

Laws 2025, 1st Special Session, Chapter 13 – Omnibus Tax Bill (H.F. 9)

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Article 1: Individual Income and Corporate Franchise Taxes

Section 1. Data privacy related to electronic reporting system. Allows the Campaign Finance Board to access and use data about the political contribution refund program in the electronic reporting system and to share the data with the commissioner of revenue. The data is classified as nonpublic data and private data on individuals. Effective January 1, 2027.

Section 2. Refund receipts; penalty. Amends the requirements regarding receipts for the political contribution refund program. The Campaign Finance Board must make available official refund receipts in an electronic format. Candidates and parties must only issue refund receipts 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 Board. The party or candidate may provide a printed copy of the receipt to the contributor. Each business day, the Board must provide to the commissioner of revenue a receipt validation report including information about each contribution reported to the Board since the last report. The validation report and receipt validation numbers are nonpublic data and private data on individuals. Effective for contributions made after December 31, 2026.

Section 3. Allocation limits. Limits the total amount credit certificates that may be issued for the credit for producing sustainable aviation fuel to \$11,600,000 in total. Provides that any portion of credits not allocated in a fiscal year does not cancel and is carried forward to subsequent tax years until all credits have been allocated. Effective the day following final enactment.

Section 4. Standards of conduct. Strikes language regarding a tax preparer's authority to assign a portion of the K-12 credit refund to an account without the taxpayer's name, given that assignability of the K-12 credit is repealed in a later section. Effective beginning in tax year 2026.

Section 5. Discharges of indebtedness; coerced debt. Provides a subtraction for the amount of discharge of indebtedness resulting from coerced debt for purposes of calculating Minnesota taxable income. Effective beginning in tax year 2025.

Section 6. Consumer enforcement public compensation payments. Provides a subtraction for the amount of consumer enforcement public compensation received by a consumer for purposes of calculating Minnesota taxable income. Effective beginning in tax year 2025.

Section 7. Student loan education assistance paid by critical access dental clinics. Provides a subtraction for the amount of certain student loan educational assistance payments made by critical access dental clinics on behalf of their employees for purposes of calculating Minnesota taxable income. Effective beginning in tax year 2026.

Section 8. Foreign service pension; retirement pay. Provides a subtraction, for purposes of calculating Minnesota taxable income, for the amount of foreign service pension or retirement compensation received under specified pension systems, multiplied by the number of years of foreign service divided by the total years of civil service for which the taxpayer receives pension income. Excludes amounts claimed for this subtraction from being used in the calculation of the subtraction for public pension income under current law. Effective beginning in tax year 2025.

Section 9. Refund of contributions to political parties and candidates. Specifies that the commissioner of revenue must not issue a refund that exceeds the maximum refund amounts per calendar year. Allows a person to file a refund claim using an electronic filing system that must be established by the commissioner. Strikes obsolete language. Effective for contributions made after December 31, 2026.

Section 10. Limitation; carryover. Adds a reference to refundability of the R & D credit in section 11 in the credit carryforward language. Effective beginning in tax year 2025.

Section 11. Credit to be partially refundable. Allows a partial refund of the R & D credit, after the taxpayer's liability has been reduced to zero and if elected by the taxpayer. The election is irrevocable. Refundability applies only to allowed credits claimed on a return filed on the due date or extended due date as prescribed under current law. Effective beginning in tax year 2025.

Section 12. Determination of refundability rate. States that the R & D credit refundability rate equals 19.2% for tax year 2025 and 25% for tax years 2026 and 2027. Beginning in tax year 2028, the refundability rate is determined based on the most recent November forecast. If the commissioner of revenue determines that the total amount of refunds paid will exceed \$25

million for the immediately succeeding tax year, the commissioner must adjust the refundability rate so that the projected amount of refunds will approximate \$25 million or less. The percentage must be rounded to the nearest whole percentage point. The commissioner must determine the refundability rate by December 15, 2027, and annually thereafter and publish the rate on the department's website. Effective beginning in tax year 2025.

Section 13. Appropriation. Appropriates from the general fund to the commissioner of revenue an amount sufficient to pay refunds of the R & D credit. Effective beginning in tax year 2025.

Section 14. Definitions. Adds definitions of "credit certificate" for purposes of the new certification and transfer provisions in section 15 and "eligible transferor" for purposes of allowing the credit to be claimed by a taxpayer that is part of a pass-through entity whose member, partner, owner, or shareholder is a short line railroad eligible for the credit. Effective beginning in tax year 2025.

