded from "income,"
216.29 as defined in Minnesota Statutes, section 290A.03, subdivision 3.

216.30 **EFFECTIVE DATE.** This section is effective retroactively at the same time the changes
216.31 in Laws 2023, chapter 1, section 22, were effective for federal purposes.

217.1 **ARTICLE 12**

217.2 **DEPARTMENT OF REVENUE; SALES AND USE TAXES**

217.3 Section 1. Minnesota Statutes 2024, section 297A.71, subdivision 54, is amended to read:

217.4 Subd. 54. **Sustainable aviation fuel facilities.** (a) Materials and supplies used or
217.5 consumed in and equipment incorporated into the construction, reconstruction, or
217.6 improvement of a facility located in Minnesota that produces or blends sustainable aviation
217.7 fuel, as defined in section 41A.30, subdivision 1, is if materials, supplies, and equipment
217.8 are purchased after June 30, 2027, and before July 1, 2034, are exempt.

217.9 (b) The tax must be imposed and collected as if the rate under section 297A.62,
217.10 subdivision 1, applied and then refunded in the manner as provided for projects under section
217.11 297A.75, subdivision 1, ~~clause (1).~~

217.12 (c) For a project, a portion of which is not used to produce or blend sustainable aviation
217.13 fuel, the amount of purchases that are exempt under this subdivision must be determined
217.14 by multiplying the total purchases, as specified in paragraph (a), by the ratio of:

217.15 (1) the capacity to generate sustainable aviation fuel either through production or
217.16 blending; and

217.17 (2) the capacity to generate all fuels.

217.18 (d) This subdivision expires July 1, 2034. The expiration does not affect refunds due for
217.19 sales and purchases made prior to July 1, 2034.

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

217.21 Sec. 2. Minnesota Statutes 2024, section 297A.75, subdivision 1, is amended to read:

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

217.25 (1) building materials for an agricultural processing facility exempt under section
217.26 297A.71, subdivision 13;

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

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

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

- 218.1 (5) elevators and building materials exempt under section 297A.71, subdivision 12;
- 218.2 (6) materials and supplies for qualified low-income housing under section 297A.71,
218.3 subdivision 23;
- 218.4 (7) materials, supplies, and equipment for municipal electric utility facilities under
218.5 section 297A.71, subdivision 35;
- 218.6 (8) equipment and materials used for the generation, transmission, and distribution of
218.7 electrical energy and an aerial camera package exempt under section 297A.68, subdivision
218.8 37;
- 218.9 (9) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, paragraph
218.10 (a), clause (10);
- 218.11 (10) materials, supplies, and equipment for construction or improvement of projects and
218.12 facilities under section 297A.71, subdivision 40;
- 218.13 (11) enterprise information technology equipment and computer software for use in a
218.14 qualified data center exempt under section 297A.68, subdivision 42;
- 218.15 (12) materials, supplies, and equipment for qualifying capital projects under section
218.16 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);
- 218.17 (13) items purchased for use in providing critical access dental services exempt under
218.18 section 297A.70, subdivision 7, paragraph (c);
- 218.19 (14) items and services purchased under a business subsidy agreement for use or
218.20 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision
218.21 44;
- 218.22 (15) building materials, equipment, and supplies for constructing or replacing real
218.23 property exempt under section 297A.71, subdivisions 49; 50, paragraph (b); and 51;
- 218.24 (16) building materials, equipment, and supplies for qualifying capital projects under
218.25 section 297A.71, subdivision 52; ~~and~~
- 218.26 (17) building materials, equipment, and supplies for constructing, remodeling, expanding,
218.27 or improving a fire station, police station, or related facilities exempt under section 297A.71,
218.28 subdivision 53; and
- 218.29 (18) building materials, equipment, and supplies for constructing, remodeling, or
218.30 improving a sustainable aviation fuel facility exempt under section 297A.71, subdivision
218.31 54.

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

219.2 Sec. 3. Minnesota Statutes 2024, section 297A.75, subdivision 2, is amended to read:

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

219.6 (1) for subdivision 1, clauses (1), (2), and (13), the applicant must be the purchaser;

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

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

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

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

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

219.15 (7) for subdivision 1, clauses (8), (11), and (14), the owner of the qualifying business;

219.16 (8) for subdivision 1, clauses (9), (10), (12), (16), and (17), the applicant must be the
219.17 governmental entity that owns or contracts for the project or facility; ~~and~~

219.18 (9) for subdivision 1, clause (15), the applicant must be the owner or developer of the
219.19 building or project; and

219.20 (10) for subdivision 1, clause (18), the applicant must be the owner or developer of the
219.21 sustainable aviation fuel facility.

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

219.23 Sec. 4. Minnesota Statutes 2024, section 297A.75, subdivision 3, is amended to read:

219.24 Subd. 3. **Application.** (a) The application must include sufficient information to permit
219.25 the commissioner to verify the tax paid. If the tax was paid by a contractor, subcontractor,
219.26 or builder, under subdivision 1, clauses (3) to (12) or (14) to ~~(17)~~ (18), the contractor,
219.27 subcontractor, or builder must furnish to the refund applicant a statement including the cost
219.28 of the exempt items and the taxes paid on the items unless otherwise specifically provided
219.29 by this subdivision. The provisions of sections 289A.40 and 289A.50 apply to refunds under
219.30 this section.

