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HOUSE FILE No. 3408

FIRST COMMITTEE ENGROSSMENT

March 4, 2010

Authored by Marquart

The bill was read for the first time and referred to the Committee on Taxes

Referred by Chair to Property and Local Sales Tax Division.

April 27, 2010

Returned to the Committee on Taxes as Amended.

A bill for an act

relating to the financing of state and local government; making policy, technical, administrative, enforcement, clarifying, and other changes to property, local government aid, local, sales and use, lodging, and other taxes, and tax-related provisions; property tax reform, accountability, value, and efficiency provisions; tax forfeited lands; emergency debt certificates; special service districts; agricultural preserves; providing for a fiscal disparities study; providing appointments; appropriating money; amending Minnesota Statutes 2008, sections 270.075, subdivisions 1, 2; 270C.87; 270C.94, subdivision 3; 272.0213; 272.025, subdivisions 1, 3; 272.029, subdivisions 4, 7; 273.113, subdivision 3; 273.1231, subdivision 1; 273.1232, subdivision 1; 273.124, subdivisions 1, 8, 14; 273.13, subdivision 34; 273.1384, by adding a subdivision; 273.1392; 275.71, subdivisions 4, 5; 276.02; 279.01, subdivision 3; 279.025; 279.37, subdivision 1; 282.01, subdivisions 1, 1a, 1b, 1c, 1d, 2, 3, 4, 7, 7a, by adding subdivisions; 290B.03, by adding a subdivision; 290B.04, subdivisions 3, 4; 290B.05, subdivision 1; 297A.99, subdivision 1; 428A.12; 428A.18, subdivision 2; 473H.05, subdivision 1; Minnesota Statutes 2009 Supplement, sections 134.34, subdivision 4; 273.114, subdivision 2; 273.124, subdivision 3a; 273.13, subdivisions 23, 25; 275.065, subdivision 3; 275.70, subdivision 5, as amended; 276.04, subdivision 2; 279.01, subdivision 1; 290B.03, subdivision 1; 475.755; 477A.011, subdivision 36, as amended; 477A.013, subdivision 8; Laws 2001, First Special Session chapter 5, article 3, section 50, as amended; Laws 2002, chapter 377, article 3, section 25, as amended; Laws 2009, chapter 88, article 2, section 49; article 4, section 23, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 6; 270C; 273; repealing Minnesota Statutes 2008, sections 282.01, subdivisions 9, 10, 11; 383A.76.

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

ARTICLE 1

PROPERTY TAXES

Section 1. Minnesota Statutes 2008, section 270.075, subdivision 1, is amended to read:

Subdivision 1. **Rate of tax.** The commissioner shall determine the rate of tax to be levied and collected against the net tax capacity as determined pursuant to section 270.074,

2.1 subdivision ~~2~~ 3, to generate revenues sufficient to fund the airflight property tax portion
2.2 of each year's state airport fund appropriation, as certified to the commissioner by the
2.3 commissioner of transportation. The certification shall be presented to the commissioner
2.4 prior to December 31 of each year. The property tax portion of the state airport fund
2.5 appropriation is the difference between the total fund appropriation and the estimated total
2.6 fund revenues from other sources for the state fiscal year in which the tax is payable. ~~If a~~
2.7 ~~levy amount has not been certified by September 1 of a levy year, the commissioner shall~~
2.8 ~~use the last previous certified amount to determine the rate of tax.~~ The certification by the
2.9 commissioner of transportation to the commissioner shall state the total fund appropriation
2.10 and shall list individually the estimated fund revenues. The difference of these amounts
2.11 shall be shown as the property tax portion of the state airport fund appropriation.

2.12 If a levy amount has not been certified by December 31 of a levy year, the
2.13 commissioner shall use the last previous certified amount to determine the rate of tax, and
2.14 shall notify the chairs and the ranking minority members of the committees of the house
2.15 of representatives and senate having jurisdiction over the Department of Transportation
2.16 that a certification was not made under this subdivision.

2.17 **EFFECTIVE DATE.** This section is effective for taxes payable in 2011 and
2.18 thereafter.

2.19 Sec. 2. Minnesota Statutes 2008, section 270.075, subdivision 2, is amended to read:

2.20 Subd. 2. **Notice of taxes; payment.** As soon as practicable and not later than
2.21 ~~December~~ March 1 next following the levy of the tax, the commissioner shall give actual
2.22 notice to the airline company of the net tax capacity and of the tax. The taxes imposed
2.23 under sections 270.071 to 270.079 shall become due and payable on ~~January~~ April 1
2.24 following the levy thereof. If any tax is not paid on the due date or, if an appeal is made
2.25 pursuant to section 270.076, within 60 days after notice of an increased tax, a late payment
2.26 penalty of five percent of the unpaid tax shall be assessed. If the tax remains unpaid for
2.27 more than 30 days, an additional penalty of five percent of the unpaid tax is imposed for
2.28 each additional 30 days or fraction of 30 days that the tax remains unpaid. The penalty
2.29 imposed under this section must not exceed the lesser of \$25,000 or 25 percent of the
2.30 unpaid tax. The unpaid tax and penalty shall bear interest at the rate specified in section
2.31 270C.40 from the time such tax should have been paid until paid. All interest and penalties
2.32 shall be added to the tax and collected as a part thereof.

2.33 **EFFECTIVE DATE.** This section is effective for taxes payable in 2011 and
2.34 thereafter.

3.1 Sec. 3. Minnesota Statutes 2008, section 272.0213, is amended to read:

3.2 **272.0213 LEASED SEASONAL-RECREATIONAL LAND.**

3.3 (a) A county board may elect, by resolution, to exempt from taxation, including the
3.4 tax under section 273.19, qualified lands. "Qualified lands" for purposes of this section
3.5 means property that:

3.6 (1) is owned by a county, city, town, or the state, ~~or the federal governments~~;

3.7 (2) is rented by the entity for noncommercial seasonal-recreational or noncommercial
3.8 seasonal-recreational residential use; and

3.9 (3) was rented for the purposes specified in clause (2) and was exempt from taxation
3.10 for property taxes payable in 2008.

3.11 (b) Lands owned by the federal government and rented for noncommercial
3.12 seasonal-recreational or noncommercial seasonal-recreational residential use is exempt
3.13 from taxation, including the tax under section 273.19.

3.14 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2011.

3.15 Sec. 4. Minnesota Statutes 2008, section 273.1231, subdivision 1, is amended to read:

3.16 Subdivision 1. **Applicability.** For purposes of sections 273.1231 to ~~273.1235~~
3.17 273.1236, the following words, terms, and phrases have the meanings given them in this
3.18 section unless the language or context clearly indicates that a different meaning is intended.

3.19 **EFFECTIVE DATE.** This section is effective for assessment year 2010 and
3.20 thereafter.

3.21 Sec. 5. Minnesota Statutes 2008, section 273.1232, subdivision 1, is amended to read:

3.22 Subdivision 1. **Reassessments required.** For the purposes of sections 273.1231 to
3.23 ~~273.1235~~ 273.1236, the county assessor must reassess all damaged property in a disaster
3.24 or emergency area, except that the commissioner of revenue shall reassess all property
3.25 for which an application is submitted to the commissioner under section 273.1233 or
3.26 273.1235. As soon as practical, the assessor or commissioner of revenue must report
3.27 the reassessed value to the county auditor.

3.28 **EFFECTIVE DATE.** This section is effective for assessment year 2010 and
3.29 thereafter.

3.30 Sec. 6. **[273.1236] DISASTER-DAMAGED HOMES; PARTIAL VALUATION**
3.31 **EXCLUSION.**

4.1 (a) A homestead property that (1) sustained physical damage from a disaster or
4.2 emergency resulting in a reassessed market value that is at least \$15,000 less than the
4.3 market value of the property established for the January 2 assessment in the year in which
4.4 the damage occurred, (2) has been substantially restored or rebuilt by the end of the
4.5 year following the year in which the damage occurred, (3) has a gross living area after
4.6 reconstruction that does not exceed 130 percent of the gross living area prior to the disaster
4.7 or emergency, and (4) has an estimated market value for the assessment year following the
4.8 year in which the restoration or reconstruction was substantially completed that exceeds
4.9 its estimated market value established for the January 2 assessment in the year in which
4.10 the damage occurred by at least \$25,000 due to the restoration or reconstruction, is eligible
4.11 for a valuation exclusion under this section for the two assessment years immediately
4.12 following the year in which the restoration or reconstruction was completed.

4.13 (b) The assessor shall determine the difference between the estimated market value
4.14 established for the January 2 assessment in the year in which the damage occurred and the
4.15 estimated market value established for the January 2 assessment in the year following the
4.16 completion of the restoration or reconstruction.

4.17 (c) In the first assessment year following the restoration or reconstruction, all of the
4.18 difference identified under paragraph (b) shall be excluded in determining taxable market
4.19 value. In the second assessment year following the restoration or reconstruction, half of
4.20 the difference identified under paragraph (b) shall be excluded in determining taxable
4.21 market value.

4.22 (d) For the purposes of this section, "gross living area" includes only above-grade
4.23 living area, and does not include any finished basement living area.

4.24 (e) Application for the valuation exclusion under this section must be filed by
4.25 January 2 of the year following the year in which the restoration or reconstruction was
4.26 substantially completed. The application must be filed with the assessor of the county in
4.27 which the property is located on the form prescribed by the commissioner of revenue.

4.28 **EFFECTIVE DATE.** This section is effective for assessment year 2010 and
4.29 thereafter. The application deadline in paragraph (e) is extended to June 30, 2010, for
4.30 restoration or reconstruction substantially completed in 2009.

4.31 Sec. 7. Minnesota Statutes 2008, section 273.124, subdivision 1, is amended to read:

4.32 Subdivision 1. **General rule.** (a) Residential real estate that is occupied and used
4.33 for the purposes of a homestead by its owner, who must be a Minnesota resident, is
4.34 a residential homestead.

5.1 Agricultural land, as defined in section 273.13, subdivision 23, that is occupied and
5.2 used as a homestead by its owner, who must be a Minnesota resident, is an agricultural
5.3 homestead.

5.4 Dates for establishment of a homestead and homestead treatment provided to
5.5 particular types of property are as provided in this section.

5.6 Property held by a trustee under a trust is eligible for homestead classification if the
5.7 requirements under this chapter are satisfied.

5.8 The assessor shall require proof, as provided in subdivision 13, of the facts upon
5.9 which classification as a homestead may be determined. Notwithstanding any other law,
5.10 the assessor may at any time require a homestead application to be filed in order to verify
5.11 that any property classified as a homestead continues to be eligible for homestead status.
5.12 Notwithstanding any other law to the contrary, the Department of Revenue may, upon
5.13 request from an assessor, verify whether an individual who is requesting or receiving
5.14 homestead classification has filed a Minnesota income tax return as a resident for the most
5.15 recent taxable year for which the information is available.

5.16 When there is a name change or a transfer of homestead property, the assessor may
5.17 reclassify the property in the next assessment unless a homestead application is filed to
5.18 verify that the property continues to qualify for homestead classification.

5.19 (b) For purposes of this section, homestead property shall include property which
5.20 is used for purposes of the homestead but is separated from the homestead by a road,
5.21 street, lot, waterway, or other similar intervening property. The term "used for purposes
5.22 of the homestead" shall include but not be limited to uses for gardens, garages, or other
5.23 outbuildings commonly associated with a homestead, but shall not include vacant land
5.24 held primarily for future development. In order to receive homestead treatment for
5.25 the noncontiguous property, the owner must use the property for the purposes of the
5.26 homestead, and must apply to the assessor, both by the deadlines given in subdivision
5.27 9. After initial qualification for the homestead treatment, additional applications for
5.28 subsequent years are not required.

5.29 (c) Residential real estate that is occupied and used for purposes of a homestead by a
5.30 relative of the owner is a homestead but only to the extent of the homestead treatment
5.31 that would be provided if the related owner occupied the property. For purposes of this
5.32 paragraph and paragraph (g), "relative" means a parent, stepparent, child, stepchild,
5.33 grandparent, grandchild, brother, sister, uncle, aunt, nephew, or niece. This relationship
5.34 may be by blood or marriage. Property that has been classified as seasonal residential
5.35 recreational property at any time during which it has been owned by the current owner or
5.36 spouse of the current owner will not be reclassified as a homestead unless it is occupied as

6.1 a homestead by the owner; this prohibition also applies to property that, in the absence of
6.2 this paragraph, would have been classified as seasonal residential recreational property at
6.3 the time when the residence was constructed. Neither the related occupant nor the owner
6.4 of the property may claim a property tax refund under chapter 290A for a homestead
6.5 occupied by a relative. In the case of a residence located on agricultural land, only the
6.6 house, garage, and immediately surrounding one acre of land shall be classified as a
6.7 homestead under this paragraph, except as provided in paragraph (d). In the case of
6.8 nonagricultural property, this paragraph only applies to applications approved before
6.9 December 16, 2010.

6.10 (d) Agricultural property that is occupied and used for purposes of a homestead by
6.11 a relative of the owner, is a homestead, only to the extent of the homestead treatment
6.12 that would be provided if the related owner occupied the property, and only if all of the
6.13 following criteria are met:

6.14 (1) the relative who is occupying the agricultural property is a son, daughter, brother,
6.15 sister, grandson, granddaughter, father, or mother of the owner of the agricultural property
6.16 or a son, daughter, brother, sister, grandson, or granddaughter of the spouse of the owner
6.17 of the agricultural property;

6.18 (2) the owner of the agricultural property must be a Minnesota resident;

6.19 (3) the owner of the agricultural property must not receive homestead treatment on
6.20 any other agricultural property in Minnesota; and

6.21 (4) the owner of the agricultural property is limited to only one agricultural
6.22 homestead per family under this paragraph.

6.23 Neither the related occupant nor the owner of the property may claim a property
6.24 tax refund under chapter 290A for a homestead occupied by a relative qualifying under
6.25 this paragraph. For purposes of this paragraph, "agricultural property" means the house,
6.26 garage, other farm buildings and structures, and agricultural land.

6.27 Application must be made to the assessor by the owner of the agricultural property to
6.28 receive homestead benefits under this paragraph. The assessor may require the necessary
6.29 proof that the requirements under this paragraph have been met.

6.30 (e) In the case of property owned by a property owner who is married, the assessor
6.31 must not deny homestead treatment in whole or in part if only one of the spouses occupies
6.32 the property and the other spouse is absent due to: (1) marriage dissolution proceedings,
6.33 (2) legal separation, (3) employment or self-employment in another location, or (4) other
6.34 personal circumstances causing the spouses to live separately, not including an intent to
6.35 obtain two homestead classifications for property tax purposes. To qualify under clause
6.36 (3), the spouse's place of employment or self-employment must be at least 50 miles distant

7.1 from the other spouse's place of employment, and the homesteads must be at least 50 miles
7.2 distant from each other. Homestead treatment, in whole or in part, shall not be denied to
7.3 the owner's spouse who previously occupied the residence with the owner if the absence
7.4 of the owner is due to one of the exceptions provided in this paragraph.

7.5 (f) The assessor must not deny homestead treatment in whole or in part if:

7.6 (1) in the case of a property owner who is not married, the owner is absent due to
7.7 residence in a nursing home, boarding care facility, or an elderly assisted living facility
7.8 property as defined in section 273.13, subdivision 25a, and the property is not otherwise
7.9 occupied; or

7.10 (2) in the case of a property owner who is married, the owner or the owner's spouse
7.11 or both are absent due to residence in a nursing home, boarding care facility, or an elderly
7.12 assisted living facility property as defined in section 273.13, subdivision 25a, and the
7.13 property is not occupied or is occupied only by the owner's spouse.

7.14 (g) If an individual is purchasing property with the intent of claiming it as a
7.15 homestead and is required by the terms of the financing agreement to have a relative
7.16 shown on the deed as a co-owner, the assessor shall allow a full homestead classification.
7.17 This provision only applies to first-time purchasers, whether married or single, or to a
7.18 person who had previously been married and is purchasing as a single individual for the
7.19 first time. The application for homestead benefits must be on a form prescribed by the
7.20 commissioner and must contain the data necessary for the assessor to determine if full
7.21 homestead benefits are warranted.

7.22 (h) If residential or agricultural real estate is occupied and used for purposes of a
7.23 homestead by a child of a deceased owner and the property is subject to jurisdiction of
7.24 probate court, the child shall receive relative homestead classification under paragraph (c)
7.25 or (d) to the same extent they would be entitled to it if the owner was still living, until
7.26 the probate is completed. For purposes of this paragraph, "child" includes a relationship
7.27 by blood or by marriage.

7.28 (i) If a single-family home, duplex, or triplex classified as either residential
7.29 homestead or agricultural homestead is also used to provide licensed child care, the
7.30 portion of the property used for licensed child care must be classified as a part of the
7.31 homestead property.

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

7.33 Sec. 8. Minnesota Statutes 2009 Supplement, section 273.124, subdivision 3a, is
7.34 amended to read:

8.1 Subd. 3a. **Manufactured home park cooperative.** (a) When a manufactured home
 8.2 park is owned by a corporation or association organized under chapter 308A or 308B,
 8.3 and each person who owns a share or shares in the corporation or association is entitled
 8.4 to occupy a lot within the park, the corporation or association may claim homestead
 8.5 treatment for ~~each lot occupied by a shareholder~~ the park. Each lot must be designated
 8.6 by legal description or number, and each lot is limited to not more than one-half acre of
 8.7 land ~~for each homestead~~.

8.8 (b) The manufactured home park shall be ~~valued and assessed as if it were~~
 8.9 ~~homestead property within class 1~~ entitled to homestead treatment if all of the following
 8.10 criteria are met:

8.11 (1) ~~the occupant is using the property as a permanent residence;~~

8.12 ~~(2)~~ the occupant or the cooperative corporation or association is paying the ad
 8.13 valorem property taxes and any special assessments levied against the land and structure
 8.14 either directly, or indirectly through dues to the corporation or association; and

8.15 ~~(3)~~ (2) the corporation or association organized under chapter 308A or 308B is
 8.16 wholly owned by persons having a right to occupy a lot owned by the corporation or
 8.17 association.

8.18 (c) A charitable corporation, organized under the laws of Minnesota with no
 8.19 outstanding stock, and granted a ruling by the Internal Revenue Service for 501(c)(3)
 8.20 tax-exempt status, qualifies for homestead treatment with respect to ~~member residents of~~
 8.21 ~~the~~ a manufactured home park ~~who~~ if its members hold residential participation warrants
 8.22 entitling them to occupy a lot in the manufactured home park.

8.23 (d) "Homestead treatment" under this subdivision means the class rate provided for
 8.24 class 4c property classified under section 273.13, subdivision 25, paragraph (d), clause (5),
 8.25 item (ii). The homestead market value credit under section 273.1384 does not apply and
 8.26 the property taxes assessed against the park shall not be included in the determination of
 8.27 taxes payable for rent paid under section 290A.03.

8.28 **EFFECTIVE DATE.** This section is effective for taxes payable in 2011 and
 8.29 thereafter.

8.30 Sec. 9. Minnesota Statutes 2008, section 273.124, subdivision 8, is amended to read:

8.31 Subd. 8. **Homestead owned by or leased to family farm corporation, joint farm**
 8.32 **venture, limited liability company, or partnership.** (a) Each family farm corporation;
 8.33 each joint family farm venture; and each limited liability company or partnership which
 8.34 operates a family farm; is entitled to class 1b under section 273.13, subdivision 22,
 8.35 paragraph (b), or class 2a assessment for one homestead occupied by a shareholder,

9.1 member, or partner thereof who is residing on the land, and actively engaged in farming of
9.2 the land owned by the family farm corporation, joint family farm venture, limited liability
9.3 company, or partnership. Homestead treatment applies even if legal title to the property is
9.4 in the name of the family farm corporation, joint family farm venture, limited liability
9.5 company, or partnership, and not in the name of the person residing on it.

9.6 "Family farm corporation," "family farm," and "partnership operating a family
9.7 farm" have the meanings given in section 500.24, except that the number of allowable
9.8 shareholders, members, or partners under this subdivision shall not exceed 12. "Limited
9.9 liability company" has the meaning contained in sections 322B.03, subdivision 28, and
9.10 500.24, subdivision 2, paragraphs (l) and (m). "Joint family farm venture" means a
9.11 cooperative agreement among two or more farm enterprises authorized to operate a family
9.12 farm under section 500.24.

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

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

9.30 (d) Agricultural property that (1) is owned by a family farm corporation, joint
9.31 farm venture, limited liability company, or partnership and (2) is contiguous to a class
9.32 2a homestead under section 273.13, subdivision 23, or if noncontiguous, is located in
9.33 the same township or city, or not farther than four townships or cities, or combination
9.34 thereof from a class 2a homestead, and the class 2a homestead is owned by one of the
9.35 shareholders, members, or partners; is entitled to receive the first tier homestead class rate
9.36 up to the first tier maximum market value on any remaining market value not received

10.1 on the shareholder's, member's, or partner's homestead class 2a property. The owner
10.2 must notify the county assessor by July 1 that a portion of the market value under this
10.3 subdivision may be eligible for homestead classification for the current assessment year,
10.4 for taxes payable in the following year.

10.5 **EFFECTIVE DATE.** This section is effective for assessment year 2010 and
10.6 thereafter, for taxes payable in 2011 and thereafter.

10.7 Sec. 10. Minnesota Statutes 2008, section 273.124, subdivision 14, is amended to read:

10.8 Subd. 14. **Agricultural homesteads; special provisions.** (a) Real estate of less than
10.9 ten acres that is the homestead of its owner must be classified as class 2a under section
10.10 273.13, subdivision 23, paragraph (a), if:

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

10.15 (2) its owner also owns a noncontiguous parcel of agricultural land that is at least
10.16 20 acres;

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

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

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

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

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

10.31 (2) the owner, the owner's spouse, the son or daughter of the owner or owner's
10.32 spouse, the brother or sister of the owner or owner's spouse, or the grandson or
10.33 granddaughter of the owner or the owner's spouse, is actively farming the agricultural
10.34 property, either on the person's own behalf as an individual or on behalf of a partnership

11.1 operating a family farm, family farm corporation, joint family farm venture, or limited
11.2 liability company of which the person is a partner, shareholder, or member;

11.3 (3) both the owner of the agricultural property and the person who is actively
11.4 farming the agricultural property under clause (2), are Minnesota residents;

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

11.7 (5) neither the owner nor the person actively farming the property lives farther
11.8 than four townships or cities, or a combination of four townships or cities, from the
11.9 agricultural property, except that if the owner or the owner's spouse is required to live in
11.10 employer-provided housing, the owner or owner's spouse, whichever is actively farming
11.11 the agricultural property, may live more than four townships or cities, or combination of
11.12 four townships or cities from the agricultural property.

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

11.14 (ii) Real property held by a trustee under a trust is eligible for agricultural homestead
11.15 classification under this paragraph if the qualifications in clause (i) are met, except that
11.16 "owner" means the grantor of the trust.

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

11.20 (c) Noncontiguous land shall be included as part of a homestead under section
11.21 273.13, subdivision 23, paragraph (a), only if the homestead is classified as class 2a
11.22 and the detached land is located in the same township or city, or not farther than four
11.23 townships or cities or combination thereof from the homestead. Any taxpayer of these
11.24 noncontiguous lands must notify the county assessor that the noncontiguous land is part of
11.25 the taxpayer's homestead, and, if the homestead is located in another county, the taxpayer
11.26 must also notify the assessor of the other county.

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

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

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

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

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

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

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

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

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

12.20 (2) the property is located in the county of Blue Earth, Brown, Cottonwood,
12.21 LeSueur, Nicollet, Nobles, or Rice;

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

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

12.26 (5) the owner notifies the county assessor that the relocation was due to a March 29,
12.27 1998, tornado, and the owner furnishes the assessor any information deemed necessary by
12.28 the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the
12.29 owner must notify the assessor by December 1, 1998. Further notifications to the assessor
12.30 are not required if the property continues to meet all the requirements in this paragraph
12.31 and any dwellings on the agricultural land remain uninhabited.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

13.29 The owners and any persons who are actively farming the property must include
13.30 the appropriate Social Security numbers, and sign and date the application. If any of the
13.31 specified information has changed since the full application was filed, the owner must
13.32 notify the assessor, and must complete a new application to determine if the property
13.33 continues to qualify for the special agricultural homestead. The commissioner of revenue
13.34 shall prepare a standard reapplication form for use by the assessors.

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

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

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

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

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

14.12 (5) the owner notifies the county assessor that the relocation was due to the August
14.13 2007 floods, and the owner furnishes the assessor any information deemed necessary by
14.14 the assessor in verifying the change in homestead dwelling. For taxes payable in 2009, the
14.15 owner must notify the assessor by December 1, 2008. Further notifications to the assessor
14.16 are not required if the property continues to meet all the requirements in this paragraph
14.17 and any dwellings on the agricultural land remain uninhabited.

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

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

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

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

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

14.29 (5) the owner notifies the county assessor that the relocation was due to the 2009
14.30 floods, and the owner furnishes the assessor any information deemed necessary by the
14.31 assessor in verifying the change in dwelling. Further notifications to the assessor are not
14.32 required if the property continues to meet all the requirements in this paragraph and any
14.33 dwellings on the agricultural land remain uninhabited.

14.34 **EFFECTIVE DATE.** This section is effective for assessment years 2010 and 2011,
14.35 for taxes payable in 2011 and 2012.

15.1 Sec. 11. Minnesota Statutes 2009 Supplement, section 273.13, subdivision 23, is
15.2 amended to read:

15.3 Subd. 23. **Class 2.** (a) An agricultural homestead consists of class 2a agricultural
15.4 land that is homesteaded, along with any class 2b rural vacant land that is contiguous to
15.5 the class 2a land under the same ownership. The market value of the house and garage
15.6 and immediately surrounding one acre of land has the same class rates as class 1a or 1b
15.7 property under subdivision 22. The value of the remaining land including improvements
15.8 up to the first tier valuation limit of agricultural homestead property has a net class rate
15.9 of 0.5 percent of market value. The remaining property over the first tier has a class rate
15.10 of one percent of market value. For purposes of this subdivision, the "first tier valuation
15.11 limit of agricultural homestead property" and "first tier" means the limit certified under
15.12 section 273.11, subdivision 23.

