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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. **4385**

04/12/2018 Authored by Davids, Marquart, Loeffler, Youakim and Christensen  
The bill was read for the first time and referred to the Committee on Taxes  
04/25/2018 Adoption of Report: Amended and re-referred to the Committee on Ways and Means

1.1 A bill for an act

1.2 relating to taxation; making changes to conform with certain federal tax law

1.3 changes; adopting federal adjusted gross income as the starting point for calculating

1.4 individual income tax; making policy and technical changes to various tax-related

1.5 provisions including provisions related to the individual income tax, corporate

1.6 franchise tax, estate tax, sales and use tax, gross revenues tax, gross receipts tax,

1.7 property tax, partnership tax, tobacco tax, minerals tax, and other miscellaneous

1.8 tax provisions; making changes to the property tax refund program; providing for

1.9 registration and taxation of unmanned aircraft; modifying provisions related to

1.10 local government aid and credits; modifying referendum dates; appropriating

1.11 money; amending Minnesota Statutes 2016, sections 116J.8737, subdivisions 5,

1.12 12; 123A.455, subdivision 1; 126C.01, subdivision 3; 162.145, subdivision 3;

1.13 174.03, subdivision 1b; 197.603, subdivision 2; 216B.36; 237.19; 270.12,

1.14 subdivisions 2, 3; 270.41, subdivision 3; 270.96, subdivision 1; 270A.03,

1.15 subdivision 7; 270B.08, subdivision 2; 270C.85, subdivision 2; 270C.89,

1.16 subdivision 2; 270C.91; 272.02, subdivisions 27, 49, 81, by adding a subdivision;

1.17 272.025, subdivision 3; 273.032; 273.061, subdivision 9; 273.11, subdivision 12;

1.18 273.1115, subdivision 2; 273.112, subdivision 6; 273.113, subdivision 3; 273.119,

1.19 subdivision 2; 273.1231, subdivisions 3, 4; 273.124, subdivisions 1, 3a, 8, 9, 14,

1.20 17, 21, by adding a subdivision; 273.1245, subdivision 2; 273.125, subdivision 3;

1.21 273.128, subdivision 1; 273.13, subdivision 35, by adding a subdivision; 273.136,

1.22 subdivision 2; 273.1384, subdivision 3; 273.18; 274.14; 274.16; 275.025,

1.23 subdivision 3, by adding subdivisions; 276A.01, subdivision 4; 282.01, subdivision

1.24 6; 287.21, subdivision 1; 289A.08, subdivisions 1, 6, 7; 289A.25, subdivision 1;

1.25 289A.31, subdivision 2; 289A.37, subdivision 6; 289A.38, subdivisions 7, 10;

1.26 289A.42; 289A.50, subdivision 1; 289A.60, subdivision 24; 290.01, subdivisions

1.27 6, 22, by adding subdivisions; 290.0131, subdivisions 1, 3, by adding subdivisions;

1.28 290.0132, subdivisions 1, 7, by adding subdivisions; 290.0133, subdivision 6, by

1.29 adding a subdivision; 290.0134, by adding subdivisions; 290.0136; 290.05,

1.30 subdivision 3; 290.06, subdivisions 1, 2c, 2d, by adding a subdivision; 290.067,

1.31 subdivision 2a; 290.0671, subdivision 7; 290.0672, subdivision 2; 290.0681,

1.32 subdivisions 3, 4; 290.0685, subdivision 1, by adding a subdivision; 290.0802,

1.33 subdivisions 2, 3; 290.091, subdivision 3; 290.0921, subdivision 8; 290.0922,

1.34 subdivision 1; 290.095, subdivision 4; 290.21, by adding a subdivision; 290.34,

1.35 by adding a subdivision; 290.92, subdivisions 1, 28; 290A.03, subdivisions 4, 12;

1.36 290A.04, subdivisions 2h, 4, by adding a subdivision; 290A.05; 290A.08; 290A.09;

1.37 290B.04, subdivision 1; 290B.09, subdivision 1; 291.03, subdivisions 8, 10; 295.50,

1.38 subdivisions 4, 9b, by adding subdivisions; 297A.61, subdivision 18; 297A.67,

1.39 subdivision 12, by adding subdivisions; 297A.68, subdivisions 17, 25, 29, 44;