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

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

220.4 Sec. 5. Minnesota Statutes 2024, section 297A.94, is amended to read:

220.5 **297A.94 DEPOSIT OF REVENUES.**

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

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

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

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

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

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

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

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

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

220.29 (e) The commissioner shall deposit the revenues, including interest and penalties,
220.30 collected under section 297A.64, subdivision 5, in the state treasury and credit them to the
220.31 general fund. By July 15 of each year the commissioner shall transfer to the highway user

221.1 tax distribution fund an amount equal to the excess fees collected under section 297A.64,
221.2 subdivision 5, for the previous calendar year.

221.3 (f) Beginning with sales taxes remitted after July 1, 2017, in conjunction with the deposit
221.4 of revenues under paragraph (d), the commissioner shall deposit into the state treasury and
221.5 credit to the highway user tax distribution fund an amount equal to the estimated revenues
221.6 derived from the tax rate imposed under section 297A.62, subdivision 1, on the lease or
221.7 rental for not more than 28 days of rental motor vehicles subject to section 297A.64. The
221.8 commissioner shall estimate the amount of sales tax revenue deposited under this paragraph
221.9 based on the amount of revenue deposited under paragraph (d).

221.10 (g) Each month the commissioner must deposit ~~the~~ an amount equal to the estimated
221.11 revenues derived from the taxes imposed under section 297A.62, subdivision 1, on the sale
221.12 and purchase of motor vehicle repair and replacement parts in the state treasury and credit:

221.13 (1) 43.5 percent in each fiscal year to the highway user tax distribution fund;

221.14 (2) a percentage to the transportation advancement account under section 174.49 as
221.15 follows:

221.16 (i) 3.5 percent in fiscal year 2024;

221.17 (ii) 4.5 percent in fiscal year 2025;

221.18 (iii) 5.5 percent in fiscal year 2026;

221.19 (iv) 7.5 percent in fiscal year 2027;

221.20 (v) 14.5 percent in fiscal year 2028;

221.21 (vi) 21.5 percent in fiscal year 2029;

221.22 (vii) 28.5 percent in fiscal year 2030;

221.23 (viii) 36.5 percent in fiscal year 2031;

221.24 (ix) 44.5 percent in fiscal year 2032; and

221.25 (x) 56.5 percent in fiscal year 2033 and thereafter; and

221.26 (3) the remainder in each fiscal year to the general fund.

221.27 After each February forecast, and prior to the following April 15, the commissioner shall
221.28 estimate the monthly deposit amount for use in the following fiscal year based on the estimate
221.29 of average revenue derived from the taxes imposed under section 297A.62, subdivision 1,
221.30 on the sale and purchase of motor vehicle repair and replacement parts from the department's
221.31 three most recent consumption tax models. For purposes of this paragraph, "motor vehicle"

222.1 has the meaning given in section 297B.01, subdivision 11, and "motor vehicle repair and
222.2 replacement parts" includes (i) all parts, tires, accessories, and equipment incorporated into
222.3 or affixed to the motor vehicle as part of the motor vehicle maintenance and repair, and (ii)
222.4 paint, oil, and other fluids that remain on or in the motor vehicle as part of the motor vehicle
222.5 maintenance or repair. For purposes of this paragraph, "tire" means any tire of the type used
222.6 on highway vehicles, if wholly or partially made of rubber and if marked according to
222.7 federal regulations for highway use.

222.8 (h) 81.56 percent of the revenues, including interest and penalties, transmitted to the
222.9 commissioner under section 297A.65, must be deposited by the commissioner in the state
222.10 treasury as follows:

222.11 (1) 47.5 percent of the receipts must be deposited in the heritage enhancement account
222.12 in the game and fish fund, and may be spent only on activities that improve, enhance, or
222.13 protect fish and wildlife resources, including conservation, restoration, and enhancement
222.14 of land, water, and other natural resources of the state;

222.15 (2) 22.5 percent of the receipts must be deposited in the natural resources fund, and may
222.16 be spent only for state parks and trails;

222.17 (3) 22.5 percent of the receipts must be deposited in the natural resources fund, and may
222.18 be spent only on metropolitan park and trail grants;

222.19 (4) three percent of the receipts must be deposited in the natural resources fund, and
222.20 may be spent only on local trail grants;

222.21 (5) two percent of the receipts must be deposited in the natural resources fund, and may
222.22 be spent only for the Minnesota Zoological Garden, the Como Park Zoo and Conservatory,
222.23 and the Duluth Zoo; and

222.24 (6) 2.5 percent of the receipts must be deposited in the pollinator account established in
222.25 section 103B.101, subdivision 19.

222.26 (i) 1.5 percent of the revenues, including interest and penalties, transmitted to the
222.27 commissioner under section 297A.65 must be deposited in a regional parks and trails account
222.28 in the natural resources fund and may only be spent for parks and trails of regional
222.29 significance outside of the seven-county metropolitan area under section 85.535, based on
222.30 recommendations from the Greater Minnesota Regional Parks and Trails Commission under
222.31 section 85.536.

222.32 (j) 1.5 percent of the revenues, including interest and penalties, transmitted to the
222.33 commissioner under section 297A.65 must be deposited in an outdoor recreational

223.1 opportunities for underserved communities account in the natural resources fund and may
223.2 only be spent on projects and activities that connect diverse and underserved Minnesotans
223.3 through expanding cultural environmental experiences, exploration of their environment,
223.4 and outdoor recreational activities.