Section 15. Credit certificates; written agreement required. Modifies the process by which a credit certificate is issued and the credit transfer occurs. An eligible taxpayer would apply to the commissioner of transportation for a credit certificate, who must issue the credit certificate and provide a copy of the credit certificate to the commissioner of revenue. This section also modifies the process by which an eligible transferor may transfer a credit to another taxpayer. The transfer must be made by written agreement, which must state the amount of credit stated in the credit certificate, or the entire amount of credit that is carried over in the five succeeding tax years. Requires the commissioner of revenue to issue a transfer credit certificate to a transferee, and strikes language requiring the transferee to be liable for credits claimed in excess of the allowed amount. Prohibits an eligible transferor from transferring a credit to an eligible transferee more than once in a taxable year. Effective beginning in tax year 2025.

Section 16. Definitions. Adds a reference to the subtractions for discharges of indebtedness for coerced debt, consumer enforcement public compensation payments, student loan assistance paid by critical access dental clinics, and foreign service pension payments to the calculation of alternative minimum tax. Effective beginning in tax year 2025.

Section 17. Income. Provides that the amount of discharge of indebtedness resulting from coerced debt and the amount of consumer enforcement public compensation are not considered income for purposes of determining eligibility for the property tax refund program. Effective beginning with property taxes payable in 2026 and thereafter.

Section 18. Correction of errors; certain retirement contributions. Requires an annuity contract provider that receives a contribution from an individual to an individual retirement plan on an annuity contract by the date prescribed by the Internal Revenue Code to treat the contribution as having been made the preceding taxable year. This requirement applies only if the annuity contract provider receives notification from the individual designating the tax year for the contribution within three years of the original due date for filing a return for that year.

Effective retroactively for notifications for contributions made in calendar year 2023 and designate to apply to the tax year 2022 contribution limitation.

Section 19. Stipend payments to SEIU Healthcare Minnesota and Iowa bargaining unit members. Establishes an income tax subtraction for stipend payments that were included in a collective bargaining agreement between the state of Minnesota and SEIU Healthcare Minnesota and Iowa. Specifies that stipend payments must not be considered income, assets, or personal property for the purposes of determining eligibility for child care assistance, general assistance, housing support, the Minnesota Family Investment Program, other economic assistance programs, or certain health care programs. Allows the subtraction for purposes of calculating AMT. Effective the day following final enactment.

Section 20. Repealer. Repeals a reference to data regarding assignment of the K-12 credit in the data practices chapter and repeals the assignability of the K-12 credit in the income tax chapter. Effective beginning in tax year 2026.

Article 2: Property Taxes

Section 1. Institutions of public charity. Limits property tax exemptions for charitable rental housing so that exemptions are not available to rental housing if its use only furthers a charity's purpose by providing housing to households chosen based on their income characteristics. Effective for taxes payable in 2026 and thereafter.

Section 2, 9, and 10. Property used to distribute electricity to farmer. Clarifies that, except for substations and transmission or generation equipment, utility cooperatives' power distribution systems are exempt from property taxes. Effective for assessment year 2025 and thereafter.

Section 3. Certain property owned by an Indian Tribe. Establishes a permanent property tax exemption for property located in Minneapolis owned by the Leech Lake Band of Ojibwe. Effective beginning with assessment year 2026.

Section 4. Certain property owned by an Indian Tribe. Establishes a permanent property tax exemption for five parcels in Cook County owned by the Grand Portage Band of Lake Superior Chippewa. Effective beginning with assessment year 2026.

Section 5. Certain property owned by an Indian Tribe. Establishes a permanent property tax exemption for property in Minneapolis owned by the Mille Lacs Band of Ojibwe. Effective beginning with assessment year 2026.

Section 6. Conservation property tax valuation. Provides that a metropolitan county that has adopted a program to protect farmland or natural areas may, by resolution, authorize the assessor to consider the impact of the conservation easement on the property's assessed value. Effective for assessment year 2026 and thereafter.

Section 7. Requirement; Class 4d(1). Clarifies that income-averaging is allowed for the class 4d(1) low-income rental property tax classification since income-averaging is allowed as a third set-aside for qualified low-income housing projects under section 42(g) of the Internal Revenue Code (IRC). Effective beginning with assessment year 2026.

Section 8. Class 2. Expands the definition of ‘agricultural land’ to include ‘floriculture’ and clarifies that greenhouses or other buildings where floriculture products are grown and used to conduct retail sales must be classified as agricultural if it is primarily used for the growing of floriculture products from seed, cuttings, or roots and occasionally as a showroom. Allows property to qualify as agricultural if the property consists of contiguous acreage containing a residence and is less than 15 acres if the contiguous acreage inclusive of the house, garage, and surrounding one acre of land was used in the preceding year for market farming and the owner provides the assessor with federal Schedule F for the most recent tax year which reports gross income of at least \$20,000. Effective beginning with assessment year 2026.

