SENATE COUNSEL, RESEARCH, & FISCAL ANALYSIS

BILL SUMMARY

S.F. No. 5052 – Omnibus Tax Bill (First Engrossment)

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Article 1: Federal Update

Section 1. Internal Revenue Code. Updates the reference to the definition of "Internal Revenue Code" in the tax administration chapter for purposes of the federal conformity items in section 4.

Section 2. Net income. Provides a new cross reference to provisions of the "Internal Revenue Code" in the definition of "net income" for purposes of the federal conformity items in section 4.

Section 3. Internal Revenue Code. Provides a new cross reference in the definition of "Internal Revenue Code" for purposes of the federal conformity items in section 4.

Section 4. Conformity to certain federal tax changes. Updates the Internal Revenue Code reference date to March 1, 2026, to conform to the following provisions in HR 1, passed July 4, 2025:

- section 70404 (enhancement of dependent care assistance program);
- section 70405 (enhancement of dependent care tax credit);
- sections 70301 (full expensing for certain business property); 70307 (new election for qualified production property); and 70434 (expansion of existing immediate expensing treatment for qualified recording productions); and
- section 70603 (excessive employee remuneration from controlled group members and allocation of deductions)

Section 5. Internal Revenue Code. Updates the reference to the definition of "Internal Revenue Code" in the property tax refund chapter for purposes of the federal conformity items in section 4.

Section 6. Scope. Updates the reference to the definition of "Internal Revenue Code" in the estate tax chapter for purposes of the federal conformity items in section 4.

All sections are effective the day following final enactment, except the changes incorporated by federal changes are effective retroactively at the same time as the changes were effective for federal purposes.

Article 2: Individual Income and Corporate Franchise Taxes

Section 1. Definitions. Modifies the definition of "sustainable aviation fuel" (SAF) to require that, if liquid fuel is derived from biomass, it must be produced in the U.S., and any agricultural feedstocks must be from planted crops and crop residue harvested from actively managed or fallow agricultural land cleared or cultivated prior to December 19, 2007. Sustainable aviation fuel could also include gaseous carbon oxides and hydrogen meeting certain carbon intensity requirements. Effective retroactively for taxable years beginning after December 31, 2024, for sustainable aviation fuel sold after June 30, 2025.

Section 2. Tax credit establishment. Requires that, to receive the SAF credit, carbon oxides sequestered during the fuel production process must not be used as a tertiary injectant in a qualified enhanced oil recovery project in the production or blending process. Allows a supplemental credit of $.02 per gallon for each additional whole percentage carbon intensity production beyond 50 percent, up to a maximum of $2.00 per gallon. Effective retroactively for taxable years beginning after December 31, 2024, for sustainable aviation fuel sold after June 30, 2025.

Section 3. Allocation limits. Extends and increases the allocation for the SAF credit to $7.4 million for FY 2027, $5.3 million for FY 2028, and $2.1 million for FYs 2029 through 2035. Allows unallocated credits to be carried forward to subsequent fiscal years until the entire allocation has been made, through FY 2035. Any remaining unallocated money cancels after June 30, 2025. Effective retroactively for taxable years beginning after December 31, 2025.

Section 4. Expiration. Extends the expiration of the SAF credit from taxable years beginning after December 31, 2030, to taxable years beginning after December 31, 2035. Effective the day following final enactment.

Section 5. Tax credit for owners of agricultural assets. Strikes language referencing the allocation of the credit and the amount stated on the credit certificate issued by the Rural Finance Authority for owners of agricultural assets. Effective beginning in tax year 2026.

Section 6. Authority duties. Strikes language referencing the allocation limit and removes the allocation limit for the credit for owners of agricultural assets. Effective beginning in tax year 2026.

Section 7. Report to legislature. Strikes the requirement that the report required to the legislature regarding various aspects of the credit for owners of agricultural assets include the number and amount of credit applications that exceeded the available allocation each year, since the allocation limit is no longer applicable under section 6. Effective for reports due for credits issued beginning in tax year 2026.

Section 8. Definitions. Strikes the term "certificate" and replaces it with "letter" for purposes of the document indicating approval of an initial application for the film production credit. Adds definitions of "below-the-line crew position," "key creative role," and "Minnesota script or screenplay production." Modifies the definition of "project" to reduce, from $1,000,000 to $400,000, the amount that must be expended in Minnesota in a consecutive 12-month period to qualify for the credit. Adds a new expenditure threshold of $150,000 in a consecutive 12-month period for certain other productions. Effective beginning in tax year 2027.

Section 9. Credit allowed. Increases the film production credit amount from 25 to 40 percent of eligible production costs paid in a consecutive 12-month period. Allows an additional five percent credit for projects that meet current criteria and also employ a Minnesota resident in a key creative role, film outside the seven-county metro area, or hire a majority of Minnesota residents in below-the-line crew positions. Strikes the term "certificate" and replaces it with "letter" for purposes of the document indicating that a credit has been allocated to a taxpayer. Effective beginning in tax year 2027.

Section 10. Applications; allocations. Strikes the term "certificate" and replaces it with "letter" for purposes of the applications and allocations for the film production credit. Effective beginning in tax year 2027.

Section 11. Report required. Strikes the term "certificate" and replaces it with "letter" for purposes of the reporting requirement for the film production credit. Modifies the date of the reporting requirement for the credit and updates internal date references. Effective the day following final enactment.

Section 12. National Guard and reserve compensation. Extends the subtraction for National Guard and reserve compensation to include compensation paid to Minnesota residents who are members of the National Guard of a neighboring state (defined as North Dakota, South Dakota, Iowa, or Wisconsin). Modifies the definition of "active service" to include:

- service or duty on behalf of Minnesota or neighboring states in case of actual or threatened public disaster, war, riot, tumult, breach of the peace, resistance of process, or whenever called upon in aid of state civil authority;
- National Guard service or duty, including travel to or from that service or duty; or
- service performed under order of the adjutant general.

Effective beginning in tax year 2026.

Section 13. Applications; allocations. Extends from three to six years the date which a project eligible for the historic structure rehabilitation credit must be placed in service after issuance of an allocation certificate. Effective retroactively for projects for which an allocation certificate was issued after June 30, 2021.

Section 14. Credit certificates; grants. Authorizes the first assignee of a historic structure rehabilitation credit certificate to assign the certificate in whole to a second taxpayer. Requires the original credit certificate recipient and each assignee to file a return with the commissioner for the taxable year the project is placed in service. Effective for applications for allocation certificates submitted after June 30, 2026.

Section 15. Definitions. Adds definitions of "greater Minnesota" and "metropolitan area" for purposes of the language added in section 16 for the housing contribution tax credit. Effective beginning in tax year 2027.

Section 16. Allocation. Requires that 50% of housing contribution tax credits are allocated for qualified projects in greater Minnesota, through September 30 of each year. Any amount not allocated by September 30 is made available for credit applications for contributions to other qualified projects statewide beginning on October 1. Effective beginning in tax year 2027.

Section 17. Nonconformity to certain worker classification rules. Decouples Minnesota from section 530 of federal Public Law 95-600, which provides that employer tax liabilities resulting from classification of certain workers as nonemployees do not apply under certain circumstances. Effective beginning in tax year 2027.

Section 18. Eligible recipients; definitions; restrictions; use of funds. Amends the eligible recipients for grants and loans appropriated from the housing tax credit contribution account so projects that also receive funding under the workforce housing development program are not subject to household income limits.

Article 3: Property Taxes

Section 1. Exempt property used by private entity for profit. Makes the following changes to the property tax exemption for exempt property used by a private entity for profit:

1. Provides that exempt property owned by a nonprofit conservation organization that is leased, loaned, or otherwise made available to an individual, corporation, or association for grazing activities that further the nonprofit conservation organization's conservation objectives for the property, remains exempt; and
2. Expands the exemption to apply to an airport hangar used to manufacture aircraft, and provides a twelve-year 50% net tax capacity reduction for certain property owned or operated by a city with a population over 50,000 but less than 150,000 and used as a hangar for storage, repair, or manufacture of aircraft. Effective beginning with property taxes payable in 2027.

Section 2. Property tax exemption; certain property owned by an Indian Tribe. Modifies a property tax exemption enacted in 2017 for the Fond du Lac Band of Lake Superior Chippewa's Center for American Indian Resources in Duluth by: (1) expanding the exemption to include a parking lot that exclusively serves the medical clinic; (2) increasing the number of parcels eligible for the exemption from two to five parcels; (3) eliminating the requirement that parcels be contiguous; and (4) extending the exemption by ten years. Effective beginning with assessment year 2027.

Section 3. Personal property tax exemption; electric generation facilities. Establishes personal property tax exemptions for proposed electric generation facilities in Owatonna and Austin. Effective beginning with property taxes payable in 2029.

Section 4. Property tax exemption; certain property owned by an Indian Tribe. Establishes a property tax exemption for property in Cloquet that is owned by the Fond du Lac Band of Lake Superior Chippewa and used to store medical clinic equipment and materials. Effective beginning with taxes payable in 2027.