15.13 (b) Class 2a agricultural land consists of parcels of property, or portions thereof, that
15.14 are agricultural land and buildings. Class 2a property has a net class rate of one percent of
15.15 market value, unless it is part of an agricultural homestead under paragraph (a). Class
15.16 2a property must also include any property that would otherwise be classified as 2b,
15.17 but is interspersed with class 2a property, including but not limited to sloughs, wooded
15.18 wind shelters, acreage abutting ditches, ravines, rock piles, land subject to a setback
15.19 requirement, and other similar land that is impractical for the assessor to value separately
15.20 from the rest of the property or that is unlikely to be able to be sold separately from
15.21 the rest of the property.

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

15.24 (c) Class 2b rural vacant land consists of parcels of property, or portions thereof,
15.25 that are unplatted real estate, rural in character and not used for agricultural purposes,
15.26 including land used for growing trees for timber, lumber, and wood and wood products,
15.27 that is not improved with a structure. The presence of a minor, ancillary nonresidential
15.28 structure as defined by the commissioner of revenue does not disqualify the property from
15.29 classification under this paragraph. Any parcel of 20 acres or more improved with a
15.30 structure that is not a minor, ancillary nonresidential structure must be split-classified, and
15.31 ten acres must be assigned to the split parcel containing the structure. Class 2b property
15.32 has a net class rate of one percent of market value unless it is part of an agricultural
15.33 homestead under paragraph (a), or qualifies as class 2c under paragraph (d).

15.34 (d) Class 2c managed forest land consists of no less than 20 and no more than 1,920
15.35 acres statewide per taxpayer that is being managed under a forest management plan that
15.36 meets the requirements of chapter 290C, but is not enrolled in the sustainable forest

16.1 resource management incentive program. It has a class rate of .65 percent, provided that
16.2 the owner of the property must apply to the assessor in order for the property to initially
16.3 qualify for the reduced rate and provide the information required by the assessor to verify
16.4 that the property qualifies for the reduced rate. If the assessor receives the application
16.5 and information before May 1 in an assessment year, the property qualifies beginning
16.6 with that assessment year. If the assessor receives the application and information after
16.7 April 30 in an assessment year, the property may not qualify until the next assessment
16.8 year. The commissioner of natural resources must concur that the land is qualified. The
16.9 commissioner of natural resources shall annually provide county assessors verification
16.10 information on a timely basis. The presence of a minor, ancillary nonresidential structure
16.11 as defined by the commissioner of revenue does not disqualify the property from
16.12 classification under this paragraph.

16.13 (e) Agricultural land as used in this section means contiguous acreage of ten
16.14 acres or more, used during the preceding year for agricultural purposes. "Agricultural
16.15 purposes" as used in this section means the raising, cultivation, drying, or storage of
16.16 agricultural products for sale, or the storage of machinery or equipment used in support
16.17 of agricultural production by the same farm entity. For a property to be classified as
16.18 agricultural based only on the drying or storage of agricultural products, the products
16.19 being dried or stored must have been produced by the same farm entity as the entity
16.20 operating the drying or storage facility. "Agricultural purposes" also includes enrollment
16.21 in the Reinvest in Minnesota program under sections 103F.501 to 103F.535 or the federal
16.22 Conservation Reserve Program as contained in Public Law 99-198 or a similar state
16.23 or federal conservation program if the property was classified as agricultural (i) under
16.24 this subdivision for the assessment year 2002 or (ii) in the year prior to its enrollment.
16.25 Agricultural classification shall not be based upon the market value of any residential
16.26 structures on the parcel or contiguous parcels under the same ownership.

16.27 (f) Real estate of less than ten acres, which is exclusively or intensively used for
16.28 raising or cultivating agricultural products, shall be considered as agricultural land. To
16.29 qualify under this paragraph, property that includes a residential structure must be used
16.30 intensively for one of the following purposes:

16.31 (i) for drying or storage of grain or storage of machinery or equipment used to
16.32 support agricultural activities on other parcels of property operated by the same farming
16.33 entity;

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

17.1 (iii) for livestock or poultry confinement, provided that land that is used only for
17.2 pasturing and grazing does not qualify; ~~or~~

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

17.7 (v) the commercial processing of milk into cheese products from milk produced
17.8 on the property.

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

17.11 Classification under this subdivision is not determinative for qualifying under
17.12 section 273.111.

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

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

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

17.21 (2) fish bred for sale and consumption if the fish breeding occurs on land zoned
17.22 for agricultural use;

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

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

17.29 (5) game birds and waterfowl bred and raised for use on a shooting preserve licensed
17.30 under section 97A.115;

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

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

17.34 (8) maple syrup taken from trees grown by a person licensed by the Minnesota
17.35 Department of Agriculture under chapter 28A as a food processor; and

18.1 (9) the commercial processing of milk into cheese products from milk produced on
18.2 the property, provided the property is also the homestead of the property owner.

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

18.5 (1) wholesale and retail sales;

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

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

18.8 (4) office facilities for the support of the activities enumerated in clauses (1), (2),
18.9 and (3),

18.10 the assessor shall classify the part of the parcel used for agricultural purposes as class
18.11 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its
18.12 use. The grading, sorting, and packaging of raw agricultural products for first sale is
18.13 considered an agricultural purpose. A greenhouse or other building where horticultural
18.14 or nursery products are grown that is also used for the conduct of retail sales must be
18.15 classified as agricultural if it is primarily used for the growing of horticultural or nursery
18.16 products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of
18.17 those products. Use of a greenhouse or building only for the display of already grown
18.18 horticultural or nursery products does not qualify as an agricultural purpose.

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

18.23 (l) Class 2d airport landing area consists of a landing area or public access area of
18.24 a privately owned public use airport. It has a class rate of one percent of market value.
18.25 To qualify for classification under this paragraph, a privately owned public use airport
18.26 must be licensed as a public airport under section 360.018. For purposes of this paragraph,
18.27 "landing area" means that part of a privately owned public use airport properly cleared,
18.28 regularly maintained, and made available to the public for use by aircraft and includes
18.29 runways, taxiways, aprons, and sites upon which are situated landing or navigational aids.
18.30 A landing area also includes land underlying both the primary surface and the approach
18.31 surfaces that comply with all of the following:

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

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

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

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

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

19.14 (1) a legal description of the property;

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

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

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

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

19.27 (n) When any portion of the property under this subdivision or subdivision 22 begins
19.28 to be actively mined, the owner must file a supplemental affidavit within 60 days from
19.29 the day any aggregate is removed stating the number of acres of the property that is
19.30 actively being mined. The acres actively being mined must be (1) valued and classified
19.31 under subdivision 24 in the next subsequent assessment year, and (2) removed from the
19.32 aggregate resource preservation property tax program under section 273.1115, if the
19.33 land was enrolled in that program. Copies of the original affidavit and all supplemental
19.34 affidavits must be filed with the county assessor, the local zoning administrator, and the
19.35 Department of Natural Resources, Division of Land and Minerals. A supplemental
19.36 affidavit must be filed each time a subsequent portion of the property is actively mined,

20.1 provided that the minimum acreage change is five acres, even if the actual mining activity
20.2 constitutes less than five acres.

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

20.6 **EFFECTIVE DATE.** This section is effective for taxes payable in 2011 and
20.7 thereafter.

20.8 Sec. 12. Minnesota Statutes 2009 Supplement, section 273.13, subdivision 25, is
20.9 amended to read:

20.10 Subd. 25. **Class 4.** (a) Class 4a is residential real estate containing four or more
20.11 units and used or held for use by the owner or by the tenants or lessees of the owner
20.12 as a residence for rental periods of 30 days or more, excluding property qualifying for
20.13 class 4d. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other
20.14 than hospitals exempt under section 272.02, and contiguous property used for hospital
20.15 purposes, without regard to whether the property has been platted or subdivided. The
20.16 market value of class 4a property has a class rate of 1.25 percent.

20.17 (b) Class 4b includes:

20.18 (1) residential real estate containing less than four units that does not qualify as class
20.19 4bb, other than seasonal residential recreational property;

20.20 (2) manufactured homes not classified under any other provision;

20.21 (3) a dwelling, garage, and surrounding one acre of property on a nonhomestead
20.22 farm classified under subdivision 23, paragraph (b) containing two or three units; and

20.23 (4) unimproved property that is classified residential as determined under subdivision
20.24 33.

20.25 The market value of class 4b property has a class rate of 1.25 percent.

20.26 (c) Class 4bb includes:

20.27 (1) nonhomestead residential real estate containing one unit, other than seasonal
20.28 residential recreational property; and

20.29 (2) a single family dwelling, garage, and surrounding one acre of property on a
20.30 nonhomestead farm classified under subdivision 23, paragraph (b).

20.31 Class 4bb property has the same class rates as class 1a property under subdivision 22.

20.32 Property that has been classified as seasonal residential recreational property at
20.33 any time during which it has been owned by the current owner or spouse of the current
20.34 owner does not qualify for class 4bb.

20.35 (d) Class 4c property includes:

21.1 (1) except as provided in subdivision 22, paragraph (c), real and personal property
21.2 devoted to temporary and seasonal residential occupancy for recreation purposes,
21.3 including real and personal property devoted to temporary and seasonal residential
21.4 occupancy for recreation purposes and not devoted to commercial purposes for more
21.5 than 250 days in the year preceding the year of assessment. For purposes of this clause,
21.6 property is devoted to a commercial purpose on a specific day if any portion of the
21.7 property is used for residential occupancy, and a fee is charged for residential occupancy.
21.8 Class 4c property under this clause must contain three or more rental units. A "rental unit"
21.9 is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site
21.10 equipped with water and electrical hookups for recreational vehicles. Class 4c property
21.11 under this clause must provide recreational activities such as renting ice fishing houses,
21.12 boats and motors, snowmobiles, downhill or cross-country ski equipment; provide marina
21.13 services, launch services, or guide services; or sell bait and fishing tackle. A camping pad
21.14 offered for rent by a property that otherwise qualifies for class 4c under this clause is also
21.15 class 4c under this clause regardless of the term of the rental agreement, as long as the
21.16 use of the camping pad does not exceed 250 days. In order for a property to be classified
21.17 as class 4c, seasonal residential recreational for commercial purposes under this clause,
21.18 (i) at least 40 percent of the annual gross lodging receipts related to the property must be
21.19 from business conducted during 90 consecutive days and either ~~(i)~~ (A) at least 60 percent
21.20 of all paid bookings by lodging guests during the year must be for periods of at least
21.21 two consecutive nights; or ~~(ii)~~ (B) at least 20 percent of the annual gross receipts must
21.22 be from charges for rental of fish houses, boats and motors, snowmobiles, downhill or
21.23 cross-country ski equipment, or charges for marina services, launch services, and guide
21.24 services, or the sale of bait and fishing tackle; or (ii) the property contains 20 or fewer
21.25 rental units, is devoted to temporary residential occupancy for no more than 250 days in
21.26 the year, is located in a township or a city with a population of 2,500 or less, that is located
21.27 outside the metropolitan area as defined under section 473.121, subdivision 2, and that
21.28 contains a portion of a state trail administered by the Department of Natural Resources.
21.29 For purposes of this determination, a paid booking of five or more nights shall be counted
21.30 as two bookings. Class 4c property classified under this clause also includes commercial
21.31 use real property used exclusively for recreational purposes in conjunction with other
21.32 class 4c property classified under this clause and devoted to temporary and seasonal
21.33 residential occupancy for recreational purposes, up to a total of two acres, provided the
21.34 property is not devoted to commercial recreational use for more than 250 days in the year
21.35 preceding the year of assessment and is located within two miles of the class 4c property
21.36 with which it is used. Owners of real and personal property devoted to temporary and

22.1 seasonal residential occupancy for recreation purposes and all or a portion of which was
22.2 devoted to commercial purposes for not more than 250 days in the year preceding the
22.3 year of assessment desiring classification as class 4c, must submit a declaration to the
22.4 assessor designating the cabins or units occupied for 250 days or less in the year preceding
22.5 the year of assessment by January 15 of the assessment year. Those cabins or units and
22.6 a proportionate share of the land on which they are located must be designated class
22.7 4c under this clause as otherwise provided. The remainder of the cabins or units and a
22.8 proportionate share of the land on which they are located will be designated as class 3a.
22.9 The owner of property desiring designation as class 4c property under this clause must
22.10 provide guest registers or other records demonstrating that the units for which class 4c
22.11 designation is sought were not occupied for more than 250 days in the year preceding the
22.12 assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar,
22.13 (3) gift shop, (4) conference center or meeting room, and (5) other nonresidential facility
22.14 operated on a commercial basis not directly related to temporary and seasonal residential
22.15 occupancy for recreation purposes does not qualify for class 4c;

22.16 (2) qualified property used as a golf course if:

22.17 (i) it is open to the public on a daily fee basis. It may charge membership fees or
22.18 dues, but a membership fee may not be required in order to use the property for golfing,
22.19 and its green fees for golfing must be comparable to green fees typically charged by
22.20 municipal courses; and

22.21 (ii) it meets the requirements of section 273.112, subdivision 3, paragraph (d).

22.22 A structure used as a clubhouse, restaurant, or place of refreshment in conjunction
22.23 with the golf course is classified as class 3a property;

22.24 (3) real property up to a maximum of three acres of land owned and used by a
22.25 nonprofit community service oriented organization and not used for residential purposes
22.26 on either a temporary or permanent basis, provided that:

22.27 (i) the property is not used for a revenue-producing activity for more than six days
22.28 in the calendar year preceding the year of assessment; or

22.29 (ii) the organization makes annual charitable contributions and donations at least
22.30 equal to the property's previous year's property taxes and the property is allowed to be
22.31 used for public and community meetings or events for no charge, as appropriate to the
22.32 size of the facility.

22.33 For purposes of this clause,

22.34 (A) "charitable contributions and donations" has the same meaning as lawful
22.35 gambling purposes under section 349.12, subdivision 25, excluding those purposes
22.36 relating to the payment of taxes, assessments, fees, auditing costs, and utility payments;

23.1 (B) "property taxes" excludes the state general tax;

23.2 (C) a "nonprofit community service oriented organization" means any corporation,
23.3 society, association, foundation, or institution organized and operated exclusively for
23.4 charitable, religious, fraternal, civic, or educational purposes, and which is exempt from
23.5 federal income taxation pursuant to section 501(c)(3), (8), (10), or (19) of the Internal
23.6 Revenue Code; and

23.7 (D) "revenue-producing activities" shall include but not be limited to property or that
23.8 portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt
23.9 liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling
23.10 alley, a retail store, gambling conducted by organizations licensed under chapter 349, an
23.11 insurance business, or office or other space leased or rented to a lessee who conducts a
23.12 for-profit enterprise on the premises.

23.13 Any portion of the property not qualifying under either item (i) or (ii) is class 3a. The use
23.14 of the property for social events open exclusively to members and their guests for periods
23.15 of less than 24 hours, when an admission is not charged nor any revenues are received by
23.16 the organization shall not be considered a revenue-producing activity.

23.17 The organization shall maintain records of its charitable contributions and donations
23.18 and of public meetings and events held on the property and make them available upon
23.19 request any time to the assessor to ensure eligibility. An organization meeting the
23.20 requirement under item (ii) must file an application by May 1 with the assessor for
23.21 eligibility for the current year's assessment. The commissioner shall prescribe a uniform
23.22 application form and instructions;

23.23 (4) postsecondary student housing of not more than one acre of land that is owned by
23.24 a nonprofit corporation organized under chapter 317A and is used exclusively by a student
23.25 cooperative, sorority, or fraternity for on-campus housing or housing located within two
23.26 miles of the border of a college campus;

23.27 (5)(i) manufactured home parks as defined in section 327.14, subdivision 3,
23.28 excluding manufactured home parks described in section 273.124, subdivision 3a, and (ii)
23.29 manufactured home parks as defined in section 327.14, subdivision 3, that are described in
23.30 section 273.124, subdivision 3a;

23.31 (6) real property that is actively and exclusively devoted to indoor fitness, health,
23.32 social, recreational, and related uses, is owned and operated by a not-for-profit corporation,
23.33 and is located within the metropolitan area as defined in section 473.121, subdivision 2;

23.34 (7) a leased or privately owned noncommercial aircraft storage hangar not exempt
23.35 under section 272.01, subdivision 2, and the land on which it is located, provided that:

24.1 (i) the land is on an airport owned or operated by a city, town, county, Metropolitan
24.2 Airports Commission, or group thereof; and

24.3 (ii) the land lease, or any ordinance or signed agreement restricting the use of the
24.4 leased premise, prohibits commercial activity performed at the hangar.

24.5 If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must
24.6 be filed by the new owner with the assessor of the county where the property is located
24.7 within 60 days of the sale;

24.8 (8) a privately owned noncommercial aircraft storage hangar not exempt under
24.9 section 272.01, subdivision 2, and the land on which it is located, provided that:

24.10 (i) the land abuts a public airport; and

24.11 (ii) the owner of the aircraft storage hangar provides the assessor with a signed
24.12 agreement restricting the use of the premises, prohibiting commercial use or activity
24.13 performed at the hangar; and

24.14 (9) residential real estate, a portion of which is used by the owner for homestead
24.15 purposes, and that is also a place of lodging, if all of the following criteria are met:

24.16 (i) rooms are provided for rent to transient guests that generally stay for periods
24.17 of 14 or fewer days;

24.18 (ii) meals are provided to persons who rent rooms, the cost of which is incorporated
24.19 in the basic room rate;

24.20 (iii) meals are not provided to the general public except for special events on fewer
24.21 than seven days in the calendar year preceding the year of the assessment; and

24.22 (iv) the owner is the operator of the property.

24.23 The market value subject to the 4c classification under this clause is limited to five rental
24.24 units. Any rental units on the property in excess of five, must be valued and assessed as
24.25 class 3a. The portion of the property used for purposes of a homestead by the owner must
24.26 be classified as class 1a property under subdivision 22;

24.27 (10) real property up to a maximum of three acres and operated as a restaurant
24.28 as defined under section 157.15, subdivision 12, provided it: (A) is located on a lake
24.29 as defined under section 103G.005, subdivision 15, paragraph (a), clause (3); and (B)
24.30 is either devoted to commercial purposes for not more than 250 consecutive days, or
24.31 receives at least 60 percent of its annual gross receipts from business conducted during
24.32 four consecutive months. Gross receipts from the sale of alcoholic beverages must be
24.33 included in determining the property's qualification under subitem (B). The property's
24.34 primary business must be as a restaurant and not as a bar. Gross receipts from gift shop
24.35 sales located on the premises must be excluded. Owners of real property desiring 4c
24.36 classification under this clause must submit an annual declaration to the assessor by

25.1 February 1 of the current assessment year, based on the property's relevant information for
25.2 the preceding assessment year; and

25.3 (11) lakeshore and riparian property and adjacent land, not to exceed six acres, used
25.4 as a marina, as defined in section 86A.20, subdivision 5, which is made accessible to
25.5 the public and devoted to recreational use for marina services. The marina owner must
25.6 annually provide evidence to the assessor that it provides services, including lake or
25.7 river access to the public. No more than 800 feet of lakeshore may be included in this
25.8 classification. Buildings used in conjunction with a marina for marina services, including
25.9 but not limited to buildings used to provide food and beverage services, fuel, boat repairs,
25.10 or the sale of bait or fishing tackle, are classified as class 3a property.

25.11 Class 4c property has a class rate of 1.5 percent of market value, except that (i) each
25.12 parcel of seasonal residential recreational property not used for commercial purposes has
25.13 the same class rates as class 4bb property, (ii) manufactured home parks assessed under
25.14 clause (5), item (i), have the same class rate as class 4b property, and the market value
25.15 of manufactured home parks assessed under clause (5), item (ii), has the same class rate
25.16 as class 4d property, (iii) commercial-use seasonal residential recreational property and
25.17 marina recreational land as described in clause (11), has a class rate of one percent for the
25.18 first \$500,000 of market value, and 1.25 percent for the remaining market value, (iv) the
25.19 market value of property described in clause (4) has a class rate of one percent, (v) the
25.20 market value of property described in clauses (2), (6), and (10) has a class rate of 1.25
25.21 percent, and (vi) that portion of the market value of property in clause (9) qualifying for
25.22 class 4c property has a class rate of 1.25 percent.

25.23 (e) Class 4d property is qualifying low-income rental housing certified to the assessor
25.24 by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion
25.25 of the units in the building qualify as low-income rental housing units as certified under
25.26 section 273.128, subdivision 3, only the proportion of qualifying units to the total number
25.27 of units in the building qualify for class 4d. The remaining portion of the building shall be
25.28 classified by the assessor based upon its use. Class 4d also includes the same proportion of
25.29 land as the qualifying low-income rental housing units are to the total units in the building.
25.30 For all properties qualifying as class 4d, the market value determined by the assessor must
25.31 be based on the normal approach to value using normal unrestricted rents.

25.32 Class 4d property has a class rate of 0.75 percent.

25.33 **EFFECTIVE DATE.** This section is effective for assessment year 2010, for taxes
25.34 payable in 2011 and thereafter.

25.35 Sec. 13. Minnesota Statutes 2008, section 273.13, subdivision 34, is amended to read:

26.1 Subd. 34. **Homestead of disabled veteran.** (a) All or a portion of the market value
26.2 of property owned by a veteran or by the veteran and the veteran's spouse qualifying
26.3 for homestead classification under subdivision 22 or 23 is excluded in determining the
26.4 property's taxable market value if it either: (1) serves as the homestead of a military
26.5 veteran, as defined in section 197.447, who has a service-connected disability of 70
26.6 percent or more, or (2) served as the homestead of a service member at the time of the
26.7 service member's death due to a service-connected cause while in active service, as
26.8 defined in section 190.05, subdivision 5. To qualify for exclusion under ~~this subdivision~~
26.9 clause (1), the veteran must have been honorably discharged from the United States armed
26.10 forces, as indicated by United States Government Form DD214 or other official military
26.11 discharge papers, and must be certified by the United States Veterans Administration
26.12 as having a service-connected disability. To qualify for exclusion under clause (2), the
26.13 surviving spouse must show proof of the service member's death while in active service
26.14 in any branch or unit of the United States armed forces, as indicated on United States
26.15 Government Form DD1300 or DD2064.

26.16 (b)(1) For a disability rating of 70 percent or more, \$150,000 of market value is
26.17 excluded, except as provided in clause (2); and

26.18 (2) for a total (100 percent) and permanent disability, or in the case of a property
26.19 qualifying under paragraph (a), clause (2), \$300,000 of market value is excluded.

26.20 (c) If a disabled veteran qualifying for a valuation exclusion under paragraph (b),
26.21 clause (2), predeceases the veteran's spouse, and if upon the death of the veteran the
26.22 spouse holds the legal or beneficial title to the homestead and permanently resides there,
26.23 the exclusion shall carry over to the benefit of the veteran's spouse for ~~one~~ four additional
26.24 assessment ~~year~~ years or until such time as the spouse sells, transfers, or otherwise
26.25 disposes of the property, whichever comes first.

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

26.29 (e) A property qualifying for a valuation exclusion under this subdivision is not
26.30 eligible for the credit under section 273.1384, subdivision 1, or classification under
26.31 subdivision 22, paragraph (b).

26.32 (f) To qualify for a valuation exclusion under this subdivision a property owner must
26.33 apply to the assessor by July 1 of each assessment year, except that an annual reapplication
26.34 is not required once a property has been accepted for a valuation exclusion under paragraph
26.35 (b), clause (2), and the property continues to qualify until there is a change in ownership.

27.1 **EFFECTIVE DATE.** The change made to paragraph (a) is effective for deaths
27.2 occurring the day following final enactment. The change made to paragraph (c) is
27.3 effective for taxes payable in 2011 and thereafter, and applies to the surviving spouse of
27.4 any disabled veteran who had previously been assessed under paragraph (c).

27.5 Sec. 14. Minnesota Statutes 2009 Supplement, section 275.065, subdivision 3, is
27.6 amended to read:

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

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

27.14 (c) The notice must inform taxpayers that it contains the amount of property taxes
27.15 each taxing authority proposes to collect for taxes payable the following year. In the case
27.16 of a town, or in the case of the state general tax, the final tax amount will be its proposed
27.17 tax. The notice must clearly state for each city, county, school district, regional library
27.18 authority established under section 134.201, and metropolitan taxing districts as defined in
27.19 paragraph (i), the time and place of the taxing authorities' regularly scheduled meetings in
27.20 which the budget and levy will be discussed and the final budget and levy determined,
27.21 which must occur after November 24. The taxing authorities must provide the county
27.22 auditor with the information to be included in the notice on or before the time it certifies its
27.23 proposed levy under subdivision 1. The public must be allowed to speak at the meetings
27.24 and the meetings shall not be held before 6:00 p.m. It must provide a telephone number
27.25 for the taxing authority that taxpayers may call if they have questions related to the notice
27.26 and an address where comments will be received by mail, except that no notice required
27.27 under this section shall be interpreted as requiring the printing of a personal telephone
27.28 number or address as the contact information for a taxing authority. If a taxing authority
27.29 does not maintain public offices where telephone calls can be received by the authority, the
27.30 authority may inform the county of the lack of a public telephone number and the county
27.31 shall not list a telephone number for that taxing authority.

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

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

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

28.4 (2) the items listed below, shown separately by county, city or town, and state general
28.5 tax, net of the residential and agricultural homestead credit under section 273.1384, voter
28.6 approved school levy, other local school levy, and the sum of the special taxing districts,
28.7 and as a total of all taxing authorities:

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

28.9 (ii) the proposed tax amount.

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

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

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

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

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

28.35 (1) special assessments;

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

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

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

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

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

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

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

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

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

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

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

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

29.31 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325,
29.32 473.446, 473.521, 473.547, or 473.834;

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

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

30.1 For purposes of this section, any levies made by the regional rail authorities in the
30.2 county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter
30.3 398A shall be included with the appropriate county's levy.

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

- 30.11 (1) the impact of inflation as measured by the implicit price deflator for state and
30.12 local government purchases;
- 30.13 (2) population growth and decline;
- 30.14 (3) state or federal government action; and
- 30.15 (4) other financial factors that affect the level of property taxation and local services
30.16 that the governing body of the county, city, or school district may deem appropriate to
30.17 include.

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

30.21 **EFFECTIVE DATE.** This section is effective for notices prepared in 2010, for
30.22 taxes payable in 2011 and thereafter.