2.1 297A.70, subdivisions 3, 7, 16, by adding subdivisions; 297A.71, subdivisions 22,  
 2.2 45, by adding subdivisions; 297A.77, by adding a subdivision; 297A.84; 297A.85;  
 2.3 297A.993, by adding a subdivision; 297B.01, subdivision 14; 297B.03; 297F.01,  
 2.4 subdivisions 19, 23, by adding a subdivision; 297F.17, subdivision 6; 297G.16,  
 2.5 subdivision 7; 298.225, subdivision 1; 298.28, subdivision 3; 360.013, by adding  
 2.6 subdivisions; 360.55, by adding a subdivision; 360.62; 412.221, subdivision 2;  
 2.7 426.19, subdivision 2; 447.045, subdivisions 2, 3, 4, 6, 7; 452.11; 455.24; 455.29;  
 2.8 469.171, subdivision 4; 469.177, subdivision 1; 469.1812, subdivision 1, by adding  
 2.9 subdivisions; 469.190, subdivisions 1, 5; 469.316, subdivision 1; 469.317; 469.319,  
 2.10 subdivision 4; 471.57, subdivision 3; 471.571, subdivision 3; 471.572, subdivision  
 2.11 4; 473F.02, subdivision 4; 473F.05; 473H.05, subdivision 1; 473H.08, subdivisions  
 2.12 1, 4, by adding a subdivision; 474A.02, subdivision 22b; 477A.013, subdivision  
 2.13 13; 477A.016; Minnesota Statutes 2017 Supplement, sections 126C.17, subdivision  
 2.14 9; 205.10, subdivision 3a; 205A.05, subdivision 1a; 270A.03, subdivision 5;  
 2.15 270C.445, subdivision 6; 270C.89, subdivision 1; 271.21, subdivision 2; 272.115,  
 2.16 subdivision 1; 273.0755; 273.13, subdivisions 22, 23, 25, 34; 273.1384, subdivision  
 2.17 2; 273.1387, subdivision 3; 274.01, subdivision 1; 275.025, subdivision 1; 276.04,  
 2.18 subdivision 3; 278.01, subdivision 1; 289A.02, subdivision 7; 289A.12, subdivision  
 2.19 14; 289A.31, subdivision 1; 289A.35; 289A.37, subdivision 2; 290.01, subdivisions  
 2.20 4a, 19, 31; 290.0131, subdivision 10; 290.0132, subdivisions 21, 26; 290.0133,  
 2.21 subdivision 12; 290.0137; 290.05, subdivision 1; 290.067, subdivisions 1, 2b;  
 2.22 290.0671, subdivision 1; 290.0672, subdivision 1; 290.0681, subdivisions 1, 2;  
 2.23 290.0684, subdivisions 1, 2; 290.0686, subdivision 1; 290.091, subdivision 2;  
 2.24 290.17, subdivisions 2, 4; 290.31, subdivision 1; 290A.03, subdivisions 3, 8, 13,  
 2.25 15; 291.005, subdivision 1; 291.03, subdivisions 9, 11; 297A.61, subdivision 3;  
 2.26 297A.67, subdivisions 6, 34; 297A.70, subdivisions 4, 20; 297A.75, subdivisions  
 2.27 1, 2, 3; 297B.01, subdivision 16; 297E.02, subdivision 3; 462D.03, subdivision 2;  
 2.28 462D.06, subdivisions 1, 2; 475.59, subdivision 2; 477A.015; 477A.03, subdivision  
 2.29 2a; Laws 1986, chapter 379, sections 1, subdivision 1; 2, subdivision 1; Laws  
 2.30 2008, chapter 366, article 5, sections 26, as amended; 33, as amended; Laws 2011,  
 2.31 First Special Session chapter 7, article 4, section 10, subdivision 3; Laws 2017,  
 2.32 First Special Session chapter 1, article 3, section 32; article 8, section 3; article  
 2.33 10, section 4; proposing coding for new law in Minnesota Statutes, chapters 16A;  
 2.34 16B; 117; 222; 289A; 290; 416; 459; 469; repealing Minnesota Statutes 2016,  
 2.35 sections 10A.322, subdivision 4; 13.4967, subdivision 2; 273.1315; 275.29;  
 2.36 289A.38, subdivisions 7, 8, 9; 290.01, subdivision 29a; 290.0131, subdivisions 7,  
 2.37 11, 12, 13; 290.0132, subdivisions 8, 19, 20; 290.0133, subdivisions 13, 14; 290.06,  
 2.38 subdivision 23; 290.0921, subdivisions 1, 2, 3a, 4, 6; 290.10, subdivision 2;  
 2.39 477A.085; Minnesota Statutes 2017 Supplement, sections 327C.01, subdivision  
 2.40 13; 327C.16; Minnesota Rules, part 4503.1400, subpart 4.

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

2.42 **ARTICLE 1**

2.43 **FEDERAL TAX CONFORMITY**

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

2.46 Subd. 5. **Debt.** (a) "Debt" means a legal obligation of a natural person to pay a fixed and  
 2.47 certain amount of money, which equals or exceeds \$25 and which is due and payable to a  
 2.48 claimant agency. The term includes criminal fines imposed under section 609.10 or 609.125,  
 2.49 fines imposed for petty misdemeanors as defined in section 609.02, subdivision 4a, and

3.1 restitution. A debt may arise under a contractual or statutory obligation, a court order, or  
3.2 other legal obligation, but need not have been reduced to judgment.

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

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

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

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

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

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

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

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

3.18 For purposes of this paragraph, "debtor" means the individual whose income, together  
3.19 with the income of the individual's spouse, other than a separated spouse, brings the  
3.20 individual within the income provisions of this paragraph. For purposes of this paragraph,  
3.21 a spouse, other than a separated spouse, shall be considered a dependent.

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

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

4.3 **EFFECTIVE DATE.** This section is effective for taxable year beginning after December  
4.4 31, 2017.

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

4.7 Subd. 7. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal  
4.8 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December~~  
4.9 ~~16, 2016~~ March 31, 2018.

4.10 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
4.11 31, 2017.

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

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

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

4.20 (2) an individual who is a Minnesota resident is not required to file a Minnesota income  
4.21 tax return if the individual's gross income derived from Minnesota sources as determined  
4.22 under section 290.17, less the subtractions allowed under section 290.0132, subdivisions  
4.23 12 and 15, is less than the filing requirements for a single individual who is a full-year  
4.24 resident of Minnesota.

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

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

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

5.4 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
5.5 31, 2017.

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

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

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

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

5.21 (d) The electing partner must not have any Minnesota source income other than the  
5.22 income from the partnership and other electing partnerships. If it is determined that the  
5.23 electing partner has other Minnesota source income, the inclusion of the income and tax  
5.24 liability for that partner under this provision will not constitute a return to satisfy the  
5.25 requirements of subdivision 1. The tax paid for the individual as part of the composite return  
5.26 is allowed as a payment of the tax by the individual on the date on which the composite  
5.27 return payment was made. If the electing nonresident partner has no other Minnesota source  
5.28 income, filing of the composite return is a return for purposes of subdivision 1.