Section 5. Agricultural homesteads; special provisions. Makes the following changes to the class 2 agricultural homestead property tax classification:

1. Expands the qualified relatives required for special agricultural homestead for purposes of unoccupied agricultural property to include grandparents, stepparents, stepchild, uncle, aunt, nephew, and niece, of the owner or the owner's spouse; and
2. Allows property to qualify for special agricultural homestead if the owner and the person actively farming the agricultural property lives within the county where the property is located, or lives within a county that is adjacent to the county where the property is located. Under current law, the owner of the property and the person actively farming the property must live within four cities or townships of the property. Effective beginning with assessment year 2027.

Section 6. Class 1c; homestead resorts. Modifies the classification tier rates for Class 1c homestead resorts by providing that the first $1,500,000 of market value is Tier 1, the market value from $1,500,001 to $4,500,000 is Tier II, and any value over $4,500,000 is Tier III. Effective beginning with assessment year 2027.

Section 7. Class 2. Makes the following changes to class 2 agricultural property tax classification:

1. Provides that land otherwise eligible to be classified as Class 2c managed forest land is eligible regardless of whether it is wholly or partially subject to a conservation easement; and
2. Expands class 2 agricultural classification to include certain farm wineries by providing that contiguous acreage that contains a farm winery licensed under section 340A.315 is included within the definition of 'agricultural land' and providing that the definition of 'agricultural products' includes wine or sale and consumption if production occurs on a farm winery licensed under section 340A.315. Effective beginning with assessment year 2027.

Section 8. Homestead of veteran with a disability or family caregiver. Increases, from $150,000 to $175,000, the market value exclusion for veterans with a disability rating of 70 percent or more, and increases, from $300,000 to $350,000, the market value exclusion for veterans with a 100 percent total and permanent disability. Effective beginning with assessment year 2026.

Section 9. Border city development zones; authorized types. Makes the following changes to the border city development zone program:

1. Eliminates a restriction that to qualify for a tax reduction or reimbursement, a qualifying city must designate an area or areas within the city that is at least 100 acres but less than 400 acres in which the tax reduction may be provided;
2. Increases the income tax credit available to employers for certain additional workers employed in a border city zone from $3,000 to $5,000 per employee per year;
3. Allows reductions to be used for reimbursement of land acquisition costs for business expansion within the zone if the city determines that expansion is necessary to prevent relocation outside the state; and
4. Requires that a facility comply with all applicable municipal licensing and municipal regulatory requirements. Effective the day following final enactment.

Section 10. Border city development zones; restriction. Allows tax reductions to be used on recreation or entertainment facilities, private or commercial golf courses, county clubs, massage parlors, tennis clubs, skating facilities including roller skating, skateboard, and ice skating, racquet sports facilities, hot tub facilities, suntan facilities, racetracks, or retail food or beverage facilities operating under a franchise agreement that requires the business to be in Minnesota. Effective the day following final enactment.

Section 11. Border city development zones; additional border city allocations. Allows recaptured tax reductions to be used on recreation or entertainment facilities, private or commercial golf courses, county clubs, massage parlors, tennis clubs, skating facilities including roller skating, skateboard, and ice skating, racquet sports facilities, hot tub facilities, suntan facilities, racetracks, or retail food or beverage facilities operating under a franchise agreement that requires the business to be in Minnesota. Effective the day following final enactment.

Section 12. Border city development zones; designation. Provides that the cities of Dilworth, Moorhead, and Ortonville may designate all or any part of its city as a zone. Effective the day following final enactment.

Section 13. Onetime increase in homestead credit refund. Provides a onetime increase in homestead credit refunds based on property taxes payable in 2026. For claims filed based on property taxes payable in 2026, the commissioner of revenue shall increase by 12 percent the homestead credit refund otherwise payable to each claimant. In adjusting the refunds, the commissioner is not required to provide information concerning appeal rights, but taxpayers retain all rights to appeal. The amount necessary to make payments is appropriated from the general fund to the commissioner of revenue. Effective only for refunds based on property taxes payable in 2026.

Article 4: Sales and Use and Excise Taxes

Section 1. Social Media Consumer Data Collection Tax.

Subdivision 1. Definitions. Provides definitions for terms used in this section.

Subdivision 2. Tax imposed. Imposes a tax on social media platform businesses based on the number of Minnesota social media platform consumers whose data is collected by the social media platform business within a month.

Subdivision 3. Business entities. Provides that business entities that are part of a controlled group of corporations as defined in the Internal Revenue Code are a single entity for purposes of meeting the definition of a social media platform business; and that the entities constituting the single entity are jointly and severally liable for the tax.

Subdivision 4. Counting Minnesota consumers. Establishes provisions governing how Minnesota consumers must be counted when determining whether a social media platform business owes tax, generally providing that each Minnesota customer be counted only once when calculating the tax due.

Subdivision 5. Credit against tax paid to another jurisdiction. Provides that a social media platform business may claim a credit against the tax if another state imposes an identical tax with respect to the same consumer.

Subdivision 6. Record keeping. Requires social media platform businesses to maintain records demonstrating tax compliance.

Subdivision 7. Administration. Provides that certain provisions from tax administration chapters applicable to the sales taxes imposed in the sales tax chapter apply to the tax.

Subdivision 8. Returns; payment of tax. Establishes requirements for filing tax returns and paying the tax.

Subdivision 9. Deposit of revenues. Directs the commissioner to deposit tax revenues in the general fund.

Subdivision 10. Personal debt. Makes the tax, and any associated interest and penalties, the personal debt of the person required to file the return. It also addresses the handling of tax debts in the context of an estate and in the case of a fiduciary.

Effective for consumer data collected after December 31, 2026.

Section 2. General fund allocations. Strikes language requiring the commissioner of revenue to retain certain Minneapolis local sales tax revenues for the benefit of the Minnesota Sports Facilities Authority (“authority”) and requiring the authority to use those revenues for

capital improvements to the U.S. Bank Stadium and stadium infrastructure. Effective the day following final enactment.

Section 3. Commercial generator. Modifies the definition of "commercial generator" to exclude nonprofit organizations that meet the criteria of the amended definition of "residential generator" in section 4. Effective for waste management services received by a after June 30, 2026.

Section 4. Residential generator. Modifies the definition of "residential generator" to include a 501(c)(3) organization whose mission is to receive donations for resale and receives donations for resale from a person or entity that currently qualifies as a residential generator, so that these organizations would pay the 9.75% residential solid waste management tax rate, instead of the 17% commercial solid waste management tax rate. Effective for waste management services received by a residential generator after June 30, 2026.

Section 5. Service charges; relationship to services. Amends the statute authorizing tourism improvement districts ("TIDs") to allow, but not require, businesses in the TID to collect the service charge from purchasers as long as the charge is separately stated on the invoice, bill or sale, or similar document. This allows the service charge to be excluded from the sales price of tangible personal property or services sold by a business in the TID that is subject to sales tax. Effective retroactively for sales and purchases made after June 30, 2025.

Section 6. Exemption; refund. Adds materials and supplies used or consumed in and equipment incorporated into the construction, reconstruction, upgrade, expansion, renovation, or remodeling of trunk water main improvements in the city of Ramsey to the existing sales tax exemption for those items used for a new water treatment plant. Effective retroactively for sales and purchases made after December 31, 2022, and before July 1, 2027.

Section 7. Browerville public schools; sales tax exemption for construction materials. Exempts from sales tax materials and supplies used or consumed in and equipment incorporated into the construction, reconstruction, upgrade, expansion, renovation, or remodeling of the Browerville pre-kindergarten through grade 12 school building and construction of a new gymnasium, classrooms, locker rooms, a wrestling and weigh room, offices, and a stage. Effective retroactively for sales and purchases made after December 1, 2023, and before January 1, 2026.

Section 8. City of Woodbury; sales and use tax exemption for construction materials. Exempts from sales tax materials and supplies used or consumed in and equipment incorporated into the construction, reconstruction, upgrade, expansion, renovation, or remodeling of a water treatment facility and water tower, including water pipeline infrastructure and associated improvements, funded by the city of Woodbury. Effective retroactively for sales and purchases made after January 31, 2024, and before December 1, 2028.

Article 5: Local Sales and Use and Special Taxes

Section 1. Downtown taxing area. Modifies the boundaries of the downtown taxing area, in which Minneapolis local special taxes apply, to include the North Loop. Effective for sales and purchases made after September 30, 2026.

Section 2. Use of revenues. Modifies the authorized uses of the .5% St. Paul local sales tax to include renovation and betterment of the existing arena at the Xcel Energy Center and the reporting requirement on the use of the local sales tax revenues. Effective the day after filing of local approval with the Secretary of State.

Section 3. Use of revenues. Modifies the 2023 authorization of the 1% St. Paul local sales tax pertaining to use of revenues for city parks and recreation facilities to exempt from the authorization the statutory requirement that a resolution supporting a local sales tax must include no more than five capital projects and that special legislation authorizing a local sales tax must not include any projects not contained in the resolution. Effective retroactively from May 24, 2023, without local approval.