30.23 Sec. 15. Minnesota Statutes 2009 Supplement, section 275.70, subdivision 5, as
30.24 amended by Laws 2010, chapter 215, article 13, section 3, is amended to read:

30.25 Subd. 5. **Special levies.** "Special levies" means those portions of ad valorem taxes
30.26 levied by a local governmental unit for the following purposes or in the following manner:

30.27 (1) to pay the costs of the principal and interest on bonded indebtedness or to
30.28 reimburse for the amount of liquor store revenues used to pay the principal and interest
30.29 due on municipal liquor store bonds in the year preceding the year for which the levy
30.30 limit is calculated;

30.31 (2) to pay the costs of principal and interest on certificates of indebtedness issued for
30.32 any corporate purpose except for the following:

- 30.33 (i) tax anticipation or aid anticipation certificates of indebtedness;
- 30.34 (ii) certificates of indebtedness issued under sections 298.28 and 298.282;

31.1 (iii) certificates of indebtedness used to fund current expenses or to pay the costs of
31.2 extraordinary expenditures that result from a public emergency; or

31.3 (iv) certificates of indebtedness used to fund an insufficiency in tax receipts or
31.4 an insufficiency in other revenue sources;

31.5 (3) to provide for the bonded indebtedness portion of payments made to another
31.6 political subdivision of the state of Minnesota;

31.7 (4) to fund payments made to the Minnesota State Armory Building Commission
31.8 under section 193.145, subdivision 2, to retire the principal and interest on armory
31.9 construction bonds;

31.10 (5) property taxes approved by voters which are levied against the referendum
31.11 market value as provided under section 275.61;

31.12 (6) to fund matching requirements needed to qualify for federal or state grants or
31.13 programs to the extent that either (i) the matching requirement exceeds the matching
31.14 requirement in calendar year 2001, or (ii) it is a new matching requirement that did not
31.15 exist prior to 2002;

31.16 (7) to pay the expenses reasonably and necessarily incurred in preparing for or
31.17 repairing the effects of natural disaster including the occurrence or threat of widespread
31.18 or severe damage, injury, or loss of life or property resulting from natural causes, in
31.19 accordance with standards formulated by the Emergency Services Division of the state
31.20 Department of Public Safety, as allowed by the commissioner of revenue under section
31.21 275.74, subdivision 2;

31.22 (8) pay amounts required to correct an error in the levy certified to the county
31.23 auditor by a city or county in a levy year, but only to the extent that when added to the
31.24 preceding year's levy it is not in excess of an applicable statutory, special law or charter
31.25 limitation, or the limitation imposed on the governmental subdivision by sections 275.70
31.26 to 275.74 in the preceding levy year;

31.27 (9) to pay an abatement under section 469.1815;

31.28 (10) to pay any costs attributable to increases in the employer contribution rates
31.29 under chapter 353, or locally administered pension plans, that are effective after June
31.30 30, 2001;

31.31 (11) to pay the operating or maintenance costs of a county jail as authorized in
31.32 section 641.01 or 641.262, or of a correctional facility as defined in section 241.021,
31.33 subdivision 1, paragraph (f), to the extent that the county can demonstrate to the
31.34 commissioner of revenue that the amount has been included in the county budget as
31.35 a direct result of a rule, minimum requirement, minimum standard, or directive of the
31.36 Department of Corrections, or to pay the operating or maintenance costs of a regional jail

32.1 as authorized in section 641.262. For purposes of this clause, a district court order is
32.2 not a rule, minimum requirement, minimum standard, or directive of the Department of
32.3 Corrections. If the county utilizes this special levy, except to pay operating or maintenance
32.4 costs of a new regional jail facility under sections 641.262 to 641.264 which will not
32.5 replace an existing jail facility, any amount levied by the county in the previous levy year
32.6 for the purposes specified under this clause and included in the county's previous year's
32.7 levy limitation computed under section 275.71, shall be deducted from the levy limit
32.8 base under section 275.71, subdivision 2, when determining the county's current year
32.9 levy limitation. The county shall provide the necessary information to the commissioner
32.10 of revenue for making this determination;

32.11 (12) to pay for operation of a lake improvement district, as authorized under section
32.12 103B.555. If the county utilizes this special levy, any amount levied by the county in the
32.13 previous levy year for the purposes specified under this clause and included in the county's
32.14 previous year's levy limitation computed under section 275.71 shall be deducted from
32.15 the levy limit base under section 275.71, subdivision 2, when determining the county's
32.16 current year levy limitation. The county shall provide the necessary information to the
32.17 commissioner of revenue for making this determination;

32.18 (13) to repay a state or federal loan used to fund the direct or indirect required
32.19 spending by the local government due to a state or federal transportation project or other
32.20 state or federal capital project. This authority may only be used if the project is not a
32.21 local government initiative;

32.22 (14) to pay for court administration costs as required under section 273.1398,
32.23 subdivision 4b, less the (i) county's share of transferred fines and fees collected by the
32.24 district courts in the county for calendar year 2001 and (ii) the aid amount certified to be
32.25 paid to the county in 2004 under section 273.1398, subdivision 4c; however, for taxes
32.26 levied to pay for these costs in the year in which the court financing is transferred to the
32.27 state, the amount under this clause is limited to the amount of aid the county is certified to
32.28 receive under section 273.1398, subdivision 4a;

32.29 (15) to fund a police or firefighters relief association as required under section 69.77
32.30 to the extent that the required amount exceeds the amount levied for this purpose in 2001;

32.31 (16) for purposes of a storm sewer improvement district under section 444.20;

32.32 (17) to pay for the maintenance and support of a city or county society for the
32.33 prevention of cruelty to animals under section 343.11, but not to exceed in any year
32.34 \$4,800 or the sum of \$1 per capita based on the county's or city's population as of the most
32.35 recent federal census, whichever is greater. If the city or county uses this special levy, any
32.36 amount levied by the city or county in the previous levy year for the purposes specified

33.1 in this clause and included in the city's or county's previous year's levy limit computed
33.2 under section 275.71, must be deducted from the levy limit base under section 275.71,
33.3 subdivision 2, in determining the city's or county's current year levy limit;

33.4 (18) for counties, to pay for the increase in their share of health and human service
33.5 costs caused by reductions in federal health and human services grants effective after
33.6 September 30, 2007;

33.7 (19) for a city, for the costs reasonably and necessarily incurred for securing,
33.8 maintaining, or demolishing foreclosed or abandoned residential properties, as allowed by
33.9 the commissioner of revenue under section 275.74, subdivision 2. A city must have either
33.10 (i) a foreclosure rate of at least 1.4 percent in 2007, or (ii) a foreclosure rate in 2007 in
33.11 the city or in a zip code area of the city that is at least 50 percent higher than the average
33.12 foreclosure rate in the metropolitan area, as defined in section 473.121, subdivision 2,
33.13 to use this special levy. For purposes of this paragraph, "foreclosure rate" means the
33.14 number of foreclosures, as indicated by sheriff sales records, divided by the number of
33.15 households in the city in 2007;

33.16 (20) for a city, for the unreimbursed costs of redeployed traffic-control agents and
33.17 lost traffic citation revenue due to the collapse of the Interstate 35W bridge, as certified
33.18 to the Federal Highway Administration;

33.19 (21) to pay costs attributable to wages and benefits for sheriff, police, and fire
33.20 personnel. If a local governmental unit did not use this special levy in the previous year its
33.21 levy limit base under section 275.71 shall be reduced by the amount equal to the amount it
33.22 levied for the purposes specified in this clause in the previous year;

33.23 (22) an amount equal to any reductions in the certified aids or credits payable
33.24 under sections 477A.011 to 477A.014, and section 273.1384, due to unallotment under
33.25 section 16A.152 or reductions under another provision of law. The amount of the levy
33.26 allowed under this clause is equal to the amount unallotted or reduced in the calendar year
33.27 in which the tax is levied unless the unallotment or reduction amount is not known by
33.28 September 1 of the levy year, and the local government has not adjusted its levy under
33.29 section 275.065, subdivision 6, or 275.07, subdivision 6, in which case the unallotment
33.30 or reduction amount may be levied in the following year;

33.31 (23) to pay for the difference between one-half of the costs of confining sex offenders
33.32 undergoing the civil commitment process and any state payments for this purpose pursuant
33.33 to section 253B.185, subdivision 5;

33.34 (24) for a county to pay the costs of the first year of maintaining and operating a new
33.35 facility or new expansion, either of which contains courts, corrections, dispatch, criminal
33.36 investigation labs, or other public safety facilities and for which all or a portion of the

34.1 funding for the site acquisition, building design, site preparation, construction, and related
34.2 equipment was issued or authorized prior to the imposition of levy limits in 2008. The
34.3 levy limit base shall then be increased by an amount equal to the new facility's first full
34.4 year's operating costs as described in this clause; ~~and~~

34.5 (25) for the estimated amount of reduction to market value credit reimbursements
34.6 under section 273.1384 for credits payable in the year in which the levy is payable; and

34.7 (26) to pay the estimated costs of all salaries and expenses of county veteran service
34.8 officers, as provided under section 197.60, subdivision 4.

34.9 **EFFECTIVE DATE.** This section is effective for taxes payable in 2011 and
34.10 thereafter.

34.11 Sec. 16. Minnesota Statutes 2008, section 275.71, subdivision 4, is amended to read:

34.12 Subd. 4. **Adjusted levy limit base.** For taxes levied in 2008 through 2010, the
34.13 adjusted levy limit base is equal to the levy limit base computed under subdivision 2
34.14 or section 275.72, multiplied by:

34.15 (1) one plus ~~the lesser of 3.9 percent or~~ the percentage growth in the implicit price
34.16 deflator, but the percentage shall not be less than zero or exceed 3.9 percent;

34.17 (2) one plus a percentage equal to 50 percent of the percentage increase in the number
34.18 of households, if any, for the most recent 12-month period for which data is available; and

34.19 (3) one plus a percentage equal to 50 percent of the percentage increase in the
34.20 taxable market value of the jurisdiction due to new construction of class 3 property, as
34.21 defined in section 273.13, subdivision 4, except for state-assessed utility and railroad
34.22 property, for the most recent year for which data is available.

34.23 **EFFECTIVE DATE.** This section is effective for taxes levied in 2010 and thereafter.

34.24 Sec. 17. Minnesota Statutes 2008, section 276.02, is amended to read:

34.25 **276.02 TREASURER TO BE COLLECTOR.**

34.26 The county treasurer shall collect all taxes extended on the tax lists of the county
34.27 and the fines, forfeitures, or penalties received by any person or officer for the use of
34.28 the county. The treasurer shall collect the taxes according to law and credit them to the
34.29 proper funds. This section does not apply to fines and penalties accruing to municipal
34.30 corporations for the violation of their ordinances that are recoverable before a city justice.
34.31 Taxes, fines, interest, and penalties must be paid with United States currency or by check
34.32 ~~or~~ money order, or electronic payments, including, but not limited to, automated clearing
34.33 house transactions and federal wires drawn on a bank or other financial institution in the

35.1 United States. The county board may by resolution authorize the treasurer to impose a
 35.2 charge for any dishonored checks or electronic payments. The charges for dishonored
 35.3 payment of property taxes may be added to the tax, shall constitute a lien on the property,
 35.4 and when collected shall be distributed to the county.

35.5 The county board may, by resolution, authorize the treasurer and/or other designees
 35.6 to accept payments of real property taxes by credit card provided that a fee is charged for
 35.7 its use. The fee charged must be commensurate with the costs assessed by the card issuer.
 35.8 If a credit card transaction under this section is subsequently voided or otherwise reversed,
 35.9 the lien of real property taxes under section 272.31 is revived and attaches in the manner
 35.10 and time provided in that section as though the credit card transaction had never occurred,
 35.11 and the voided or reversed credit card transaction shall not impair the right of a lienholder
 35.12 under section 272.31 to enforce the lien in its favor.

35.13 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2011
 35.14 and thereafter.

35.15 Sec. 18. Minnesota Statutes 2009 Supplement, section 276.04, subdivision 2, is
 35.16 amended to read:

35.17 Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the
 35.18 printing of the tax statements. The commissioner of revenue shall prescribe the form of
 35.19 the property tax statement and its contents. The tax statement must not state or imply that
 35.20 property tax credits are paid by the state of Minnesota. The statement must contain a
 35.21 tabulated statement of the dollar amount due to each taxing authority and the amount of the
 35.22 state tax from the parcel of real property for which a particular tax statement is prepared.
 35.23 The dollar amounts attributable to the county, the state tax, the voter approved school tax,
 35.24 the other local school tax, the township or municipality, and ~~the total of the metropolitan~~
 35.25 each special taxing districts district as defined in section 275.065, subdivision 3, paragraph
 35.26 (i), must be separately stated. ~~The amounts due all other special taxing districts, if any,~~
 35.27 ~~may be aggregated except that any levies made by the regional rail authorities in the~~
 35.28 ~~county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter~~
 35.29 ~~398A shall be listed on a separate line directly under the appropriate county's levy.~~ If the
 35.30 county levy under this paragraph includes an amount for a lake improvement district as
 35.31 defined under sections 103B.501 to 103B.581, the amount attributable for that purpose
 35.32 must be separately stated from the remaining county levy amount. In the case of Ramsey
 35.33 County, if the county levy under this paragraph includes an amount for public library
 35.34 service under section 134.07, the amount attributable for that purpose may be separated
 35.35 from the remaining county levy amount. The amount of the tax on homesteads qualifying

36.1 under the senior citizens' property tax deferral program under chapter 290B is the total
36.2 amount of property tax before subtraction of the deferred property tax amount. The
36.3 amount of the tax on contamination value imposed under sections 270.91 to 270.98, if any,
36.4 must also be separately stated. The dollar amounts, including the dollar amount of any
36.5 special assessments, may be rounded to the nearest even whole dollar. For purposes of this
36.6 section whole odd-numbered dollars may be adjusted to the next higher even-numbered
36.7 dollar. The amount of market value excluded under section 273.11, subdivision 16, if any,
36.8 must also be listed on the tax statement.

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

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

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

36.17 (2) the property's taxable market value after reductions under section 273.11,
36.18 subdivisions 1a and 16;

36.19 (3) the property's gross tax, before credits;

36.20 (4) for homestead residential and agricultural properties, the credits under section
36.21 273.1384;

36.22 (5) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135;
36.23 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of
36.24 credit received under section 273.135 must be separately stated and identified as "taconite
36.25 tax relief"; and

36.26 (6) the net tax payable in the manner required in paragraph (a).

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

36.35 **EFFECTIVE DATE.** This section is effective for tax statements relating to taxes
36.36 payable in 2012 and thereafter.

37.1 Sec. 19. Minnesota Statutes 2009 Supplement, section 279.01, subdivision 1, is
37.2 amended to read:

37.3 Subdivision 1. **Due dates; penalties.** Except as provided in subdivision 3 or 4, on
37.4 May 16 or 21 days after the postmark date on the envelope containing the property tax
37.5 statement, whichever is later, a penalty accrues and thereafter is charged upon all unpaid
37.6 taxes on real estate on the current lists in the hands of the county treasurer. The penalty is
37.7 at a rate of two percent on homestead property until May 31 and four percent on June 1.
37.8 The penalty on nonhomestead property is at a rate of four percent until May 31 and eight
37.9 percent on June 1. This penalty does not accrue until June 1 of each year, or 21 days after
37.10 the postmark date on the envelope containing the property tax statements, whichever is
37.11 later, on commercial use real property used for seasonal residential recreational purposes
37.12 and classified as class 1c or 4c, and on other commercial use real property classified as
37.13 class 3a, provided that over 60 percent of the gross income earned by the enterprise on the
37.14 class 3a property is earned during the months of May, June, July, and August. In order for
37.15 the first half of the tax due on class 3a property to be paid after May 15 and before June 1,
37.16 or 21 days after the postmark date on the envelope containing the property tax statement,
37.17 whichever is later, without penalty, the owner of the property must attach an affidavit to the
37.18 payment attesting to compliance with the income provision of this subdivision. Thereafter,
37.19 for both homestead and nonhomestead property, on the first day of each month beginning
37.20 July 1, up to and including October 1 following, an additional penalty of one percent for
37.21 each month accrues and is charged on all such unpaid taxes provided that if the due date
37.22 was extended beyond May 15 as the result of any delay in mailing property tax statements
37.23 no additional penalty shall accrue if the tax is paid by the extended due date. If the tax is
37.24 not paid by the extended due date, then all penalties that would have accrued if the due
37.25 date had been May 15 shall be charged. When the taxes against any tract or lot exceed
37.26 ~~\$250~~ \$100, one-half thereof may be paid prior to May 16 or 21 days after the postmark
37.27 date on the envelope containing the property tax statement, whichever is later; and, if so
37.28 paid, no penalty attaches; the remaining one-half may be paid at any time prior to October
37.29 16 following, without penalty; but, if not so paid, then a penalty of two percent accrues
37.30 thereon for homestead property and a penalty of four percent on nonhomestead property.
37.31 Thereafter, for homestead property, on the first day of November an additional penalty of
37.32 four percent accrues and on the first day of December following, an additional penalty of
37.33 two percent accrues and is charged on all such unpaid taxes. Thereafter, for nonhomestead
37.34 property, on the first day of November and December following, an additional penalty of
37.35 four percent for each month accrues and is charged on all such unpaid taxes. If one-half of
37.36 such taxes are not paid prior to May 16 or 21 days after the postmark date on the envelope

38.1 containing the property tax statement, whichever is later, the same may be paid at any time
38.2 prior to October 16, with accrued penalties to the date of payment added, and thereupon
38.3 no penalty attaches to the remaining one-half until October 16 following.

38.4 This section applies to payment of personal property taxes assessed against
38.5 improvements to leased property, except as provided by section 277.01, subdivision 3.

38.6 A county may provide by resolution that in the case of a property owner that has
38.7 multiple tracts or parcels with aggregate taxes exceeding ~~\$250~~ \$100, payments may be
38.8 made in installments as provided in this subdivision.

38.9 The county treasurer may accept payments of more or less than the exact amount of
38.10 a tax installment due. Payments must be applied first to the oldest installment that is due
38.11 but which has not been fully paid. If the accepted payment is less than the amount due,
38.12 payments must be applied first to the penalty accrued for the year or the installment being
38.13 paid. Acceptance of partial payment of tax does not constitute a waiver of the minimum
38.14 payment required as a condition for filing an appeal under section 278.03 or any other law,
38.15 nor does it affect the order of payment of delinquent taxes under section 280.39.

38.16 **EFFECTIVE DATE.** This section is effective for taxes payable in 2011 and
38.17 thereafter.

38.18 Sec. 20. Minnesota Statutes 2008, section 279.025, is amended to read:

38.19 **279.025 PAYMENT OF DELINQUENT PROPERTY TAXES, SPECIAL**
38.20 **ASSESSMENTS.**

38.21 Payment of delinquent property tax and related interest and penalties and special
38.22 assessments shall be paid with United States currency or by check ~~or~~ money order, or
38.23 electronic means, including, but not limited to, automated clearing house transactions and
38.24 federal wires drawn on a bank or other financial institution in the United States.

38.25 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2011
38.26 and thereafter.

38.27 Sec. 21. Minnesota Statutes 2009 Supplement, section 290B.03, subdivision 1, is
38.28 amended to read:

38.29 Subdivision 1. **Program qualifications.** The qualifications for the senior citizens'
38.30 property tax deferral program are as follows:

38.31 (1) the property must be owned and occupied as a homestead by a person 65 years of
38.32 age or older. In the case of a married couple, at least one of the spouses must be at least 65
38.33 years old at the time the first property tax deferral is granted, regardless of whether the

39.1 property is titled in the name of one spouse or both spouses, or titled in another way that
39.2 permits the property to have homestead status, and the other spouse must be at least 62
39.3 years of age;

39.4 (2) the total household income of the qualifying homeowners, as defined in section
39.5 290A.03, subdivision 5, for the calendar year preceding the year of the initial application
39.6 may not exceed ~~\$60,000~~ \$75,000;

39.7 (3) the homestead must have been owned and occupied as the homestead of at
39.8 least one of the qualifying homeowners for at least 15 years prior to the year the initial
39.9 application is filed;

39.10 (4) there are no state or federal tax liens or judgment liens on the homesteaded
39.11 property;

39.12 (5) there are no mortgages or other liens on the property that secure future advances,
39.13 except for those subject to credit limits that result in compliance with clause (6); and

39.14 (6) the total unpaid balances of debts secured by mortgages and other liens on the
39.15 property, including unpaid and delinquent special assessments and interest and any
39.16 delinquent property taxes, penalties, and interest, but not including property taxes payable
39.17 during the year, does not exceed 75 percent of the assessor's estimated market value for
39.18 the year.

39.19 **EFFECTIVE DATE.** This section is effective July 1, 2010, and thereafter.

39.20 Sec. 22. Minnesota Statutes 2008, section 290B.03, is amended by adding a
39.21 subdivision to read:

39.22 **Subd. 1a. Special program qualifications; spouse of service member who**
39.23 **died while in active service or deceased disabled veteran.** (a) Notwithstanding the
39.24 requirements of subdivision 1, clauses (1) and (3), but subject to all the other requirements
39.25 of subdivision 1, homestead property owned and occupied by the spouse of either a service
39.26 member who died while in active service, or a deceased disabled veteran, is eligible to
39.27 participate in the program established under this chapter. For purposes of this subdivision,
39.28 "service member who died while in active service" means a person serving in any branch
39.29 or unit of the United States armed forces who has died from a service-connected cause
39.30 while serving in active service, as defined in section 190.05, subdivision 5, as indicated
39.31 by United States Government Form DD214. For purposes of this subdivision, "deceased
39.32 disabled veteran" means a deceased disabled veteran who was honorably discharged from
39.33 the United States armed forces, as indicated by United States Government Form DD214
39.34 or other official military discharge papers, and certified by the United States Veterans

40.1 Administration as having a total (100 percent) and permanent service-connected disability
40.2 prior to the veteran's death.

40.3 (b) Applications under this subdivision are exempt from the age requirements under
40.4 the application process in section 290B.04, subdivision 1. The commissioner may require
40.5 certifications as are necessary to ensure eligibility under this subdivision.

40.6 **EFFECTIVE DATE.** This section is effective for taxes payable in 2011 and
40.7 thereafter.

40.8 Sec. 23. Minnesota Statutes 2008, section 290B.04, subdivision 3, is amended to read:

40.9 Subd. 3. **Excess-income certification by taxpayer.** A taxpayer whose initial
40.10 application has been approved under subdivision 2 shall notify the commissioner of
40.11 revenue in writing by July 1 if the taxpayer's household income for the preceding calendar
40.12 year exceeded ~~\$60,000~~ \$75,000. The certification must state the homeowner's total
40.13 household income for the previous calendar year. No property taxes may be deferred
40.14 under this chapter in any year following the year in which a program participant filed
40.15 or should have filed an excess-income certification under this subdivision, unless the
40.16 participant has filed a resumption of eligibility certification as described in subdivision 4.

40.17 **EFFECTIVE DATE.** This section is effective July 1, 2010, and thereafter.

40.18 Sec. 24. Minnesota Statutes 2008, section 290B.04, subdivision 4, is amended to read:

40.19 Subd. 4. **Resumption of eligibility certification by taxpayer.** A taxpayer who has
40.20 previously filed an excess-income certification under subdivision 3 may resume program
40.21 participation if the taxpayer's household income for a subsequent year is ~~\$60,000~~ \$75,000
40.22 or less. If the taxpayer chooses to resume program participation, the taxpayer must notify
40.23 the commissioner of revenue in writing by July 1 of the year following a calendar year in
40.24 which the taxpayer's household income is ~~\$60,000~~ \$75,000 or less. The certification must
40.25 state the taxpayer's total household income for the previous calendar year. Once a taxpayer
40.26 resumes participation in the program under this subdivision, participation will continue
40.27 until the taxpayer files a subsequent excess-income certification under subdivision 3 or
40.28 until participation is terminated under section 290B.08, subdivision 1.

40.29 **EFFECTIVE DATE.** This section is effective July 1, 2010, and thereafter.

40.30 Sec. 25. Minnesota Statutes 2008, section 290B.05, subdivision 1, is amended to read:

40.31 Subdivision 1. **Determination by commissioner.** The commissioner shall
40.32 determine each qualifying homeowner's "annual maximum property tax amount"

41.1 following approval of the homeowner's initial application and following the receipt of a
41.2 resumption of eligibility certification. The "annual maximum property tax amount" equals
41.3 three percent of the homeowner's total household income for the year preceding either the
41.4 initial application or the resumption of eligibility certification, whichever is applicable.
41.5 Following approval of the initial application, the commissioner shall determine the
41.6 qualifying homeowner's "maximum allowable deferral." No tax may be deferred relative
41.7 to the appropriate assessment year for any homeowner whose total household income
41.8 for the previous year exceeds ~~\$60,000~~ \$75,000. No tax shall be deferred in any year in
41.9 which the homeowner does not meet the program qualifications in section 290B.03. The
41.10 maximum allowable total deferral is equal to 75 percent of the assessor's estimated market
41.11 value for the year, less the balance of any mortgage loans and other amounts secured by
41.12 liens against the property at the time of application, including any unpaid and delinquent
41.13 special assessments and interest and any delinquent property taxes, penalties, and interest,
41.14 but not including property taxes payable during the year.

41.15 **EFFECTIVE DATE.** This section is effective July 1, 2010, and thereafter.

41.16 Sec. 26. Minnesota Statutes 2008, section 428A.12, is amended to read:

41.17 **428A.12 PETITION REQUIRED.**

41.18 No action may be taken under sections 428A.13 and 428A.14 unless owners of
41.19 ~~25~~ 50 percent or more of the housing units that would be subject to fees in the proposed
41.20 housing improvement area file a petition requesting a public hearing on the proposed
41.21 action with the city clerk. No action may be taken under section 428A.14 to impose a fee
41.22 unless owners of ~~25~~ 50 percent or more of the housing units subject to the proposed
41.23 fee file a petition requesting a public hearing on the proposed fee with the city clerk or
41.24 other appropriate official.

41.25 **EFFECTIVE DATE.** This section is effective for petitions filed beginning July
41.26 1, 2010.