223.5 (k) The revenue dedicated under paragraph (h) may not be used as a substitute for
223.6 traditional sources of funding for the purposes specified, but the dedicated revenue shall
223.7 supplement traditional sources of funding for those purposes. Land acquired with money
223.8 deposited in the game and fish fund under paragraph (h) must be open to public hunting
223.9 and fishing during the open season, except that in aquatic management areas or on lands
223.10 where angling easements have been acquired, fishing may be prohibited during certain times
223.11 of the year and hunting may be prohibited. At least 87 percent of the money deposited in
223.12 the game and fish fund for improvement, enhancement, or protection of fish and wildlife
223.13 resources under paragraph (h) must be allocated for field operations.

223.14 (l) The commissioner must deposit the revenues, including interest and penalties minus
223.15 any refunds, derived from the sale of items regulated under section 624.20, subdivision 1,
223.16 that may be sold to persons 18 years old or older and that are not prohibited from use by
223.17 the general public under section 624.21, in the state treasury and credit:

223.18 (1) 25 percent to the volunteer fire assistance grant account established under section
223.19 88.068;

223.20 (2) 25 percent to the fire safety account established under section 297I.06, subdivision
223.21 3; and

223.22 (3) the remainder to the general fund.

223.23 For purposes of this paragraph, the percentage of total sales and use tax revenue derived
223.24 from the sale of items regulated under section 624.20, subdivision 1, that are allowed to be
223.25 sold to persons 18 years old or older and are not prohibited from use by the general public
223.26 under section 624.21, is a set percentage of the total sales and use tax revenues collected in
223.27 the state, with the percentage determined under Laws 2017, First Special Session chapter
223.28 1, article 3, section 39.

223.29 (m) The revenues deposited under paragraphs (a) to (l) do not include the revenues,
223.30 including interest and penalties, generated by the sales tax imposed under section 297A.62,
223.31 subdivision 1a, which must be deposited as provided under the Minnesota Constitution,
223.32 article XI, section 15.

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

224.1 Sec. 6. Minnesota Statutes 2024, section 297A.99, subdivision 10, is amended to read:

224.2 Subd. 10. **Use of zip code in determining location of sale.** (a) The lowest combined
224.3 tax rate imposed in the zip code area applies if the area includes more than one tax rate in
224.4 any level of taxing jurisdictions.

224.5 (b) If a nine-digit zip code designation is not available for a street address or if a seller
224.6 is unable to determine the nine-digit zip code designation of a purchaser after exercising
224.7 due diligence to determine the designation, the seller may apply the rate for the five-digit
224.8 zip code area.

224.9 (c) For the purposes of this subdivision, there is a rebuttable presumption that a seller
224.10 has exercised due diligence for a sale that requires a full street address to be completed if
224.11 the seller has attempted to determine the nine-digit zip code designation by utilizing (1) the
224.12 look-up application form the United States Postal Service; (2) software certified by the
224.13 Coding Accuracy Support System; or (3) other software approved by the governing board
224.14 that makes this designation from the street address and the five-digit zip code of the
224.15 purchaser. For a sale that does not require a full street address to be completed, a seller has
224.16 not exercised due diligence unless the seller has obtained or requested from the purchaser
224.17 (1) the complete street address, including the five-digit zip code; or (2) the nine-digit zip
224.18 code. A seller that has not exercised due diligence is not relieved from any additional liability
224.19 that may be due as a result of incorrect sourcing.

224.20 (d) Notwithstanding subdivision 13, this subdivision applies to all local sales taxes
224.21 without regard to the date of authorization. This subdivision does not apply when the
224.22 purchased product is received by the purchaser at the business location of the seller.

224.23 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
224.24 30, 2025.

224.25 Sec. 7. Minnesota Statutes 2024, section 297A.995, subdivision 2, is amended to read:

224.26 Subd. 2. **Definitions.** As used in this section:

224.27 (a) "Agreement" means the Streamlined Sales and Use Tax Agreement.

224.28 (b) "Certified automated system" means software certified jointly by the states that are
224.29 signatories to the agreement to calculate the tax imposed by each jurisdiction on a transaction,
224.30 determine the amount of tax to remit to the appropriate state, and maintain a record of the
224.31 transaction.

225.1 (c) "Certified service provider" means an agent certified ~~jointly by the states that are~~
225.2 ~~signatories to the agreement to perform all of the seller's sales tax functions~~ under the
225.3 Agreement to perform the seller's sales and use tax functions as outlined in the contract
225.4 between the Streamlined Sales Tax Governing Board and the certified service providers,
225.5 except that sellers retain the obligation to remit tax on their own purchases.

225.6 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
225.7 30, 2025.

225.8 Sec. 8. Minnesota Statutes 2024, section 297A.995, subdivision 10, is amended to read:

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

225.16 (b) Notwithstanding subdivision 9, sellers and certified service providers are relieved
225.17 from liability to the state for having charged and collected the incorrect amount of sales or
225.18 use tax resulting from the seller or certified service provider relying on the certification by
225.19 the commissioner as to the accuracy of a certified automated system as to the taxability of
225.20 product categories. The relief from liability provided by this paragraph does not apply when
225.21 the sellers or certified service providers have incorrectly classified an item or transaction
225.22 into a product category, unless the item or transaction within a product category was approved
225.23 by the commissioner or approved jointly by the states that are signatories to the agreement.
225.24 The sellers and certified service providers must revise a classification within ten days after
225.25 receipt of notice from the commissioner that an item or transaction within a product category
225.26 is incorrectly classified as to its taxability, or they are not relieved from liability for the
225.27 incorrect classification following the notification.