Section 4. Bonds. Increases the bonding authority for the 0.5% St. Paul local sales from $65 million to $275 million for the uses authorized in section 2. Under current law, additional bonds may be issued as long as the total principal amount of additional bonds and previously issued bonds does not exceed $130 million. That amount is increased to $325 million. Effective the day after filing of local approval with the Secretary of State.

Section 5. Expiration of taxing authority. Extends the expiration date of the .5% St. Paul local sales tax to December 31, 2061. Effective the day after filing of local approval with the Secretary of State.

Section 6. Expiration of taxing authority. Authorizes the city of Little Falls to extend its food and beverage tax to July 1, 2056. Effective upon filing of local approval with the Secretary of State.

Section 7. City of St. Paul; use of sales tax revenues. Modifies the allocation of the .5% St. Paul local sales tax revenues for the STAR program to remove the requirement that awards must be made annually. Effective the day after filing of local approval with the Secretary of State.

Section 8. Appointment of members. Strikes the requirement regarding makeup of the citizen review panel that advises on use of the .5% St. Paul local sales tax revenue for neighborhood investments. Effective the day after filing of local approval with the Secretary of State.

Section 9. Authorization; extension. Authorizes the city of Albert Lea to extend its .5% local sales tax, subject to voter approval. Effective upon filing of local approval with the Secretary of State.

Section 10. Use of revenues; additional projects. Requires the tax revenues to be used for collecting and administering the tax and to finance the following projects in Albert Lea, plus associated bonding costs:

- $20,000,000 for water quality improvements for the Shell Rock Watershed District;
- $9,300,000 for expansion, improvement, and equipping of the Songbird Trail;
- $4,500,000 for expansion, improvement, and equipping of the Albert Lea Public Library;
- $4,700,000 for the Snyder Field Complex, including expansion, improvement, and equipping of the Snyder Field Recreation Area; and
- $1,500,000 for construction, acquisition, improvement, and equipping of Miracle Field at Edgewater Park.

Effective upon filing of local approval with the Secretary of State.

Section 11. Bonding authority. Authorizes the city of Albert Lea to issue bonds to finance the projects listed in section 10 if approved by the voters as required under current law. Effective upon filing of local approval with the Secretary of State.

Section 12. Termination of taxes. Requires the extended tax to terminate after the earlier of 30 years or when the Albert Lea city council determines sufficient funds have been raised to pay for project and financing costs. Effective upon filing of local approval with the Secretary of State.

Section 13. Authorization; extension. Authorizes the city of Austin to extend its .5% local sales tax, subject to voter approval. Effective upon filing of local approval with the Secretary of State.

Section 14. Use of sales and use tax revenues. Requires the tax revenues to be used for collecting and administering the tax and to finance up to $28,000,000, plus associated bonding costs, for a law enforcement center in Austin, including previous purchase of land, utility, site work, design services, and construction. Effective upon filing of local approval with the Secretary of State.

Section 15. Bonds; additional use and extension of tax. Authorizes the city of Austin to issue bonds to finance construction of the law enforcement center and authorized expenses, if the extension is approved by the voters as required under current law. Effective upon filing of local approval with the Secretary of State.

Section 16. Termination of the tax. Requires the extended tax to terminate after the earlier of 20 years or when the Austin city council determines sufficient funds have been raised to pay for project and financing costs. Effective upon filing of local approval with the Secretary of State.

Section 17. Use of revenues. Authorizes Baxter to extend its .5% local sales tax to allow the tax to be used to fund the following projects, subject to voter approval:

- $67,000,000 for upgrades and improvements to water and wastewater utility systems; and
- $10,000,000 for construction of a new public safety facility.

Effective upon filing of local approval with the Secretary of State.

Section 18. Bonds. Authorizes the city of Baxter to issue bonds for the projects listed in section 17 if approved by the voters. Increases the bonding authority to correspond with the project costs. Provides that the extended tax terminates at the earlier of 20 years or when the city determines sufficient funds have been raised to pay for the projects and financing costs. Effective upon filing of local approval with the Secretary of State.

Section 19. Termination of taxes. Provides that the extension of the Baxter local sales tax terminates at the earlier of 20 years after the tax is extended or when funds are sufficient to pay for the projects as approved by the voters, along with the associated bonding costs of the projects. Effective upon filing of local approval with the Secretary of State.

Section 20. Sales and use tax authorization. Authorizes Elk River to use its current .5% local sales tax to fund the project in section 21, subject to voter approval. Effective upon filing of local approval with the Secretary of State.

Section 21. Use of revenues. Authorizes the local sales tax revenues to be used to finance up to $20,000,000, plus associated bonding costs for construction of a new fire station in Elk River, without extending the duration of the tax. Effective upon filing of local approval with the Secretary of State.

Section 22. Bonding authority. Increases the bonding authority for the current Elk River local sales tax by $20,000,000, for a total of $55,000,000, plus financing costs, if the project in section 2 is approved by the voters. Effective upon filing of local approval with the Secretary of State.

Section 23. Termination of taxes. Provides that the Elk River local sales tax terminates at the earlier of 25 years after the tax is extended or the city has received $55,000,000 from the tax to pay for the project, plus with the associated bonding costs. Effective upon filing of local approval with the Secretary of State.

Section 24. Sales and use tax authorization; modification and voter approval. Authorizes the city of Sauk Centre to increase its bonding authority for reconstruction of Trunk Highway 71, if approved by the voters. Effective upon filing of local approval with the Secretary of State.

Section 25. Bonding authority. Authorizes the city of Sauk Centre to increase the amount of bonds issued for the project listed in section 24 from $10,000,000 to $15,000,000. Effective upon filing of local approval with the Secretary of State.

Section 26. Termination of taxes. Modifies the termination of the Sauk Centre local sales tax to reflect the increased amount needed to pay the cost of the project as provided in section 2. The tax would terminate at the earlier of December 31, 2045, or when the city determines that

$15,000,000 has been received from the tax to pay for the project and an amount sufficient to pay bond issuance costs and interest. Effective upon filing of local approval with the Secretary of State.

Section 27. Use of sales and use tax revenues; requirements. Increases the allowed amount for project and bonding costs financed by the Edina local sales tax and clarifies that the project in the Braemar Park Master Plan is the Braemar Ice Arena. Authorizes tax revenues to be used for the following new projects, subject to voter approval at the November 3, 2026, general election:

- $35,000,000 for design and construction of new public safety facilities;
- $6,000,000 for tenant improvements to the Edina Art Center;
- $8,000,000 for a capital improvement plan for the Edina Aquatic Center; and
- $4,000,000 for design of the Braemar Park Golf Course.

Effective upon filing of local approval with the Secretary of State.

Section 28. Bonding authority. Adds language to increase the amount of bonding authority for the Edina projects listed in section 27. Effective upon filing of local approval with the Secretary of State.

Section 29. City of Alexandria; taxes authorized. Authorizes the city to impose a local sales tax of up to .25%, subject to voter approval. Requires the tax revenues to be used for collecting and administering the tax and to finance up to $30,000,000, plus associated bonding costs, for expansion and renovation of the PrimeWest Health Runestone Community Center. Authorizes the city to issue bonds to finance the project if approved by the voters as required under current law. Requires the tax to terminate after the earlier of 20 years or when the city determines sufficient funds have been raised to pay for project and financing costs. Effective upon filing of local approval with the Secretary of State.

Section 30. City of Audubon; taxes authorized. Authorizes the city of Audubon to impose a local sales tax of up to .5%, subject to voter approval. Requires the tax revenues to be used for collecting and administering the tax and to finance up to $3,000,000, plus associated bonding costs, for construction of a new fire station. Authorizes the city to issue bonds to finance the project if approved by the voters. Requires the tax to terminate after the earlier of 20 years or when the city determines sufficient funds have been raised to pay for project and financing costs. Effective upon filing of local approval with the Secretary of State.

Section 31. City of Blaine; restaurant, lodging, and admissions taxes authorized. Authorizes the city of Blaine to impose one or more of the following taxes on sales within the taxing area:

- up to 3% gross receipts tax on food and beverages sold by a restaurant or place of refreshment, which may include on-sale liquor and fermented malt beverages and sales of food primarily for consumption on or off the premises;
- up to 3% gross receipts tax on lodging, but the total rate imposed under this section and as allowed in statute must not exceed 6%; and

- up to 3% gross receipts tax on the privilege of admission to places of amusement or athletic events and the privilege of use of amusement devices.

The taxes must be imposed, and the tax rate may be adjusted periodically, for the rates to produce sufficient revenue to finance bond payments for facilities and capital improvements, and to maintain reserves. The adjusted rates may not increase by more than one percentage point over the rates first imposed by ordinance. Authorizes the city to issue bonds to finance projects within the taxing area. Authorizes the city to enter into an agreement with the state for collection of the taxes. The taxes are subject to the same interest, penalties, and enforcement provisions as in the sales tax chapter. Requires that the tax must not terminate before January 1, 2055. Effective upon filing of local approval with the Secretary of State.