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

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

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

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

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

6.16 (j) For the purposes of this subdivision, "income" means the partner's share of federal  
6.17 adjusted gross income from the partnership modified by the additions provided in section  
6.18 290.0131, subdivisions 8 to ~~4~~ 10, 15, and 17, and the subtractions provided in: (1) section  
6.19 290.0132, subdivision 9, to the extent the amount is assignable or allocable to Minnesota  
6.20 under section 290.17; and (2) section 290.0132, subdivision 14. The subtraction allowed  
6.21 under section 290.0132, subdivision 9, is only allowed on the composite tax computation  
6.22 to the extent the electing partner would have been allowed the subtraction.

6.23 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
6.24 31, 2017.

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

6.27 Subd. 14. **Reporting exempt interest and exempt-interest dividends.** (a) A regulated  
6.28 investment company paying \$10 or more in exempt-interest dividends to an individual who  
6.29 is a resident of Minnesota, or any person receiving \$10 or more of exempt interest or  
6.30 exempt-interest dividends and paying as nominee to an individual who is a resident of  
6.31 Minnesota, must make a return indicating the amount of the exempt interest or  
6.32 exempt-interest dividends, the name, address, and Social Security number of the recipient,  
6.33 and any other information that the commissioner specifies. The return must be provided to

7.1 the recipient by February 15 of the year following the year of the payment. The return  
7.2 provided to the recipient must include a clear statement, in the form prescribed by the  
7.3 commissioner, that the exempt interest or exempt-interest dividends must be included in  
7.4 the computation of Minnesota taxable income. By June 1 of each year, the payer must file  
7.5 a copy of the return with the commissioner.

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

7.7 (1) "Exempt-interest dividends" mean exempt-interest dividends as defined in section  
7.8 852(b)(5) of the Internal Revenue Code, but does not include the portion of exempt-interest  
7.9 dividends that are not required to be added to federal ~~taxable~~ adjusted gross income under  
7.10 section 290.0131, subdivision 2, paragraph (b).

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

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

7.18 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
7.19 31, 2017.

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

7.21 **289A.35 ASSESSMENTS ON RETURNS.**

7.22 (a) The commissioner may audit and adjust the taxpayer's computation of federal adjusted  
7.23 gross income, federal taxable income, items of federal tax preferences, or federal credit  
7.24 amounts to make them conform with the provisions of chapter 290 or section 298.01. If a  
7.25 return has been filed, the commissioner shall enter the liability reported on the return and  
7.26 may make any audit or investigation that is considered necessary.

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

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

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

8.6 (e) The commissioner may audit and adjust the taxpayer's computation of tax under  
8.7 chapter 291. In the case of a return filed pursuant to section 289A.10, the commissioner  
8.8 shall notify the estate no later than nine months after the filing date, as provided by section  
8.9 289A.38, subdivision 2, whether the return is under examination or the return has been  
8.10 processed as filed.

8.11 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
8.12 31, 2017.

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

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

8.17 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
8.18 31, 2017.

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

8.21 Subd. 19. **Net income.** (a) For a corporation taxable under section 290.02, an estate, or  
8.22 a trust, the term "net income" means the federal taxable income, as defined in section 63 of  
8.23 the Internal Revenue Code of 1986, as amended through the date named in this subdivision,  
8.24 incorporating the federal effective dates of changes to the Internal Revenue Code and any  
8.25 elections made by the taxpayer in accordance with the Internal Revenue Code in determining  
8.26 federal taxable income for federal income tax purposes, and with the modifications provided  
8.27 in sections 290.0131 to 290.0136.

8.28 (b) For an individual, the term "net income" means federal adjusted gross income with  
8.29 the modifications provided in sections 290.0131, 290.0132, 290.0135, and 290.0136.

8.30 (c) In the case of a regulated investment company or a fund thereof, as defined in section  
8.31 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment



9.1 company taxable income as defined in section 852(b)(2) of the Internal Revenue Code,  
9.2 except that:

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

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

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

9.12 (d) The net income of a real estate investment trust as defined and limited by section  
9.13 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust  
9.14 taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

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

9.18 (f) For a taxpayer with a valid election under section 965(h) of the Internal Revenue  
9.19 Code, including any successor in interest, net income for the taxable year includes the ratable  
9.20 amount of deferred foreign income on which the taxpayer makes a federal tax payment in  
9.21 that year.

9.22 (f) The Internal Revenue Code of 1986, as amended through ~~December 16, 2016~~ March  
9.23 31, 2018, shall be in effect for taxable years beginning after December 31, 1996.

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

9.27 **EFFECTIVE DATE.** This section is effective the day following final enactment, except  
9.28 the changes incorporated by federal changes are effective retroactively at the same time as  
9.29 the changes were effective for federal purposes and the changes amending the new paragraph  
9.30 (a) and adding paragraph (b) are effective for taxable years beginning after December 31,  
9.31 2017.

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

10.3 Subd. 21a. **Adjusted gross income.** The terms "adjusted gross income" and "federal  
10.4 adjusted gross income" mean adjusted gross income, as defined in section 62 of the Internal  
10.5 Revenue Code, as amended through the date named in subdivision 19, incorporating the  
10.6 federal effective date of changes to the Internal Revenue Code and any elections made by  
10.7 the taxpayer under the Internal Revenue Code in determining federal adjusted gross income  
10.8 for federal income tax purposes.