225.28 (c) Notwithstanding subdivision 9, if there are not at least 30 days between the enactment
225.29 of a new tax rate and the effective date of the new rate, sellers and certified service providers
225.30 shall be relieved from liability for failing to collect tax at the new rate during the first 30
225.31 days of the rate change, beginning on the day after the date of enactment of the rate change,
225.32 provided the seller or certified service provider continued to impose and collect the tax at
225.33 the immediately preceding tax rate during this period. Relief from liability provided by this
225.34 paragraph shall not apply if the failure to collect at the newly effective rate extends beyond

226.1 30 days after the enactment of the new rate. The relief provided by this paragraph shall not
226.2 apply if the commissioner determines that the seller or certified service provider fraudulently
226.3 failed to collect at the new rate or that the seller or certified service provider solicited
226.4 purchasers based on the immediately preceding tax rate.

226.5 (d) Certified service providers are relieved from liability to the state when a seller fails
226.6 to remit all or a portion of the seller's taxes prior to the due date of the remittance if the
226.7 certified service provider has provided notification as outlined in the contract between the
226.8 Streamlined Sales Tax Governing Board and the certified service provider.

226.9 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
226.10 30, 2025.

226.11 **ARTICLE 13**

226.12 **DEPARTMENT OF REVENUE; MISCELLANEOUS**

226.13 Section 1. Minnesota Statutes 2024, section 270C.445, subdivision 3, is amended to read:

226.14 Subd. 3. **Standards of conduct.** No tax preparer shall:

226.15 (1) without good cause fail to promptly, diligently, and without unreasonable delay
226.16 complete a client's return;

226.17 (2) obtain the signature of a client to a return or authorizing document that contains
226.18 blank spaces to be filled in after it has been signed;

226.19 (3) fail to sign a client's return when compensation for services rendered has been made;

226.20 (4) fail to provide on a client's return the preparer tax identification number when required
226.21 under section 6109(a)(4) of the Internal Revenue Code or section 289A.60, subdivision 28;

226.22 (5) fail or refuse to give a client a copy of any document requiring the client's signature
226.23 within a reasonable time after the client signs the document;

226.24 (6) fail to retain for at least four years a copy of a client's returns;

226.25 (7) fail to maintain a confidential relationship with clients or former clients;

226.26 (8) fail to take commercially reasonable measures to safeguard a client's nonpublic
226.27 personal information;

226.28 (9) make, authorize, publish, disseminate, circulate, or cause to make, either directly or
226.29 indirectly, any false, deceptive, or misleading statement or representation relating to or in
226.30 connection with the offering or provision of tax preparation services;

- 227.1 (10) require a client to enter into a loan arrangement in order to complete a client's return;
- 227.2 (11) claim credits or deductions on a client's return for which the tax preparer knows or
227.3 reasonably should know the client does not qualify;
- 227.4 (12) report a household income on a client's claim filed under chapter 290A that the tax
227.5 preparer knows or reasonably should know is not accurate;
- 227.6 (13) engage in any conduct that is subject to a penalty under section 289A.60, subdivision
227.7 13, 20, 20a, 26, or 28;
- 227.8 (14) whether or not acting as a taxpayer representative, fail to conform to the standards
227.9 of conduct required by Minnesota Rules, part 8052.0300, subpart 4;
- 227.10 (15) whether or not acting as a taxpayer representative, engage in any conduct that is
227.11 incompetent conduct under Minnesota Rules, part 8052.0300, subpart 5;
- 227.12 (16) whether or not acting as a taxpayer representative, engage in any conduct that is
227.13 disreputable conduct under Minnesota Rules, part 8052.0300, subpart 6;
- 227.14 (17) charge, offer to accept, or accept a fee based upon a percentage of an anticipated
227.15 refund for tax preparation services;
- 227.16 (18) under any circumstances, withhold or fail to return to a client a document provided
227.17 by the client for use in preparing the client's return;
- 227.18 (19) take control or ownership of a client's refund or department payment by any means,
227.19 including:
- 227.20 (i) directly or indirectly endorsing or otherwise negotiating a check or other refund
227.21 instrument, including an electronic version of a check;
- 227.22 (ii) directing an electronic or direct deposit of the refund or department payment into an
227.23 account unless the client's name is on the account; and
- 227.24 (iii) establishing or using an account in the preparer's name to receive a client's refund
227.25 or department payment through a direct deposit or any other instrument unless the client's
227.26 name is also on the account, except that a taxpayer may assign the portion of a refund
227.27 representing the Minnesota education credit available under section 290.0674 to a bank
227.28 account without the client's name, as provided under section 290.0679;
- 227.29 (20) fail to act in the best interests of the client;
- 227.30 (21) fail to safeguard and account for any money handled for the client;

228.1 (22) fail to disclose all material facts of which the preparer has knowledge which might
228.2 reasonably affect the client's rights and interests;

228.3 (23) violate any provision of section 332.37;