Section 32. City of Caledonia; taxes authorized. Authorizes the city of Caledonia to impose local sales tax of up to .25% to finance up to $1,600,000, plus bonding costs and interest, for construction of a public safety center, subject to voter approval. Authorizes the city to issue bonds to finance the project if approved by the voters. Requires the tax to terminate after the earlier of ten years or when the city determines sufficient funds have been raised to pay for project and financing costs. Effective upon filing of local approval with the Secretary of State.

Section 33. City of Champlin; taxes authorized. Authorizes the city of Champlin to impose a local sales tax of up to .5% to finance up to $18,000,000, plus associated bonding costs, for construction of a new indoor athletic facility, subject to voter approval. Authorizes the city to issue bonds to finance the project if approved by the voters. Requires the tax to terminate after the earlier of 30 years or when the city determines sufficient funds have been raised to pay for the project and financing costs. Effective upon filing of local approval with the Secretary of State.

Section 34. Cloquet Area Fire District; taxes authorized. Authorizes the Cloquet Area Fire District to impose a local sales tax of up to .5% if approved by the voters. The commissioner of revenue must remit the tax proceeds, less refunds and a proportionate share of the cost of collection, to the district. Requires the tax revenues to be used for collecting and administering the tax and to finance up to $18,609,000, plus associated bonding costs, for construction of Ambulance and Fire Station I. Authorizes the district to issue bonds to finance the project. Requires the tax to terminate after the earlier of 20 years or when the district determines sufficient funds have been raised to pay for project and financing costs. Effective upon filing of local approval with the Secretary of State.

Section 35. City of Coon Rapids; taxes authorized. Authorizes the city of Coon Rapids to impose a local sales tax of up to .5%. to finance the following projects, plus associated bonding costs, subject to voter approval:

- $40,000,000 for renovation and expansion of the police department and city center facility, including the city hall and civic center; and
- $40,000,000 for construction of a new community center and expansion of the Coon Rapids Ice Center.

Authorizes the city to issue bonds to finance the projects. Requires the tax to terminate after the earlier of 25 years or when the city council determines sufficient funds have been raised

to pay for project and financing costs. Effective upon filing of local approval with the Secretary of State.

Section 36. Douglas County; taxes authorized. Authorizes Douglas County to impose a local sales tax of up to .25% to finance up to $18,500,000, plus associated bonding costs, for construction of a new library, subject to voter approval. Authorizes the city to issue bonds to finance the project. Requires the tax to terminate after the earlier of ten years or when the county determines sufficient funds have been raised to pay for project and financing costs. Effective upon filing of local approval with the Secretary of State.

Section 37. City of Forest Lake; taxes authorized. Authorizes the city of Forest Lake to impose a local sales tax of up to .5% to finance $50,000,000, plus associated bonding costs, for construction of a new public works facility, subject to voter approval. Authorizes the city to issue bonds to finance the project. Requires the tax to terminate after the earlier of 20 years or when the city council determines sufficient funds have been raised to pay for project and financing costs. Effective upon filing of local approval with the Secretary of State.

Section 38. Isanti County; taxes authorized. Authorizes Isanti County to impose a local sales tax of up to .25% to finance up to $25,000,000, plus associated bonding costs, for construction of a new highway department facility, subject to voter approval. Authorizes the county to issue bonds to finance the project. Requires the tax to terminate after the earlier of 25 years or when the county determines sufficient funds have been raised to pay for project and financing costs. Effective upon filing of local approval with the Secretary of State.

Section 39. City of Lanesboro; taxes authorized. Authorizes the city of Lanesboro to impose a local sales tax of up to .5% to finance up to $500,000 for rehabilitation and improvements to Sylvan Park, subject to voter approval. Authorizes the city to issue bonds to finance the project. Requires the tax to terminate after the earlier of five years or when the city determines sufficient funds have been raised to pay for projects and financing costs. Effective upon filing of local approval with the Secretary of State.

Section 40. City of Maplewood; taxes authorized. Authorizes the city of Maplewood to impose local sales tax of up to .5% to finance the following projects, plus associated bonding costs, subject to voter approval:

- $25,000,000 for the East Metro Public Safety Training Facility; and
- $48,000,000 for the Maplewood Community Center.

Authorizes the city to issue bonds to finance the projects. Requires the tax to terminate after the earlier of 20 years or when the city determines sufficient funds have been raised to pay for the projects and financing costs. Effective upon filing of local approval with the Secretary of State.

Section 41. City of Minnetonka; taxes authorized. Authorizes the city of Minnetonka to impose a local sales tax of up to .5% to finance the following projects, plus associated bonding costs, subject to voter approval:

- $13,000,000 for new construction of Fire Station 2;

- $17,600,000 for new construction of Fire Station 3; and
- $35,000,000 for renovations to The Marsh health and wellness center.

Authorizes the city to issue bonds to finance the projects. Requires the tax to terminate after the earlier of 30 years or when the city determines sufficient funds have been raised to pay for projects and financing costs. Effective upon filing of local approval with the Secretary of State.

Section 42. City of Northfield; taxes authorized. Authorizes the city of Northfield to impose a local sales tax of up to .5% to finance the following projects, plus associated bonding costs, subject to voter approval:

- $2,800,000 for the acquisition, rehabilitation, and betterment of the Northfield Public Library;
- $2,800,000 for the acquisition, rehabilitation, and betterment of the Northfield Community Resource Center; and
- $7,500,000 for the acquisition and betterment of interconnected city Riverfront Parks.

Authorizes the city to issue bonds to finance the projects. Requires the tax to terminate after the earlier of 20 years or when the city determines sufficient funds have been raised to pay for projects and financing costs. Effective upon filing of local approval with the Secretary of State.

Section 43. City of Oak Park Heights; taxes authorized. Authorizes the city of Oak Park Heights to impose a local sales tax of up to .5% to finance the following projects, plus associated bonding costs, subject to voter approval:

- $13,000,000 for water main infrastructure improvements;
- $3,000,000 for water tower infrastructure improvements; and
- $25,000,000 for a PFAS removal water treatment facility.

Requires the city to submit an amended resolution detailing the listed projects by August 31 of the year the city presents the tax for voter approval. If the city does not submit the amended resolution as required, the question presented to the voters must not include any of the listed projects. Authorizes the city to issue bonds to finance the projects. Requires the tax to terminate after the earlier of 20 years or when the city council determines sufficient funds have been raised to pay for project and financing costs. Effective upon filing of local approval with the Secretary of State.

Section 44. City of Osseo; taxes authorized. Authorizes the city of Osseo to impose a local sales tax of up to .5% to finance the following projects, plus associated bonding costs, subject to voter approval:

- $7,000,000 for the Boerboom Park Community Center Hub Project; and
- $3,000,000 for the City Hall Renovations Project, including renovation and betterment of city hall and associated infrastructure as part of the City Campus Project.

Authorizes the city to issue bonds to finance the projects. Requires the tax to terminate after the earlier of 20 years or when the city determines sufficient funds have been raised to pay for

projects and financing costs. Effective upon filing of local approval with the Secretary of State.

Section 45. City of Owatonna; taxes authorized. Authorizes the city of Owatonna to impose a local sales tax of up to .5% to finance $75,000,000, plus associated bonding costs, for a community center, subject to voter approval. Authorizes the city to issue bonds to finance the project. Requires the tax to terminate after the earlier of 25 years or when the city council determines sufficient funds have been raised to pay for project and financing costs. Effective upon filing of local approval with the Secretary of State.

Section 46. City of Plymouth; taxes authorized. Authorizes the city of Plymouth to impose a local sales tax of up to .5% to finance the following projects, plus associated bonding costs, subject to voter approval:

- $55,000,000 for expansion and renovation of the Plymouth Ice Center;
- $55,000,000 for expansion of the Plymouth Community Center Fieldhouse; and
- $25,000,000 for the Four Seasons Regional Sports Complex.

Authorizes the city to issue bonds to finance the projects. Requires the tax to terminate after the earlier of 20 years or when the city council determines sufficient funds have been raised to pay for project and financing costs. Effective upon filing of local approval with the Secretary of State.

Section 47. City of Robbinsdale; taxes authorized. Authorizes the city of Robbinsdale to impose a local sales tax of up to .5% to finance $40,000,000, plus associated bonding costs, for the Public Works Facility Project, subject to voter approval. Authorizes the city to issue bonds to finance the project. Requires the tax to terminate after the earlier of 20 years or when the city council determines sufficient funds have been raised to pay for project and financing costs. Effective upon filing of local approval with the Secretary of State.

Section 48. City of Roseau; taxes authorized. Authorizes the city of Roseau to impose a local sales tax of up to .5% to finance the following projects, plus associated bonding costs, subject to voter approval:

- $4,300,000 for renovation of the Roseau Memorial Arena; and
- $8,200,000 for construction of a new community and wellness center.

Authorizes the city to issue bonds to finance the projects. Requires the tax to terminate after the earlier of 30 years or when the city council determines sufficient funds have been raised to pay for project and financing costs. Effective upon filing of local approval with the Secretary of State.