41.27 Sec. 27. Minnesota Statutes 2008, section 428A.18, subdivision 2, is amended to read:

41.28 Subd. 2. **Requirements for veto.** If residents of ~~35~~ 45 percent or more of the
41.29 housing units in the area subject to the fee file an objection to the ordinance adopted by the
41.30 city under section 428A.13 with the city clerk before the effective date of the ordinance,
41.31 the ordinance does not become effective. If owners of ~~35~~ 45 percent or more of the housing
41.32 units' tax capacity subject to the fee under section 428A.14 file an objection with the city
41.33 clerk before the effective date of the resolution, the resolution does not become effective.

42.1 **EFFECTIVE DATE.** This section is effective beginning July 1, 2010.

42.2 Sec. 28. Minnesota Statutes 2008, section 473H.05, subdivision 1, is amended to read:

42.3 Subdivision 1. **Before ~~March~~ June 1 for next year's taxes.** An owner or owners
42.4 of certified long-term agricultural land may apply to the authority with jurisdiction over
42.5 the land on forms provided by the commissioner of agriculture for the creation of an
42.6 agricultural preserve at any time. Land for which application is received prior to ~~March~~
42.7 June 1 of any year shall be assessed pursuant to section 473H.10 for taxes payable in the
42.8 following year. Land for which application is received on or after ~~March~~ June 1 of any
42.9 year shall be assessed pursuant to section 473H.10 in the following year. The application
42.10 shall be executed and acknowledged in the manner required by law to execute and
42.11 acknowledge a deed and shall contain at least the following information and such other
42.12 information as the commissioner deems necessary:

42.13 (a) Legal description of the area proposed to be designated and parcel identification
42.14 numbers if so designated by the county auditor and the certificate of title number if the
42.15 land is registered;

42.16 (b) Name and address of owner;

42.17 (c) An affidavit by the authority evidencing that the land is certified long-term
42.18 agricultural land at the date of application;

42.19 (d) A statement by the owner covenanting that the land shall be kept in agricultural
42.20 use, and shall be used in accordance with the provisions of sections 473H.02 to 473H.17
42.21 which exist on the date of application and providing that the restrictive covenant shall be
42.22 binding on the owner or the owner's successor or assignee, and shall run with the land.

42.23 **EFFECTIVE DATE.** This section is effective the day following final enactment,
42.24 except that in 2010 the application date in this section shall be extended to August 1.

42.25 Sec. 29. Minnesota Statutes 2009 Supplement, section 477A.011, subdivision 36, as
42.26 amended by Laws 2010, chapter 215, article 13, section 4, is amended to read:

42.27 Subd. 36. **City aid base.** (a) Except as otherwise provided in this subdivision,
42.28 "city aid base" is zero.

42.29 (b) The city aid base for any city with a population less than 500 is increased by
42.30 \$40,000 for aids payable in calendar year 1995 and thereafter, and the maximum amount
42.31 of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also
42.32 increased by \$40,000 for aids payable in calendar year 1995 only, provided that:

42.33 (i) the average total tax capacity rate for taxes payable in 1995 exceeds 200 percent;

42.34 (ii) the city portion of the tax capacity rate exceeds 100 percent; and

43.1 (iii) its city aid base is less than \$60 per capita.

43.2 (c) The city aid base for a city is increased by \$20,000 in 1998 and thereafter and
43.3 the maximum amount of total aid it may receive under section 477A.013, subdivision 9,
43.4 paragraph (c), is also increased by \$20,000 in calendar year 1998 only, provided that:

43.5 (i) the city has a population in 1994 of 2,500 or more;

43.6 (ii) the city is located in a county, outside of the metropolitan area, which contains a
43.7 city of the first class;

43.8 (iii) the city's net tax capacity used in calculating its 1996 aid under section
43.9 477A.013 is less than \$400 per capita; and

43.10 (iv) at least four percent of the total net tax capacity, for taxes payable in 1996, of
43.11 property located in the city is classified as railroad property.

43.12 (d) The city aid base for a city is increased by \$200,000 in 1999 and thereafter and
43.13 the maximum amount of total aid it may receive under section 477A.013, subdivision 9,
43.14 paragraph (c), is also increased by \$200,000 in calendar year 1999 only, provided that:

43.15 (i) the city was incorporated as a statutory city after December 1, 1993;

43.16 (ii) its city aid base does not exceed \$5,600; and

43.17 (iii) the city had a population in 1996 of 5,000 or more.

43.18 (e) The city aid base for a city is increased by \$150,000 for aids payable in 2000 and
43.19 thereafter, and the maximum amount of total aid it may receive under section 477A.013,
43.20 subdivision 9, paragraph (c), is also increased by \$150,000 in calendar year 2000 only,
43.21 provided that:

43.22 (1) the city has a population that is greater than 1,000 and less than 2,500;

43.23 (2) its commercial and industrial percentage for aids payable in 1999 is greater
43.24 than 45 percent; and

43.25 (3) the total market value of all commercial and industrial property in the city
43.26 for assessment year 1999 is at least 15 percent less than the total market value of all
43.27 commercial and industrial property in the city for assessment year 1998.

43.28 (f) The city aid base for a city is increased by \$200,000 in 2000 and thereafter, and
43.29 the maximum amount of total aid it may receive under section 477A.013, subdivision 9,
43.30 paragraph (c), is also increased by \$200,000 in calendar year 2000 only, provided that:

43.31 (1) the city had a population in 1997 of 2,500 or more;

43.32 (2) the net tax capacity of the city used in calculating its 1999 aid under section
43.33 477A.013 is less than \$650 per capita;

43.34 (3) the pre-1940 housing percentage of the city used in calculating 1999 aid under
43.35 section 477A.013 is greater than 12 percent;

44.1 (4) the 1999 local government aid of the city under section 477A.013 is less than
44.2 20 percent of the amount that the formula aid of the city would have been if the need
44.3 increase percentage was 100 percent; and

44.4 (5) the city aid base of the city used in calculating aid under section 477A.013
44.5 is less than \$7 per capita.

44.6 (g) The city aid base for a city is increased by \$102,000 in 2000 and thereafter, and
44.7 the maximum amount of total aid it may receive under section 477A.013, subdivision 9,
44.8 paragraph (c), is also increased by \$102,000 in calendar year 2000 only, provided that:

44.9 (1) the city has a population in 1997 of 2,000 or more;

44.10 (2) the net tax capacity of the city used in calculating its 1999 aid under section
44.11 477A.013 is less than \$455 per capita;

44.12 (3) the net levy of the city used in calculating 1999 aid under section 477A.013 is
44.13 greater than \$195 per capita; and

44.14 (4) the 1999 local government aid of the city under section 477A.013 is less than
44.15 38 percent of the amount that the formula aid of the city would have been if the need
44.16 increase percentage was 100 percent.

44.17 (h) The city aid base for a city is increased by \$32,000 in 2001 and thereafter, and
44.18 the maximum amount of total aid it may receive under section 477A.013, subdivision 9,
44.19 paragraph (c), is also increased by \$32,000 in calendar year 2001 only, provided that:

44.20 (1) the city has a population in 1998 that is greater than 200 but less than 500;

44.21 (2) the city's revenue need used in calculating aids payable in 2000 was greater
44.22 than \$200 per capita;

44.23 (3) the city net tax capacity for the city used in calculating aids available in 2000
44.24 was equal to or less than \$200 per capita;

44.25 (4) the city aid base of the city used in calculating aid under section 477A.013
44.26 is less than \$65 per capita; and

44.27 (5) the city's formula aid for aids payable in 2000 was greater than zero.

44.28 (i) The city aid base for a city is increased by \$7,200 in 2001 and thereafter, and
44.29 the maximum amount of total aid it may receive under section 477A.013, subdivision 9,
44.30 paragraph (c), is also increased by \$7,200 in calendar year 2001 only, provided that:

44.31 (1) the city had a population in 1998 that is greater than 200 but less than 500;

44.32 (2) the city's commercial industrial percentage used in calculating aids payable in
44.33 2000 was less than ten percent;

44.34 (3) more than 25 percent of the city's population was 60 years old or older according
44.35 to the 1990 census;

45.1 (4) the city aid base of the city used in calculating aid under section 477A.013
45.2 is less than \$15 per capita; and

45.3 (5) the city's formula aid for aids payable in 2000 was greater than zero.

45.4 (j) The city aid base for a city is increased by \$45,000 in 2001 and thereafter and
45.5 by an additional \$50,000 in calendar years 2002 to 2011, and the maximum amount of
45.6 total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also
45.7 increased by \$45,000 in calendar year 2001 only, and by \$50,000 in calendar year 2002
45.8 only, provided that:

45.9 (1) the net tax capacity of the city used in calculating its 2000 aid under section
45.10 477A.013 is less than \$810 per capita;

45.11 (2) the population of the city declined more than two percent between 1988 and 1998;

45.12 (3) the net levy of the city used in calculating 2000 aid under section 477A.013 is
45.13 greater than \$240 per capita; and

45.14 (4) the city received less than \$36 per capita in aid under section 477A.013,
45.15 subdivision 9, for aids payable in 2000.

45.16 (k) The city aid base for a city with a population of 10,000 or more which is located
45.17 outside of the seven-county metropolitan area is increased in 2002 and thereafter, and the
45.18 maximum amount of total aid it may receive under section 477A.013, subdivision 9,
45.19 paragraph (b) or (c), is also increased in calendar year 2002 only, by an amount equal to
45.20 the lesser of:

45.21 (1)(i) the total population of the city, as determined by the United States Bureau of
45.22 the Census, in the 2000 census, (ii) minus 5,000, (iii) times 60; or

45.23 (2) \$2,500,000.

45.24 (l) The city aid base is increased by \$50,000 in 2002 and thereafter, and the
45.25 maximum amount of total aid it may receive under section 477A.013, subdivision 9,
45.26 paragraph (c), is also increased by \$50,000 in calendar year 2002 only, provided that:

45.27 (1) the city is located in the seven-county metropolitan area;

45.28 (2) its population in 2000 is between 10,000 and 20,000; and

45.29 (3) its commercial industrial percentage, as calculated for city aid payable in 2001,
45.30 was greater than 25 percent.

45.31 (m) The city aid base for a city is increased by \$150,000 in calendar years 2002 to
45.32 2011 and by an additional \$75,000 in calendar years 2009 to 2014 and the maximum
45.33 amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is
45.34 also increased by \$150,000 in calendar year 2002 only and by \$75,000 in calendar year
45.35 2009 only, provided that:

45.36 (1) the city had a population of at least 3,000 but no more than 4,000 in 1999;

46.1 (2) its home county is located within the seven-county metropolitan area;

46.2 (3) its pre-1940 housing percentage is less than 15 percent; and

46.3 (4) its city net tax capacity per capita for taxes payable in 2000 is less than \$900
46.4 per capita.

46.5 (n) The city aid base for a city is increased by \$200,000 beginning in calendar
46.6 year 2003 and the maximum amount of total aid it may receive under section 477A.013,
46.7 subdivision 9, paragraph (c), is also increased by \$200,000 in calendar year 2003 only,
46.8 provided that the city qualified for an increase in homestead and agricultural credit aid
46.9 under Laws 1995, chapter 264, article 8, section 18.

46.10 (o) The city aid base for a city is increased by \$200,000 in 2004 only and the
46.11 maximum amount of total aid it may receive under section 477A.013, subdivision 9, is
46.12 also increased by \$200,000 in calendar year 2004 only, if the city is the site of a nuclear
46.13 dry cask storage facility.

46.14 (p) The city aid base for a city is increased by \$10,000 in 2004 and thereafter and the
46.15 maximum total aid it may receive under section 477A.013, subdivision 9, is also increased
46.16 by \$10,000 in calendar year 2004 only, if the city was included in a federal major disaster
46.17 designation issued on April 1, 1998, and its pre-1940 housing stock was decreased by
46.18 more than 40 percent between 1990 and 2000.

46.19 (q) The city aid base for a city is increased by \$30,000 in 2009 and thereafter and the
46.20 maximum total aid it may receive under section 477A.013, subdivision 9, is also increased
46.21 by \$25,000 in calendar year 2006 only if the city had a population in 2003 of at least 1,000
46.22 and has a state park for which the city provides rescue services and which comprised at
46.23 least 14 percent of the total geographic area included within the city boundaries in 2000.

46.24 (r) The city aid base for a city is increased by \$80,000 in 2009 and thereafter and
46.25 the minimum and maximum amount of total aid it may receive under section 477A.013,
46.26 subdivision 9, is also increased by \$80,000 in calendar year 2009 only, if:

46.27 (1) as of May 1, 2006, at least 25 percent of the tax capacity of the city is proposed
46.28 to be placed in trust status as tax-exempt Indian land;

46.29 (2) the placement of the land is being challenged administratively or in court; and

46.30 (3) due to the challenge, the land proposed to be placed in trust is still on the tax
46.31 rolls as of May 1, 2006.

46.32 (s) The city aid base for a city is increased by \$100,000 in 2007 and thereafter and
46.33 the minimum and maximum total amount of aid it may receive under this section is also
46.34 increased in calendar year 2007 only, provided that:

46.35 (1) the city has a 2004 estimated population greater than 200 but less than 2,000;

46.36 (2) its city net tax capacity for aids payable in 2006 was less than \$300 per capita;

47.1 (3) the ratio of its pay 2005 tax levy compared to its city net tax capacity for aids
47.2 payable in 2006 was greater than 110 percent; and

47.3 (4) it is located in a county where at least 15,000 acres of land are classified as
47.4 tax-exempt Indian reservations according to the 2004 abstract of tax-exempt property.

47.5 (t) The city aid base for a city is increased by \$30,000 in 2009 only, and the
47.6 maximum total aid it may receive under section 477A.013, subdivision 9, is also increased
47.7 by \$30,000 in calendar year 2009, only if the city had a population in 2005 of less than
47.8 3,000 and the city's boundaries as of 2007 were formed by the consolidation of two cities
47.9 and one township in 2002.

47.10 (u) The city aid base for a city is increased by \$100,000 in 2009 and thereafter, and
47.11 the maximum total aid it may receive under section 477A.013, subdivision 9, is also
47.12 increased by \$100,000 in calendar year 2009 only, if the city had a city net tax capacity for
47.13 aids payable in 2007 of less than \$150 per capita and the city experienced flooding on
47.14 March 14, 2007, that resulted in evacuation of at least 40 homes.

47.15 (v) The city aid base for a city is increased by \$100,000 in 2009 to 2013, and the
47.16 maximum total aid it may receive under section 477A.013, subdivision 9, is also increased
47.17 by \$100,000 in calendar year 2009 only, if the city:

47.18 (1) is located outside of the Minneapolis-St. Paul standard metropolitan statistical
47.19 area;

47.20 (2) has a 2005 population greater than 7,000 but less than 8,000; and

47.21 (3) has a 2005 net tax capacity per capita of less than \$500.

47.22 (w) The city aid base is increased by \$25,000 in calendar years 2009 to 2013 and the
47.23 maximum amount of total aid it may receive under section 477A.013, subdivision 9, is
47.24 increased by \$25,000 in calendar year 2009 only, provided that:

47.25 (1) the city is located in the seven-county metropolitan area;

47.26 (2) its population in 2006 is less than 200; and

47.27 (3) the percentage of its housing stock built before 1940, according to the 2000
47.28 United States Census, is greater than 40 percent.

47.29 (x) The city aid base is increased by \$90,000 in calendar year 2009 only and the
47.30 minimum and maximum total amount of aid it may receive under section 477A.013,
47.31 subdivision 9, is also increased by \$90,000 in calendar year 2009 only, provided that the
47.32 city is located in the seven-county metropolitan area, has a 2006 population between 5,000
47.33 and 7,000 and has a 1997 population of over 7,000.

47.34 (y) In calendar year 2010 only, the city aid base for a city is increased by \$225,000 if
47.35 it was eligible for a \$450,000 payment in calendar year 2008 under Minnesota Statutes
47.36 2006, section 477A.011, subdivision 36, paragraph (e), and the second half of the payment

48.1 under that paragraph in December 2008 was canceled due to the governor's unallotment.
48.2 The payment under this paragraph is not subject to any aid reductions under section
48.3 477A.0133 or any future unallotment of the city aid under section 16A.152.

48.4 (z) The city aid base and the maximum total aid the city may receive under section
48.5 477A.013, subdivision 9, is increased by \$25,000 in calendar year 2010 only if:

48.6 (1) the city is a first class city in the seven-county metropolitan area with a
48.7 population below 300,000; and

48.8 (2) the city has made an equivalent grant to its local growers' association to
48.9 reimburse up to \$1,000 each for membership fees and retail leases for members of the
48.10 association who farm in and around Dakota County and who incurred crop damage as a
48.11 result of the hail storm in that area on July 10, 2008.

48.12 The payment under this paragraph is not subject to any aid reductions under section
48.13 477A.0133 or any future unallotment of the city aid under section 16A.152.

48.14 (aa) The city aid base for a city is increased by \$106,964 in 2011 only and the
48.15 minimum and maximum amount of total aid it may receive under section 477A.013,
48.16 subdivision 9, is also increased by \$106,964 in calendar year 2011 only, if the city had a
48.17 population as defined in Minnesota Statutes, section 477A.011, subdivision 3, that was in
48.18 excess of 1,000 in 2007 and that was less than 1,000 in 2008.

48.19 (bb) The city aid base for a city is increased by \$50,000 in 2011 and 2012 only, and
48.20 the minimum and maximum amount of total aid it may receive under section 477A.013,
48.21 subdivision 9, is also increased by \$50,000 in calendar year 2011 only, if the city is:

48.22 (1) located outside of the seven-county metropolitan area;

48.23 (2) has a 2008 population between 3,000 and 4,000;

48.24 (3) has a commercial industrial percentage as defined in subdivision 32, for aids
48.25 payable in 2008 of less than ten percent; and

48.26 (4) experienced the loss of a major manufacturing facility in the city due to a fire
48.27 in April 2009.

48.28 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
48.29 2011 and thereafter.

48.30 Sec. 30. Laws 2009, chapter 88, article 2, section 49, is amended to read:

48.31 Sec. 49. **TAX ABATEMENT; NEWLY CONSTRUCTED RESIDENTIAL**
48.32 **STRUCTURES IN FLOOD-DAMAGED CITIES.**

48.33 Subdivision 1. **Eligibility.** A residential structure qualifies for a tax abatement
48.34 under this section if:

49.1 (1) the structure is located in a city that is eligible to designate a development zone
49.2 under Minnesota Statutes, section 469.1731;

49.3 (2) the structure is located in a county designated as an emergency area under
49.4 presidential declaration FEMA-3304-EM;

49.5 (3) the structure is located on property classified as class 1a, 1b, 2a, 4a, 4b, 4bb, or
49.6 4d under Minnesota Statutes, section 273.13;

49.7 (4) no part of the structure was in existence prior to January 1, 2009, unless (i) the
49.8 structure is located on property classified as 1a, 1b, 2a, 4b, or 4bb; (ii) a building permit
49.9 was issued and construction commenced in 2008; and (iii) as of March 26, 2009, the
49.10 property was owned by the original builder, was not subject to any form of purchase
49.11 contract or agreement, and had never been occupied; and

49.12 (5) construction of the structure is commenced prior to December 31, ~~2010~~ 2011.
49.13 For the purposes of this clause, construction is deemed to have been commenced if a
49.14 proper building permit has been issued and the mandatory footing or foundation inspection
49.15 has been completed.

49.16 Subd. 2. **Application.** Application for the abatement authorized under this section
49.17 must be filed by January 2 of the year following the year in which construction began,
49.18 except that those qualifying structures for which construction commenced in 2008 must
49.19 file an application no later than January 2, 2010, for assessment years 2010 and 2011. The
49.20 application must be filed with the assessor of the county or city in which the property is
49.21 located on a form prescribed by the commissioner of revenue.

49.22 Subd. 3. **Tax abated.** (a) For a property qualifying under subdivision 1 and
49.23 classified as either 1a, 1b, 2a, 4b, or 4bb, the tax attributable to (1) \$200,000 of market
49.24 value, or (2) the entire market value of the structure, whichever is less, shall be abated.
49.25 For a property qualifying under subdivision 1 and classified as class 4a or 4d, the tax
49.26 attributable to (1) \$20,000 of market value per residential unit, or (2) the entire market
49.27 value of the structure, whichever is less, shall be abated.

49.28 (b) The abatement under paragraph (a) shall be in effect for two taxes payable years,
49.29 corresponding to the two assessment years after construction has begun. The abatement
49.30 shall not apply to any special assessments that have been levied against the property.

49.31 Subd. 4. **Reimbursement.** By May 1 of each taxes payable year in which an
49.32 abatement has been authorized under this section, the auditor shall report the amount of
49.33 taxes abated for each jurisdiction within the county to the commissioner of revenue, on a
49.34 form prescribed by the commissioner. On or before September 1 of each taxes payable
49.35 year in which an abatement has been authorized under this section, the commissioner of

50.1 revenue shall reimburse each local jurisdiction for the amount of taxes abated for the
50.2 year under this section.

50.3 Subd. 5. **Appropriation.** The amount necessary to make the reimbursements
50.4 required under this section is annually appropriated to the commissioner of revenue from
50.5 the general fund.

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

50.7 Sec. 31. Laws 2009, chapter 88, article 2, section 49, the effective date, is amended to
50.8 read:

50.9 **EFFECTIVE DATE.** This section is effective for assessment years 2010 to ~~2012~~
50.10 2013, for taxes payable in 2011 to ~~2013~~ 2014.

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

50.12 Sec. 32. **FISCAL DISPARITIES STUDY.**

50.13 The commissioner of revenue shall conduct a study of the metropolitan revenue
50.14 distribution program contained in Minnesota Statutes, chapter 473F, commonly known
50.15 as the fiscal disparities program. By February 1, 2012, the commissioner shall submit a
50.16 report to the chairs and ranking minority members of the house of representatives and
50.17 senate tax committees consisting of the findings of the study and identification of issues
50.18 for policy makers to consider. The study must analyze:

50.19 (1) the extent to which the benefits of economic growth of the region are shared
50.20 throughout the region, especially for growth that results from state or regional decisions;

50.21 (2) the program's impact on the variability of tax rates across jurisdictions of the
50.22 region;

50.23 (3) the program's impact on the distribution of homestead property tax burdens
50.24 across jurisdictions of the region; and

50.25 (4) the relationship between the impacts of the program and overburden on
50.26 jurisdictions containing properties that provide regional benefits, specifically the costs
50.27 those properties impose on their host jurisdictions in excess of their tax payments.

50.28 The report must include a description of other property tax, aid, and local
50.29 development programs that interact with the fiscal disparities program.

50.30 **EFFECTIVE DATE.** This section is effective July 1, 2010.

50.31 Sec. 33. **FUNDING OF STUDY.**

51.1 Subdivision 1. **Fiscal disparities distribution levy reduction.** For taxes payable
 51.2 in 2011 only, each taxing jurisdiction's distribution levy determined under Minnesota
 51.3 Statutes, section 473F.08, subdivision 3, paragraph (a), must be reduced by a uniform
 51.4 percentage, to be determined by the administrative auditor, such that the total reduction
 51.5 for all jurisdictions is \$100,000.

51.6 Subd. 2. **Supplemental fiscal disparities levy.** For taxes payable in 2011 only, the
 51.7 administrative auditor shall impose a supplemental levy of \$100,000 upon the areawide
 51.8 tax base determined under section 473F.07, subdivision 1. This supplemental levy
 51.9 shall be imposed as if it were the levy of a special taxing district administered by the
 51.10 administrative auditor. The administrative auditor must transfer the proceeds of this levy
 51.11 to the commissioner of revenue for deposit in a special account pursuant to Minnesota
 51.12 Statutes, section 270C.15. Money transferred is to be used to pay for the study required
 51.13 under section 32.

51.14 **EFFECTIVE DATE.** This section is effective for taxes payable in 2011 only.

51.15 Sec. 34. **THIEF RIVER FALLS AIRPORT AUTHORITY; SPECIAL LEVY**
 51.16 **AUTHORITY.**

51.17 If an airport authority is established under Minnesota Statutes, section 360.042, that
 51.18 includes the city of Thief River Falls within its boundaries, the authority may exercise
 51.19 its levy authority through a levy on the referendum market value of the area, as defined
 51.20 in Minnesota Statutes, section 126C.01, subdivision 3, in lieu of a levy on the net tax
 51.21 capacity of the area. If an authority exercises its option under this section, the intent to do
 51.22 so must be stated in the joint agreement establishing the authority.

51.23 **EFFECTIVE DATE.** This section is effective the day following final enactment,
 51.24 without local approval, as provided by Minnesota Statutes, section 654.023, subdivision 1,
 51.25 paragraph (a).

51.26 **ARTICLE 2**

51.27 **PROPERTY TAX REFORM, ACCOUNTABILITY, VALUE, AND** 51.28 **EFFICIENCY PROVISIONS**

51.29 Section 1. **[6.90] COUNCIL ON LOCAL RESULTS AND INNOVATION.**

51.30 Subdivision 1. **Creation.** The Council on Local Results and Innovation consists of
 51.31 11 members, as follows:

51.32 (1) the state auditor;

52.1 (2) two persons who are not members of the legislature, appointed by the chair of the
52.2 Property and Local Sales Tax Division of the house of representatives Taxes Committee;

52.3 (3) two persons who are not members of the legislature, appointed by the designated
52.4 lead minority member of the Property and Local Sales Tax Division of the house of
52.5 representatives Taxes Committee;

52.6 (4) two persons who are not members of the legislature, appointed by the chair of
52.7 the Taxes Division on Property Taxes of the senate Taxes Committee;

52.8 (5) two persons who are not members of the legislature, appointed by the designated
52.9 lead minority member of the Taxes Division on Property Taxes of the senate Taxes
52.10 Committee;

52.11 (6) one person who is not a member of the legislature, appointed by the Association
52.12 of Minnesota Counties; and

52.13 (7) one person who is not a member of the legislature, appointed by the League
52.14 of Minnesota Cities.

52.15 Each appointment under clauses (2) to (5) must include one person with expertise
52.16 or interest in county government and one person with expertise or interest in city
52.17 government. The appointing authorities must use their best efforts to ensure that a majority
52.18 of council members have experience with local performance measurement systems. The
52.19 membership of the council must include geographically balanced representation as well as
52.20 representation balanced between large and small jurisdictions. The appointments under
52.21 clauses (2) to (7) must be made within two months of the date of enactment.