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

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

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

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

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

10.19 (3) for all other taxpayers, the part of net income that is allocable to Minnesota by  
10.20 assignment or apportionment under one or more of sections 290.17, 290.191, 290.20, and  
10.21 290.36, except that for nonresident individuals net income is reduced by the amount of the  
10.22 standard deduction allowable under section 290.0803, subdivision 2, before allocation of  
10.23 net income to Minnesota.

10.24 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
10.25 31, 2017.

10.26 Sec. 11. Minnesota Statutes 2017 Supplement, section 290.01, subdivision 31, is amended  
10.27 to read:

10.28 Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal  
10.29 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December~~  
10.30 ~~16, 2016~~ March 31, 2018. Internal Revenue Code also includes any uncodified provision  
10.31 in federal law that relates to provisions of the Internal Revenue Code that are incorporated  
10.32 into Minnesota law. When used in this chapter, the reference to "subtitle A, chapter 1,

11.1 subchapter N, part 1, of the Internal Revenue Code" is to the Internal Revenue Code as  
11.2 amended through March 18, 2010.

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

11.7 Sec. 12. Minnesota Statutes 2016, section 290.0131, subdivision 1, is amended to read:

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

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

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

11.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
11.17 31, 2017.

11.18 Sec. 13. Minnesota Statutes 2016, section 290.0131, subdivision 3, is amended to read:

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

11.25 ~~(b) The addition under paragraph (a) may not be more than the amount by which the~~  
11.26 ~~state itemized deduction exceeds the amount of the standard deduction as defined in section~~  
11.27 ~~63(c) of the Internal Revenue Code. For the purpose of this subdivision, income, sales and~~  
11.28 ~~use, motor vehicle sales, or excise taxes are the last itemized deductions disallowed under~~  
11.29 ~~subdivision 12.~~

11.30 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
11.31 31, 2017.

12.1 Sec. 14. Minnesota Statutes 2017 Supplement, section 290.0131, subdivision 10, is amended  
12.2 to read:

12.3 Subd. 10. **Section 179 expensing.** Effective for property placed in service in taxable  
12.4 years beginning before January 1, 2018, 80 percent of the amount by which the deduction  
12.5 allowed under the dollar limits of section 179 of the Internal Revenue Code exceeds the  
12.6 deduction allowable by section 179 of the Internal Revenue Code, as amended through  
12.7 December 31, 2003, is an addition.

12.8 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
12.9 31, 2017.

12.10 Sec. 15. Minnesota Statutes 2016, section 290.0131, is amended by adding a subdivision  
12.11 to read:

12.12 Subd. 15. **Foreign-derived intangible income.** The amount of foreign-derived intangible  
12.13 income deducted under section 250 of the Internal Revenue Code for the taxable year is an  
12.14 addition.

12.15 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
12.16 31, 2017.

12.17 Sec. 16. Minnesota Statutes 2016, section 290.0131, is amended by adding a subdivision  
12.18 to read:

12.19 Subd. 16. **529 plan distributions for K-12 expenses.** The lesser of the following amounts  
12.20 is an addition:

12.21 (1) the total distributions for the taxable year from a qualified plan under section 529 of  
12.22 the Internal Revenue Code, owned by the taxpayer, that are expended for qualified higher  
12.23 education expenses under section 529(c)(7) of the Internal Revenue Code (expenses for  
12.24 tuition for elementary or secondary public, private, or religious school); or

12.25 (2) the total amount required to be reported to the taxpayer by any trustee of a qualified  
12.26 tuition plan under section 529 of the Internal Revenue Code as earnings on Internal Revenue  
12.27 Service Form 1099Q for the taxable year.

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

13.1 Sec. 17. Minnesota Statutes 2016, section 290.0131, is amended by adding a subdivision  
13.2 to read:

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

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

13.8 Sec. 18. Minnesota Statutes 2016, section 290.0132, subdivision 1, is amended to read:

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

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

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

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

13.20 Sec. 19. Minnesota Statutes 2016, section 290.0132, subdivision 7, is amended to read:

13.21 Subd. 7. **Charitable contributions for taxpayers who do not itemize.** ~~To the extent~~  
13.22 ~~not deducted or not deductible under section 408(d)(8)(E) of the Internal Revenue Code in~~  
13.23 ~~determining federal taxable income by~~ For an individual who does not itemize deductions  
13.24 for federal income tax purposes under section 290.0803 for the taxable year, an amount  
13.25 equal to 50 percent of the excess of charitable contributions over \$500 allowable as a  
13.26 deduction for the taxable year under section ~~170(a) of the Internal Revenue Code~~ 290.0803,  
13.27 subdivision 5, is a subtraction. The subtraction under this subdivision must not include a  
13.28 distribution that is excluded from federal adjusted gross income and that is not deductible  
13.29 under section 408(d)(8)(E) of the Internal Revenue Code.

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

14.1 Sec. 20. Minnesota Statutes 2017 Supplement, section 290.0132, subdivision 21, is amended  
14.2 to read:

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

14.8 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
14.9 31, 2017.

14.10 Sec. 21. Minnesota Statutes 2017 Supplement, section 290.0132, subdivision 26, is amended  
14.11 to read:

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

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

14.18 (c) For single or head-of-household taxpayers, the maximum subtraction equals ~~\$3,500~~  
14.19 \$3,570. The maximum subtraction is reduced by 20 percent of provisional income over  
14.20 ~~\$60,200~~ \$61,400. In no case is the subtraction less than zero.