228.4 (24) include any of the following in any document provided or signed in connection
228.5 with the provision of tax preparation services:

228.6 (i) a hold harmless clause;

228.7 (ii) a confession of judgment or a power of attorney to confess judgment against the
228.8 client or appear as the client in any judicial proceeding;

228.9 (iii) a waiver of the right to a jury trial, if applicable, in any action brought by or against
228.10 a debtor;

228.11 (iv) an assignment of or an order for payment of wages or other compensation for
228.12 services;

228.13 (v) a provision in which the client agrees not to assert any claim or defense otherwise
228.14 available;

228.15 (vi) a waiver of any provision of this section or a release of any obligation required to
228.16 be performed on the part of the tax preparer; or

228.17 (vii) a waiver of the right to injunctive, declaratory, or other equitable relief or relief on
228.18 a class basis; or

228.19 (25) if making, providing, or facilitating a refund anticipation loan, fail to provide all
228.20 disclosures required by the federal Truth in Lending Act, United States Code, title 15, in a
228.21 form that may be retained by the client.

228.22 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
228.23 31, 2024.

228.24 Sec. 2. Minnesota Statutes 2024, section 270C.445, subdivision 6, is amended to read:

228.25 Subd. 6. **Enforcement; administrative order; penalties; cease and desist.** (a) The
228.26 commissioner may impose an administrative penalty of not more than \$1,000 per violation
228.27 of subdivision 3 or 5, or section 270C.4451, provided that a penalty may not be imposed
228.28 for any conduct for which a tax preparer penalty is imposed under section 289A.60,
228.29 subdivision 13. The commissioner may terminate a tax preparer's authority to transmit
228.30 returns electronically to the state, if the commissioner determines the tax preparer engaged
228.31 in a pattern and practice of violating this section. Imposition of a penalty under this paragraph

229.1 is subject to the contested case procedure under chapter 14. The commissioner shall collect
229.2 the penalty in the same manner as the income tax. There is no right to make a claim for
229.3 refund under section 289A.50 of the penalty imposed under this paragraph. Penalties imposed
229.4 under this paragraph are public data.

229.5 (b) In addition to the penalty under paragraph (a), if the commissioner determines that
229.6 a tax preparer has violated subdivision 3 or 5, or section 270C.4451, the commissioner may
229.7 issue an administrative order to the tax preparer requiring the tax preparer to cease and
229.8 desist from committing the violation. The administrative order may include an administrative
229.9 penalty provided in paragraph (a).

229.10 (c) If the commissioner issues an administrative order under paragraph (b), the
229.11 commissioner must send the order to the tax preparer addressed to the last known address
229.12 of the tax preparer.

229.13 (d) A cease and desist order under paragraph (b) must:

229.14 (1) describe the act, conduct, or practice committed and include a reference to the law
229.15 that the act, conduct, or practice violates; and

229.16 (2) provide notice that the tax preparer may request a hearing as provided in this
229.17 subdivision.

229.18 (e) Within 30 days after the commissioner issues an administrative order under paragraph
229.19 (b), the tax preparer may request a hearing to review the commissioner's action. The request
229.20 for hearing must be made in writing and must be served on the commissioner at the address
229.21 specified in the order. The hearing request must specifically state the reasons for seeking
229.22 review of the order. The date on which a request for hearing is served by mail is the postmark
229.23 date on the envelope in which the request for hearing is mailed.

229.24 (f) If a tax preparer does not timely request a hearing regarding an administrative order
229.25 issued under paragraph (b), the order becomes a final order of the commissioner and is not
229.26 subject to review by any court or agency.

229.27 (g) If a tax preparer timely requests a hearing regarding an administrative order issued
229.28 under paragraph (b), the hearing must be commenced by the issuance of a notice of and
229.29 order for hearing by the commissioner within ~~ten~~ 30 days after the commissioner receives
229.30 the request for a hearing.

229.31 (h) A hearing timely requested under paragraph (e) is subject to the contested case
229.32 procedure under chapter 14, as modified by this subdivision. The administrative law judge
229.33 must issue a report containing findings of fact, conclusions of law, and a recommended

230.1 order within ~~ten~~ 30 days after the completion of the hearing, the receipt of late-filed exhibits,
230.2 or the submission of written arguments, whichever is later.

230.3 (i) Within ~~five~~ 15 days of the date of the administrative law judge's report issued under
230.4 paragraph (h), any party aggrieved by the administrative law judge's report may submit
230.5 written exceptions and arguments to the commissioner. Within ~~15~~ 45 days after receiving
230.6 the administrative law judge's report, the commissioner must issue an order vacating,
230.7 modifying, or making final the administrative order.

230.8 (j) The commissioner and the tax preparer requesting a hearing may by agreement
230.9 lengthen any time periods prescribed in paragraphs (g) to (i).

230.10 (k) An administrative order issued under paragraph (b) is in effect until it is modified
230.11 or vacated by the commissioner or an appellate court. The administrative hearing provided
230.12 by paragraphs (e) to (i) and any appellate judicial review as provided in chapter 14 constitute
230.13 the exclusive remedy for a tax preparer aggrieved by the order.