52.22 Appointees to the council under clauses (2) to (5) serve terms of four years, except
52.23 that one of each of the initial appointments under clauses (2) to (5) shall serve a term of
52.24 two years; each appointing agent must designate which appointee is serving the two-year
52.25 term. Subsequent appointments for members appointed under clauses (2) to (5) must
52.26 be made by the council, including appointments to replace any appointees who might
52.27 resign from the council prior to completion of their term. Appointees under clauses (2) to
52.28 (5) are not eligible to vote on appointing their successor, nor on the successors of other
52.29 appointees whose terms are expiring contemporaneously. In making appointments, the
52.30 council shall make all possible efforts to reflect the geographical distribution and meet the
52.31 qualifications of appointees required of the initial appointees. Subsequent appointments
52.32 for members appointed under clauses (6) and (7) must be made by the original appointing
52.33 authority. Appointees to the council under clauses (2) to (7) may serve no more than two
52.34 consecutive terms.

52.35 Subd. 2. **Duties.** (a) By February 15, 2011, the council shall develop a standard
52.36 set of approximately ten performance measures for counties and ten performance

53.1 measures for cities that will aid residents, taxpayers, and state and local elected officials
53.2 in determining the efficacy of counties and cities in providing services, and measure
53.3 residents' opinions of those services. In developing its measures, the council must solicit
53.4 input from private citizens. Counties and cities that elect to participate in the standard
53.5 measures system shall report their results to the state auditor under section 6.91, who
53.6 shall compile the results and make them available to all interested parties by publishing
53.7 them on the auditor's Web site and report them to the legislative tax committees. Each
53.8 year after the initial designation of performance measures, the council shall evaluate the
53.9 usefulness of the standard set of performance measures and may revise the set by adding
53.10 or removing measures as it deems appropriate.

53.11 (b) By February 15, 2012, the council shall develop minimum standards for
53.12 comprehensive performance measurement systems, which may vary by size and type
53.13 of governing jurisdiction.

53.14 (c) In addition to its specific duties under paragraphs (a) and (b), the council
53.15 shall generally promote the use of performance measurement for governmental entities
53.16 across the state and shall serve as a resource for all governmental entities seeking to
53.17 implement a system of local performance measurement. The council may highlight and
53.18 promote systems that are innovative, or are ones that it deems to be best practices of local
53.19 performance measurement systems across the state and nation. The council should give
53.20 preference in its recommendations to systems that are results-oriented. The council may,
53.21 with the cooperation of the state auditor, establish and foster a collaborative network
53.22 of practitioners of local performance measurement systems. The council may support
53.23 the Association of Minnesota Counties and the League of Minnesota Cities to seek and
53.24 receive private funding to provide expert technical assistance to local governments for
53.25 the purposes of replicating best practices.

53.26 Subd. 3. **Reports.** (a) The council shall report its initial set of standard performance
53.27 measures to the Property and Local Sales Tax Division of the house of representatives
53.28 Taxes Committee and the Taxes Division on Property Taxes of the senate Taxes Committee
53.29 by February 28, 2011.

53.30 (b) By February 1 of each subsequent year, the council shall report to the committees
53.31 with jurisdiction over taxes in the house of representatives and the senate on participation
53.32 in and results of the performance measurement system, along with any revisions in the
53.33 standard set of performance measures for the upcoming year. These reports may be made
53.34 by the state auditor in lieu of the council if agreed to by the auditor and the council.

53.35 Subd. 4. **Operation of council.** (a) The state auditor shall convene the initial
53.36 meeting of the council.

54.1 (b) The chair of the council shall be elected by the members. Once elected, a chair
54.2 shall serve a term of two years.

54.3 (c) Members of the council serve without compensation.

54.4 (d) Council members shall share and rotate responsibilities for administrative
54.5 support of the council.

54.6 (e) Chapter 13D does not apply to meetings of the council. Meetings of the council
54.7 must be open to the public and the council must provide notice of a meeting on the state
54.8 auditor's Web site at least seven days before the meeting. A meeting of the council occurs
54.9 when a quorum is present.

54.10 (f) The council must meet at least two times prior to the initial release of the standard
54.11 set of measurements. After the initial set has been developed, the council must meet a
54.12 minimum of once per year.

54.13 Subd. 5. **Termination.** The council expires on January 1, 2020.

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

54.15 **Sec. 2. [6.91] LOCAL PERFORMANCE MEASUREMENT AND REPORTING.**

54.16 Subdivision 1. **Reports of local performance measures.** (a) A county or city
54.17 that elects to participate in the standard measures program must report its results to its
54.18 citizens annually through publication, direct mailing, posting on the jurisdiction's Web
54.19 site, or through a public hearing at which the budget and levy will be discussed and public
54.20 input allowed.

54.21 (b) Each year, jurisdictions participating in the local performance measurement
54.22 and improvement program must file a report with the state auditor by July 1, in a form
54.23 prescribed by the auditor. All reports must include a declaration that the jurisdiction has
54.24 complied with, or will have complied with by the end of the year, the requirement in
54.25 paragraph (a). For jurisdictions participating in the standard measures program, the report
54.26 shall consist of the jurisdiction's results for the standard set of performance measures
54.27 under section 6.90, subdivision 2, paragraph (a). In 2012, jurisdictions participating in the
54.28 comprehensive performance measurement program must submit a resolution approved by
54.29 its local governing body indicating that it either has implemented or is in the process of
54.30 implementing a local performance measurement system that meets the minimum standards
54.31 specified by the council under section 6.90, subdivision 2, paragraph (b). In 2013 and
54.32 thereafter, jurisdictions participating in the comprehensive performance measurement
54.33 program must submit a statement approved by its local governing body affirming that
54.34 it has implemented a local performance measurement system that meets the minimum
54.35 standards specified by the council under section 6.90, subdivision 2, paragraph (b).

55.1 Subd. 2. **Benefits of participation.** (a) A county or city that elects to participate
55.2 in the standard measures program for 2011 is: (1) eligible for per capita reimbursement
55.3 of \$0.14 per capita in 2012, but not to exceed \$25,000 for any government entity; and
55.4 (2) exempt from levy limits under sections 275.70 to 275.74 for taxes payable in 2012, if
55.5 levy limits are in effect.

55.6 (b) Any county or city that elects to participate in the standard measures program for
55.7 2012 is eligible for per capita reimbursement of \$0.14 per capita in 2013, but not to exceed
55.8 \$25,000 for any government entity. Any jurisdiction participating in the comprehensive
55.9 performance measurement program is exempt from levy limits under sections 275.70 to
55.10 275.74 for taxes payable in 2013 if levy limits are in effect.

55.11 (c) Any county or city that elects to participate in the standard measures program for
55.12 2013 or any year thereafter is eligible for per capita reimbursement of \$0.14 per capita in
55.13 the following year, but not to exceed \$25,000 for any government entity. Any jurisdiction
55.14 participating in the comprehensive performance measurement program for 2013 or any
55.15 year thereafter is exempt from levy limits under sections 275.70 to 275.74 for taxes
55.16 payable in the following year, if levy limits are in effect.

55.17 Subd. 3. **Certification of participation.** (a) The state auditor shall certify to
55.18 the commissioner of revenue by August 1 of each year the counties and cities that are
55.19 participating in the standard measures program and the comprehensive performance
55.20 measurement program.

55.21 (b) The commissioner of revenue shall make per capita aid payments under this
55.22 section on the second payment date specified in section 477A.015, in the same year that
55.23 the measurements were reported.

55.24 (c) The commissioner of revenue shall notify each county and city that is entitled to
55.25 exemption from levy limits by August 10 of each levy year.

55.26 Subd. 4. **Appropriation.** (a) The amount necessary to fund obligations to counties
55.27 under subdivision 2 is annually appropriated from the general fund to the commissioner of
55.28 revenue.

55.29 (b) The amount necessary to fund obligations to cities under subdivision 2 is
55.30 annually appropriated from the general fund to the commissioner of revenue.

55.31 (c) The sum of \$6,000 in fiscal year 2011 and \$2,000 in each fiscal year thereafter is
55.32 annually appropriated from the general fund to the state auditor to carry out the auditor's
55.33 responsibilities under sections 6.90 to 6.91.

55.34 **EFFECTIVE DATE.** This section is effective December 31, 2010.

56.1 Sec. 3. [270C.991] PROPERTY TAX SYSTEM BENCHMARKS AND
56.2 CRITICAL INDICATORS.

56.3 Subdivision 1. Purpose. State policy makers should be provided with the tools to
56.4 create a more accountable and efficient property tax system. This section provides the
56.5 principles and available tools necessary to work toward achieving that goal.

56.6 Subd. 2. Property tax principles. To better evaluate the various property tax
56.7 proposals that come before the legislature, the following basic property tax principles
56.8 should be taken into consideration. The property taxes proposed should be:

56.9 (1) transparent and understandable;

56.10 (2) simple and efficient;

56.11 (3) equitable;

56.12 (4) stable and predictable;

56.13 (5) compliance and accountability;

56.14 (6) competitive, both nationally and globally; and

56.15 (7) responsive to economic conditions.

56.16 Subd. 3. Major indicators. There are many different types of indicators available to
56.17 legislators to evaluate tax legislation. Indicators are useful to have available as benchmarks
56.18 when legislators are contemplating changes. Each tool has its own limitation, and no one
56.19 tool is perfect or should be used independently. Some of the tools measure the global
56.20 characteristics of the entire tax system, while others are only a measure of the property tax
56.21 impacts and its administration. The following is a list of the available major indicators:

56.22 (1) property tax principles scale, the components of which are listed in subdivision
56.23 2, as they relate to the various features of the property tax system;

56.24 (2) price of government report, as required under section 16A.102;

56.25 (3) tax incidence report, as required under section 270C.13;

56.26 (4) tax expenditure budget and report, as required under section 270C.11;

56.27 (5) state tax rankings;

56.28 (6) property tax levy plus aid data, and market value and net tax capacity data, by
56.29 taxing district for current and past years;

56.30 (7) effective tax rate (tax as a percent of market value) and the equalized effective
56.31 tax rate (effective tax rate adjusted for assessment differences);

56.32 (8) assessment sales ratio study, as required under section 127A.48;

56.33 (9) "Voss" database, which matches homeowner property taxes and household
56.34 income;

56.35 (10) revenue estimates under section 270C.11, subdivision 5, and state fiscal notes
56.36 under section 477A.03, subdivision 2b; and

57.1 (11) local impact notes, with improved local analysis as described in subdivision 7.

57.2 Subd. 4. **Property tax working group.** (a) A property tax working group is
57.3 established as provided in this subdivision. The goals of the working group are:

57.4 (1) to investigate ways to simplify the property tax system and make advisory
57.5 recommendations on ways to make the system more understandable;

57.6 (2) to reexamine the property tax calendar to determine what changes could be made
57.7 to shorten the two-year cycle from assessment through property tax collection; and

57.8 (3) to determine the cost versus the benefits of the various property tax components,
57.9 including property classifications, credits, aids, exclusions, exemptions, and abatements,
57.10 and to suggest ways to achieve some of the goals in simpler and more cost-efficient ways.

57.11 (b) The 13-member working group shall consist of the following members:

57.12 (1) two state representatives, both appointed by the chair of the house of
57.13 representatives Taxes Committee, one from the majority party and one from the minority
57.14 party;

57.15 (2) two senators, both appointed by the chair of the senate Taxes Committee, one
57.16 from the majority party and one from the minority party;

57.17 (3) the commissioner of revenue, or designee;

57.18 (4) one person, appointed by the Association of Minnesota Counties;

57.19 (5) one person, appointed by the League of Minnesota Cities;

57.20 (6) one person, appointed by the Minnesota Association of Townships;

57.21 (7) one person, appointed by the Minnesota Chamber of Commerce;

57.22 (8) one person, appointed by the Minnesota Association of Assessing Officers;

57.23 (9) two homeowners, one who is under 65 years of age, and one who is 65 years of
57.24 age or older, both appointed by the commissioner of revenue; and

57.25 (10) one person, appointed by Minnesota's two major farm organizations.

57.26 The commissioner of revenue shall chair the initial meeting, and the working

57.27 group shall elect a chair at that initial meeting. The working group will meet at the call

57.28 of the chair. Members of the working group shall serve without compensation. The

57.29 commissioner of revenue must provide administrative support to the working group.

57.30 Chapter 13D does not apply to meetings of the working group. Meetings of the working

57.31 group must be open to the public and the working group must provide notice of a meeting

57.32 to potentially interested persons at least seven days before the meeting. A meeting of the

57.33 council occurs when a quorum is present.

57.34 (c) The working group shall make its advisory recommendations to the chairs of the

57.35 house of representatives and senate Taxes Committees on or before February 1, 2012, at

58.1 which time the working group shall be finished and this subdivision expires. The advisory
58.2 recommendations should be reviewed by the Taxes Committee under subdivision 5.

58.3 Subd. 5. **Taxes Committee review and resolution.** On or before March 1,
58.4 2012, and every two years thereafter, the house of representatives and senate Taxes
58.5 Committees must review the major indicators as contained in subdivision 3, and ascertain
58.6 the accountability and efficiency of the property tax system. The house of representatives
58.7 and senate Taxes Committees shall prepare a resolution on targets and benchmarks for
58.8 use during the current biennium.

58.9 Subd. 6. **Department of Revenue; revenue estimates.** As provided under
58.10 section 270C.11, subdivision 5, the Department of Revenue is required to prepare an
58.11 estimate of the effect on the state's tax revenues which result from the passage of a
58.12 legislative bill establishing, extending, or restricting a tax expenditure. Beginning
58.13 with the 2011 legislative session, those revenue estimates must also identify how the
58.14 property tax principles contained in subdivision 2 apply to the proposed tax changes. The
58.15 commissioner of revenue shall develop a scale for measuring the appropriate principles
58.16 for each proposed change. The department shall quantify the effects, if possible, or at a
58.17 minimum, shall identify the relevant factors so that legislators are aware of possible
58.18 outcomes, including administrative difficulties and cost. The interaction of property tax
58.19 shifting should be identified and quantified to the degree possible.

58.20 Subd. 7. **Appropriation.** The sum of \$30,000 in fiscal year 2011 and \$25,000 in
58.21 each fiscal year thereafter is appropriated from the general fund to the commissioner of
58.22 revenue to carry out the commissioner's added responsibilities under subdivision 6.

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

58.24 Sec. 4. Minnesota Statutes 2008, section 273.1384, is amended by adding a subdivision
58.25 to read:

58.26 Subd. 3a. **Reimbursement reductions.** (a) Each year, each county's reimbursement
58.27 under this section shall be reduced by a uniform percentage so that the total reduction in
58.28 reimbursements equals the sum of: (i) one-half of the amount appropriated under section
58.29 6.91, subdivision 4; and (ii) one-half of the total amount appropriated under section
58.30 270C.991, subdivision 7.

58.31 (b) Each year, each city's reimbursement under this section shall be reduced by a
58.32 uniform percentage so that the total reduction in reimbursements equals the sum of: (i)
58.33 one-half of the amount appropriated under section 6.91, subdivision 4; and (ii) one-half of
58.34 the total amount appropriated under section 270C.991, subdivision 7.

59.1 **EFFECTIVE DATE.** This section is effective for aids payable in 2011 and
59.2 thereafter.

59.3 **ARTICLE 3**

59.4 **LOCAL SALES TAX**

59.5 Section 1. Minnesota Statutes 2008, section 297A.99, subdivision 1, is amended to
59.6 read:

59.7 Subdivision 1. **Authorization; scope.** (a) A political subdivision of this state may
59.8 impose a general sales tax (1) under section 297A.992, (2) under section 297A.993, (3) if
59.9 permitted by special law enacted prior to May 20, 2008, or (4) if the political subdivision
59.10 enacted and imposed the tax before January 1, 1982, and its predecessor provision.

59.11 (b) This section governs the imposition of a general sales tax by the political
59.12 subdivision. The provisions of this section preempt the provisions of any special law:

59.13 (1) enacted before June 2, 1997, or

59.14 (2) enacted on or after June 2, 1997, that does not explicitly exempt the special law
59.15 provision from this section's rules by reference.

59.16 (c) This section does not apply to or preempt a sales tax on motor vehicles or a
59.17 special excise tax on motor vehicles.

59.18 (d) Until after May 31, ~~2010~~ 2012, a political subdivision may not advertise,
59.19 promote, expend funds, or hold a referendum to support imposing or extending a local
59.20 option sales tax ~~unless it is for extension of an existing tax or the tax was authorized by a~~
59.21 ~~special law enacted prior to May 20, 2008.~~ For purposes of this section, "extending" a tax
59.22 means using an existing tax to fund one or more projects or purposes not authorized in the
59.23 existing special law, or increasing the amount of money allowed to be spent on projects or
59.24 purposes authorized under the existing special law.

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

59.26 Sec. 2. Laws 2002, chapter 377, article 3, section 25, as amended by Laws 2009,
59.27 chapter 88, article 4, section 19, is amended to read:

59.28 Sec. 25. **ROCHESTER LODGING TAX.**

59.29 Subdivision 1. **Authorization.** Notwithstanding Minnesota Statutes, section
59.30 469.190 or 477A.016, or any other law, the city of Rochester may impose an additional
59.31 tax of one percent on the gross receipts from the furnishing for consideration of lodging at
59.32 a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing of it
59.33 for a continuous period of 30 days or more.

60.1 Subd. 1a. **Authorization.** Notwithstanding Minnesota Statutes, section 469.190 or
60.2 477A.016, or any other law, and in addition to the tax authorized by subdivision 1, the city
60.3 of Rochester may impose an additional tax of one percent on the gross receipts from the
60.4 furnishing for consideration of lodging at a hotel, motel, rooming house, tourist court, or
60.5 resort, other than the renting or leasing of it for a continuous period of 30 days or more only
60.6 upon the approval of the city governing body of a total financial package for the project.

60.7 Subd. 2. **Disposition of proceeds.** (a) The gross proceeds from the tax imposed
60.8 under subdivision 1 must be used by the city to fund a local convention or tourism bureau
60.9 for the purpose of marketing and promoting the city as a tourist or convention center.

60.10 (b) The gross proceeds from the one percent tax imposed under subdivision 1a shall
60.11 be used to pay for (1) construction, renovation, improvement, and expansion of the Mayo
60.12 Civic Center and related skyway access, lighting, parking, or landscaping; and (2) for
60.13 payment of any principal, interest, or premium on bonds issued to finance the construction,
60.14 renovation, improvement, and expansion of the Mayo Civic Center Complex.

60.15 Subd. 2a. **Bonds.** The city of Rochester may issue general obligation bonds of the
60.16 city, in one or more series, in the aggregate principal amount not to exceed \$43,500,000,
60.17 to pay for capital and administrative costs for the design, construction, renovation,
60.18 improvement, and expansion of the Mayo Civic Center Complex, and related skyway,
60.19 access, lighting, parking, and landscaping. The city may pledge the lodging tax authorized
60.20 by subdivision 1a and the food and beverage tax authorized under Laws 2009, chapter
60.21 88, article 4, section 23, to the payment of the bonds. The debt represented by the bonds
60.22 is not included in computing any debt limitations applicable to the city, and the levy of
60.23 taxes required by Minnesota Statutes, section 475.61, to pay the principal of and interest
60.24 on the bonds is not subject to any levy limitation or included in computing or applying
60.25 any levy limitation applicable to the city.

60.26 Subd. 3. **Expiration of taxing authority.** The authority of the city to impose a tax
60.27 under subdivision 1a shall expire when the principal and interest on any bonds or other
60.28 obligations issued prior to December 31, 2014, to finance the construction, renovation,
60.29 improvement, and expansion of the Mayo Civic Center Complex and related skyway
60.30 access, lighting, parking, or landscaping have been paid, including any bonds issued to
60.31 refund such bonds, or at an earlier time as the city shall, by ordinance, determine. Any
60.32 funds remaining after completion of the project and retirement or redemption of the bonds
60.33 shall be placed in the general fund of the city.

60.34 **EFFECTIVE DATE.** This section is effective the day after the governing body of
60.35 the city of Rochester and its chief clerical officer comply with Minnesota Statutes, section
60.36 645.021, subdivisions 2 and 3.

61.1 Sec. 3. Laws 2009, chapter 88, article 4, section 23, subdivision 4, is amended to read:

61.2 Subd. 4. **Expiration of taxing authority.** The authority granted under subdivision
61.3 1 to the city to impose a one percent tax on food and beverages shall expire when the
61.4 principal and interest on any bonds or other obligations issued prior to December 31,
61.5 2014, to finance the construction, renovation, improvement, and expansion of the Mayo
61.6 Civic Center Complex and related skyway access, lighting, parking, or landscaping, and
61.7 any bonds issued to refund such bonds, have been paid or at an earlier time as the city
61.8 shall, by ordinance, determine. Any funds remaining after completion of the project and
61.9 retirement or redemption of the bonds shall be placed in the general fund of the city.

61.10 **EFFECTIVE DATE.** This section is effective the day after the governing body of
61.11 the city of Rochester and its chief clerical officer comply with Minnesota Statutes, section
61.12 645.021, subdivisions 2 and 3.

61.13 Sec. 4. **CITY OF DETROIT LAKES; LOCAL TAXES AUTHORIZED.**

61.14 Subdivision 1. Food and beverage tax authorized. Notwithstanding Minnesota
61.15 Statutes, section 477A.016, or any ordinance, city charter, or other provision of law, the
61.16 city of Detroit Lakes may, by ordinance, impose a sales tax of one-half of one percent
61.17 on the gross receipts of all food and beverages by a restaurant or place of refreshment,
61.18 as defined by resolution of the city, that is located within the city. For purposes of this
61.19 section, "food and beverages" include retail on-sale of intoxicating liquor and fermented
61.20 malt beverages.

61.21 Subd. 2. Entertainment tax. Notwithstanding Minnesota Statutes, section
61.22 477A.016, or any ordinance, city charter, or other provision of law, the city of Detroit
61.23 Lakes may, by ordinance, impose a tax of one-half of one percent on the gross receipts
61.24 on admission to an entertainment event located within the city. For purposes of this
61.25 section, "entertainment event" means any event for which persons pay money in order to
61.26 be admitted to the premises and to be entertained, including, but not limited to, theaters,
61.27 concerts, and sporting events.

61.28 Subd. 3. Use of proceeds from authorized taxes. The proceeds of the taxes
61.29 imposed under subdivisions 1 and 2 must be used by the city to pay all or a portion of the
61.30 expenses of the following projects:

61.31 (1) control of flowering rush infestation;

61.32 (2) construction and improvement of bike trail facilities;

61.33 (3) parking improvements near public facilities; and

61.34 (4) redevelopment of the area returned to the city as a result of realignment of
61.35 Highway 10.

62.1 Subd. 4. **Expiration of taxing authority.** The taxes authorized under subdivisions 1
62.2 and 2 expire when the governing body of the city determines that sufficient revenues have
62.3 been raised to finance the projects in subdivision 3, including the amount to prepay to retire
62.4 at maturity the principal, interest, and premium due on any bonds issued for the projects.

62.5 Subd. 5. **Collection, administration, and enforcement.** The city may enter into
62.6 an agreement with the commissioner of revenue to administer, collect, and enforce the
62.7 taxes under subdivisions 1 and 2. If the commissioner agrees to collect the tax, the
62.8 provisions of Minnesota Statutes, section 297A.99, related to collection, administration,
62.9 and enforcement apply.

62.10 **EFFECTIVE DATE.** This section is effective the day after the governing body of
62.11 the city of Detroit Lakes and its chief clerical officer comply with Minnesota Statutes,
62.12 section 645.021, subdivisions 2 and 3.

62.13 Sec. 5. **CITY OF MARSHALL; SALES AND USE TAX.**

62.14 Subdivision 1. **Authorization.** Notwithstanding Minnesota Statutes, section
62.15 297A.99, subdivisions 1, 2, and 3, or 477A.016, or any other law, ordinance, or city
62.16 charter, the city of Marshall, if imposed within two years of the date of final enactment of
62.17 this section, may impose any or all of the taxes described in this section.

62.18 Subd. 2. **Bonds.** (a) The city of Marshall may issue bonds under Minnesota Statutes,
62.19 chapter 475, to finance all or a portion of the costs of the new and existing facilities of the
62.20 Minnesota Emergency Response and Industry Training Center and all or part of the costs
62.21 of the facilities of the Southwest Minnesota Regional Amateur Sports Center, and may
62.22 issue bonds to refund bonds previously issued. Authorized expenses include, but are not
62.23 limited to, acquiring property, predesign, design, and paying construction, furnishing, and
62.24 equipment costs related to these facilities. The aggregate principal amount of bonds issued
62.25 under this subdivision may not exceed \$17,290,000, plus an amount to be applied to the
62.26 payment of the costs of issuing the bonds. The bonds may be paid from or secured by
62.27 any funds available to the city of Marshall.

62.28 (b) The bonds are not included in computing any debt limitation applicable to the
62.29 city of Marshall, and any levy of taxes under Minnesota Statutes, section 475.61, to pay
62.30 principal and interest on the bonds, is not subject to any levy limitation. A separate
62.31 election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

62.32 Subd. 3. **Lodging tax.** The city of Marshall may impose by ordinance a tax of up to
62.33 1-1/2 percent on the gross receipts subject to the lodging tax under Minnesota Statutes,
62.34 section 469.190, for the purposes specified in subdivision 4. This lodging tax is in addition
62.35 to any tax imposed under Minnesota Statutes, section 469.190, and may be imposed

63.1 within a tax district defined by the city council, which may include areas of the city of
63.2 Marshall which are not contiguous.

63.3 Subd. 4. **Use of lodging tax revenues.** The revenues derived from the tax imposed
63.4 under subdivision 3 must be used by the city of Marshall to pay the costs of collecting
63.5 and administering the lodging tax, to pay all or part of the operating costs of the new and
63.6 existing facilities of the Minnesota Emergency Response and Industry Training Center,
63.7 including the payment of debt service on bonds issued under subdivision 2, and to pay
63.8 all or part of the operating costs of the facilities of the Southwest Minnesota Regional
63.9 Amateur Sports Center, including the payment of debt service on bonds issued under
63.10 subdivision 2.