Section 49. Sherburne County; taxes authorized. Authorizes Sherburne County to impose a local sales tax of up to .25% to finance up to $75,000,000, plus associated bonding costs, for a law enforcement center, which includes a jail, subject to voter approval. Authorizes the county to issue bonds to finance the project. Requires the tax to terminate after the earlier of 20 years or when the county determines sufficient funds have been raised to pay for projects and financing costs. Effective upon filing of local approval with the Secretary of State.

Section 50. City of St. Cloud; taxes authorized. Authorizes the city of St. Cloud to impose a local sales tax of up to.25% to finance or otherwise fund up to $7,000,000, plus associated bonding costs, for an outdoor water park adjacent to the St. Cloud Aquatics Center, subject to voter approval. Authorizes the city to issue bonds to finance the project if approved by the voters. Voter approval is also required if the city does not issue bonds for the project but would use the revenues to otherwise fund the project. Requires the tax to terminate after the earlier of three years or when the city determines sufficient funds have been raised to pay for project and, as applicable, financing costs. Effective upon filing of local approval with the Secretary of State.

Section 51. City of Taylors Falls; taxes authorized. Authorizes the city of Taylors Falls to impose a local sales tax of up to .5% to finance the following projects, plus associated bonding costs, subject to voter approval:

- $600,000 for community center improvements;
- $1,000,000 for the Taylors Falls River Walk improvements and trail system; and
- $400,000 for development of a town square.

Authorizes the city to issue bonds to finance the projects. Requires the tax to terminate after the earlier of 20 years or when the city determines sufficient funds have been raised to pay for projects and financing costs. Effective upon filing of local approval with the Secretary of State.

Section 52. City of Vergas; taxes authorized. Authorizes the city of Vergas to impose a local sales tax of up to .5% to pay for the following projects, subject to voter approval:

- $240,000 for construction of a new amphitheater; and
- $45,000 for extension of utilities to the amphitheater.

Requires the city to submit an amended resolution detailing the listed projects by August 31 of the year the city presents the tax for voter approval. If the city does not submit the amended resolution as required, the question presented to the voters must not include any of the listed projects. Requires the tax to terminate after the earlier of five years or when the city determines sufficient funds have been raised to pay the project costs. Effective upon filing of local approval with the Secretary of State.

Section 53. Waseca County; taxes authorized. Authorizes Waseca County to impose a local sales tax of up to .375% to finance up to $45,000,000, plus associated bonding costs, for construction of a new judicial center, subject to voter approval. Authorizes the county to issue bonds to finance the project. Requires the tax to terminate after the earlier of 30 years or when the county determines sufficient funds have been raised to pay for project and financing costs. Effective upon filing of local approval with the Secretary of State.

Section 54. City of Wayzata food and beverage tax. Authorizes the city of Wayzata to impose up to a 1% tax on the gross receipts of food and beverages sold by a restaurant or place of refreshment in the city, as those terms are defined by the city. “Food and beverages” includes retail on-sale of intoxicating liquor and fermented malt beverages. Requires tax

revenues to be used for operation, maintenance, and capital improvement expenses for city parks; operation and capital improvement expenses relating to public safety; and costs relating to downtown business attraction and retention. “Capital expenses” includes securing or paying debt service on bonds or other obligations issued to finance capital improvements to city parks or public safety facilities. Provides that the city may enter into an agreement with the commissioner of revenue to administer, collect, and enforce the tax. If the commissioner agrees to collect the tax, the collection, administration, and enforcement provisions of the sales tax chapter apply. Effective upon filing local approval with the Secretary of State.

Section 55. City of Windom; taxes authorized. Authorizes the city of Windom to impose a local sales tax of up to .5% to finance up to $8,000,000, plus associated bonding costs, for the swimming pool project, subject to voter approval. Authorizes the city to issue bonds to finance the project. Requires the tax to terminate after the earlier of 30 years or when the city determines sufficient funds have been raised to pay for projects and financing costs. Effective upon filing of local approval with the Secretary of State.

Section 56. Modifications allowed. Exempts the city of St. Paul from the statutory requirement to adopt a resolution in support of modifications to a local sales tax and submit the resolution to the chairs and ranking members of the Senate and House taxes committees, and for the modifications to be subject to voter approval, for the modifications to the .5% St. Paul local sales tax in sections 2, 4, 5, 7, and 8. Effective the day following final enactment.

Article 6: Local Government Aids

Seasonal Tax Base Replacement Aid Establishment

Section 1. General education aid. Makes conforming changes to the definition of “general education aid” related to the establishment of seasonal tax base replacement aid. Effective for revenue in fiscal year 2028 and thereafter.

Section 2. Seasonal tax base replacement aid. Establishes a school district aid program that reduces voter-approved operating referendum levies in districts with class 4c(12) seasonal recreational property. The program would reduce voter-approved school district referendum tax rates by up to 50% in school districts with large amounts of class 4c(12) property. Effective for taxes payable in 2027 and thereafter.

Local Government Aid Sparsity Adjustment

Section 3. City revenue need. Makes conforming changes to the calculation of city revenue need related to the establishment of a sparsity adjustment in the local government aid formula.

Section 4. Sparsity adjustment. Establishes a sparsity adjustment in the local government aid formula. The adjustment equals 200 for cities with a population of 10,000 or more and an average population density less than 150 per square mile, and for cities with a population less than 10,000 and an average population density less than 30 per square mile. An estimated 15 cities qualify to receive the sparsity adjustment for aids payable in 2027.

Effective for aids payable in 2027 and thereafter.

Section 5. Appropriation. Increases from $12,000,000 to $14,000,000 the general fund appropriation for soil and water conservation district aid. Effective for aids payable in 2026 and thereafter.

Local Affordable Housing Aid Modifications

Section 6. Qualifying projects. Expands eligible uses of local affordable housing aid to include emergency shelter facility construction.

Section 7. Use of proceeds. Makes technical and conforming changes to use of local affordable housing aid proceeds and extends by two years the deadlines to obligate and spend aid on qualifying affordable housing construction projects and qualifying emergency shelter facility construction projects.

Section 8. Administration. Makes conforming changes to local affordable housing aid administration.

Effective for aids payable in 2027 and thereafter.

Statewide Local Housing Aid Modifications

Section 9. Qualifying projects. Expands eligible uses of statewide local housing aid to include emergency shelter facility construction.

Section 10. Use of proceeds. Makes technical and conforming changes to use of statewide local housing aid proceeds and allows Tribal Nations to transfer to a Tribal housing fund the amount of aid that a Tribal Nation cannot spend on a qualifying project by the deadline. This section also extends by two years the deadlines to obligate and spend statewide local housing aid on qualifying affordable housing construction projects and qualifying emergency shelter facility construction projects.

Section 11. Conditions for receipt. Directs that certain reporting requirements must only be fulfilled by aid recipients that are tier I cities and counties.

Section 12. Administration. Makes conforming changes to statewide local housing aid administration.

Effective for aids payable in 2027 and thereafter.

Section 13. Federal enforcement reimbursement aid. Establishes a one-time federal enforcement reimbursement aid program to reimburse cities for costs of vehicle towing and impoundment, emergency and non-emergency personnel, and materials and supplies that were incurred by the city due to federal immigration enforcement activity in Minnesota between December 1, 2025, and May 31, 2026. Effective for aids payable in 2026 only.

Subdivision 1. Definitions. Defines "city," "commissioner," "eligible costs," and "federal enforcement actions."

Subdivision 2. Certification of costs. Allows cities to submit to the commissioner of revenue a notarized certification of eligible costs incurred by the city in association with federal enforcement actions, the documentation for which cities must maintain for three years after the certification deadline. Costs certified to the commissioner are subject to audit by the state auditor.

Subdivision 3. Distribution. Establishes a formula to allocate federal enforcement reimbursement aid to cities based on the sum of eligible costs certified to the commissioner by all cities and each city's share of those costs.

Subdivision 4. Federal reimbursement. Encourages cities to pursue federal reimbursement for eligible costs incurred by the city in association with federal enforcement actions. If federal reimbursement is received on or before December 31, 2027, the city is required to return to the state the lesser of the amount of the federal reimbursement or the portion of aid received by the city under this section for the same costs.

Subdivision 5. Certification and payment. Requires the commissioner of revenue to calculate and certify federal enforcement reimbursement aid amounts by December 1, 2026, and pay those amounts to cities by December 26, 2026.

Subdivision 6. Appropriation. Appropriates $2,000,000 in fiscal year 2027 from the general fund to the commissioner of revenue for aid payments under this section. This is a one-time appropriation. The commissioner may retain up to five percent of the amount appropriated for administrative costs of this section.

Section 14. Fillmore County disparity reduction aid payments. Requires 2027 disparity reduction aid payments to eligible counties, towns, and school districts in Fillmore County to include the aid that was not paid to those jurisdictions in 2024 and 2025. Fillmore County must calculate and certify the disparity reduction aid amounts that would have been paid in 2024 and 2025 and add them to the 2027 aid amounts calculated under current law. The additional aid may reduce the total property tax rate for a unique taxing area below the current law minimum for aid of 90 percent. $215,860 in fiscal year 2028 is appropriated from the general fund to the commissioner of revenue for aid to counties and towns, and $250,790 in fiscal year 2028 is appropriated from the general fund to the commissioner of education for aid to school districts. Effective the day following final enactment.