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

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

14.30 (f) The commissioner shall adjust the maximum subtraction and threshold amounts in  
14.31 paragraphs (b) to (d) by the percentage determined pursuant to the provisions of section  
14.32 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) of the Internal Revenue  
14.33 Code the word "~~2016~~" "2017" shall be substituted for the word "~~1992~~." ~~For 2018, the~~

15.1 ~~commissioner shall then determine the percentage change from the 12 months ending on~~  
15.2 ~~August 31, 2016, to the 12 months ending on August 31, 2017, and in each subsequent year,~~  
15.3 ~~from the 12 months ending on August 31, 2016, to the 12 months ending on August 31 of~~  
15.4 ~~the year preceding the taxable year. "2016." The determination of the commissioner pursuant~~  
15.5 to this subdivision must not be considered a rule and is not subject to the Administrative  
15.6 Procedure Act contained in chapter 14, including section 14.386. The maximum subtraction  
15.7 and threshold amounts as adjusted must be rounded to the nearest \$10 amount. If the amount  
15.8 ends in \$5, the amount is rounded up to the nearest \$10 amount.

15.9 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
15.10 31, 2017.

15.11 Sec. 22. Minnesota Statutes 2016, section 290.0132, is amended by adding a subdivision  
15.12 to read:

15.13 Subd. 27. **Global intangible low-taxed income.** The taxpayer's global intangible  
15.14 low-taxed income included under section 951A of the Internal Revenue Code for the taxable  
15.15 year is a subtraction.

15.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
15.17 31, 2017.

15.18 Sec. 23. Minnesota Statutes 2016, section 290.0132, is amended by adding a subdivision  
15.19 to read:

15.20 Subd. 28. **Deferred foreign income of nonresidents.** For a nonresident individual the  
15.21 amount of deferred foreign income recognized because of section 965 of the Internal Revenue  
15.22 Code is a subtraction.

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

15.25 Sec. 24. Minnesota Statutes 2016, section 290.0133, subdivision 6, is amended to read:

15.26 Subd. 6. **Special deductions.** (a) The amount of any special deductions under sections  
15.27 241 to 247 of the Internal Revenue Code and 965 the amount of foreign derived intangible  
15.28 income deducted under section 250 of the Internal Revenue Code is an addition.

15.29 (b) The addition under this subdivision is reduced by the amount of the deduction under  
15.30 section 245A of the Internal Revenue Code that represents amounts included in federal  
15.31 taxable income in a prior taxable year under section 965 of the Internal Revenue Code.

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

16.3 Sec. 25. Minnesota Statutes 2017 Supplement, section 290.0133, subdivision 12, is amended  
16.4 to read:

16.5 Subd. 12. **Section 179 expensing.** Effective for property placed in service in taxable  
16.6 years beginning before January 1, 2018, 80 percent of the amount by which the deduction  
16.7 allowed under the dollar limits of section 179 of the Internal Revenue Code exceeds the  
16.8 deduction allowable by section 179 of the Internal Revenue Code, as amended through  
16.9 December 31, 2003, is an addition.

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

16.12 Sec. 26. Minnesota Statutes 2016, section 290.0134, is amended by adding a subdivision  
16.13 to read:

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

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

16.19 Sec. 27. Minnesota Statutes 2016, section 290.0136, is amended to read:

16.20 **290.0136 CERTAIN PREFERRED STOCK LOSSES.**

16.21 A taxpayer must compute net income by treating losses from the sale or transfer of  
16.22 certain preferred stock, which the taxpayer treated as ordinary losses pursuant to Division  
16.23 A, title III, section 301 of Public Law 110-343, as capital losses. The amount of net income  
16.24 under section 290.01, subdivision 19; taxable net income under section 290.01, subdivision  
16.25 22; taxable income under section 290.01, subdivision 29; the numerator and denominator  
16.26 in section 290.06, subdivision 2c, paragraph (e); individual alternative minimum taxable  
16.27 income under section 290.091, subdivision 2; ~~corporate alternative minimum taxable income~~  
16.28 ~~under section 290.0921, subdivision 3;~~ and net operating losses under section 290.095 must  
16.29 be computed for each taxable year as if those losses had been treated by the taxpayer as  
16.30 capital losses under the Internal Revenue Code, including the limitations under section 1211  
16.31 of the Internal Revenue Code.



17.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
17.2 31, 2017.

17.3 Sec. 28. Minnesota Statutes 2016, section 290.05, subdivision 3, is amended to read:

17.4 Subd. 3. **Taxes imposed on exempt entities.** (a) An organization exempt from taxation  
17.5 under subdivision 2 shall, nevertheless, be subject to tax under this chapter to the extent  
17.6 provided in the following provisions of the Internal Revenue Code:

17.7 (1) section 527 (dealing with political organizations);

17.8 (2) section 528 (dealing with certain homeowners associations);

17.9 (3) sections 511 to 515 (dealing with unrelated business income);

17.10 (4) section 521 (dealing with farmers' cooperatives); and

17.11 (5) section 6033(e)(2) (dealing with lobbying expense); but notwithstanding this  
17.12 subdivision, shall be considered an organization exempt from income tax for the purposes  
17.13 of any law which refers to organizations exempt from income taxes.