Section 11. Installment payments; confessions of judgement. Provides that the interest rate on confession of judgment installment payments for owner occupied homestead property is equal to the prime rate charged by banks during the six-month period ending on September 30 of the preceding year, rounded to the nearest full percent, but no lower than 5% and no higher than 14%. Effective January 1, 2026.

Section 12. Tax levy for free music in third class cities. Increases, from \$3,000 to \$10,000, the annual limit that a city of the third class may expend for the purpose of providing free musical entertainment for the general public. Effective the day following final enactment.

Section 13. Land bank organization. Defines a land bank organization as an organization that acquires, holds, or manages vacant, blighted, foreclosed, or tax-forfeited property for future development, redevelopment, or disposal. The organization must be: (1) a nonprofit organization exempt from taxation whose governing members are elected or appointed by a unit of government or whose members are elected or appointed officials of a government unit; or (2) a limited liability company of which a nonprofit organization is a sole member. Effective the day following final enactment.

Section 14. Authority; land bank abatements. Authorizes a political subdivision to grant a property tax abatement if the property will be used to provide for the development of housing to households at or below 80% AMI or will allow the property to be held by the land bank organization for future development. Effective the day following final enactment.

Section 15. Duration limit; land bank abatement. Allows abatements granted for the development of affordable housing and for land bank property to have a duration of up to five years. Effective for abatement resolutions approved after the day following final enactment.

Section 16. Repayment; land bank abatement. Requires a land bank organization to repay, with interest, any abatement granted under this proposal if the land for which the abatement was granted is used for a purpose other than the purpose given by the organization prior to development. Effective the day following final enactment.

Section 17. Exemption for land held for economic development. Extends, by six years, a property tax exemption for three parcels owned by the Port Authority of the city of Bloomington. Effective upon local approval and filing requirements.

Section 18. Property tax exemption; Red Lake Nation College. Provides a property tax exemption for taxes paid in 2022 and a portion of taxes paid in 2021 for property in Minneapolis purchased by Red Lake Nation for the Red Lake Nation College. This section provides a state payment for taxes attributable to the exemption. Effective the day following final enactment.

Section 19. Repealer. Repeals Minnesota Statutes, sections 275.065, subdivision 3c and 276.04, subdivision 2a, that require a fiscal disparities adjustment on the notice of proposed property taxes (TNT) and the property tax statement. Effective beginning with property taxes payable in 2026.

Article 3: Sales and Use Taxes; Excise Taxes

Section 1. Sales and use tax. Strikes obsolete language. Requires vendors with sales and use tax liabilities of \$250,000 or more in a fiscal year to remit 5.6% of their June liabilities two business days before June 30, beginning in calendar year 2027. The remaining amount not remitted in June must be paid on or before August 20 of the calendar year. Effective for taxes remitted after May 31, 2027.

Section 2. Accelerated payment of June sales tax liability; penalty for underpayment. Imposes a penalty for vendors who fail to pay the required to pay estimated June sales tax liabilities under section 1. The penalty equals 10% of the actual required June liability minus the amount actually remitted in June. The penalty does not apply if the amount remitted in June equals the lesser of 5.6% of the preceding May's liability or 5.6% of the average monthly liability for the previous calendar year. Effective for taxes remitted after May 31, 2027.

Section 3. Gross receipts tax imposed. Increases the gross receipts tax on taxable cannabis products from 10% to 15%. Effective for sales and purchases made after June 30, 2025.

Section 4. Qualified data centers. Removes the exemption for sales and purchases of electricity by qualified data centers and qualified refurbished data centers and makes corresponding changes to cross references within the exemption. Effective for sales and purchases made after June 30, 2025.

Section 5. Quarterly annual payments and returns. Allows a brewer that qualifies for the fermented malt beverage excise tax credit to file their excise tax return annually, without authorization from the Department of Revenue. Effective January 1, 2026, for 2026 tax return obligations.

Article 4: Property Tax Aids

Section 1. SFIA; calculation of incentive payment. Amends section 290C.07, to reduce the annual per acre payment by 10% for each of the four types of enrolled land. Deletes an

obsolete election that expired on May 16, 2019, for claimants to change the length of the covenant on enrolled land. Effective beginning with payments in calendar year 2027.

Section 2. SFIA; withdrawal procedures. Provides that a claimant may request early withdrawal from the SFIA program without penalty if there is a reduction in incentive payments due to a formula change or because of executive action the incentive payments are reduced or limited. Effective the day following final enactment.

Section 3. Towns. Modifies the town aid calculation formula to distribute aid proportional to a town's town aid factor, allowing the entire appropriation for town aid to be distributed. Defines "town aid factor" as the product of a town's agricultural property factor, town area factor, and population factor. Strikes an obsolete reference to the State Land Management Information Center and inserts a reference to the Minnesota Geospatial Information Office. Effective for aids payable in 2026 and thereafter.