63.11 Subd. 5. **Food and beverages tax.** The city of Marshall may impose by ordinance
63.12 an additional sales tax of up to 1-1/2 percent on all sales of food and beverages primarily
63.13 for consumption on the premises by restaurants and places of refreshment that occur
63.14 in the city of Marshall. The provisions of Minnesota Statutes, section 297A.99,
63.15 except subdivisions 1, 2, and 3, govern the imposition, administration, collection, and
63.16 enforcement of the tax authorized under this subdivision.

63.17 Subd. 6. **Use of food and beverages tax.** The revenues derived from the tax
63.18 imposed under subdivision 5 must be used by the city of Marshall to pay the costs of
63.19 collecting and administering the food and beverages tax, to pay all or part of the operating
63.20 costs of the new and existing facilities of the Minnesota Emergency Response and
63.21 Industry Training Center, including the payment of debt service on bonds issued under
63.22 subdivision 2, and to pay all or part of the operating costs of the facilities of the Southwest
63.23 Minnesota Regional Amateur Sports Center, including the payment of debt service on
63.24 bonds issued under subdivision 2.

63.25 Subd. 7. **Termination of taxes.** The taxes imposed under subdivisions 3 and 5
63.26 expire at the earlier of (1) 30 years after the tax is first imposed, or (2) when the city
63.27 council determines that the amount of revenues received from the taxes to pay for the
63.28 capital, operating, and administrative costs of the facilities under subdivisions 2, 4,
63.29 and 6 first equals or exceeds the amount authorized to be spent for the facilities plus
63.30 the additional amount needed to pay the costs related to issuance of the bonds under
63.31 subdivision 2, including interest on the bonds. Any funds remaining after payment of all
63.32 the costs and retirement or redemption of the bonds must be placed in the general fund of
63.33 the city. The taxes imposed under subdivisions 3 and 5 may expire at an earlier time if the
63.34 city so determines by ordinance.

64.1 **EFFECTIVE DATE.** This section is effective the day after compliance by the
64.2 governing body of the city of Marshall with Minnesota Statutes, section 645.021,
64.3 subdivision 3.

64.4 **Sec. 6. GIANTS RIDGE RECREATION AREA TAXING AUTHORITY.**

64.5 Subdivision 1. **Additional taxes authorized.** Notwithstanding Minnesota Statutes,
64.6 section 477A.016, or any other law, ordinance, or charter provision to the contrary, the
64.7 city of Biwabik, upon approval both by its governing body and by the vote of at least
64.8 seven members of the Iron Range Resources and Rehabilitation Board, may impose any or
64.9 all of the taxes described in this section.

64.10 Subd. 2. **Use of proceeds.** The proceeds of any taxes imposed under this section,
64.11 less refunds and costs of collection, must be deposited into the Iron Range Resources and
64.12 Rehabilitation Board account enterprise fund created under the provisions of Minnesota
64.13 Statutes, section 298.221, paragraph (c), and must be dedicated and expended by the
64.14 commissioner of the Iron Range Resources and Rehabilitation Board, upon approval by
64.15 the vote of at least seven members of the Iron Range Resources and Rehabilitation Board,
64.16 to pay costs for the construction, renovation, improvement, expansion, and maintenance
64.17 of public recreational facilities located in those portions of the city within the Giants
64.18 Ridge Recreation Area as defined in Minnesota Statutes, section 298.22, subdivision 7, or
64.19 to pay any principal, interest, or premium on any bond issued to finance the construction,
64.20 renovation, improvement, or expansion of such public recreational facilities.

64.21 Subd. 3. **Lodging tax.** The city of Biwabik, upon approval both by its governing
64.22 body and by the vote of at least seven members of the Iron Range Resources and
64.23 Rehabilitation Board, may impose, by ordinance, a tax of not more than five percent on the
64.24 gross receipts subject to the lodging tax under Minnesota Statutes, section 469.190. This
64.25 tax is in addition to any tax imposed under Minnesota Statutes, section 469.190, and may
64.26 be imposed only on gross lodging receipts generated within the Giants Ridge Recreation
64.27 Area as defined in Minnesota Statutes, section 298.22, subdivision 7.

64.28 Subd. 4. **Admissions and recreation tax.** (a) The city of Biwabik, upon approval
64.29 both by its governing body and by the vote of at least seven members of the Iron Range
64.30 Resources and Rehabilitation Board, may impose, by ordinance, a tax of not more than five
64.31 percent on admission receipts to entertainment and recreational facilities and on receipts
64.32 from the rental of recreation equipment, at sites within the Giants Ridge Recreation Area as
64.33 defined in Minnesota Statutes, section 298.22, subdivision 7. The provisions of Minnesota
64.34 Statutes, section 297A.99, except for subdivisions 2 and 3, govern the imposition,
64.35 administration, collection, and enforcement of the tax authorized in this subdivision.

65.1 (b) If the city imposes the tax under paragraph (a), it must include in the ordinance
65.2 an exemption for purchases of season tickets or passes.

65.3 Subd. 5. **Food and beverage tax.** The city of Biwabik, upon approval both by its
65.4 governing body and by the vote of at least seven members of the Iron Range Resources
65.5 and Rehabilitation Board, may impose, by ordinance, an additional sales tax of not more
65.6 than one percent on sales of food and beverages primarily for consumption on or off
65.7 the premises by restaurants and places of refreshment as defined by resolution of the
65.8 city within the Giants Ridge Recreation Area as defined in Minnesota Statutes, section
65.9 298.22, subdivision 7. The provisions of Minnesota Statutes, section 297A.99, except for
65.10 subdivisions 2 and 3, govern the imposition, administration, collection, and enforcement
65.11 of the tax authorized in this subdivision.

65.12 **EFFECTIVE DATE.** This section shall be effective the day after compliance with
65.13 Minnesota Statutes, section 645.021, subdivisions 2 and 3, by the governing body of the
65.14 city of Biwabik. Notwithstanding Minnesota Statutes, section 645.021, subdivision 3, the
65.15 city may comply with Minnesota Statutes, section 645.021, at any time before January
65.16 1, 2012.

65.17 **ARTICLE 4**

65.18 **PROPERTY TAXES - TECHNICAL**

65.19 Section 1. Minnesota Statutes 2009 Supplement, section 134.34, subdivision 4, is
65.20 amended to read:

65.21 Subd. 4. **Limitation.** (a) For calendar year 2010 and later, a regional library
65.22 basic system support grant shall not be made to a regional public library system for a
65.23 participating city or county which decreases the dollar amount provided for support for
65.24 operating purposes of public library service below the amount provided by it for the
65.25 second, or third preceding year, whichever is less. For purposes of this subdivision and
65.26 subdivision 1, any funds provided under section 473.757, subdivision 2, for extending
65.27 library hours of operation shall not be considered amounts provided by a city or county for
65.28 support for operating purposes of public library service. This subdivision shall not apply
65.29 to participating cities or counties where the adjusted net tax capacity of that city or county
65.30 has decreased, if the dollar amount of the reduction in support is not greater than the dollar
65.31 amount by which support would be decreased if the reduction in support were made in
65.32 direct proportion to the decrease in adjusted net tax capacity.

65.33 (b) For calendar year 2009 and later, in any calendar year in which a city's or
65.34 county's aid under sections 477A.011 to 477A.014 or ~~credits~~ credit reimbursement under

66.1 section 273.1384 is reduced after the city or county has certified its levy payable in that
66.2 year, it may reduce its local support by the lesser of:

66.3 (1) ten percent; or

66.4 (2) a percent equal to the ratio of the aid and credit reimbursement reductions to the
66.5 city's or county's revenue base, based on aids certified for the current calendar year. For
66.6 calendar year 2009 only, the reduction under this paragraph shall be based on 2008 aid and
66.7 credit reimbursement reductions under the December 2008 unallotment, as well as any
66.8 aid and credit reimbursement reductions in calendar year 2009. For pay 2009 only, the
66.9 commissioner of revenue will calculate the reductions under this paragraph and certify
66.10 them to the commissioner of education within 15 days of May 17, 2009.

66.11 (c) For taxes payable in 2010 and later, in any payable year in which the total
66.12 amounts certified for city or county aids under sections 477A.011 to 477A.014 are less
66.13 than the total amounts paid under those sections in the previous calendar year, a city or
66.14 county may reduce its local support by the lesser of:

66.15 (1) ten percent; or

66.16 (2) a percent equal to the ratio of:

66.17 (i) the difference between (A) the sum of the aid it was paid under sections 477A.011
66.18 to 477A.014 and the ~~credits~~ credit reimbursement it received under section ~~273.1398~~
66.19 273.1384 in the previous calendar year and (B) the sum of the aid it is certified to be paid
66.20 in the current calendar year under sections 477A.011 to 477A.014 and the ~~credits~~ credit
66.21 reimbursement estimated to be paid under section ~~273.1398~~ 273.1384; to

66.22 (ii) its revenue base for the previous year, based on aids actually paid in the previous
66.23 calendar year. The commissioner of revenue shall calculate the percent aid cut for each
66.24 county and city under this paragraph and certify the percentage cuts to the commissioner
66.25 of education by August 1 of the year prior to the year in which the reduced aids and ~~credits~~
66.26 credit reimbursements are to be paid. The percentage of reduction related to reductions to
66.27 ~~credits~~ credit reimbursements under section 273.1384 shall be based on the best estimation
66.28 available as of July 30.

66.29 (d) Notwithstanding paragraph (a), (b), or (c), no city or county shall reduce its
66.30 support for public libraries below the minimum level specified in subdivision 1.

66.31 (e) For purposes of this subdivision, "revenue base" means the sum of:

66.32 (1) its levy for taxes payable in the current calendar year, including the levy on
66.33 the fiscal disparities distribution under section 276A.06, subdivision 3, paragraph (a),
66.34 or 473F.08, subdivision 3, paragraph (a);

66.35 (2) its aid under sections 477A.011 to 477A.014 in the current calendar year; and

66.36 (3) its taconite aid in the current calendar year under sections 298.28 and 298.282.

67.1 **EFFECTIVE DATE.** This section is effective retroactively for support in calendar
67.2 year 2009 and thereafter and for library grants paid in fiscal year 2010 and thereafter.

67.3 Sec. 2. Minnesota Statutes 2008, section 270C.87, is amended to read:

67.4 **270C.87 REVISION OF MINNESOTA ASSESSORS' MANUAL.**

67.5 In accordance with the provisions of section ~~270C.06~~ 270C.85, the commissioner
67.6 shall periodically revise the Minnesota assessors' manual.

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

67.8 Sec. 3. Minnesota Statutes 2008, section 270C.94, subdivision 3, is amended to read:

67.9 Subd. 3. **Failure to appraise.** When an assessor has failed to properly appraise at
67.10 least one-fifth of the parcels of property in a district or county as provided in section
67.11 273.01, the commissioner ~~shall~~ may appoint a special assessor and deputy assessor
67.12 as necessary and cause a reappraisal to be made of the property due for reassessment
67.13 in accordance with law.

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

67.15 Sec. 4. Minnesota Statutes 2008, section 272.025, subdivision 1, is amended to read:

67.16 Subdivision 1. **Statement of exemption.** (a) Except in the case of ~~churches and~~
67.17 ~~houses of worship, property solely used for educational purposes by academies, colleges,~~
67.18 ~~universities or seminaries of learning,~~ property owned by the state of Minnesota or any
67.19 political subdivision thereof, and property exempt from taxation under section 272.02,
67.20 subdivisions 9, 10, 13, 15, 18, 20, and 22 to ~~26~~ 25, and at the times provided in subdivision
67.21 3, a taxpayer claiming an exemption from taxation on property described in section
67.22 272.02, subdivisions 1 to 33, ~~shall~~ must file a statement of exemption with the assessor of
67.23 the assessment district in which the property is located.

67.24 (b) A taxpayer claiming an exemption from taxation on property described in section
67.25 272.02, subdivision 10, ~~shall~~ must file a statement of exemption with the commissioner
67.26 of revenue, on or before February 15 of each year for which the taxpayer claims an
67.27 exemption.

67.28 (c) In case of sickness, absence or other disability or for good cause, the assessor
67.29 or the commissioner may extend the time for filing the statement of exemption for a
67.30 period not to exceed 60 days.

67.31 (d) The commissioner of revenue shall prescribe the form and contents of the
67.32 statement of exemption.

68.1 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and
68.2 thereafter.

68.3 Sec. 5. Minnesota Statutes 2008, section 272.025, subdivision 3, is amended to read:

68.4 Subd. 3. **Filing dates.** (a) The statement required by subdivision 1, paragraph
68.5 (a), must be filed with the assessor by February 1 of the assessment year, however, any
68.6 taxpayer who has filed the statement required by subdivision 1 more than 12 months prior
68.7 to February 1, 1983, or February 1 of each third year after 1983, shall file a statement by
68.8 February 1, 1983, and by February 1 of each third year thereafter.

68.9 (b) For churches and houses of worship, and property solely used for educational
68.10 purposes by academies, colleges, universities, or seminaries of learning, no statement is
68.11 required after the statement filed for the assessment year in which the exemption began.

68.12 (c) This section does not apply to existing churches and houses of worship, and
68.13 property solely used for educational purposes by academies, colleges, universities, or
68.14 seminaries of learning that were exempt for taxes payable in 2011.

68.15 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and
68.16 thereafter.

68.17 Sec. 6. Minnesota Statutes 2008, section 272.029, subdivision 4, is amended to read:

68.18 Subd. 4. **Reports.** (a) An owner of a wind energy conversion system subject to tax
68.19 under subdivision 3 shall file a report with the commissioner of revenue annually on or
68.20 before February 1 detailing the amount of electricity in kilowatt-hours that was produced
68.21 by the wind energy conversion system for the previous calendar year. The commissioner
68.22 shall prescribe the form of the report. The report must contain the information required
68.23 by the commissioner to determine the tax due to each county under this section for the
68.24 current year. If an owner of a wind energy conversion system subject to taxation under
68.25 this section fails to file the report by the due date, the commissioner of revenue shall
68.26 determine the tax based upon the nameplate capacity of the system multiplied by a
68.27 capacity factor of ~~40~~ 60 percent.

68.28 (b) On or before February 28, the commissioner of revenue shall notify the owner of
68.29 the wind energy conversion systems of the tax due to each county for the current year and
68.30 shall certify to the county auditor of each county in which the systems are located the tax
68.31 due from each owner for the current year.

68.32 **EFFECTIVE DATE.** This section is effective beginning with reports due on
68.33 February 1, 2011, and thereafter.

69.1 Sec. 7. Minnesota Statutes 2008, section 272.029, subdivision 7, is amended to read:

69.2 Subd. 7. **Exemption.** The tax imposed under this section does not apply to
69.3 electricity produced by wind energy conversion systems located in a job opportunity
69.4 building zone, ~~designated under section 469.314~~, for the duration of the zone. The
69.5 exemption applies beginning for the first calendar year after designation of the zone
69.6 and applies to each calendar year that begins during the designation of the zone. The
69.7 exemption only applies if the owner of the system is a qualified business under section
69.8 469.310, subdivision 11, who has entered into a business subsidy agreement that covers
69.9 the land on which the system is situated.

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

69.11 Sec. 8. Minnesota Statutes 2008, section 273.113, subdivision 3, is amended to read:

69.12 Subd. 3. **Reimbursement for lost revenue.** The county auditor shall certify
69.13 to the commissioner of revenue, as part of the abstracts of tax lists required to be filed
69.14 with the commissioner under section 275.29, the amount of tax lost to the county from
69.15 the property tax credit under subdivision 2. Any prior year adjustments must also be
69.16 certified in the abstracts of tax lists. The commissioner of revenue shall review the
69.17 certifications to determine their accuracy. The commissioner may make the changes
69.18 in the certification that are considered necessary or return a certification to the county
69.19 auditor for corrections. The commissioner shall reimburse each taxing district, other than
69.20 school districts, for the taxes lost. The payments must be made at the time provided in
69.21 section 473H.10 for payment to taxing jurisdictions in the same proportion that the ad
69.22 valorem tax is distributed. Reimbursements to school districts must be made as provided
69.23 in section 273.1392. The amount necessary to make the reimbursements under this section
69.24 is annually appropriated from the general fund to the commissioner of revenue.

69.25 **EFFECTIVE DATE.** This section is effective retroactively for taxes payable in
69.26 2009 and thereafter.

69.27 Sec. 9. Minnesota Statutes 2009 Supplement, section 273.114, subdivision 2, is
69.28 amended to read:

69.29 Subd. 2. **Requirements.** Class 2a or 2b property that had been assessed under
69.30 Minnesota Statutes 2006, section 273.111, or that is part of an agricultural homestead
69.31 under Minnesota Statutes, section 273.13, subdivision 23, paragraph (a), is entitled to
69.32 valuation and tax deferment under this section if:

69.33 (1) the land consists of at least ten acres;

70.1 (2) a conservation management plan for the land must be prepared by an approved
 70.2 plan writer and implemented during the period in which the land is subject to valuation
 70.3 and deferment under this section;

70.4 (3) the land must be enrolled for a minimum of ten years; ~~and~~

70.5 (4) there are no delinquent property taxes on the land; and

70.6 ~~Real estate may~~ (5) the property is not ~~be also~~ enrolled for valuation and deferment
 70.7 under ~~this section and~~ section 273.111; or 273.112, ~~or 273.117~~; or chapter 290C;
 70.8 ~~concurrently~~ or 473H.

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

70.10 Sec. 10. Minnesota Statutes 2008, section 273.1392, is amended to read:

70.11 **273.1392 PAYMENT; SCHOOL DISTRICTS.**

70.12 The amounts of bovine tuberculosis credit reimbursements under section 273.113;
 70.13 conservation tax credits under section 273.119; disaster or emergency reimbursement
 70.14 under sections 273.1231 to 273.1235; homestead and agricultural credits under section
 70.15 273.1384; aids and credits under section 273.1398; wetlands reimbursement under
 70.16 section 275.295; enterprise zone property credit payments under section 469.171; and
 70.17 metropolitan agricultural preserve reduction under section 473H.10 for school districts,
 70.18 shall be certified to the Department of Education by the Department of Revenue. The
 70.19 amounts so certified shall be paid according to section 127A.45, subdivisions 9 and 13.

70.20 **EFFECTIVE DATE.** This section is effective retroactively for taxes payable in
 70.21 2009 and thereafter.

70.22 Sec. 11. Minnesota Statutes 2009 Supplement, section 275.065, subdivision 3, is
 70.23 amended to read:

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

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

70.31 (c) The notice must inform taxpayers that it contains the amount of property taxes
 70.32 each taxing authority proposes to collect for taxes payable the following year. In the
 70.33 case of a town, or in the case of the state general tax, the final tax amount will be its

71.1 proposed tax. The notice must clearly state for each city that has a population over 500,
71.2 county, school district, regional library authority established under section 134.201, and
71.3 metropolitan taxing districts as defined in paragraph (i), the time and place of ~~the~~ a meeting
71.4 for each taxing authorities' regularly scheduled meetings authority in which the budget
71.5 and levy will be discussed and public input allowed, prior to the final budget and levy
71.6 ~~determined, which must occur after November 24~~ determination. The taxing authorities
71.7 must provide the county auditor with the information to be included in the notice on or
71.8 before the time it certifies its proposed levy under subdivision 1. The public must be
71.9 allowed to speak at ~~the meetings and the meetings shall~~ that meeting, which must occur
71.10 after November 24 and must not be held before 6:00 p.m. It must provide a telephone
71.11 number for the taxing authority that taxpayers may call if they have questions related to
71.12 the notice and an address where comments will be received by mail.

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

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

71.20 (2) the items listed below, shown separately by county, city or town, and state general
71.21 tax, net of the residential and agricultural homestead credit under section 273.1384, voter
71.22 approved school levy, other local school levy, and the sum of the special taxing districts,
71.23 and as a total of all taxing authorities:

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

71.25 (ii) the proposed tax amount.

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

71.29 In the case of a town or the state general tax, the final tax shall also be its proposed
71.30 tax unless the town changes its levy at a special town meeting under section 365.52. If a
71.31 school district has certified under section 126C.17, subdivision 9, that a referendum will
71.32 be held in the school district at the November general election, the county auditor must
71.33 note next to the school district's proposed amount that a referendum is pending and that, if
71.34 approved by the voters, the tax amount may be higher than shown on the notice. In the
71.35 case of the city of Minneapolis, the levy for Minneapolis Park and Recreation shall be
71.36 listed separately from the remaining amount of the city's levy. In the case of the city of

72.1 St. Paul, the levy for the St. Paul Library Agency must be listed separately from the
72.2 remaining amount of the city's levy. In the case of Ramsey County, any amount levied
72.3 under section 134.07 may be listed separately from the remaining amount of the county's
72.4 levy. In the case of a parcel where tax increment or the fiscal disparities areawide tax
72.5 under chapter 276A or 473F applies, the proposed tax levy on the captured value or the
72.6 proposed tax levy on the tax capacity subject to the areawide tax must each be stated
72.7 separately and not included in the sum of the special taxing districts; and

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

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

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

72.15 (1) special assessments;

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

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

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

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

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

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

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

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

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

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

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

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

73.11 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325,
73.12 473.446, 473.521, 473.547, or 473.834;

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

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

73.16 For purposes of this section, any levies made by the regional rail authorities in the
73.17 county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter
73.18 398A shall be included with the appropriate county's levy.

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

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

73.28 (2) population growth and decline;

73.29 (3) state or federal government action; and

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

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

74.1 **EFFECTIVE DATE.** This section is effective retroactively for taxes payable in
74.2 2010 and thereafter.

74.3 Sec. 12. Minnesota Statutes 2009 Supplement, section 275.70, subdivision 5, as
74.4 amended by Laws 2010, chapter 215, article 13, section 3, is amended to read:

74.5 Subd. 5. **Special levies.** "Special levies" means those portions of ad valorem taxes
74.6 levied by a local governmental unit for the following purposes or in the following manner:

74.7 (1) to pay the costs of the principal and interest on bonded indebtedness or to
74.8 reimburse for the amount of liquor store revenues used to pay the principal and interest
74.9 due on municipal liquor store bonds in the year preceding the year for which the levy
74.10 limit is calculated;

74.11 (2) to pay the costs of principal and interest on certificates of indebtedness issued for
74.12 any corporate purpose except for the following:

74.13 (i) tax anticipation or aid anticipation certificates of indebtedness;

74.14 (ii) certificates of indebtedness issued under sections 298.28 and 298.282;

74.15 (iii) certificates of indebtedness used to fund current expenses or to pay the costs of
74.16 extraordinary expenditures that result from a public emergency; or

74.17 (iv) certificates of indebtedness used to fund an insufficiency in tax receipts or an
74.18 insufficiency in other revenue sources, provided that nothing in this subdivision limits the
74.19 special levy authorized under section 475.755;

74.20 (3) to provide for the bonded indebtedness portion of payments made to another
74.21 political subdivision of the state of Minnesota;

74.22 (4) to fund payments made to the Minnesota State Armory Building Commission
74.23 under section 193.145, subdivision 2, to retire the principal and interest on armory
74.24 construction bonds;

74.25 (5) property taxes approved by voters which are levied against the referendum
74.26 market value as provided under section 275.61;

74.27 (6) to fund matching requirements needed to qualify for federal or state grants or
74.28 programs to the extent that either (i) the matching requirement exceeds the matching
74.29 requirement in calendar year 2001, or (ii) it is a new matching requirement that did not
74.30 exist prior to 2002;

74.31 (7) to pay the expenses reasonably and necessarily incurred in preparing for or
74.32 repairing the effects of natural disaster including the occurrence or threat of widespread
74.33 or severe damage, injury, or loss of life or property resulting from natural causes, in
74.34 accordance with standards formulated by the Emergency Services Division of the state

75.1 Department of Public Safety, as allowed by the commissioner of revenue under section
75.2 275.74, subdivision 2;

75.3 (8) pay amounts required to correct an error in the levy certified to the county
75.4 auditor by a city or county in a levy year, but only to the extent that when added to the
75.5 preceding year's levy it is not in excess of an applicable statutory, special law or charter
75.6 limitation, or the limitation imposed on the governmental subdivision by sections 275.70
75.7 to 275.74 in the preceding levy year;

75.8 (9) to pay an abatement under section 469.1815;

75.9 (10) to pay any costs attributable to increases in the employer contribution rates
75.10 under chapter 353, or locally administered pension plans, that are effective after June
75.11 30, 2001;

75.12 (11) to pay the operating or maintenance costs of a county jail as authorized in
75.13 section 641.01 or 641.262, or of a correctional facility as defined in section 241.021,
75.14 subdivision 1, paragraph (f), to the extent that the county can demonstrate to the
75.15 commissioner of revenue that the amount has been included in the county budget as
75.16 a direct result of a rule, minimum requirement, minimum standard, or directive of the
75.17 Department of Corrections, or to pay the operating or maintenance costs of a regional jail
75.18 as authorized in section 641.262. For purposes of this clause, a district court order is
75.19 not a rule, minimum requirement, minimum standard, or directive of the Department of
75.20 Corrections. If the county utilizes this special levy, except to pay operating or maintenance
75.21 costs of a new regional jail facility under sections 641.262 to 641.264 which will not
75.22 replace an existing jail facility, any amount levied by the county in the previous levy year
75.23 for the purposes specified under this clause and included in the county's previous year's
75.24 levy limitation computed under section 275.71, shall be deducted from the levy limit
75.25 base under section 275.71, subdivision 2, when determining the county's current year
75.26 levy limitation. The county shall provide the necessary information to the commissioner
75.27 of revenue for making this determination;

75.28 (12) to pay for operation of a lake improvement district, as authorized under section
75.29 103B.555. If the county utilizes this special levy, any amount levied by the county in the
75.30 previous levy year for the purposes specified under this clause and included in the county's
75.31 previous year's levy limitation computed under section 275.71 shall be deducted from
75.32 the levy limit base under section 275.71, subdivision 2, when determining the county's
75.33 current year levy limitation. The county shall provide the necessary information to the
75.34 commissioner of revenue for making this determination;

75.35 (13) to repay a state or federal loan used to fund the direct or indirect required
75.36 spending by the local government due to a state or federal transportation project or other

76.1 state or federal capital project. This authority may only be used if the project is not a
76.2 local government initiative;