17.14 (b) The tax shall be imposed on the taxable income of political organizations or  
17.15 homeowner associations or the unrelated business taxable income, as defined in section 512  
17.16 of the Internal Revenue Code, of organizations defined in section 511 of the Internal Revenue  
17.17 Code, provided that the tax is not imposed on:

17.18 (1) advertising revenues from a newspaper published by an organization described in  
17.19 section 501(c)(4) of the Internal Revenue Code; or

17.20 (2) revenues from lawful gambling authorized under chapter 349 that are expended for  
17.21 purposes that qualify for the deduction for charitable contributions under section 170 of the  
17.22 Internal Revenue Code, disregarding the limitation under section 170(b)(2), but only to the  
17.23 extent the contributions are not deductible in computing federal taxable income.

17.24 The tax shall be at the corporate rates. The tax shall only be imposed on income and  
17.25 deductions assignable to this state under sections 290.17 to 290.20. To the extent deducted  
17.26 in computing federal taxable income, the deductions contained in section 290.21 shall not  
17.27 be allowed in computing Minnesota taxable net income.

17.28 (c) The tax shall be imposed on organizations subject to federal tax under section  
17.29 6033(e)(2) of the Internal Revenue Code, in an amount equal to the corporate tax rate  
17.30 multiplied by the amount of lobbying expenses taxed under section 6033(e)(2) which are  
17.31 attributable to lobbying the Minnesota state government.

18.1 (d) In calculating unrelated business taxable income under section 512 of the Internal  
18.2 Revenue Code, the amount of any net operating loss deduction claimed under section 172  
18.3 of the Internal Revenue Code is an addition. Taxpayers making an addition under this  
18.4 paragraph may deduct a net operating loss for the taxable year in the same manner as a  
18.5 corporation under section 290.095, in a form and manner prescribed by the commissioner,  
18.6 and may calculate the loss without the application of the limitation provided for under  
18.7 section 512(a)(6) of the Internal Revenue Code.

18.8 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
18.9 31, 2017.

18.10 Sec. 29. Minnesota Statutes 2016, section 290.06, subdivision 1, is amended to read:

18.11 Subdivision 1. **Computation, corporations.** (a) The franchise tax imposed upon  
18.12 corporations shall be computed by applying to their taxable income the rate of ~~9.8~~ 9.06  
18.13 percent.

18.14 (b) Notwithstanding paragraph (a), the rate for taxable years beginning after December  
18.15 31, 2017, and before January 1, 2020, is 9.64 percent.

18.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
18.17 31, 2017.

18.18 Sec. 30. Minnesota Statutes 2016, section 290.06, subdivision 2c, is amended to read:

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

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

18.24 (2) On all over ~~\$35,480~~ \$37,850, but not over ~~\$140,960~~, ~~7.05~~ \$150,380, 6.75 percent;

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

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

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

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

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

19.2 (2) On all over ~~\$24,270~~ \$25,890, but not over ~~\$79,730, 7.05~~ \$85,060, 6.75 percent;

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

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

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

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

19.9 (2) On all over ~~\$29,880~~ \$31,880, but not over ~~\$120,070, 7.05~~ \$128,090, 6.75 percent;

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

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

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

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

19.23 (1) the numerator is the individual's Minnesota source federal adjusted gross income as  
19.24 ~~defined in section 62 of the Internal Revenue Code~~ and increased by the additions required  
19.25 under section 290.0131, subdivisions 2 and 6 to ~~4~~ 10, and reduced by the Minnesota  
19.26 assignable portion of the subtraction for United States government interest under section  
19.27 290.0132, subdivision 2, and the subtractions under section 290.0132, subdivisions 9, 10,  
19.28 14, 15, 17, ~~and~~ 18, 27, and 28, after applying the allocation and assignability provisions of  
19.29 section 290.081, clause (a), or 290.17; and

19.30 (2) the denominator is the individual's federal adjusted gross income ~~as defined in section~~  
19.31 ~~62 of the Internal Revenue Code~~, increased by the amounts specified in section 290.0131,

20.1 subdivisions 2 and 6 to ~~11~~ 10, and reduced by the amounts specified in section 290.0132,  
20.2 subdivisions 2, 9, 10, 14, 15, 17, ~~and 18,~~ 27, and 28.

20.3 (f) For taxable years beginning after December 31, 2017, and before January 1, 2019,  
20.4 a rate of 6.95 percent applies instead of the 6.75 percent rate in paragraphs (a) to (c) and  
20.5 for taxable years beginning after December 31, 2018, and before January 1, 2020, a rate of  
20.6 6.9 percent applies.

20.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
20.8 31, 2017.

20.9 Sec. 31. Minnesota Statutes 2016, section 290.06, subdivision 2d, is amended to read:

20.10 Subd. 2d. **Inflation adjustment of brackets.** (a) For taxable years beginning after  
20.11 December 31, 2013, the minimum and maximum dollar amounts for each rate bracket for  
20.12 which a tax is imposed in subdivision 2c shall be adjusted for inflation by the percentage  
20.13 determined under paragraph (b). ~~For the purpose of making the adjustment as provided in~~  
20.14 ~~this subdivision all of the rate brackets provided in subdivision 2c shall be the rate brackets~~  
20.15 ~~as they existed for taxable years beginning after December 31, 2012, and before January 1,~~  
20.16 ~~2014.~~ The rate applicable to any rate bracket must not be changed. The dollar amounts  
20.17 setting forth the tax shall be adjusted to reflect the changes in the rate brackets. The rate  
20.18 brackets as adjusted must be rounded to the nearest \$10 amount. If the rate bracket ends in  
20.19 \$5, it must be rounded up to the nearest \$10 amount.