Section 15. Repealer. Repeals the sunset of the local homeless prevention aid program. Under current law, this program expires after the distribution of aids payable in 2028.

Article 7: Tax Increment Financing

Section 1. Excess increments. Modifies the requirements for the return of excess tax increments which are tax increments that exceed costs authorized in the TIF plan. This section: (1) restructures the calculation of excess increments by removing obsolete language; (2) clarifies the process for authorities to defer decertification of the district if within nine months after December 31st of the year being reviewed, a TIF plan is modified that increases total costs by an amount greater than the amount of excess increments; and (3) more clearly requires district decertification and return of excess increments to the county auditor when an authority determines that excess increments exist for the district. Effective for excess increment determinations beginning in calendar year 2026.

Section 2. City of Mountain Lake. Extends the five and six-year rules by additional three years for TIF District No. 1-8 in the city of Mountain Lake. Effective upon city approval and filing requirements.

Section 3. City of Wayzata. Authorizes the city of Wayzata to expend tax increment from TIF District No. 6 on the following projects, all of which are deemed in-district expenditures: (1) design and construction of Eco Park, including shoreline restoration, marsh and water quality improvements, a pier extension of the lakeside boardwalk, and creation of eco-living classrooms; (2) restoration of the Section Foreman House, including installation of a learning center and community space; and (3) expansion and remodeling of Depot Park, including accessibility improvements related to the Panoway on Wayzata Bay project. Effective upon city approval and filing requirements.

Section 4. City of Eden Prairie. Extends, by two years, the authority of the city of Eden Prairie to approve a tax increment financing plan to establish TIF districts pursuant to special legislation enacted in 2025. In 2025, Eden Prairie was authorized to establish not more than two redevelopment districts within a defined area. If established, the districts are exempt from the 'blight test' and the requirement that 90% of increment collected be spent on blight correction. Eden Prairie must approve a TIF plan to establish these districts by December 31, 2026. This section extends the approval deadline to December 31, 2028. Effective upon city approval and filing requirements.

Section 5. City of Chaska. Authorizes the city of Chaska to collect tax increment from TIF District No. 23 for up to 35 years after receipt of the first increment. Effective upon approval and filing requirements by the city, county, and school district.

Section 6. City of Columbia Heights. Extends the five and six-year rules by an additional five years, and extends the district duration by five years, for the Alatus Tax Increment Financing District in the city of Columbia Heights. Effective upon city approval except that the request to extend the duration of the districts is effective upon city, county, and school district approval.

Section 7. City of Hopkins. Extends the five and six-year rules by additional five years for TIF District No. 1-6 (325 Blake) in the city of Hopkins. Effective upon city approval and filing requirements.

Article 8: Public Finance

Section 1. County transportation sales and use tax; bonds. Shortens, from 14 days to 10 days, the period in which the date and time of a public hearing to discuss the issuance of bonds under the county transportation sales and use tax must be published in an official newspaper. This shortening of the notice requirement is consistent with changes enacted during the 2025 legislative session concerning the notice period for county capital improvement bonds, housing bonds, city capital improvement bonds, and bond issued by non-profit exempt facilities.

Section 2. Port authorities; general obligation bonds; detail; maturity. Eliminates the requirement that bonds issued by a port authority and secured by a city's general obligation pledge be issued as serial bonds. A serial bond requires portions of the total principal mature in installments at different dates rather than one single future date.

Article 9: Hennepin County Healthcare Tax

Section 1. Authority deemed qualifying government for long-term equity investment. Provides that the Minnesota Ballpark Authority ("authority") is a qualifying government for purposes of long-term equity investments and allows that, when the authority's investments are managed by Hennepin County ("county"), the authority's additional long-term equity investment limitations are calculated based on the county's most recent audited statement of net position.

Section 2. Ballpark grants. Adds grants for capital improvements to the ballpark or public infrastructure within the ballpark development area (defined under current law) to the types of grants the authority is authorized to make.

Section 3. Youth sports; library. Provides that expenditures and grants for youth sports and library facilities must be made before payment of debt service on bonds issued as provided in a later section.

Section 4. Hennepin County health care facilities. Requires the county to appropriate, after payments for ballpark grants and libraries and youth sports, $21,000,000 annually to a private, nonprofit hospital located in the county that is designated as an adult level I trauma hospital and provides statewide ground and air emergency medical transportation services. The appropriation must be increased annually by a percentage acceptable to the county. Requires that the county may only authorize the remaining tax revenues for any or all of nine enumerated purposes relating to county-owned or operated health care facilities.

Section 5. Expenditure limitations. Increases the limit for county payments for capital improvement reserves to $9,000,000 annually.

Section 6. Property acquisition and disposition. Provides that the county or its subsidiaries may acquire land, air rights, and property interests within the county for health care facilities and related infrastructure.

Section 7. Local government expenditures. Adds the provisions of this act to the county's authorized expenditures.

Section 8. County authority. Adds funding of capital reserves and making capital improvements to the intended exercises of the county's authority with respect to the ballpark.

Section 9. County revenue bonds. Provides bonding authority to the county to fund county-owned or operated health care facilities. The debt incurred by the bonds is not included in any debt limitation applicable to the county. Section 10. Sales and use tax. Increases the tax rate from .15 percent to .25 percent.

Section 11. Use of tax. Modifies the uses of the tax to require that the revenues be used only for stated purposes. In addition to uses allowed under current law, the newly allowed uses are grants to the authority for capital improvement expenditures; the $21,000,000 annual distribution to a private nonprofit hospital; and appropriations to fund expenditures for county healthcare facilities, including financing costs related to the expenditures. Provides that after payment of authorized expenditures, tax revenues may be used to establish a fund for reserves adequate to meet future obligations.

Section 12. Termination of tax. Requires that the .25 percent tax expires 25 years after it is first imposed. The county must continue to make its share of payments for capital improvements as required under section 13.

Section 13. Reserve for capital improvements. Adds public infrastructure within the ballpark development area to the uses of the ballpark capital reserve fund. Increases the annual payment requirement to $15,526,000 annually, with the teams' share approximately $6,526,000. Annual payments must be increased by inflation according to an index determined by the county.

All sections are effective the day following final enactment.

Article 10: Minerals

Section 1. Appropriation. Establishes, for the two years after the year in which Mesabi Metallics begins production, guaranteed minimum distributions from the Taconite School Fund and School Building Maintenance Fund to certain school districts that are equal to the amount distributed to these districts with respect to production year 2023, and guaranteed fixed distributions from the Taconite School Fund, School Building Maintenance Fund, Taconite Railroad Aid Account, and Taconite Municipal Aid Account to certain cities and

school districts. These distributions are guaranteed by the Douglas J. Johnson Economic Protection Trust Fund.

Section 2. Taconite economic development fund. Precludes Mesabi Metallics from receiving a distribution of proceeds from the Taconite Economic Development Fund.

Section 3. City or town where quarried or produced. Directs that, instead of the current 4.5 cents per taxable ton contributed to the Taconite Cities and Towns Fund and the four cents per taxable ton contributed to the Mining Effects Fund by other producers, Mesabi Metallics contribute one cent per taxable ton produced in 2023 to each of these funds.

This section also adds unorganized townships as eligible recipients of distributions from the Mining Effects Fund.

Section 4. Cities; towns. Directs that, instead of the current 12.5 cents per taxable ton adjusted for inflation that is contributed to the Taconite Municipal Aid Account by other producers, Mesabi Metallics contribute two cents per taxable ton produced in 2023 to this account.

This section also increases from $50,000 to $70,000 the maximum distribution each town may receive from the Township Fund.

Section 5. School districts. Directs that, instead of the current 3.43 cents per taxable ton contributed to the Taconite School Fund by other producers, Mesabi Metallics contribute 4.57 cents per taxable ton produced in 2023 to this fund. Distributions from this fund are modified to include $100,000 for each of Ely and Chisholm Public School Districts. This section also directs that, instead of the current four cents per taxable ton contributed to the School Building Maintenance Fund by other producers, Mesabi Metallics contribute eight cents per taxable ton plus $300,000 to this fund. Distributions from this fund are modified to include eight cents per taxable ton produced by Mesabi Metallics for Greenway and Nashwauk-Keewatin Public School Districts, and $150,000 for each of Grand Rapids and Ely Public School Districts.

In addition, distributions to school districts that received a distribution from the School Building Maintenance Fund in 2024 are, from the proceeds of Mesabi Metallics, increased by an additional four cents per taxable ton produced in 2023 by the producer from which the school district received a distribution in 2024.

Finally, this section updates outdated references to Virginia and Eveleth-Gilbert Public School Districts to reflect their consolidation into Rock Ridge Public School District.

Section 6. Iron range schools and community development account. Allocates 20 cents per taxable ton produced by Mesabi Metallics to the Iron Range Schools and Community Development Account in the year after the year in which Mesabi Metallics begins production through 2050, and dedicates this allocation to projects in Greenway Public School District that were approved by referendum within five years of the date Mesabi Metallics begins production and that were approved by the commissioner of Iron Range resources and

rehabilitation after review by the Iron Range Resources and Rehabilitation Advisory Board. Any portion of the allocation remaining if projects are not approved by referendum within five years of the date Mesabi Metallics begins production or if approved projects do not require the full allocation must be dedicated to other eligible uses of the Iron Range Schools and Community Development Account.