230.14 (l) The commissioner may impose an administrative penalty, in addition to the penalty
230.15 under paragraph (a), up to \$5,000 per violation of a cease and desist order issued under
230.16 paragraph (b). Imposition of a penalty under this paragraph is subject to the contested case
230.17 procedure under chapter 14. Within 30 days after the commissioner imposes a penalty under
230.18 this paragraph, the tax preparer assessed the penalty may request a hearing to review the
230.19 penalty order. The request for hearing must be made in writing and must be served on the
230.20 commissioner at the address specified in the order. The hearing request must specifically
230.21 state the reasons for seeking review of the order. The cease and desist order issued under
230.22 paragraph (b) is not subject to review in a proceeding to challenge the penalty order under
230.23 this paragraph. The date on which a request for hearing is served by mail is the postmark
230.24 date on the envelope in which the request for hearing is mailed. If the tax preparer does not
230.25 timely request a hearing, the penalty order becomes a final order of the commissioner and
230.26 is not subject to review by any court or agency. A penalty imposed by the commissioner
230.27 under this paragraph may be collected and enforced by the commissioner as an income tax
230.28 liability. There is no right to make a claim for refund under section 289A.50 of the penalty
230.29 imposed under this paragraph. A penalty imposed under this paragraph is public data.

230.30 (m) If a tax preparer violates a cease and desist order issued under paragraph (b), the
230.31 commissioner may terminate the tax preparer's authority to transmit returns electronically
230.32 to the state. Termination under this paragraph is public data.

230.33 (n) A cease and desist order issued under paragraph (b) is public data when it is a final
230.34 order.

(o) Notwithstanding any other law, the commissioner may impose a penalty or take other action under this subdivision against a tax preparer, with respect to a return, within the period to assess tax on that return as provided by sections 289A.38 to 289A.382.

(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 penalties assessed and orders issued after the day following final enactment.

Sec. 3. Minnesota Statutes 2024, 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 person who is blind and the spouse of the person who is blind;

(2) any person who is permanently and totally disabled or by the person with a disability and the spouse of the person with a disability; or

(3) the surviving spouse of a veteran who was permanently and totally disabled 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.

232.1 Permanently and totally disabled for the purpose of this subdivision means a condition
232.2 which is permanent in nature and totally incapacitates the person from working at an
232.3 occupation which brings the person an income. The first \$50,000 market value of class 1b
232.4 property has a net classification rate of ~~.45~~ 0.45 percent of its market value. The remaining
232.5 market value of class 1b property is classified as class 1a ~~or~~ property, class 2a property, or
232.6 class 4d(2) property, whichever is appropriate.

232.7 (c) Class 1c property is commercial use real and personal property that abuts public
232.8 water as defined in section 103G.005, subdivision 15, or abuts a state trail administered by
232.9 the Department of Natural Resources, and is devoted to temporary and seasonal residential
232.10 occupancy for recreational purposes but not devoted to commercial purposes for more than
232.11 250 days in the year preceding the year of assessment, and that includes a portion used as
232.12 a homestead by the owner, which includes a dwelling occupied as a homestead by a
232.13 shareholder of a corporation that owns the resort, a partner in a partnership that owns the
232.14 resort, or a member of a limited liability company that owns the resort even if the title to
232.15 the homestead is held by the corporation, partnership, or limited liability company. For
232.16 purposes of this paragraph, property is devoted to a commercial purpose on a specific day
232.17 if any portion of the property, excluding the portion used exclusively as a homestead, is
232.18 used for residential occupancy and a fee is charged for residential occupancy. Class 1c
232.19 property must contain three or more rental units. A "rental unit" is defined as a cabin,
232.20 condominium, townhouse, sleeping room, or individual camping site equipped with water
232.21 and electrical hookups for recreational vehicles. Class 1c property must provide recreational
232.22 activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill
232.23 or cross-country ski equipment; provide marina services, launch services, or guide services;
232.24 or sell bait and fishing tackle. Any unit in which the right to use the property is transferred
232.25 to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies
232.26 for class 1c even though it may remain available for rent. A camping pad offered for rent
232.27 by a property that otherwise qualifies for class 1c is also class 1c, regardless of the term of
232.28 the rental agreement, as long as the use of the camping pad does not exceed 250 days. If
232.29 the same owner owns two separate parcels that are located in the same township, and one
232.30 of those properties is classified as a class 1c property and the other would be eligible to be
232.31 classified as a class 1c property if it was used as the homestead of the owner, both properties
232.32 will be assessed as a single class 1c property; for purposes of this sentence, properties are
232.33 deemed to be owned by the same owner if each of them is owned by a limited liability
232.34 company, and both limited liability companies have the same membership. The portion of
232.35 the property used as a homestead is class 1a property under paragraph (a). The remainder
232.36 of the property is classified as follows: the first \$600,000 of market value is tier I, the next

233.1 \$1,700,000 of market value is tier II, and any remaining market value is tier III. The
233.2 classification rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25
233.3 percent. Owners of real and personal property devoted to temporary and seasonal residential
233.4 occupancy for recreation purposes in which all or a portion of the property was devoted to
233.5 commercial purposes for not more than 250 days in the year preceding the year of assessment
233.6 desiring classification as class 1c, must submit a declaration to the assessor designating the
233.7 cabins or units occupied for 250 days or less in the year preceding the year of assessment
233.8 by January 15 of the assessment year. Those cabins or units and a proportionate share of
233.9 the land on which they are located must be designated as class 1c as otherwise provided.
233.10 The remainder of the cabins or units and a proportionate share of the land on which they
233.11 are located must be designated as class 3a commercial. The owner of property desiring
233.12 designation as class 1c property must provide guest registers or other records demonstrating
233.13 that the units for which class 1c designation is sought were not occupied for more than 250
233.14 days in the year preceding the assessment if so requested. The portion of a property operated
233.15 as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5)
233.16 other nonresidential facility operated on a commercial basis not directly related to temporary
233.17 and seasonal residential occupancy for recreation purposes does not qualify for class 1c.