Section 4. Appropriation. Decreases the annual appropriation for aquatic invasive species prevention aid by \$5,000,000, beginning with aids payable in 2027. Effective for aids payable in 2026 and thereafter.

Section 5. Aid penalty forgiveness. Provides previously-withheld aid amounts to four cities that did not complete the required annual financial reporting to the state auditor in a timely manner. Effective the day following final enactment.

Subdivision 1. City of Stewart. Requires the commissioner of revenue to issue a withheld 2023 local government aid payment of \$87,501.50 to the City of Stewart upon certification that the state auditor has received the annual financial reporting from the City.

Subdivision 2. City of Alpha. Requires the commissioner of revenue to issue a withheld 2023 local government aid payment of \$18,472 to the City of Alpha upon certification that the state auditor has received the annual financial reporting from the City.

Subdivision 3. City of Odin. Requires the commissioner of revenue to issue a withheld 2024 local government aid payment and 2024 small cities assistance payment, totaling \$39,909, to the City of Odin upon certification that the state auditor has received the annual financial reporting from the City.

Subdivision 4. City of Trosky. Requires the commissioner of revenue to issue a withheld 2024 local government aid payment and 2024 small cities assistance payment, totaling \$25,003, to the City of Trosky upon certification that the state auditor has received the annual financial reporting from the City.

Subdivision 5. Appropriation. Appropriates the amount necessary from the general fund in fiscal year 2025 for payments to the City of Stewart and the City of Alpha.

Section 6. Base year formula aid for the City of Baldwin. Provides a 2026 local government aid distribution for the City of Baldwin. Baldwin was incorporated in 2024 and would otherwise receive a \$206 local government aid distribution in 2026. The distribution in this section would distribute \$20,169 to Baldwin. Effective for aids payable in 2026 only.

Article 5: Tax Increment Financing

Section 1. Temporary use of increment authorized. Clarifies that transferred increment under the 2021 temporary transfer authorization must be spent, loaned, or invested by December 31, 2025, or December 31, 2026, if authorized by an amended spending plan. Extends, by one year, the date by which construction must commence, and further clarifies that the requirement to return increment includes 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 that remain in the funds after the applicable deadline, or are subsequently received by the authority. Effective the day following final enactment.

Section 2. City of Ramsey; TIF. Extends, to December 31, 2025, the date by which the city must adopt interfund loan resolutions. Effective upon city approval and filing requirements.

Section 3. City of Maplewood; TIF. Expands the geographical area in which tax increment may be spent to include the area bounded by State Highway 61, Interstate Highway 694, White Bear Avenue, and both sides of Beam Avenue. Effective upon city approval and filing requirements.

Section 4. City of Maple Grove; TIF. Extends the 5-year rule by an additional five years, and extends, from 20 years to 25 years, the duration of a soil deficiency district. Effective upon city approval except that the duration extension requires approval by the city, county, and school district.

Section 5. City of St. Paul; Ford Site TIF. Extends the 5 and 6-year rules by an additional five years for the Ford Site Redevelopment TIF district. Effective upon city approval.

Section 6. City of Bloomington; TIF. Extends, from December 31, 2025, to December 31, 2027, the date by which Bloomington must spend, loan, or invest unobligated increment from TIF District No 1-C and 1-G that was transferred under the 2021 temporary transfer authority, provided that construction commences prior to December 31, 2027, and the transferred increment is used within TIF District No 1-C and 1-G. Effective upon city approval and filing requirements.

Section 7. City of Brooklyn Center; TIF. Authorizes the city of Brooklyn Center 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 generated from the district be spent on blight correction. The authority to approve a tax increment financing plan to establish a district expires on December 31, 2031. Effective upon city approval and filing requirements.

Section 8. City of Brooklyn Park TIF; 610/Zane Area. Authorizes the city of Brooklyn Park 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 generated from the district be spent on blight correction. The authority to approve a tax increment financing plan to establish a district expires on December 31, 2031. Effective upon city approval and filing requirements.

Section 9. City of Brooklyn Park TIF; Biotech Area. Authorizes the city of Brooklyn Park 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 generated from the district be spent on blight correction. The authority to approve a tax increment financing plan to establish a district expires on December 31, 2031. Effective upon city approval and filing requirements.

Section 10. City of Brooklyn Park TIF; Brooklyn Boulevard / West Broadway Area. Authorizes the city of Brooklyn Park 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 generated from the district be spent on blight correction. The authority to approve a tax increment financing plan to establish a district expires on December 31, 2031. Effective upon city approval and filing requirements.

Section 11. City of Eden Prairie TIF; Eden Prairie Center. Authorizes the city of Eden Prairie 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 generated from the district be spent on blight correction. The authority to approve a tax increment financing plan to establish a district expires on December 31, 2026. Effective upon city approval and filing requirements.