This section also adds community development as an eligible use of the Iron Range Schools and Community Development Account.

Section 7. Range Association of Municipalities and Schools. Exempts Mesabi Metallics from contributing 0.50 cent per taxable ton to the Range Association of Municipalities and Schools.

Section 8. Taconite economic development fund. Exempts Mesabi Metallics from contributing 25.1 cents per taxable ton to the Taconite Economic Development Fund. This section also excludes production by MagIron at Plant 4 in Arbo Township and production by Mesabi Metallics from the calculation of total industry production that determines whether distributions to the Taconite Economic Development Fund are made.

Section 9. Taconite environmental fund. Clarifies that contributions to the Taconite Environmental Protection Fund are based on taxable tons. Effective the day following final enactment.

Section 10. Insufficient proceeds. Requires that, if the proceeds from Mesabi Metallics are insufficient to fund the allocations designated from those proceeds, the allocations designated from those proceeds that are not calculated based on actual Mesabi Metallics production be proportionally reduced until the proceeds are sufficient.

Section 11. Remainder. Increases distributions to school districts from the Taconite Railroad Aid Account from 62 percent to 75 percent of the amount distributed in 1977.

Section 12. Distribution of taconite municipal aid account. Establishes fixed distributions from the Taconite Municipal Aid Account of $25,000 to each of the city of Orr and the city of Winton, and $75,000 to each of the city of Cook and the city of Two Harbors.

Section 13. Effective date; revisor notification. Effectuates sections 1 to 8 and 10 to 12 of this article for distributions in the year after the year in which Mesabi Metallics begins production and thereafter. The commissioner of revenue must certify to the commissioner of Iron Range resources and rehabilitation when production begins and notify the revisor of statutes within 30 days of the certification.

Article 11: Miscellaneous

Section 1. Sports facilities transfers; appropriations. Striking language requiring a transfer of Minneapolis sales tax revenue retained under 297A.994, subdivision 4, to the Minnesota Sports Facilities Authority. Effective the day following final enactment.

Section 2. Sports and events reimbursement program.

Subdivision 1. Definitions. Provides definitions used in this section including "account," "event," "program," "local organizing committee," and "site selection organization." The term "event" provides a listing of particular named events or category of events eligible for funding under the program and includes any event any event certified by the commissioner of revenue that will include at least 15,000 participants and spectators; the site selection organization is considering whether to host in a state other than Minnesota; and (iii) is not held more than one time in any year.

Subdivision 2. Sports and events reimbursement program account. Creates a sports and events reimbursement program account. Provides that money in the account is appropriated to the commissioner of revenue for the purposes of this section.

Subdivision 3. Events eligible for funding. Specifies that only an event listed in the definition of "event" is eligible for program funding.

Subdivision 4. Administration of program. Requires a local organizing committee to submit an application, including event eligibility certification and site selection documentation, to the commissioner of revenue before a determination is made.

Subdivision 5. Allowable expenses. Allows money in the account to be used for payment of costs related to event preparations and conducting the event, including costs to improve or renovate an existing facility and the costs to acquire or construct a facility.

Subdivision 6. Rulemaking. Authorizes the commissioner of revenue to adopt rules to implement this section.

Subdivision 7. Reporting. Requires a local organizing committee to provide certain information to the commissioner of revenue including audited financial statements required by the site selection organization and attendance and economic impact data. Following an event, requires a local organizing committee to provide certain information about the event, such as attendance, financial information, or other public information requested by the commissioner of revenue.

Section 3. Deposit of revenues; sports and events reimbursement program account. Requires the commissioner of revenue to deposit retail delivery fee revenues directly attributable to an event as determined under section 10 in the sports and events reimbursement program account ("account"). Effective the day following final enactment.

Section 4. Deposits. Adds a reference to the deposit in section 3 to the statute requiring deposit of retail delivery fee revenues. Effective the day following final enactment.

Section 5. Exchange of criminal investigative data between Department of Revenue and Financial Crimes and Fraud Section. Authorizes the commissioner of revenue ("commissioner") to disclose active criminal investigative data to the Financial Crimes and Fraud Section ("FCFS") of the Bureau of Criminal Apprehension and to enter into an agreement with the FCFS. The data disclosure agreement is allowed only for the purposes of and to the extent necessary for tax administration and to carry out the requirements of section 6. Data disclosed by the commissioner to the FCFS during an investigation are classified as criminal investigative data as defined under current law. Effective the day following final enactment.

Section 6. Disclosure to Legislative Auditor and State Auditor; Inspector General. Adds the inspector general to the list of agencies with whom the commissioner must disclose tax returns and return information. Effective on January 1, 2027, unless the legislature has not established the inspector general as referenced to in this section.

Section 7. Revenue rulings. Modifies the procedure by which revenue notices may be published. Establishes a revenue ruling program. Allows revenue rulings to be expressly revoked or modified by the commissioner, but rulings may not be revoked or modified retroactively to the detriment of taxpayers. Provides the circumstances under which a revenue ruling may be revoked. The issuance of revenue rulings is at the discretion of the commissioner. Specifies the information required in a revenue ruling request and the provisions for acknowledging the request and issuing a ruling. Requires the commissioner to seek feedback from specified entities prior to publication of a revenue ruling. Requires the commissioner to redact certain information prior to publication or public dissemination of a revenue ruling. Provides that the determination made in a revenue ruling is not a rule and not subject to the Administrative Procedure Act. Requires the commissioner to issue a report to the legislature on various aspects of revenue ruling requests received in the immediately preceding calendar year. Effective beginning July 1, 2026. The first legislative report is due January 1, 2028.

Section 8. Tax information bulletins. Replaces the term revenue "notices" with "rulings" for purposes of tax information bulletins. Effective beginning July 1, 2026.

Section 9. Notification requirements; sales and use taxes. Replaces the term revenue "notices" with "rulings" for purposes of notification requirements for personal holding a sales tax permit. Effective beginning July 1, 2026.

Section 10. Calculation and deposit of revenues to the sports and events reimbursement program account.

> **Subdivision 1. Definitions.** Defines "event," "local organizing committee", "site selection organization" to reference those terms as defined in section 2.
>
> **Subdivision 2. Determination of incremental increase in tax receipts.** Requires a local organizing committee, after an event, to request a determination of the amount of incremental increase in tax revenues that are directly attributable to an event. Within ten days of the conclusion of the event, and using information provided by a

local organizing committee, the University of Minnesota must commence an estimate of the incremental increase in revenues for the one-year period that begins two months before the beginning date of an event. Requires revenues from the state sales tax, rental motor vehicle fee, liquor gross receipts tax, cannabis gross receipts tax, retail delivery fee, and income and corporate franchise taxes to be included in the calculation.

Subdivision 3. Deposit of revenues. Requires the commissioner of revenue to deposit the amount of incremental increase determined under subdivision 2 to the local organizing committee, to be used for allowable expenses as defined in section 2.

Effective the day following final enactment.

Section 11. Liability imposed. Adds the tax imposed under section 14 to the statute listing the entities liable for paying taxes. Effective for convictions of fraud made after December 31, 2025.

Section 12. Time limit; generally. Strikes language regarding the timing of claims for refunds as described above and provides that, unless otherwise specified, claims for refunds of all tax types must be filed at the later of 3½ years from the return due date, or two years from the date the tax, penalties, or interest is paid. Provides that claims for refunds filed the 3½-year period are limited to the amount of tax, penalties, and interest paid within that period prior to the filing date, plus any extensions, if the claim was filed within the extended time. If the claim was not filed within the 3½ -year period, the refund is limited to tax, penalties, and interest paid during the two-year period immediately preceding the filing of the claim. If no claim was filed by the taxpayer, the refund is limited to the amount allowed under either of the two preceding paragraphs, if the claim is filed on the date the refund is allowed. Provides that withholding of estimated tax is considered tax paid on the last day allowed under law; that a return filed before the last day allowed for filing a return is considered filed on that last day; and that a return filed before an extended due date is considered filed on the extended due date, if an extension for filing a return has been granted. Effective the day following final enactment for claims for refund filed on or after that date.

Section 13. Penalty for failure to file, false or fraudulent return, evasion. Imposes a 100% penalty for money received due to fraud of a public program without regard to whether a conviction resulted, in addition to penalties imposed under current law. The penalty must not be assessed on any amounts assessed under section 14. Deposits amounts collected from this penalty to the tax relief account established in section 14. Effective for convictions of fraud made after December 31, 2025.

Section 14. Tax on amounts obtained through fraud.

Subd. 1. Definitions. Provides definitions of “first-tier rate,” “public program,” and “program fraud amount.”