76.3 (14) to pay for court administration costs as required under section 273.1398,
76.4 subdivision 4b, less the (i) county's share of transferred fines and fees collected by the
76.5 district courts in the county for calendar year 2001 and (ii) the aid amount certified to be
76.6 paid to the county in 2004 under section 273.1398, subdivision 4c; however, for taxes
76.7 levied to pay for these costs in the year in which the court financing is transferred to the
76.8 state, the amount under this clause is limited to the amount of aid the county is certified to
76.9 receive under section 273.1398, subdivision 4a;

76.10 (15) to fund a police or firefighters relief association as required under section 69.77
76.11 to the extent that the required amount exceeds the amount levied for this purpose in 2001;

76.12 (16) for purposes of a storm sewer improvement district under section 444.20;

76.13 (17) to pay for the maintenance and support of a city or county society for the
76.14 prevention of cruelty to animals under section 343.11, but not to exceed in any year
76.15 \$4,800 or the sum of \$1 per capita based on the county's or city's population as of the most
76.16 recent federal census, whichever is greater. If the city or county uses this special levy, any
76.17 amount levied by the city or county in the previous levy year for the purposes specified
76.18 in this clause and included in the city's or county's previous year's levy limit computed
76.19 under section 275.71, must be deducted from the levy limit base under section 275.71,
76.20 subdivision 2, in determining the city's or county's current year levy limit;

76.21 (18) for counties, to pay for the increase in their share of health and human service
76.22 costs caused by reductions in federal health and human services grants effective after
76.23 September 30, 2007;

76.24 (19) for a city, for the costs reasonably and necessarily incurred for securing,
76.25 maintaining, or demolishing foreclosed or abandoned residential properties, as allowed by
76.26 the commissioner of revenue under section 275.74, subdivision 2. A city must have either
76.27 (i) a foreclosure rate of at least 1.4 percent in 2007, or (ii) a foreclosure rate in 2007 in
76.28 the city or in a zip code area of the city that is at least 50 percent higher than the average
76.29 foreclosure rate in the metropolitan area, as defined in section 473.121, subdivision 2,
76.30 to use this special levy. For purposes of this paragraph, "foreclosure rate" means the
76.31 number of foreclosures, as indicated by sheriff sales records, divided by the number of
76.32 households in the city in 2007;

76.33 (20) for a city, for the unreimbursed costs of redeployed traffic-control agents and
76.34 lost traffic citation revenue due to the collapse of the Interstate 35W bridge, as certified
76.35 to the Federal Highway Administration;

77.1 (21) to pay costs attributable to wages and benefits for sheriff, police, and fire
77.2 personnel. If a local governmental unit did not use this special levy in the previous year its
77.3 levy limit base under section 275.71 shall be reduced by the amount equal to the amount it
77.4 levied for the purposes specified in this clause in the previous year;

77.5 (22) an amount equal to any reductions in the certified aids or ~~credits~~ credit
77.6 reimbursements payable under sections 477A.011 to 477A.014, and section 273.1384, due
77.7 to unallotment under section 16A.152 or reductions under another provision of law. The
77.8 amount of the levy allowed under this clause for each year is equal ~~is equal~~ limited to the amount
77.9 unallotted or reduced ~~in~~ from the aids and credit reimbursements certified for payment in
77.10 the year following the calendar year in which the tax levy is levied ~~is levied~~ certified unless the
77.11 unallotment or reduction amount is not known by September 1 of the levy certification
77.12 year, and the local government has not adjusted its levy under section 275.065, subdivision
77.13 6, or 275.07, subdivision 6, in which case ~~the~~ that unallotment or reduction amount may
77.14 be levied in the following year;

77.15 (23) to pay for the difference between one-half of the costs of confining sex offenders
77.16 undergoing the civil commitment process and any state payments for this purpose pursuant
77.17 to section 253B.185, subdivision 5;

77.18 (24) for a county to pay the costs of the first year of maintaining and operating a new
77.19 facility or new expansion, either of which contains courts, corrections, dispatch, criminal
77.20 investigation labs, or other public safety facilities and for which all or a portion of the
77.21 funding for the site acquisition, building design, site preparation, construction, and related
77.22 equipment was issued or authorized prior to the imposition of levy limits in 2008. The
77.23 levy limit base shall then be increased by an amount equal to the new facility's first full
77.24 year's operating costs as described in this clause; and

77.25 (25) for the estimated amount of reduction to market value credit reimbursements
77.26 under section 273.1384 for credits payable in the year in which the levy is payable.

77.27 Sec. 13. Minnesota Statutes 2008, section 275.71, subdivision 5, is amended to read:

77.28 Subd. 5. **Property tax levy limit.** (a) For taxes levied in 2008 through 2010, the
77.29 property tax levy limit for a local governmental unit is equal to its adjusted levy limit
77.30 base determined under subdivision 4 plus any additional levy authorized under section
77.31 275.73, which is levied against net tax capacity, reduced by the sum of (i) the total amount
77.32 of aids and reimbursements that the local governmental unit is certified to receive under
77.33 sections 477A.011 to 477A.014, (ii) taconite aids under sections 298.28 and 298.282
77.34 including any aid which was required to be placed in a special fund for expenditure in
77.35 the next succeeding year, (iii) estimated payments to the local governmental unit under

78.1 section 272.029, adjusted for any error in estimation in the preceding year, and (iv) aids
78.2 under section 477A.16.

78.3 (b) If an aid, payment, or other amount used in paragraph (a) to reduce a local
78.4 government unit's levy limit is reduced by an unallotment under section 16A.152, the
78.5 amount of the aid, payment, or other amount prior to the unallotment is used in the
78.6 computations in paragraph (a). In order for a local government unit to levy outside of its
78.7 limit to offset the reduction in revenues attributable to an unallotment, it must do so under,
78.8 and to the extent authorized by, a special levy authorization.

78.9 **EFFECTIVE DATE.** This section is effective retroactively for taxes payable in
78.10 2010 and thereafter.

78.11 Sec. 14. Minnesota Statutes 2008, section 279.01, subdivision 3, is amended to read:

78.12 Subd. 3. **Agricultural property.** In the case of class 1b agricultural homestead, and
78.13 class 2a agricultural homestead and 2b property, and class 2b(3) agricultural nonhomestead
78.14 property, no penalties shall attach to the second one-half property tax payment as provided
78.15 in this section if paid by November 15. Thereafter for class 1b agricultural homestead and
78.16 class 2a and 2b homestead property, on November 16 following, a penalty of six percent
78.17 shall accrue and be charged on all such unpaid taxes and on December 1 following, an
78.18 additional two percent shall be charged on all such unpaid taxes. Thereafter for class ~~2b(3)~~
78.19 ~~agricultural~~ 2a and 2b nonhomestead property, on November 16 following, a penalty of
78.20 eight percent shall accrue and be charged on all such unpaid taxes and on December 1
78.21 following, an additional four percent shall be charged on all such unpaid taxes.

78.22 If the owner of class 1b agricultural homestead; or class 2a; ~~or class 2b(3)~~
78.23 ~~agricultural~~ or 2b property receives a consolidated property tax statement that shows
78.24 only an aggregate of the taxes and special assessments due on that property and on other
78.25 property not classified as class 1b agricultural homestead; or class 2a; ~~or class 2b(3)~~
78.26 ~~agricultural~~ or 2b property, the aggregate tax and special assessments shown due on the
78.27 property by the consolidated statement will be due on November 15.

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

78.29 Sec. 15. Minnesota Statutes 2008, section 279.37, subdivision 1, is amended to read:

78.30 Subdivision 1. **Composition into one item.** Delinquent taxes upon any parcel of real
78.31 estate may be composed into one item or amount by confession of judgment at any time
78.32 prior to the forfeiture of the parcel of land to the state for taxes, for the aggregate amount
78.33 of all the taxes, costs, penalties, and interest accrued against the parcel, as provided in this

79.1 section. Taxes upon property which, for the previous year's assessment, was classified
 79.2 as mineral property, employment property, or commercial or industrial property are only
 79.3 eligible to be composed into any confession of judgment under this section as provided in
 79.4 subdivision 1a. Delinquent taxes for property that has been reclassified from 4bb to 4b
 79.5 under section 273.1319 may not be composed into a confession of judgment under this
 79.6 subdivision. Delinquent taxes on unimproved land are eligible to be composed into a
 79.7 confession of judgment only if the land is classified under section 273.13 as homestead,
 79.8 agricultural, ~~or timberland~~ rural vacant land, or managed forest land, in the previous year
 79.9 or is eligible for installment payment under subdivision 1a. The entire parcel is eligible
 79.10 for the ten-year installment plan as provided in subdivision 2 if 25 percent or more of the
 79.11 market value of the parcel is eligible for confession of judgment under this subdivision.

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

79.13 Sec. 16. Minnesota Statutes 2009 Supplement, section 475.755, is amended to read:

79.14 **475.755 EMERGENCY DEBT CERTIFICATES.**

79.15 (a) If at any time during a fiscal year the receipts of a local government are
 79.16 reasonably expected to be reduced below the amount provided in the local government's
 79.17 budget when the final property tax levy to be collected during the fiscal year was certified
 79.18 and the receipts are insufficient to meet the expenses incurred or to be incurred during the
 79.19 fiscal year, the governing body of the local government may authorize and sell certificates
 79.20 of indebtedness to mature within two years or less from the end of the fiscal year in which
 79.21 the certificates are issued. The maximum principal amount of the certificates that it may
 79.22 issue in a fiscal year is limited to the expected reduction in receipts plus the cost of
 79.23 issuance. The certificates may be issued in the manner and on the terms the governing
 79.24 body determines by resolution.

79.25 (b) The governing body of the local government shall levy taxes for the payment of
 79.26 principal and interest on the certificates in accordance with section 475.61.

79.27 (c) The certificates are not to be included in the net debt of the issuing local
 79.28 government.

79.29 (d) To the extent that a local government issues certificates under this section to fund
 79.30 an unallotment or other reduction in its state aid, the local government ~~may~~ must not use ~~a~~
 79.31 the special levy authority for the aid reduction reductions under section 275.70, subdivision
 79.32 5, clause (22), or a similar or successor provision. ~~This provision does not affect the status~~
 79.33 of the, but must instead use the special levy authority for the repayment of indebtedness

80.1 under section 275.70, subdivision 5, clause (2), in order to levy under section 475.61 to
80.2 pay fund repayment of the certificates as with a levy that is not subject to levy limits.

80.3 (e) For purposes of this section, the following terms have the meanings given:

80.4 (1) "Local government" means a statutory or home rule charter city, a town, or
80.5 a county.

80.6 (2) "Receipts" includes the following amounts scheduled to be received by the
80.7 local government for the fiscal year from:

80.8 (i) taxes;

80.9 (ii) aid payments previously certified by the state to be paid to the local government;

80.10 (iii) state reimbursement payments for property tax credits; and

80.11 (iv) any other source.

80.12 **EFFECTIVE DATE.** This section is effective retroactively for taxes payable in
80.13 2010 and thereafter.

80.14 Sec. 17. Minnesota Statutes 2009 Supplement, section 477A.013, subdivision 8,
80.15 is amended to read:

80.16 Subd. 8. **City formula aid.** ~~(a) In calendar year 2009, the formula aid for a city~~
80.17 ~~is equal to the sum of (1) its city jobs base, (2) its small city aid base, and (3) the need~~
80.18 ~~increase percentage multiplied by its unmet need.~~

80.19 ~~(b) In calendar year 2010 and subsequent years,~~ The formula aid for a city is equal
80.20 to the sum of (1) its city jobs base, (2) its small city aid base, and (3) the need increase
80.21 percentage multiplied by the average of its unmet need for the most recently available
80.22 two years.

80.23 No city may have a formula aid amount less than zero. The need increase percentage
80.24 must be the same for all cities.

80.25 The applicable need increase percentage must be calculated by the Department of
80.26 Revenue so that the total of the aid under subdivision 9 equals the total amount available
80.27 for aid under section 477A.03. ~~For aids payable in 2009 only, all data used in calculating~~
80.28 ~~aid to cities under sections 477A.011 to 477A.013 will be based on the data available for~~
80.29 ~~calculating aid to cities for aids payable in 2008. For aids payable in 2010 and thereafter,~~
80.30 Data used in calculating aids to cities under sections 477A.011 to 477A.013 shall be the
80.31 most recently available data as of January 1 in the year in which the aid is calculated except
80.32 ~~as provided in section 477A.011, subdivisions 3 and 35~~ that the data used to compute "net
80.33 levy" in subdivision 9 is the data most recently available at the time of the aid computation.

80.34 **EFFECTIVE DATE.** This section is effective for aid payable in 2010 and thereafter.

81.1 Sec. 18. Laws 2001, First Special Session chapter 5, article 3, section 50, the effective
81.2 date, as amended by Laws 2009, chapter 86, article 1, section 87, is amended to read:

81.3 **EFFECTIVE DATE.** Clause (22) of this section is effective for taxes levied in 2002,
81.4 payable in 2003, ~~through taxes levied in 2011, payable in 2012 and thereafter.~~ Clause (23)
81.5 of this section is effective for taxes levied in 2001, payable in 2002, and thereafter.

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

81.7 ARTICLE 5

81.8 CONDITIONAL USE DEEDS

81.9 Section 1. Minnesota Statutes 2008, section 282.01, subdivision 1, is amended to read:

81.10 Subdivision 1. **Classification as conservation or nonconservation.** ~~It is the~~
81.11 ~~general policy of this state to encourage the best use of tax-forfeited lands, recognizing~~
81.12 (a) When acting on behalf of the state under laws allowing the county board to classify
81.13 and manage tax-forfeited lands held by the state in trust for the local units as provided in
81.14 section 281.25, the county board has the discretion to decide that some lands in public
81.15 ownership should be retained and managed for public benefits while other lands should be
81.16 returned to private ownership. Parcels of land becoming the property of the state in trust
81.17 under law declaring the forfeiture of lands to the state for taxes must be classified by the
81.18 county board of the county in which the parcels lie as conservation or nonconservation. In
81.19 making the classification the board shall consider the present use of adjacent lands, the
81.20 productivity of the soil, the character of forest or other growth, accessibility of lands
81.21 to established roads, schools, and other public services, their peculiar suitability or
81.22 desirability for particular uses, and the suitability of the forest resources on the land for
81.23 multiple use, and sustained yield management. The classification, furthermore, must: (1)
81.24 encourage and foster a mode of land utilization that will facilitate the economical and
81.25 adequate provision of transportation, roads, water supply, drainage, sanitation, education,
81.26 and recreation; (2) facilitate reduction of governmental expenditures; (3) conserve and
81.27 develop the natural resources; and (4) foster and develop agriculture and other industries
81.28 in the districts and places best suited to them.

81.29 ~~In making the classification the county board may use information made available~~
81.30 ~~by any office or department of the federal, state, or local governments, or by any other~~
81.31 ~~person or agency possessing pertinent information at the time the classification is made.~~
81.32 ~~The lands may be reclassified from time to time as the county board considers necessary~~
81.33 ~~or desirable, except for conservation lands held by the state free from any trust in favor of~~
81.34 ~~any taxing district.~~

82.1 ~~If the lands are located within the boundaries of an organized town, with taxable~~
82.2 ~~valuation in excess of \$20,000, or incorporated municipality, the classification or~~
82.3 ~~reclassification and sale must first be approved by the town board of the town or the~~
82.4 ~~governing body of the municipality in which the lands are located. The town board of~~
82.5 ~~the town or the governing body of the municipality is considered to have approved~~
82.6 ~~the classification or reclassification and sale if the county board is not notified of the~~
82.7 ~~disapproval of the classification or reclassification and sale within 60 days of the date the~~
82.8 ~~request for approval was transmitted to the town board of the town or governing body~~
82.9 ~~of the municipality. If the town board or governing body desires to acquire any parcel~~
82.10 ~~lying in the town or municipality by procedures authorized in this section, it must file a~~
82.11 ~~written application with the county board to withhold the parcel from public sale. The~~
82.12 ~~application must be filed within 60 days of the request for classification or reclassification~~
82.13 ~~and sale. The county board shall then withhold the parcel from public sale for six months.~~
82.14 ~~A municipality or governmental subdivision shall pay maintenance costs incurred by~~
82.15 ~~the county during the six-month period while the property is withheld from public sale,~~
82.16 ~~provided the property is not offered for public sale after the six-month period. A clerical~~
82.17 ~~error made by county officials does not serve to eliminate the request of the town board~~
82.18 ~~or governing body if the board or governing body has forwarded the application to the~~
82.19 ~~county auditor. If the town board or governing body of the municipality fails to submit an~~
82.20 ~~application and a resolution of the board or governing body to acquire the property within~~
82.21 ~~the withholding period, the county may offer the property for sale upon the expiration of~~
82.22 ~~the withholding period.~~

82.23 (b) Whenever the county board deems it appropriate, the board may hold a meeting
82.24 for the purpose of reclassifying tax-forfeited land that has not been sold or released from
82.25 the trust. The criteria and procedures for reclassification are the same as those required for
82.26 an initial classification.

82.27 (c) Prior to meeting for the purpose of classifying or reclassifying tax-forfeited lands,
82.28 the county board must give notice of its intent to meet for that purpose as provided in this
82.29 paragraph. The notice must be given no more than 90 days and no less than 60 days before
82.30 the date of the meeting; provided that if the meeting is rescheduled, notice of the new
82.31 date, time, and location must be given at least 14 days before the date of the rescheduled
82.32 meeting. The notice must be posted on a Web site. The notice must also be mailed or
82.33 otherwise delivered to each person who has filed a request for notice of special meetings
82.34 with the public body, regardless of whether the matter is considered at a regular or special
82.35 meeting. The notice must be mailed or delivered at least 60 days before the date of the
82.36 meeting. If the meeting is rescheduled, notice of the new date, time, and location must be

83.1 mailed or delivered at least 14 days before the date of the rescheduled meeting. The public
83.2 body shall publish the notice once, at least 30 days before the meeting, in a newspaper of
83.3 general circulation within the area of the public body's authority. The board must also mail
83.4 a notice by electronic means to each person who requests notice of meetings dealing with
83.5 this subject and who agrees as provided in chapter 325L to accept notice that is mailed
83.6 by electronic means. Receipt of actual notice under the conditions specified in section
83.7 13D.04, subdivision 7, satisfies the notice requirements of this paragraph.

83.8 The board may classify or reclassify tax-forfeited lands at any regular or special
83.9 meeting, as those terms are defined in chapter 13D and may conduct only this business, or
83.10 this business as well as other business or activities at the meeting.

83.11 (d) At the meeting, the county board must allow any person or agency possessing
83.12 pertinent information to make or submit comments and recommendations about the
83.13 pending classification or reclassification. In addition, representatives of governmental
83.14 entities in attendance must be allowed to describe plans, ideas, or projects that may
83.15 involve use or acquisition of the property by that or another governmental entity. The
83.16 county board must solicit and consider any relevant components of current municipal or
83.17 metropolitan comprehensive land use plans that incorporate the area in which the land
83.18 is located. After allowing testimony, the board may classify, reclassify, or delay taking
83.19 action on any parcel or parcels. In order for a state agency or a governmental subdivision
83.20 of the state to preserve its right to request a purchase or other acquisition of a forfeited
83.21 parcel, it may, at any time following forfeiture, file a written request to withhold the parcel
83.22 from sale or lease to others under the provisions of subdivision 1a.

83.23 (e) When classifying, reclassifying, appraising, and selling lands under this chapter,
83.24 the county board may designate the tracts as assessed and acquired, or may by resolution
83.25 provide for the subdivision of the tracts into smaller units or for the grouping of several
83.26 tracts into one tract when the subdivision or grouping is deemed advantageous for
83.27 conservation or sale purposes. This paragraph does not authorize the county board to
83.28 subdivide a parcel or tract of tax-forfeited land that, as assessed and acquired, is withheld
83.29 from sale under section 282.018, subdivision 1.

83.30 (f) A county board may by resolution elect to use the classification and
83.31 reclassification procedures provided in paragraphs (g), (h), and (i), instead of the
83.32 procedures provided in paragraphs (b), (c), and (d). Once an election is made under this
83.33 paragraph, it is effective for a minimum of five years.

83.34 (g) The classification or reclassification of tax-forfeited land that has not been sold or
83.35 released from the trust may be made by the county board using information made available

84.1 to it by any office or department of the federal, state, or local governments, or by any other
84.2 person or agency possessing pertinent information at the time the classification is made.

84.3 (h) If the lands are located within the boundaries of an organized town or
84.4 incorporated municipality, a classification or reclassification and sale must first be
84.5 approved by the town board of the town or the governing body of the municipality in
84.6 which the lands are located. The town board of the town or the governing body of the
84.7 municipality is considered to have approved the classification or reclassification and sale
84.8 if the county board is not notified of the disapproval of the classification or reclassification
84.9 and sale within 60 days of the date the request for approval was transmitted to the town
84.10 board of the town or governing body of the municipality. If the town board or governing
84.11 body disapproves of the classification or reclassification and sale, the county board must
84.12 follow the procedures in paragraphs (c) and (d), with regard to the parcel, and must
84.13 additionally cause to be published in a newspaper a notice of the date, time, location, and
84.14 purpose of the required meeting.

84.15 (i) If a town board or a governing body of a municipality or a park and recreation
84.16 board in a city of the first class desires to acquire any parcel lying in the town or
84.17 municipality by procedures authorized in this section, it may file a written request under
84.18 subdivision 1a, paragraph (a).

84.19 **EFFECTIVE DATE.** This section is effective July 1, 2010.

84.20 Sec. 2. Minnesota Statutes 2008, section 282.01, subdivision 1a, is amended to read:

84.21 Subd. 1a. **Conveyance; generally to public entities.** (a) Upon written request
84.22 from a state agency or a governmental subdivision of the state, a parcel of unsold
84.23 tax-forfeited land must be withheld from sale or lease to others for a maximum of six
84.24 months. The request must be submitted to the county auditor. Upon receipt, the county
84.25 auditor must withhold the parcel from sale or lease to any other party for six months, and
84.26 must confirm the starting date of the six-month withholding period to the requesting
84.27 agency or subdivision. If the request is from a governmental subdivision of the state, the
84.28 governmental subdivision must pay the maintenance costs incurred by the county during
84.29 the period the parcel is withheld. The county board may approve a sale or conveyance to
84.30 the requesting party during the withholding period. A conveyance of the property to the
84.31 requesting party terminates the withholding period.

84.32 A governmental subdivision of the state must not make, and a county auditor must
84.33 not act upon, a second request to withhold a parcel from sale or lease within 18 months
84.34 of a previous request for that parcel. A county may reject a request made under this
84.35 paragraph if the request is made more than 30 days after the county has given notice to the

85.1 requesting state agency or governmental subdivision of the state that the county intends to
85.2 sell or otherwise dispose of the property.

85.3 (b) Nonconservation tax-forfeited lands may be sold by the county board, for
85.4 their market value as determined by the county board, to an organized or incorporated
85.5 governmental subdivision of the state for any public purpose for which the subdivision is
85.6 authorized to acquire property or. When the term "market value" is used in this section, it
85.7 means an estimate of the full and actual market value of the parcel as determined by the
85.8 county board, but in making this determination, the board and the persons employed by or
85.9 under contract with the board in order to perform, conduct, or assist in the determination,
85.10 are exempt from the licensure requirements of chapter 82B.

85.11 (c) Nonconservation tax-forfeited lands may be released from the trust in favor of the
85.12 taxing districts on application of to the county board by a state agency for an authorized
85.13 use at not less than their market value as determined by the county board.

85.14 (d) Nonconservation tax-forfeited lands may be sold by the county board to an
85.15 organized or incorporated governmental subdivision of the state or state agency for less
85.16 than their market value if:

85.17 (1) the county board determines that a sale at a reduced price is in the public interest
85.18 because a reduced price is necessary to provide an incentive to correct the blighted
85.19 conditions that make the lands undesirable in the open market, or the reduced price will
85.20 lead to the development of affordable housing; and

85.21 (2) the governmental subdivision or state agency has documented its specific plans
85.22 for correcting the blighted conditions or developing affordable housing, and the specific
85.23 law or laws that empower it to acquire real property in furtherance of the plans.

85.24 If the sale under this paragraph is to a governmental subdivision of the state, the
85.25 commissioner of revenue must convey the property on behalf of the state by quit claim
85.26 deed. If the sale under this paragraph is to a state agency, the commissioner must issue a
85.27 conveyance document that releases the property from the trust in favor of the taxing
85.28 districts.

85.29 (e) Nonconservation tax-forfeited land held in trust in favor of the taxing districts
85.30 may be conveyed by the commissioner of revenue ~~may convey by deed~~ in the name
85.31 of the state ~~a tract of tax-forfeited land held in trust in favor of the taxing districts~~ to a
85.32 governmental subdivision for an authorized public use, if an application is submitted to
85.33 the commissioner which includes a statement of facts as to the use to be made of the tract
85.34 ~~and the need therefor~~ and the favorable recommendation of the county board. For the
85.35 purposes of this paragraph, "authorized public use" means a use that allows an indefinite
85.36 segment of the public to physically use and enjoy the property in numbers appropriate

86.1 to its size and use, or is for a public service facility. Authorized public uses as defined
86.2 in this paragraph are limited to:

86.3 (1) a road, or right-of-way for a road;

86.4 (2) a park that is both available to, and accessible by, the public that contains
86.5 amenities such as campgrounds, playgrounds, athletic fields, trails, or shelters;

86.6 (3) trails for walking, bicycling, snowmobiling, or other recreational purposes, along
86.7 with a reasonable amount of surrounding land maintained in its natural state;

86.8 (4) transit facilities for buses, light rail transit, commuter rail or passenger rail,
86.9 including transit ways, park-and-ride lots, transit stations, maintenance and garage
86.10 facilities, and other facilities related to a public transit system;

86.11 (5) public beaches or boat launches;

86.12 (6) public parking;

86.13 (7) civic recreation or conference facilities; and

86.14 (8) public service facilities such as fire halls, police stations, lift stations, water
86.15 towers, sanitation facilities, water treatment facilities, and administrative offices.

86.16 No monetary compensation or consideration is required for the conveyance, except as
86.17 provided in subdivision 1g, but the conveyance is subject to the conditions provided in
86.18 law, including, but not limited to, the reversion provisions of subdivisions 1c and 1d.