Section 12. City of Edina; 70th & France. Extends the 5 and 6-year rules by an additional five years, and extends, by ten years, the duration of TIF District 70th & France. Effective upon city approval except that the duration extension requires approval by the city, county, and school district.

Section 13. City of Edina TIF; 72nd & France 2. Extends the 5 and 6-year rules by an additional five years, and extends, by five years, the duration of TIF District 72nd & France 2. Effective upon city approval except that the duration extension requires approval by the city, county, and school district.

Section 14. City of Marshall; TIF. Extends, from December 31, 2025 to December 31, 2027, the date by which Marshall must spend, loan, or invest unobligated increment from TIF District No 1-1, 1-7, and 2-1, that was transferred under the 2021 temporary transfer authority. Effective upon city approval and filing requirements.

Section 15. City of Minnetonka; TIF. Extends the 5 and 6-year rules by five years and exempts the district from the requirement that 90% of increment generated from the district be spent on blight correction. Effective upon city approval and filing requirements.

Section 16. City of Moorhead; TIF District No. 31. Extends the 5 and 6-year rules by an additional five years for TIF District No. 31. Effective upon city approval and filing requirements.

Section 17. City of Oakdale; TIF. Extends, from December 31, 2025 to December 31, 2027, the date by which Oakdale must spend, loan, or invest unobligated increment from TIF District No 1-4 or 1-6, that was transferred under the 2021 temporary transfer authority. Effective upon city approval and filing requirements.

Section 18. City of Plymouth; TIF. Authorizes the city of Plymouth to establish not more than two redevelopment districts in a defined area. If established, the districts are exempt from the blight test and the requirement that 90% of increment generated from the district be spent on blight correction. In addition, the 5 and 6-year rules are extended by five years. The authority to approve a tax increment financing plan to establish a district expires on December 31, 2031. Effective upon city approval and filing requirements.

Section 19. City of St. Cloud; TIF. Authorizes the city of St. Cloud to establish not more than two redevelopment districts in a defined area. If established, the districts are exempt from the blight test and the requirement that 90% of the increment generated from the district be spent on blight correction. In addition, increment 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 such expenditures shall be considered in-district expenditures. The authority to approve a tax increment financing plan to establish a district expires on December 31, 2031. Effective upon city approval and filing requirements.

Section 20. City of St. Cloud; TIF; Cooper Avenue. Extends the 5 and 6-year rules by an additional five years for the Cooper Avenue Redevelopment TIF district. Effective upon city approval and filing requirements.

Article 6: Local Sales and Use Taxes

Section 1. Sales tax authorized. Authorizes the Hermantown local sales tax to be used to fund multiple sewer interceptor lines and multiple booster pump station projects. Effective the day following final enactment without approval.

Section 2. Termination. Extends the expiration date of the Hermantown local sales tax by ten years to the earlier of December 31, 2046, or when the city determines sufficient funds have been raised to pay bonds funded by tax revenues. Effective the day following final enactment without local approval.

Article 7: Public Finance

Sections 1, 4, 6, 7, and 10. Bond issuance; notice requirement. Harmonizes the period in which the notice of bond issuance, and the date and time of a public hearing to discuss the

bond issuance, must be published in an official newspaper of the county or in a newspaper of general circulation in the county.

Section 1. County capital improvement bonds. Shortens the notice requirement from 14 days to 10 days before the public hearing.

Section 4. Housing bonds. Shortens the notice requirement from 15 days to 10 days before the public hearing.

Section 6. Health care, nonprofit, exempt facilities. Shortens the notice requirement from 14 days to 10 days before the public hearing.

Section 7. Abatements. Shortens the notice requirement from more than 10 days before the hearing to at least 10 days before the hearing.

Section 10. City capital improvement bonds. Shortens the notice requirement from 14 days to 10 days before the public hearing.

Section 2. Definitions. Modifies the definition of ‘debt obligation’ to include the construction of a court house or justice center if connected to a jail, correctional facility, or other law enforcement facility. Under current law, bonds issues for jails, correctional facilities, and law enforcement facilities are eligible for the Credit Enhancement Program administered by the Minnesota Public Facilities Authority.

Section 3. Application. Allows projects in the credit enhancement program to be refinanced at a lower interest rate. Under current law, the credit enhancement program is limited to new projects and refinancing of projects is not allowed.

Section 5. Sections that apply if federal limit applies. Clarifies that the Minnesota Bond Allocation Act applies to bonds issued by economic development authorities that are required by federal law to obtain an allocation of the volume cap.

Section 8. Application for residential rental projects. Clarifies that for residential rental project allocations the period in which an issuer must permanently issue obligations shall be the earlier of: (1) 180 days of the allocation; or (2) the last business day of December.