Subd. 2. Tax imposed. Imposes a 100% tax of the amount of program fraud by any person or organization convicted by a state or federal court of fraud, regardless of any restitution, tax, or penalty imposed on or paid by a person or organization. Multiple

persons or organizations convicted of fraud are jointly and severally liable for the tax. Provides that the assessment of the tax is a jeopardy assessment or jeopardy collection under provisions of current law.

Subd. 3. Data sharing. Authorizes the commissioner to share data related to enforcement of the tax with FCFS.

Subd. 4. Agency certification. Requires the agency primarily responsible for administering the public program under which a person or organization has been convicted to certify specified information to the commissioner in a form and manner prescribed by the commissioner. An agency's certification is prima facie correct and valid.

Subd. 5. Deposit of money. Establishes the tax relief account in the special revenue fund. Requires the commissioner to deposit money in the account from the tax imposed under this section. Money in the account must be used to reduce the first-tier income tax rate.

Effective for convictions of fraud made after December 31, 2025.

Section 15. Distribution of revenues. Adds a reference to the distribution in section 16 for income and corporate franchise tax revenues. Effective the day following final enactment.

Section 16. Deposit of revenues; sports and events reimbursement program account. Requires the commissioner of revenue to deposit income and corporate franchise tax revenues directly attributable to an event as determined under section 10 in the account. Effective the day following final enactment.

Section 17. Deposit of revenues; sports and events reimbursement program account. Requires the commissioner of revenue to deposit liquor gross receipts tax revenues directly attributable to an event as determined under section 10 in the account. Effective the day following final enactment.

Section 18. Deposit of revenues; account established. Adds a reference to the distribution in section 17 for liquor gross receipts tax revenues. Effective the day following final enactment.

Section 19. Deposit of revenues; sports and events reimbursement program account. Requires the commissioner of revenue to deposit cannabis gross receipts tax revenues directly attributable to an event as determined under section 10 in the account. Effective the day following final enactment.

Section 20. Deposit of revenues. Requires the commissioner of revenue to deposit sales and motor vehicle rental tax and fee revenues directly attributable to an event as determined under section 10 in the account. Effective the day following final enactment.

Section 21. Data sharing authorized. Authorizes FCFS to share criminal investigative data concerning tax administration with the Department of Revenue. Data is classified as criminal investigative data as defined under current law. Effective the day following final enactment.

Section 22. Ramsey County deed and mortgage tax. Extends, from January 1, 2028, to January 1, 2036, the authority of Ramsey County to impose an environmental response fund tax on mortgage registry and deed tax transactions that is in addition to the regular statewide mortgage registry tax and deed tax. Effective the day following final enactment.

Section 23. Hennepin County deed and mortgage tax. Extends, from January 1, 2028, to January 1, 2036, the authority of Hennepin County to impose an environmental response fund tax on mortgage registry and deed tax transactions that is in addition to the regular statewide mortgage registry tax and deed tax. Effective the day following final enactment.

Section 24. Effect of revenue notices. Provides that revenue notices issued on or before July 1, 2026, have the full force and effect of revenue rulings. If the commissioner of revenue modifies a revenue notice after June 30, 2026, the commissioner must publish the modification as a revenue ruling. Effective the day following final enactment.

Section 25. No obligation to list on liquor posting; temporary authority. Provides that the commissioner of revenue is not obligated to list a qualifying taxpayer on the liquor posting if the taxpayer is a place of public accommodation. A "qualifying taxpayer" is a taxpayer that would otherwise be subject to be included on the liquor posting and has filed a request for abatement of penalty or a request for abatement of interest or additional tax charge within seven days of receiving notice from the commissioner of revenue that the taxpayer will be placed on the liquor posting. A "place of public accommodation" is a business, accommodation, refreshment, entertainment, recreation, or transportation facility of any kind, regardless of whether those facilities are licensed, whose goods, services, facilities, privileges, advantages or accommodations are extended, offered, sold, or otherwise made available to the public. This temporary authority expires December 31, 2027. Effective retroactively from January 1, 2026, for taxes first required to be paid and returns required to be filed after that date.

Section 26. Appropriation; city of South St. Paul; grant. Makes a onetime appropriation of $250,000 in fiscal year 2026 from the general fund to the commissioner for a grant to the city of South St. Paul for planning and development costs. The grant must be paid by June 30, 2026. Retention of a portion of the grant for administrative costs is not allowed. Effective the day following final enactment.

Section 27. Appropriation; PGA championship events. Appropriates $7,000,000 in fiscal year 2027 from the general fund to the director of Explore Minnesota for a grant to the city of Chaska to attract, and for costs associated with hosting, various PGA events. Up to 2% may be used for administrative costs. This is a onetime appropriation and is available until June 30, 2029.

Section 28. Cancellations. Cancels $7,000,000 of a Minnesota forward fund appropriation in Laws 2023, chapter 53 to match federal funds. Effective the day following final enactment.

Section 29. Transfer. Transfers $7,000,000 in fiscal year 2027 from the Minnesota forward fund to the general fund. This is a onetime transfer.

Article 12: Department of Revenue; Individual Income and Corporate Franchise Taxes

Sections 1-3. Composite tax election for accelerated installment sales gain. Amends Minn. Stat. § 289A.08, subd. 7, by creating a new paragraph (h), which permits a nonresident owner that incurs an accelerated gain on certain installment sales in section 290.0137, paragraph (a), to elect to report the accelerated gain on a composite tax return. Previous paragraph (h), and the remaining paragraphs in subdivision 7, are re-lettered. Conforming amendments are made to Minn. Stat. §§ 290.01, subd. 19, paragraph (h), and 290.0137, paragraph (c). Effective for taxable years beginning after December 31, 2025.

Article 13: Department of Revenue; Property Taxes

Sections 1 and 2. Expired property tax programs. Amends Minn. Stat. §§ 273.032, to remove references to two expired valuation exclusions for improvements to certain business property damaged by floods in 1997 or 2022. Amends Minn. Stat. § 273.111, subd. 9, to delete an expired provision of the Green Acres Program. Effective the day following final enactment.

Section 3. Expired property tax programs, terminated aid programs, and obsolete personal property lists. Repeals Minn. Stat. §§ 272.02, subd. 31 (business incubator property), 273.11, subds. 19 and 20 (valuation exclusions for improvements to certain business property damaged by floods in 1997 or 2022), and 273.1315, subd. 1 (class 1b homestead declaration before 2009), to remove references to expired property tax programs. Repeals Minn. Stat. § 273.1385 as this aid for a Public Employers Retirement Association employer rate increase ended on June 30, 2020. Repeals Minn. Stat. §§ 273.25, 273.65, 273.66, 273.67, and 274.07 as the personal property in these statutes is no longer taxed. Repeals Minn. Stat. § 428B.02, subd. 7, to remove the requirement for the governing body to send a copy of the applicable ordinance to the commissioner of revenue. Repeals Minn. Stat. § 477A.085 for debt service aid to Minneapolis that ended after aid was paid in 2021, and Minn. Stat. § 477A.18 providing production property transition that ended after aid was paid in 2020. Effective the day following final enactment.

Article 14: Department of Revenue; Miscellaneous; Economic Development

Sections 1-5, 7-10, 12, and 14-16. Expired Job Opportunity Building Zone program. Amends Minn. Stat. §§ 123B.53, subd. 1, 123B.535, subd. 1, 268.19, subd. 1, 270B.14, subd. 3, 270B.15, 290.01, subd. 29, 290.0921, subd. 3, 290.0922, subds. 2 and 3, 297A.75, subds. 1-3, 297B.03, and 477A.18, subd. 1, to remove references to the expired Job Opportunity

Building Zone program. Repeals Minn. Stat. §§ 272.02, subd. 64, 272.029, subd. 7, 289A.12, subd. 15, 290.06, subd. 29, 297A.68, subd. 37, 469.310, 469.311, 469.312, 469.313, 469.314, 469.315, 469.316, 469.317, 469.318, 469.3181, 469.319, 469.3191, 469.3192, 469.3193, 469.320, and 469.3201, to remove references to the expired Job Opportunity Building Zone program. Effective the day following final enactment.

Section 6. Consolidation of venue. Amends Minn. Stat. § 270C.055 by adding subdivision 4, which applies when two or more criminal offenses under state revenue laws or chapter 349 (Lawful Gambling) are committed by the same person in multiple counties. The new subdivision provides that unless otherwise provided in Chapter 289A, the accused person may be prosecuted for all offenses in any county where one offense was committed. Effective for criminal offenses committed after July 31, 2026.

Section 11. Volunteer ambulance services. Amends Minn. Stat. § 295.52, subd. 5, to correct the reference to "volunteer ambulance attendant" defined in Minn. Stat. § 144E.001, subd. 15. Effective the day following final enactment.

Section 13. Deposit of revenues on the sale and purchase of motor vehicles repair and replacement parts. Amends Minn. Stat. § 297A.94 to require the commissioner of revenue to update the estimated monthly deposit amount related to revenues from taxes on the sale and purchase of motor vehicle repair and replacement parts following a change in the law. An updated deposit amount is required if a law changes the tax rate, or percentages, after the amount is determined and before July 1. The commissioner must update any change in the deposit amount by July 15. Effective retroactively from January 1, 2026.