233.18 (d) Class 1d property includes structures that meet all of the following criteria:

233.19 (1) the structure is located on property that is classified as agricultural property under
233.20 section 273.13, subdivision 23;

233.21 (2) the structure is occupied exclusively by seasonal farm workers during the time when
233.22 they work on that farm, and the occupants are not charged rent for the privilege of occupying
233.23 the property, provided that use of the structure for storage of farm equipment and produce
233.24 does not disqualify the property from classification under this paragraph;

233.25 (3) the structure meets all applicable health and safety requirements for the appropriate
233.26 season; and

233.27 (4) the structure is not salable as residential property because it does not comply with
233.28 local ordinances relating to location in relation to streets or roads.

233.29 The market value of class 1d property has the same classification rates as class 1a property
233.30 under paragraph (a).

233.31 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2025
233.32 and thereafter.

234.1 Sec. 4. Minnesota Statutes 2024, section 289A.12, subdivision 18, is amended to read:

234.2 Subd. 18. ~~Returns~~ Return by qualified heirs. A qualified heir, as defined in section
234.3 291.03, subdivision 8, paragraph (c), must file ~~two returns~~ a return with the commissioner
234.4 attesting that no disposition or cessation as provided by section 291.03, subdivision 11,
234.5 paragraph (a), occurred. ~~The first return must be filed no earlier than 24 months and no later~~
234.6 ~~than 26 months after the decedent's death.~~ The second return must be filed no earlier than
234.7 36 months and no later than 39 months after the decedent's death.

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

234.9 Sec. 5. Minnesota Statutes 2024, section 297I.20, subdivision 4, is amended to read:

234.10 Subd. 4. **Film production credit.** (a) A taxpayer may claim a credit against the premiums
234.11 tax imposed under this chapter equal to the amount indicated on the credit certificate
234.12 statement issued to the company under section 116U.27. If the amount of the credit exceeds
234.13 the taxpayer's liability for tax under this chapter, the excess is a credit carryover to each of
234.14 the five succeeding taxable years. The entire amount of the excess unused credit for the
234.15 taxable year must be carried first to the earliest of the taxable years to which the credit may
234.16 be carried and then to each successive year to which the credit may be carried. This credit
234.17 does not affect the calculation of fire state aid under section 477B.03 and police state aid
234.18 under section 477C.03.

234.19 (b) This subdivision expires January 1, ~~2025~~ 2031, for taxable years beginning after and
234.20 premiums received after December 31, ~~2024~~ 2030.

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

234.22 Sec. 6. Laws 2023, chapter 1, section 28, is amended to read:

234.23 Sec. 28. **EXTENSION OF STATUTE OF LIMITATIONS.**

234.24 (a) Notwithstanding any law to the contrary, a taxpayer whose tax liability changes as
234.25 a result of this act may file an amended return by December 31, 2023. The commissioner
234.26 may review and assess the return of a taxpayer covered by this provision for the later of:

234.27 (1) the periods under Minnesota Statutes, sections 289A.38; ~~289.39~~ 289A.39, subdivision
234.28 3; and 289A.40; or

234.29 (2) one year from the time the amended return is filed as a result of a change in tax
234.30 liability under this section.

235.1 (b) Interest on any additional liabilities as a result of any provision in this act accrue
 235.2 beginning on January 1, 2024.

235.3 **EFFECTIVE DATE.** This section is effective retroactively at the same time the changes
 235.4 incorporated in Laws 2023, chapter 1, were effective for federal purposes."