Section 9. Application for all other types of qualified bonds. Clarifies that for all allocations, other than those issued for residential rental projects, the period in which an issuer must permanently issue obligations shall be the earlier of: (1) 120 days of the allocation; or (2) the last business day of December.

Section 11. Funds; how provided. Clarifies that counties may authorize bond financing for sheriff’s offices, law enforcement centers, or courthouses or justice centers attached to a county jail.

Article 8: Miscellaneous

Section 1. Requirements for new or renewed tax expenditures. Modifies the requirement that bills creating, renewing, or continuing a tax expenditure include a purpose statement. Under current law, those bills must include a statement of purpose in the bill text; this section requires that the tax committee chairs of the senate and house must submit a “statement of objective” to the Tax Expenditure Review Commission (TERC) within 60 days of the enactment of a tax expenditure. Effective the day following final enactment.

Section 2. Definitions. Defines “commissioner” as the commissioner of revenue. Effective the day following final enactment.

Section 3. Membership. Permits the commissioner of revenue to designate another individual to represent the commissioner or the commissioner’s designee at meetings of the TERC. Effective the day following final enactment.

Section 4. Duties. Makes a conforming change to reflect the new process in the amendment for tax expenditure purpose statements. Effective the day following final enactment.

Section 5. Components of review. Makes a conforming change to reflect the new process in the amendment for tax expenditure purpose statements. Effective the day following final enactment.

Section 6. Report to legislature. Requires the TERC report to be submitted to the legislature by February 15. Under current law, the report is due December 15. Effective the day following final enactment.

Section 7. Terms; vacancies; meetings. Requires the commissioner of revenue to convene the first meeting of the commission. Effective the day following final enactment.

Section 8. Undistributed money to consumer protection restitution account. Directs the court or attorney general to deposit money recovered from an action brought by the attorney general’s office that cannot be distributed to victims because the victims cannot be located or identified into the consumer protection restitution account. Effective July 1, 2025.

Section 9. Consumer protection restitution account. Establishes the consumer protection restitution account in the special revenue fund and defines applicable terms. Directs 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 a consumer enforcement public compensation to be deposited into the consumer protection restitution account. The other 50 percent must be deposited into the general fund.

Money from the consumer protection restitution account may be distributed to any eligible consumer with an identified amount of unpaid consumer enforcement public compensation. The money must be distributed chronologically, starting with eligible consumers with a final order of the oldest date. 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.

The attorney general may deem distribution to an eligible consumer to be impractical if the distribution is too small to justify the cost to locate the consumer or the consumer does not redeem the payment in a reasonable time.

The attorney general may deem an attempt to determine an identified amount of unpaid consumer enforcement public compensation for consumers to be unreasonable if the number of eligible consumers is too small to justify the cost to determine an identified amount of unpaid consumer enforcement public compensation or the information needed to identify an amount of unpaid consumer enforcement public compensation is unavailable or too costly to obtain.

The attorney general must publish a report on the attorney general website identifying where money has come from, which actions resulted in money being distributed to consumers, the actions that consumers are waiting to receive distributions for, the actions that the attorney general has concluded making distributions for, the actions that the attorney general determined were impractical or unreasonable to make distributions to, and the costs incurred to administer the account. Informal and formal policies relating to the account are deemed public data on individuals as defined in section 13.02, subdivision 15, and public data not on individuals as defined in section 13.02, subdivision 14.

Effective July 1, 2025.

Section 10. Exceptions. Makes a technical correction to remove a provision that was previously repealed. This section also states that section 16A.151, which provides that money recovered by the state in litigation or in settlement must be deposited into the general fund, does not apply to the consumer protection restitution account. Effective July 1, 2025.

Section 11. Bonding authority; Minnesota State Fair. Increases, from \$30 million to \$50 million, the maximum amount of bonds that can be issued by the State Agricultural Society. Effective July 1, 2025.

Section 12. Contents. Makes a conforming change to reflect the new process in the for tax expenditure statements of the objective of the expenditure. Effective the day following final enactment

Section 13. Penalties relating to property tax refunds and certificates of rent paid. Reduces the penalty for an owner failing to give a certificate of rent paid (CRP) to a renter from \$100 to \$50, removes the reasonable cause exception, and allows the penalty to be abated under the abatement authority in current law. Establishes a \$50 penalty for each time the owner fails to file a CRP with the commissioner, which can be abated under abatement authority. Effective for rent paid after December 31, 2025.

Section 14. Owner or managing agent to furnish rent certificate. Requires an owner or managing agent to furnish a certificate of rent paid (CRP) to the commissioner on or before

January 31 for purposes of the renter's credit. Imposes a penalty on owners who fail to furnish CRPs to the renter or commissioner. Effective for rent paid after December 31, 2025.