86.19 (f) The commissioner of revenue shall convey a parcel of nonconservation
86.20 tax-forfeited land to a local governmental subdivision of the state by quit claim deed
86.21 on behalf of the state upon the favorable recommendation of the county board if the
86.22 governmental subdivision has certified to the board that prior to forfeiture the subdivision
86.23 was entitled to the parcel under a written development agreement or instrument, but
86.24 the conveyance failed to occur prior to forfeiture. No compensation or consideration is
86.25 required for, and no conditions attach to, the conveyance.

86.26 (g) The commissioner of revenue shall convey a parcel of nonconservation
86.27 tax-forfeited land to the association of a common interest community by quit claim deed
86.28 upon the favorable recommendation of the county board if the association certifies to the
86.29 board that prior to forfeiture the association was entitled to the parcel under a written
86.30 agreement, but the conveyance failed to occur prior to forfeiture. No compensation or
86.31 consideration is required for, and no conditions attach to, the conveyance.

86.32 (h) Conservation tax-forfeited land may be sold to a governmental subdivision of the
86.33 state for less than its market value for either: (1) creation or preservation of wetlands;
86.34 (2) drainage or storage of storm water under a storm water management plan; or (3)
86.35 preservation, or restoration and preservation, of the land in its natural state. The deed must
86.36 contain a restrictive covenant limiting the use of the land to one of these purposes for

87.1 30 years or until the property is reconveyed back to the state in trust. At any time, the
87.2 governmental subdivision may reconvey the property to the state in trust for the taxing
87.3 districts. The deed of reconveyance is subject to approval by the commissioner of revenue.
87.4 No part of a purchase price determined under this paragraph shall be refunded upon a
87.5 reconveyance, but the amount paid for a conveyance under this paragraph may be taken
87.6 into account by the county board when setting the terms of a future sale of the same
87.7 property to the same governmental subdivision under paragraph (b) or (d). If the lands
87.8 are unplatted and located outside of an incorporated municipality and the commissioner
87.9 of natural resources determines there is a mineral use potential, the sale is subject to the
87.10 approval of the commissioner of natural resources.

87.11 (i) A park and recreation board in a city of the first class is a governmental
87.12 subdivision for the purposes of this section.

87.13 **EFFECTIVE DATE.** This section is effective July 1, 2010.

87.14 Sec. 3. Minnesota Statutes 2008, section 282.01, subdivision 1b, is amended to read:

87.15 Subd. 1b. **Conveyance; targeted neighborhood lands.** ~~(a)~~ Notwithstanding
87.16 subdivision 1a, in the case of tax-forfeited lands located in a targeted ~~neighborhood, as~~
87.17 ~~defined in section 469.201, subdivision 10~~ community in a city of the first class, the
87.18 commissioner of revenue shall convey by quit claim deed in the name of the state any tract
87.19 of tax-forfeited land held in trust in favor of the taxing districts, to a political subdivision
87.20 of the state that submits an application to the commissioner of revenue and the favorable
87.21 recommendation of the county board. For purposes of this subdivision, the term "targeted
87.22 community" has the meaning given in section 469.201, subdivision 10, except that the
87.23 land must be located within a first class city.

87.24 ~~(b) The application under paragraph (a) must include a statement of facts as to the~~
87.25 ~~use to be made of the tract, the need therefor, and a resolution, adopted by the governing~~
87.26 ~~body of the political subdivision, finding that the conveyance of a tract of tax-forfeited~~
87.27 ~~land to the political subdivision is necessary to provide for the redevelopment of land as~~
87.28 ~~productive taxable property. Deeds of conveyance issued under paragraph (a) are not~~
87.29 ~~conditioned on continued use of the property for the use stated in the application.~~

87.30 **EFFECTIVE DATE.** This section is effective July 1, 2010.

87.31 Sec. 4. Minnesota Statutes 2008, section 282.01, subdivision 1c, is amended to read:

87.32 Subd. 1c. **Deed of conveyance; form; approvals.** The deed of conveyance for
87.33 property conveyed for ~~a~~ an authorized public use under the authorities in subdivision

88.1 1a, paragraph (e), must be on a form approved by the attorney general and must be
88.2 conditioned on continued use for the purpose stated in the application as provided in this
88.3 section. These deeds are conditional use deeds that convey a defeasible estate. Reversion
88.4 of the estate occurs by operation of law and without the requirement for any affirmative
88.5 act by or on behalf of the state when there is a failure to put the property to the approved
88.6 authorized public use for which it was conveyed, or an abandonment of that use, except as
88.7 provided in subdivision 1d.

88.8 **EFFECTIVE DATE.** This section is effective July 1, 2010.

88.9 Sec. 5. Minnesota Statutes 2008, section 282.01, subdivision 1d, is amended to read:

88.10 Subd. 1d. **Reverter for failure to use; conveyance to state.** (a) If after three years
88.11 from the date of the conveyance a governmental subdivision to which tax-forfeited land
88.12 has been conveyed for a ~~specified~~ an authorized public use as provided in ~~this section~~
88.13 subdivision 1a, paragraph (e), fails to put the land to that use, or abandons that use, the
88.14 governing body of the subdivision ~~may,~~ must: (1) with the approval of the county board,
88.15 purchase the property for an authorized public purpose at the present ~~appraised~~ market
88.16 value as determined by the county board. ~~In that case, the commissioner of revenue shall,~~
88.17 ~~upon proper written application approved by the county board, issue an appropriate deed~~
88.18 ~~to the subdivisions free of a use restriction and reverter. The governing body may also, or~~
88.19 ~~(2) authorize the proper officers to convey the land, or the part of the land not required for~~
88.20 ~~an authorized public use, to the state of Minnesota; in trust for the taxing districts. If the~~
88.21 ~~governing body purchases the property under clause (1), the commissioner of revenue~~
88.22 ~~shall, upon proper application submitted by the county auditor, convey the property on~~
88.23 ~~behalf of the state by quit claim deed to the subdivision free of a use restriction and the~~
88.24 ~~possibility of reversion or defeasement. If the governing body decides to reconvey the~~
88.25 ~~property to the state under this clause, the officers shall execute a deed of conveyance~~
88.26 ~~immediately. The conveyance is subject to the approval of the commissioner and its form~~
88.27 ~~must be approved by the attorney general. A sale, lease, transfer, or other conveyance~~
88.28 ~~of tax-forfeited lands by a housing and redevelopment authority, a port authority, an~~
88.29 ~~economic development authority, or a city as authorized by chapter 469 is not an~~
88.30 ~~abandonment of use and the lands shall not be reconveyed to the state nor shall they~~
88.31 ~~revert to the state. A certificate made by a housing and redevelopment authority, a port~~
88.32 ~~authority, an economic development authority, or a city referring to a conveyance by it~~
88.33 ~~and stating that the conveyance has been made as authorized by chapter 469 may be filed~~
88.34 ~~with the county recorder or registrar of titles, and the rights of reverter in favor of the state~~
88.35 ~~provided by subdivision 1e will then terminate. No vote of the people is required for the~~

89.1 ~~conveyance.~~ For the purposes of this paragraph, there is no failure to put the land to the
89.2 authorized public use and no abandonment of that use if a formal plan of the governmental
89.3 subdivision, including, but not limited to, a comprehensive plan or land use plan that
89.4 shows an intended future use of the land for the authorized public use.

89.5 (b) Property held by a governmental subdivision of the state under a conditional use
89.6 deed executed under subdivision 1a, paragraph (e), by the commissioner of revenue on or
89.7 after January 1, 2007, may be acquired by that governmental subdivision after 15 years
89.8 from the date of the conveyance if the commissioner determines upon written application
89.9 from the subdivision that the subdivision has in fact put the property to the authorized
89.10 public use for which it was conveyed, and the subdivision has made a finding that it
89.11 has no current plans to change the use of the lands. Prior to conveying the property, the
89.12 commissioner shall inquire whether the county board where the land is located objects to a
89.13 conveyance of the property to the subdivision without conditions and without further act
89.14 by or obligation of the subdivision. If the county does not object within 60 days, and the
89.15 commissioner makes a favorable determination, the commissioner shall issue a quit claim
89.16 deed on behalf of the state unconditionally conveying the property to the governmental
89.17 subdivision. For purposes of this paragraph, demonstration of an intended future use
89.18 for the authorized public use in a formal plan of the governmental subdivision does not
89.19 constitute use for that authorized public use.

89.20 (c) Property held by a governmental subdivision of the state under a conditional
89.21 use deed executed under subdivision 1a, paragraph (e), by the commissioner of revenue
89.22 before January 1, 2007, is released from the use restriction and possibility of reversion on
89.23 January 1, 2022, if the county board records a resolution describing the land and citing
89.24 this paragraph. The county board may authorize the county treasurer to deduct the amount
89.25 of the recording fees from future settlements of property taxes to the subdivision.

89.26 (d) All property conveyed under a conditional use deed executed under subdivision
89.27 1a, paragraph (e), by the commissioner of revenue is released from the use restriction and
89.28 reverter, and any use restriction or reverter for which no declaration of reversion has been
89.29 recorded with the county recorder or registrar of titles, as appropriate, is nullified on the
89.30 later of: (1) January 1, 2015; (2) 30 years from the date the deed was acknowledged; or
89.31 (3) final resolution of an appeal to district court under subdivision 1e, if a lis pendens
89.32 related to the appeal is recorded in the office of the county recorder or registrar of titles,
89.33 as appropriate, prior to January 1, 2015.

89.34 **EFFECTIVE DATE.** This section is effective July 1, 2010.

90.1 Sec. 6. Minnesota Statutes 2008, section 282.01, is amended by adding a subdivision
90.2 to read:

90.3 Subd. 1g. **Conditional use deed fees.** (a) A governmental subdivision of the state
90.4 applying for a conditional use deed under subdivision 1a, paragraph (e), must submit a fee
90.5 of \$250 to the commissioner of revenue along with the application. If the application is
90.6 denied, the commissioner shall refund \$150 of the application fee.

90.7 (b) The proceeds from the fees must be deposited in a Department of Revenue
90.8 conditional use deed revolving fund. The sums deposited into the revolving fund are
90.9 appropriated to the commissioner of revenue for the purpose of making the refunds
90.10 described in this subdivision, and administering conditional use deed laws.

90.11 **EFFECTIVE DATE.** This section is effective for applications received by the
90.12 commissioner after June 30, 2010.

90.13 Sec. 7. Minnesota Statutes 2008, section 282.01, is amended by adding a subdivision
90.14 to read:

90.15 Subd. 1h. **Conveyance; form.** The instruments of conveyance executed and issued
90.16 by the commissioner of revenue under subdivision 1a, paragraphs (c), (d), (e), (f), (g),
90.17 and (h), and subdivision 1d, paragraph (b), must be on a form approved by the attorney
90.18 general and are prima facie evidence of the facts stated therein and that the execution and
90.19 issuance of the conveyance complies with the applicable laws.

90.20 **EFFECTIVE DATE.** This section is effective for deeds executed by the
90.21 commissioner of revenue after June 30, 2010.

90.22 Sec. 8. Minnesota Statutes 2008, section 282.01, subdivision 2, is amended to read:

90.23 Subd. 2. **Conservation lands; county board supervision.** (a) Lands classified as
90.24 conservation lands, ~~unless reclassified as nonconservation lands, sold to a governmental~~
90.25 ~~subdivision of the state, designated as lands primarily suitable for forest production and~~
90.26 ~~sold as hereinafter provided, or released from the trust in favor of the taxing districts, as~~
90.27 ~~herein provided, will~~ must be held under the supervision of the county board of the county
90.28 within which ~~such~~ the parcels lie; ~~and must not be conveyed or sold unless the lands are:~~

90.29 ~~The county board may, by resolution duly adopted, declare lands classified as~~
90.30 ~~conservation lands as primarily suitable for timber production and as lands which should~~
90.31 ~~be placed in private ownership for such purposes. If such action be approved by the~~
90.32 ~~commissioner of natural resources, the lands so designated, or any part thereof, may be~~
90.33 ~~sold by the county board in the same manner as provided for the sale of lands classified as~~

91.1 ~~nonconservation lands. Such county action and the approval of the commissioner shall be~~
91.2 ~~limited to lands lying within areas zoned for restricted uses under the provisions of Laws~~
91.3 ~~1939, chapter 340, or any amendments thereof.~~

91.4 (1) reclassified as nonconservation lands;

91.5 (2) conveyed to a governmental subdivision of the state under subdivision 1a;

91.6 (3) released from the trust in favor of the taxing districts as provided in paragraph

91.7 (b); or

91.8 (4) conveyed or sold under the authority of another general or special law.

91.9 (b) The county board may, by resolution duly adopted, resolve that certain lands
91.10 classified as conservation lands shall be devoted to conservation uses and may submit
91.11 ~~such a~~ resolution to the commissioner of natural resources. If, upon investigation,
91.12 the commissioner of natural resources determines that the lands covered by ~~such the~~
91.13 resolution, or any part thereof, can be managed and developed for conservation purposes,
91.14 the commissioner shall make a certificate describing the lands and reciting the acceptance
91.15 thereof on behalf of the state ~~for such purposes~~. The commissioner shall transmit the
91.16 certificate to the county auditor, who shall note the same upon the auditor's records and
91.17 record the same with the county recorder. The title to all lands so accepted shall be held
91.18 by the state free from any trust in favor of any and all taxing districts and ~~such the~~ lands
91.19 shall be devoted thereafter to the purposes of forestry, water conservation, flood control,
91.20 parks, game refuges, controlled game management areas, public shooting grounds, or
91.21 other public recreational or conservation uses, and managed, controlled, and regulated
91.22 ~~for such purposes~~ under the jurisdiction of the commissioner of natural resources and
91.23 the divisions of the department.

91.24 (c) All proceeds derived from the sale of timber, lease of crops of hay, or other
91.25 revenue from lands under the jurisdiction of the commissioner of natural resources shall
91.26 be credited to the general fund of the state.

91.27 ~~In case~~ (d) If the commissioner of natural resources ~~shall determine~~ determines that
91.28 any tract of land ~~so held~~ acquired by the state under paragraph (b) and situated within or
91.29 adjacent to the boundaries of any governmental subdivision of the state is suitable for use
91.30 by ~~such the~~ subdivision for any authorized public purpose, the commissioner may convey
91.31 ~~such the~~ tract by deed in the name of the state to ~~such the~~ subdivision upon the filing
91.32 with the commissioner of a resolution adopted by a majority vote of all the members
91.33 of the governing body thereof, stating the purpose for which the land is desired. The
91.34 deed of conveyance shall be upon a form approved by the attorney general and must be
91.35 conditioned upon continued use for the purpose stated in the resolution. ~~All proceeds~~
91.36 ~~derived from the sale of timber, lease of hay stumpage, or other revenue from such~~

92.1 ~~lands under the jurisdiction of the natural resources commissioner shall be paid into the~~
92.2 ~~general fund of the state.~~

92.3 (e) The county auditor, with the approval of the county board, may lease conservation
92.4 lands remaining under the ~~jurisdiction~~ supervision of the county board and sell timber
92.5 and hay stumpage thereon in the manner hereinafter provided, and all proceeds derived
92.6 therefrom shall be distributed in the same manner as provided in section 282.04.

92.7 **EFFECTIVE DATE.** This section is effective July 1, 2010.

92.8 Sec. 9. Minnesota Statutes 2008, section 282.01, subdivision 3, is amended to read:

92.9 Subd. 3. **Nonconservation lands; appraisal and sale.** (a) All parcels of land
92.10 classified as nonconservation, except those which may be reserved, shall be sold as
92.11 provided, if it is determined, by the county board of the county in which the parcels lie,
92.12 that it is advisable to do so, having in mind their accessibility, their proximity to existing
92.13 public improvements, and the effect of their sale and occupancy on the public burdens.
92.14 Any parcels of land proposed to be sold shall be first appraised by the county board of
92.15 the county in which the parcels lie. The parcels may be reappraised whenever the county
92.16 board deems it necessary to carry out the intent of sections 282.01 to 282.13.

92.17 (b) In an appraisal the value of the land and any standing timber on it shall be
92.18 separately determined. No parcel of land containing any standing timber may be sold until
92.19 the appraised value of the timber on it and the sale of the land have been approved by the
92.20 commissioner of natural resources. The commissioner shall base review of a proposed
92.21 sale on the policy and considerations specified in subdivision 1. The decision of the
92.22 commissioner shall be in writing and shall state the reasons for it. The commissioner's
92.23 decision is exempt from the rulemaking provisions of chapter 14 and section 14.386
92.24 does not apply. The county may appeal the decision of the commissioner in accordance
92.25 with chapter 14.

92.26 (c) In any county in which a state forest or any part of it is located, the county
92.27 auditor shall submit to the commissioner at least 60 days before the first publication of the
92.28 list of lands to be offered for sale a list of all lands included on the list which are situated
92.29 outside of any incorporated municipality. If, at any time before the opening of the sale, the
92.30 commissioner notifies the county auditor in writing that there is standing timber on any
92.31 parcel of ~~such~~ land, the parcel shall not be sold unless the requirements of this section
92.32 respecting the separate appraisal of the timber and the approval of the appraisal by the
92.33 commissioner have been complied with. The commissioner may waive the requirement
92.34 of the 60-day notice as to any parcel of land which has been examined and the timber
92.35 value approved as required by this section.

93.1 (d) If any public improvement is made by a municipality after any parcel of land has
93.2 been forfeited to the state for the nonpayment of taxes, and the improvement is assessed in
93.3 whole or in part against the property benefited by it, the clerk of the municipality shall
93.4 certify to the county auditor, immediately upon the determination of the assessments for
93.5 the improvement, the total amount that would have been assessed against the parcel of land
93.6 if it had been subject to assessment; or if the public improvement is made, petitioned for,
93.7 ordered in or assessed, whether the improvement is completed in whole or in part, at any
93.8 time between the appraisal and the sale of the parcel of land, the cost of the improvement
93.9 shall be included as a separate item and added to the appraised value of the parcel of land
93.10 at the time it is sold. No sale of a parcel of land shall discharge or free the parcel of land
93.11 from lien for the special benefit conferred upon it by reason of the public improvement
93.12 until the cost of it, including penalties, if any, is paid. The county board shall determine
93.13 the amount, if any, by which the value of the parcel was enhanced by the improvement and
93.14 include the amount as a separate item in fixing the appraised value for the purpose of sale.
93.15 ~~In classifying, appraising, and selling the lands, the county board may designate the tracts~~
93.16 ~~as assessed and acquired, or may by resolution provide for the subdivision of the tracts into~~
93.17 ~~smaller units or for the grouping of several tracts into one tract when the subdivision or~~
93.18 ~~grouping is deemed advantageous for the purpose of sale. Each such smaller tract or larger~~
93.19 ~~tract must be classified and appraised as such before being offered for sale. If any such~~
93.20 ~~lands have once been classified, the board of county commissioners, in its discretion, may,~~
93.21 ~~by resolution, authorize the sale of the smaller tract or larger tract without reclassification.~~

93.22 **EFFECTIVE DATE.** This section is effective July 1, 2010.

93.23 Sec. 10. Minnesota Statutes 2008, section 282.01, subdivision 4, is amended to read:

93.24 Subd. 4. **Sale: method, requirements, effects.** The sale authorized under
93.25 subdivision 3 must be conducted by the county auditor at the county seat of the county in
93.26 which the parcels lie, except that in St. Louis and Koochiching Counties, the sale may
93.27 be conducted in any county facility within the county. The sale must not be for less than
93.28 the appraised value except as provided in subdivision 7a. The parcels must be sold for
93.29 cash only ~~and at not less than the appraised value~~, unless the county board of the county
93.30 has adopted a resolution providing for their sale on terms, in which event the resolution
93.31 controls with respect to the sale. When the sale is made on terms other than for cash only
93.32 (1) a payment of at least ten percent of the purchase price must be made at the time of
93.33 purchase, and the balance must be paid in no more than ten equal annual installments, or
93.34 (2) the payments must be made in accordance with county board policy, but in no event
93.35 may the board require more than 12 installments annually, and the contract term must not

94.1 be for more than ten years. Standing timber or timber products must not be removed from
94.2 these lands until an amount equal to the appraised value of all standing timber or timber
94.3 products on the lands at the time of purchase has been paid by the purchaser. If a parcel of
94.4 land bearing standing timber or timber products is sold at public auction for more than
94.5 the appraised value, the amount bid in excess of the appraised value must be allocated
94.6 between the land and the timber in proportion to their respective appraised values. In that
94.7 case, standing timber or timber products must not be removed from the land until the
94.8 amount of the excess bid allocated to timber or timber products has been paid in addition
94.9 to the appraised value of the land. The purchaser is entitled to immediate possession,
94.10 subject to the provisions of any existing valid lease made in behalf of the state.

94.11 For sales occurring on or after July 1, 1982, the unpaid balance of the purchase price
94.12 is subject to interest at the rate determined pursuant to section 549.09. The unpaid balance
94.13 of the purchase price for sales occurring after December 31, 1990, is subject to interest
94.14 at the rate determined in section 279.03, subdivision 1a. The interest rate is subject to
94.15 change each year on the unpaid balance in the manner provided for rate changes in section
94.16 549.09 or 279.03, subdivision 1a, whichever, is applicable. Interest on the unpaid contract
94.17 balance on sales occurring before July 1, 1982, is payable at the rate applicable to the sale
94.18 at the time that the sale occurred.

94.19 **EFFECTIVE DATE.** This section is effective July 1, 2010.

94.20 Sec. 11. Minnesota Statutes 2008, section 282.01, subdivision 7, is amended to read:

94.21 Subd. 7. **County sales; notice, purchase price, disposition.** The sale must
94.22 commence at the time determined by the county board of the county in which the parcels
94.23 are located. The county auditor shall offer the parcels of land in order in which they
94.24 appear in the notice of sale, and shall sell them to the highest bidder, but not for a sum
94.25 less than the appraised value, until all of the parcels of land have been offered. Then the
94.26 county auditor shall sell any remaining parcels to anyone offering to pay the appraised
94.27 value, except that if the person could have repurchased a parcel of property under section
94.28 282.012 or 282.241, that person may not purchase that same parcel of property at the sale
94.29 under this subdivision for a purchase price less than the sum of all taxes, assessments,
94.30 penalties, interest, and costs due at the time of forfeiture computed under section 282.251,
94.31 and any special assessments for improvements certified as of the date of sale. The sale
94.32 must continue until all the parcels are sold or until the county board orders a reappraisal or
94.33 withdraws any or all of the parcels from sale. The list of lands may be added to and the
94.34 added lands may be sold at any time by publishing the descriptions and appraised values.
94.35 The added lands must be: (1) parcels of land that have become forfeited and classified

95.1 as nonconservation since the commencement of any prior sale; (2) parcels classified as
95.2 nonconservation that have been reappraised; (3) parcels that have been reclassified as
95.3 nonconservation; or (4) other parcels that are subject to sale but were omitted from the
95.4 existing list for any reason. The descriptions and appraised values must be published in
95.5 the same manner as provided for the publication of the original list. Parcels added to the
95.6 list must first be offered for sale to the highest bidder before they are sold at appraised
95.7 value. All parcels of land not offered for immediate sale, as well as parcels that are offered
95.8 and not immediately sold, continue to be held in trust by the state for the taxing districts
95.9 interested in each of the parcels, under the supervision of the county board. Those parcels
95.10 may be used for public purposes until sold, as directed by the county board.

95.11 **EFFECTIVE DATE.** This section is effective July 1, 2010.

95.12 Sec. 12. Minnesota Statutes 2008, section 282.01, subdivision 7a, is amended to read:

95.13 Subd. 7a. **City sales; alternate procedures.** Land located in a home rule charter
95.14 or statutory city, or in a town which cannot be improved because of noncompliance with
95.15 local ordinances regarding minimum area, shape, frontage or access may be sold by the
95.16 county auditor pursuant to this subdivision if the auditor determines that a nonpublic sale
95.17 will encourage the approval of sale of the land by the city or town and promote its return
95.18 to the tax rolls. If the physical characteristics of the land indicate that its highest and best
95.19 use will be achieved by combining it with an adjoining parcel and the city or town has not
95.20 adopted a local ordinance governing minimum area, shape, frontage, or access, the land
95.21 may also be sold pursuant to this subdivision. If the property consists of an undivided
95.22 interest in land or land and improvements, the property may also be sold to the other
95.23 owners under this subdivision. The sale of land pursuant to this subdivision shall be
95.24 subject to any conditions imposed by the county board pursuant to section 282.03. The
95.25 governing body of the city or town may recommend to the county board conditions to be
95.26 imposed on the sale. The county auditor may restrict the sale to owners of lands adjoining
95.27 the land to be sold. The county auditor shall conduct the sale by sealed bid or may select
95.28 another means of sale. The land shall be sold to the highest bidder ~~but in no event shall the~~
95.29 ~~land~~ and may be sold for less than its appraised value. All owners of land adjoining the
95.30 land to be sold shall be given a written notice at least 30 days prior to the sale.

95.31 This subdivision shall be liberally construed to encourage the sale and utilization
95.32 of tax-forfeited land, to eliminate nuisances and dangerous conditions and to increase
95.33 compliance with land use ordinances.

95.34 **EFFECTIVE DATE.** This section is effective July 1, 2010.

96.1 Sec. 13. Minnesota Statutes 2008, section 282.01, is amended by adding a subdivision
96.2 to read:

96.3 Subd. 12. **Notice; public hearing for use change.** If a governmental subdivision
96.4 that acquired a parcel for public use under this section later determines to change the use,
96.5 it must hold a public hearing on the proposed use change. The governmental subdivision
96.6 must mail written notice of the proposed use change and the public hearing to each owner
96.7 of property that is within 400 feet of the parcel at least ten days and no more than 60 days
96.8 before it holds the hearing. The notice must identify: (1) the parcel, (2) its current use,
96.9 (3) the proposed use, (4) the date, time, and place of the public hearing, and (5) where
96.10 to submit written comments on the proposal and that the public is invited to testify at
96.11 the public hearing.

96.12 **EFFECTIVE DATE.** This section is effective July 1, 2010, and applies to a change
96.13 in use of a parcel acquired under Minnesota Statutes, section 282.01, whether acquired by
96.14 the governmental subdivision before or after the effective date of this section.

96.15 Sec. 14. **REPEALER.**

96.16 Minnesota Statutes 2008, sections 282.01, subdivisions 9, 10, and 11; and 383A.76,
96.17 are repealed.

96.18 **EFFECTIVE DATE.** This section is effective July 1, 2010.