235.5 Delete the title and insert:

235.6 "A bill for an act

235.7 relating to taxation; modifying individual income and corporate franchise taxes,
 235.8 sales and use taxes, excise taxes, gross receipts taxes, local sales and use taxes,
 235.9 property taxes, mining and mineral taxes, local government aids, tax increment
 235.10 financing, and other miscellaneous taxes and tax-related provisions; modifying
 235.11 the political contribution refund; modifying subtractions; modifying credits,
 235.12 assignments, and transfers; modifying and providing for sales and use tax
 235.13 exemptions; modifying and providing for property tax credits and exemptions;
 235.14 modifying property tax classifications; providing for land bank organizations;
 235.15 providing local government aid penalty forgiveness; modifying aids; providing
 235.16 for and modifying special tax increment financing provisions; modifying provisions
 235.17 related to public finance; modifying provisions related to the Tax Expenditure
 235.18 Review Commission; modifying sustainable aviation fuel provisions; increasing
 235.19 debt issue limits; modifying penalties relating to property tax refunds and
 235.20 certificates of rent paid; modifying payments for the Sustainable Forest Incentive
 235.21 Act; modifying gross proceeds and occupation taxes; repealing the tax on illegal
 235.22 cannabis and controlled substances; making various policy and technical changes;
 235.23 requiring reports; providing transfers of money; appropriating money; amending
 235.24 Minnesota Statutes 2024, sections 3.192; 3.8855, subdivisions 2, 3, 4, 5, 7, 8; 8.31,
 235.25 subdivision 2c; 10A.02, subdivision 11b; 10A.322, subdivision 4; 14.03, subdivision
 235.26 3; 16A.151, subdivision 2; 37.31, subdivision 1; 41A.30, subdivisions 1, 2, 5, 7;
 235.27 41B.0391, subdivisions 1, 2, 4, 6; 116U.27, subdivisions 2, 4; 126C.13, subdivision
 235.28 4; 126C.17, by adding a subdivision; 270B.161; 270C.07; 270C.08; 270C.085;
 235.29 270C.11, subdivision 4; 270C.445, subdivisions 3, 6; 272.01, subdivision 2; 272.02,
 235.30 subdivisions 19, 97, by adding subdivisions; 272.03, subdivision 1; 273.117;
 235.31 273.12; 273.124, subdivisions 8, 14; 273.128, subdivision 1; 273.13, subdivisions
 235.32 22, 23, 34; 273.1392; 273.1393; 273.19, subdivision 1; 273.38; 273.41; 275.065,
 235.33 subdivision 3; 276.04, subdivision 2; 279.37, subdivision 2; 289A.02, subdivision
 235.34 6; 289A.08, subdivision 7a; 289A.12, subdivision 18, by adding a subdivision;
 235.35 289A.19, subdivision 2; 289A.20, subdivision 4; 289A.31, subdivision 1; 289A.51,
 235.36 subdivisions 1, 3, 4; 289A.60, subdivisions 12, 15; 290.01, subdivision 19;
 235.37 290.0132, subdivisions 11, 26, 34, by adding subdivisions; 290.0133, subdivision
 235.38 7; 290.0134, subdivisions 9, 20; 290.0135; 290.033; 290.05, subdivision 1; 290.06,
 235.39 subdivisions 23, 23a, 37; 290.0674, subdivision 1a; 290.0681, subdivisions 3, 4;
 235.40 290.0686; 290.0693, subdivisions 1, 4, 6, 8; 290.0695, subdivisions 1, 2, 3; 290.091,
 235.41 subdivision 2; 290.095, subdivision 2; 290.20, subdivision 2; 290.92, by adding
 235.42 a subdivision; 290.923, subdivision 1; 290A.03, subdivision 3; 290A.19; 290C.07;
 235.43 295.54, subdivision 2; 295.81, subdivision 10; 297A.68, subdivisions 5, 42, by
 235.44 adding a subdivision; 297A.70, by adding a subdivision; 297A.71, subdivisions
 235.45 14, 54; 297A.75, subdivisions 1, 2, 3; 297A.94; 297A.99, subdivisions 1, 1a, 3,
 235.46 3a, 10, by adding subdivisions; 297A.9915, subdivision 1; 297A.9925, subdivisions
 235.47 1, 2; 297A.995, subdivisions 2, 10; 297I.20, subdivision 4; 298.001, subdivision
 235.48 3a, by adding subdivisions; 298.01, subdivisions 3, 3a, 3b, 4a, 4b, 5, 6; 298.015,
 235.49 subdivision 1; 298.016, subdivisions 1, 2, 3, 4, by adding a subdivision; 298.018,
 235.50 subdivisions 1, 1a, by adding subdivisions; 298.17; 299C.76, subdivision 1; 373.40,
 235.51 subdivision 2; 446A.086, subdivisions 1, 2; 449.08; 462C.04, subdivision 2;
 235.52 469.104; 469.154, subdivision 4; 469.171, subdivisions 1, 4, 6a; 469.1731,
 235.53 subdivision 1; 469.176, subdivision 4n; 469.1812, by adding a subdivision;

236.1 469.1813, subdivisions 1, 6, by adding a subdivision; 474A.091, subdivisions 2,
236.2 2a; 475.521, subdivision 2; 477A.011, subdivision 34, by adding a subdivision;
236.3 477A.013, subdivision 1; 477A.03, subdivisions 2a, 2b; 477A.23, subdivision 6;
236.4 609.902, subdivision 4; 641.23; Laws 1996, chapter 471, article 2, section 29,
236.5 subdivisions 1, as amended, 4, as amended; Laws 2010, chapter 389, article 7,
236.6 section 22, as amended; Laws 2013, chapter 143, article 9, section 21; Laws 2014,
236.7 chapter 308, article 6, section 9, as amended; Laws 2017, First Special Session
236.8 chapter 1, article 6, section 22; Laws 2023, chapter 1, sections 22; 28; Laws 2023,
236.9 chapter 64, article 4, section 27, by adding a subdivision; article 5, section 25,
236.10 subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 8;
236.11 273; 295; 297A; 477A; repealing Minnesota Statutes 2024, sections 13.4967,
236.12 subdivisions 2a, 5; 275.065, subdivision 3c; 276.04, subdivision 2a; 290.0679;
236.13 297D.01; 297D.02; 297D.03; 297D.04; 297D.05; 297D.06; 297D.07; 297D.08;
236.14 297D.085; 297D.09; 297D.10; 297D.11; 297D.12; 297D.13; 477A.30, subdivision
236.15 8; 477A.32; Laws 2023, chapter 64, article 15, section 24."