Section 15. Park owner to furnish rent certificate. Requires manufactured home park owners to furnish a CRP to the commissioner on or before March 1 and imposes a penalty on park owners who fail to furnish CRPs to the renter or commissioner by adding a cross-reference to the penalty imposed under section 13. The penalty can be abated under abatement authority in current law. Effective for rent paid after December 31, 2025.

Section 16. Credit for research. Establishes a permanent rate of 0.5 percent for the credit for research, under the provider tax. Under current law, the rate must be adjusted based on the amount of credits claimed, but may not fall below 0.5 percent. Effective the day following final enactment.

Section 17. Pharmacy refund. Modifies the timing of when a pharmacy may apply for a refund of the legend drugs paid to a wholesale drug distributor, for drugs that the pharmacy then delivers outside this state. Under current law, a pharmacy may only apply for refunds on its annual return. This provision would allow a pharmacy to apply for and receive refunds throughout the year. Effective January 1, 2025.

Section 18. Deposit of revenues; account established. Repeals the 20% allocation of taxable cannabis revenues to the local cannabis aid account, so that all taxable cannabis revenues will be deposited to the general fund. Effective for revenues received after June 20, 2025. Repeals the local government cannabis aid account, effective January 2, 2026.

Section 19. Criminal Act. Strikes the reference to the illegal cannabis and controlled substance chapter, which is repealed in later in this article, from the definition of "criminal act." Effective August 1, 2025.

Section 20. Cancellation of amounts in local government cannabis aid account. Cancels any balance within the local government cannabis aid account on January 2, 2026. The balance cancels to the general fund. Effective the day following final enactment.

Section 21. Appropriation; extension of availability. Extends the availability of a grant to the city of Minneapolis that was appropriated in the 2023 tax bill. The availability is extended through fiscal year 2027.

Section 22. Repealer. Repeals all sections of the illegal cannabis and controlled substances tax chapter, effective August 1, 2025. Repeals local government cannabis aid, effective for aids payable in 2026 and thereafter. Repeals the tax modernization account enacted in the 2023 omnibus tax bill, effective the day following final enactment. Repeals data practices provisions pertaining to marijuana and controlled substances tax information, effective August 1, 2025.

Article 9:

Department of Revenue; Individual Income and Corporate Franchise Taxes

Section 1. Film production credit. Amends Minn. Stat. § 116U.27, subd. 2, to allow a taxpayer with expenses incurred in any consecutive 12-month period to be eligible for the film production credit. Effective retroactively for taxable years beginning after December 31, 2022.

Section 2. Social security subtraction correction. Amends Minn. Stat. § 290.0132, subd. 26, paras. (f), (g), and (h) to correct a reference to paragraph (c) that should be to paragraph (e). Also amends paragraph (j) to clarify that the threshold amounts in the simplified subtraction are adjusted for inflation under Minn. Stat. § 270C.22. Effective retroactively for taxable years beginning after December 31, 2022.

Section 3. Qualified retirement benefits. Amends Minn. Stat. § 290.0132, subd. 34, to clarify "qualified public pension income" is the income of plan members who did not earn credits toward Social Security benefits for the same work that is the source of the pension income. Effective the day following final enactment.

Sections 4 and 9. Business interest expense limitation. Section 4 amends Minn. Stat. § 290.0134, subd. 20, the corporate subtractions to federal taxable income, to correct a cross-reference to the corporate additions to federal taxable income. Effective retroactively for taxable years beginning after December 31, 2019. Section 9 amends 2023 Minn. Laws, Ch. 1, § 22, temporary additions and subtractions to make clear the definition of "income" for composite filers and the pass-through entity tax includes the individual addition for the disallowed business interest deduction in Minn. Stat. § 290.0131, subd. 19. Effective retroactively at the same time the changes in Laws 2023, chapter 1, section 22 were effective for federal purposes.

Sections 5, 6, and 7. Renter's credit. Section 5 amends Minn. Stat. § 290.0693, subd. 1, to clarify the definition of "dependent" for the renter's credit to include that the dependent needs to be claimed by the taxpayer. Section 6 amends Minn. Stat. § 290.0693, subd. 6, to clarify the ratio used to determine the renter's credit for taxpayers who accept medical assistance housing support payments. Section 7 amends Minn. Stat. § 290.0693, subd. 8, to clarify that married couples filing joint tax returns will use the total of both spouses' gross rent when claiming the renter's credit. Further clarifies that when married and filing a separate return, both spouses' share of gross rent must be used to calculate the credit. These sections are effective for taxable years beginning after December 31, 2024.

Section 8. Credit calculation. Amends Minn. Stat. § 290.0695, subd. 2, to make clear that the short line railroad infrastructure modernization credit does not exceed the product of multiplying the qualifying number of miles of railroad track by \$3,000. This section is effective retroactively for taxable years beginning after December 31, 2022.