20.20 (b) The commissioner shall adjust the rate brackets and by the percentage determined  
20.21 pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section  
20.22 1(f)(3)(B) the word "~~2012~~" "2017" shall be substituted for the word "~~1992.~~" ~~For 2014, the~~  
20.23 ~~commissioner shall then determine the percent change from the 12 months ending on August~~  
20.24 ~~31, 2012, to the 12 months ending on August 31, 2013, and in each subsequent year, from~~  
20.25 ~~the 12 months ending on August 31, 2012, to the 12 months ending on August 31 of the~~  
20.26 ~~year preceding the taxable year.~~ "2016." The determination of the commissioner pursuant  
20.27 to this subdivision shall not be considered a "rule" and shall not be subject to the  
20.28 Administrative Procedure Act contained in chapter 14.

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

20.31 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
20.32 31, 2017.

21.1 Sec. 32. Minnesota Statutes 2017 Supplement, section 290.067, subdivision 1, is amended  
21.2 to read:

21.3 Subdivision 1. **Amount of credit.** (a) A taxpayer may take as a credit against the tax  
21.4 due from the taxpayer and a spouse, if any, under this chapter an amount equal to the  
21.5 dependent care credit for which the taxpayer is eligible pursuant to the provisions of section  
21.6 21 of the Internal Revenue Code except that in determining whether the child qualified as  
21.7 a dependent, income received as a Minnesota family investment program grant or allowance  
21.8 to or on behalf of the child must not be taken into account in determining whether the child  
21.9 received more than half of the child's support from the taxpayer, and the provisions of  
21.10 section 32(b)(1)(D) of the Internal Revenue Code do not apply.

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

21.20 (c) If a married couple:

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

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

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

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

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

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

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

22.9 (e) In the case of a nonresident, part-year resident, or a person who has earned income  
22.10 not subject to tax under this chapter including earned income excluded pursuant to section  
22.11 290.0132, subdivision 10, the credit determined under section 21 of the Internal Revenue  
22.12 Code must be allocated based on the ratio by which the earned income of the claimant and  
22.13 the claimant's spouse from Minnesota sources bears to the total earned income of the claimant  
22.14 and the claimant's spouse.

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

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

22.21 (h) For taxpayers with federal adjusted gross income in excess of ~~\$50,000~~ \$50,990, the  
22.22 credit is equal to the lesser of the credit otherwise calculated under this subdivision, or the  
22.23 amount equal to \$600 minus five percent of federal adjusted gross income in excess of  
22.24 ~~\$50,000~~ \$50,990 for taxpayers with one qualified individual, or \$1,200 minus five percent  
22.25 of federal adjusted gross income in excess of ~~\$50,000~~ \$50,990 for taxpayers with two or  
22.26 more qualified individuals, but in no case is the credit less than zero.

22.27 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
22.28 31, 2017.

22.29 Sec. 33. Minnesota Statutes 2016, section 290.067, subdivision 2a, is amended to read:

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

- 23.1 (1) federal adjusted gross income as defined in section 62 of the Internal Revenue Code;  
23.2 and
- 23.3 (2) the sum of the following amounts to the extent not included in clause (1):
- 23.4 (i) all nontaxable income;
- 23.5 (ii) the amount of a passive activity loss that is not disallowed as a result of section 469,  
23.6 paragraph (i) or (m) of the Internal Revenue Code and the amount of passive activity loss  
23.7 carryover allowed under section 469(b) of the Internal Revenue Code;
- 23.8 (iii) an amount equal to the total of any discharge of qualified farm indebtedness of a  
23.9 solvent individual excluded from gross income under section 108(g) of the Internal Revenue  
23.10 Code;
- 23.11 (iv) cash public assistance and relief;
- 23.12 (v) any pension or annuity (including railroad retirement benefits, all payments received  
23.13 under the federal Social Security Act, Supplemental Security Income, and veterans benefits),  
23.14 which was not exclusively funded by the claimant or spouse, or which was funded exclusively  
23.15 by the claimant or spouse and which funding payments were excluded from federal adjusted  
23.16 gross income in the years when the payments were made;
- 23.17 (vi) interest received from the federal or a state government or any instrumentality or  
23.18 political subdivision thereof;
- 23.19 (vii) workers' compensation;
- 23.20 (viii) nontaxable strike benefits;
- 23.21 (ix) the gross amounts of payments received in the nature of disability income or sick  
23.22 pay as a result of accident, sickness, or other disability, whether funded through insurance  
23.23 or otherwise;
- 23.24 (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of  
23.25 1986, as amended through December 31, 1995;
- 23.26 (xi) contributions made by the claimant to an individual retirement account, including  
23.27 a qualified voluntary employee contribution; simplified employee pension plan;  
23.28 self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of  
23.29 the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal  
23.30 Revenue Code;
- 23.31 (xii) nontaxable scholarship or fellowship grants;

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

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

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

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

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

24.9 In the case of an individual who files an income tax return on a fiscal year basis, the  
24.10 term "federal adjusted gross income" means federal adjusted gross income reflected in the  
24.11 fiscal year ending in the next calendar year. Federal adjusted gross income may not be  
24.12 reduced by the amount of a net operating loss carryback or carryforward or a capital loss  
24.13 carryback or carryforward allowed for the year.

24.14 (b) "Income" does not include:

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

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

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

24.20 (4) relief granted under chapter 290A;

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

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

24.26 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
24.27 31, 2017.