Article 10: Department of Revenue; Sales and Use Taxes

Section 1. Sustainable aviation fuel facilities. Amends Minn. Stat. § 297A.71, subd. 54, to clarify that the sustainable aviation fuel facilities exemption is only effective for purchases made after June 30, 2027, and before July 1, 2034. Effective the day following final enactment.

Sections 2, 3, and 4. Reference correction. Amends Minn. Stat. § 297A.75, subds. 1, 2, and 3, to correctly reference the sustainable aviation fuel facilities (SAF) exemption that was enacted in 2023. Minn. Stat. § 297A.75 addresses the refund process for construction exemptions. These amendments ensure the refund process requirements are accurately applied to the SAF exemption. Effective the day following final enactment.

Section 5. Deposit of revenues. Amends Minn. Stat. § 297A.94 to clarify that the amount deposited as revenue derived from the sales tax on the purchases of motor vehicle repair and replacement parts is deposited monthly based on an estimated amount. Effective the day following final enactment.

Section 6. Use of zip code in determining location of sale. Amends Minn. Stat. § 297A.99, subd. 10, to make clear when a seller has exercised due diligence in determining the nine-digit zip code designation of a purchaser and may apply the rate for the five-digit zip code area. Effective for sales and purchases made after June 30, 2025.

Section 7. Definitions. Amends Minn. Stat. § 297A.995, subd. 2, to clarify the definition of “certified service provider” (CSP). Minnesota is a member of the Streamline Sales Tax organization. This amendment aligns Minnesota Statutes with the definition of CSP in the Streamline Sales and Use Tax Agreement. This change ensures that CSPs are only liable for the sellers they work with to the extent outlined in the contract between the Streamline Sales Tax Governing Board and the CSPs. Effective for sales and purchases made after June 30, 2025.

Section 8. Relief from certain liability. Amends Minn. Stat. § 297A.995, subd. 10, to add clause (d) which provides a certified service provider (CSP) with relief from liability in certain circumstances. When a seller fails to remit all or a portion of their taxes prior to the due date, the CSP may be relieved of liability for that tax if the CSP provided sufficient notice of the seller’s failure to remit. Effective for sales and purchases made after June 30, 2025.

Article 11: Department of Revenue: Miscellaneous

Section 1. Tax preparer enforcement standard of conduct. Amends Minn. Stat. § 270C.445, subd. 3, to clarify that it is a violation of the standards of conduct for a tax preparer to take ownership or control or establish an account in the preparer’s name for any department payment paid to a client. This amendment was needed to ensure that any advance of the child tax credit paid to a client or similar type payments received the same protection as a tax refund. Effective for taxable years beginning after December 31, 2024.

Section 2. Enforcement; administrative order; penalties; cease and desist. Amends Minn. Stat. § 270C.445, subd. 6, to lengthen the timelines for the parties and the Office of Administrative Hearings to act in a contested case proceeding regarding a cease and desist order and/or administrative penalty issued to a tax preparer. Also clarifies that a contested case proceeding is commenced by the issuance of a notice of an order for hearing. Effective for penalties assessed and orders issued after the day following final enactment.

Section 3. Add 4d(2) as an option for the remaining market value of 1b properties.

Amends Minn. Stat. § 273.13, subd. 22, to allow the value of class 1b property in excess of \$50,000 to be classified as 4d(2) community land trust property under Minn. Stat. § 273.13, subd. 25(e)(2). Effective beginning with assessment year 2025 and thereafter.

Section 4. Return by qualified heirs. Amends Minn. Stat. § 289A.12, subd. 18, to remove the first informational estate tax return requirement. Effective the day following final enactment.

Section 5. Annual audit and certified inventory. Amends Minn. Stat. § 297E.06, subd. 4, to repeal the requirement that an organization licensed under chapter 349 (Lawful Gambling) perform and file an annual cash count report at the end of its fiscal year. The cash count report is not useful to the Department for compliance purposes. Effective July 1, 2025.

Section 6. Film production credit. Amends Minn. Stat. § 297I.20, subd. 4(b), to extend the expiration date of the ability of insurers to use film production credits to offset the insurance premium tax. This offset opportunity will now expire January 1, 2031, for taxable years beginning after and premiums received after December 31, 2030. This extension aligns the offset opportunity expiration with the expiration of the underlying film production credit program, which was extended through 2030 via 2023 Minn. Laws, Ch. 64, Art. 1, § 33. Effective the day following final enactment.

Section 7. Statute of limitations. Amends 2023 Minn. Laws, Ch. 1, § 28, to correct an incomplete cross-reference. Effective retroactively at the same time the changes incorporated in Laws 2023, chapter 1, were effective for federal purposes.