24.28 Sec. 34. Minnesota Statutes 2017 Supplement, section 290.067, subdivision 2b, is amended  
24.29 to read:

24.30 Subd. 2b. **Inflation adjustment.** The commissioner shall adjust the dollar amount of  
24.31 the income threshold at which the maximum credit begins to be reduced under subdivision



25.1 1 by the percentage determined pursuant to the provisions of section 1(f) of the Internal  
25.2 Revenue Code, except that in section 1(f)(3)(B) the word "~~2016~~" "2017" shall be substituted  
25.3 for the word "~~1992~~." For 2018, the commissioner shall then determine the percent change  
25.4 from the 12 months ending on August 31, 2016, to the 12 months ending on August 31,  
25.5 2017, and in each subsequent year, from the 12 months ending on August 31, 2016, to the  
25.6 12 months ending on August 31 of the year preceding the taxable year. "2016." The  
25.7 determination of the commissioner pursuant to this subdivision must not be considered a  
25.8 "rule" and is not subject to the Administrative Procedure Act contained in chapter 14. The  
25.9 threshold amount as adjusted must be rounded to the nearest \$10 amount. If the amount  
25.10 ends in \$5, the amount is rounded up to the nearest \$10 amount.

25.11 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
25.12 31, 2017.

25.13 Sec. 35. Minnesota Statutes 2017 Supplement, section 290.0671, subdivision 1, is amended  
25.14 to read:

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

25.21 (b) For individuals with no qualifying children, the credit equals 2.10 percent of the first  
25.22 ~~\$6,180~~ \$6,480 of earned income. The credit is reduced by 2.01 percent of earned income  
25.23 or adjusted gross income, whichever is greater, in excess of ~~\$8,130~~ \$8,530, but in no case  
25.24 is the credit less than zero.

25.25 (c) For individuals with one qualifying child, the credit equals 9.35 percent of the first  
25.26 ~~\$11,120~~ \$11,670 of earned income. The credit is reduced by 6.02 percent of earned income  
25.27 or adjusted gross income, whichever is greater, in excess of ~~\$21,190~~ \$22,340, but in no case  
25.28 is the credit less than zero.

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

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

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

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

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

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

26.13 (g) For tax years beginning after December 31, ~~2013~~ 2018, the ~~\$8,130~~ \$8,530 in paragraph  
26.14 (b), the ~~\$21,190~~ \$22,340 in paragraph (c), and the ~~\$25,130~~ \$26,360 in paragraph (d), after  
26.15 being adjusted for inflation under subdivision 7, are each increased by ~~\$5,000~~ \$5,700 for  
26.16 married taxpayers filing joint returns. For tax years beginning after December 31, ~~2013~~  
26.17 2018, the commissioner shall annually adjust the ~~\$5,000~~ \$5,700 by the percentage determined  
26.18 pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section  
26.19 1(f)(3)(B), the word "~~2008~~" "2017" shall be substituted for the word "~~1992~~." ~~For 2014, the~~  
26.20 ~~commissioner shall then determine the percent change from the 12 months ending on August~~  
26.21 ~~31, 2008, to the 12 months ending on August 31, 2013, and in each subsequent year, from~~  
26.22 ~~the 12 months ending on August 31, 2008, to the 12 months ending on August 31 of the~~  
26.23 ~~year preceding the taxable year.~~ "2016." The earned income thresholds as adjusted for  
26.24 inflation must be rounded to the nearest \$10. If the amount ends in \$5, the amount is rounded  
26.25 up to the nearest \$10. The determination of the commissioner under this subdivision is not  
26.26 a rule under the Administrative Procedure Act.

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

26.31 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
26.32 31, 2017.

27.1 Sec. 36. Minnesota Statutes 2016, section 290.0671, subdivision 7, is amended to read:

27.2 Subd. 7. **Inflation adjustment.** The earned income amounts used to calculate the credit  
27.3 and the income thresholds at which the maximum credit begins to be reduced in subdivision  
27.4 1 must be adjusted for inflation. The commissioner shall adjust by the percentage determined  
27.5 pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section  
27.6 1(f)(3)(B) the word "~~2013~~" "2017" shall be substituted for the word "~~1992~~." ~~For 2015, the~~  
27.7 ~~commissioner shall then determine the percent change from the 12 months ending on August~~  
27.8 ~~31, 2013, to the 12 months ending on August 31, 2014, and in each subsequent year, from~~  
27.9 ~~the 12 months ending on August 31, 2013, to the 12 months ending on August 31 of the~~  
27.10 ~~year preceding the taxable year.~~ "2016." The earned income thresholds as adjusted for  
27.11 inflation must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount  
27.12 is rounded up to the nearest \$10 amount. The determination of the commissioner under this  
27.13 subdivision is not a rule under the Administrative Procedure Act.

27.14 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
27.15 31, 2017.

27.16 Sec. 37. Minnesota Statutes 2017 Supplement, section 290.0672, subdivision 1, is amended  
27.17 to read:

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

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

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

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

27.25 (3) has been offered in compliance with the inflation protection requirements of section  
27.26 62S.23.

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

27.28 (d) "Premiums deducted in determining ~~federal~~ taxable net income" means the lesser of  
27.29 (1) long-term care insurance premiums that qualify as deductions under section 213 of the  
27.30 Internal Revenue Code; and (2) the total amount deductible for medical ~~care~~ expenses under  
27.31 section ~~213 of the Internal Revenue Code~~ 290.0803.

28.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
28.2 31, 2017.

28.3 Sec. 38. Minnesota Statutes 2016, section 290.0672, subdivision 2, is amended to read:

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

28.13 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
28.14 31, 2017.

28.15 Sec. 39. Minnesota Statutes 2017 Supplement, section 290.0681, subdivision 1, is amended  
28.16 to read:

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

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

28.21 (c) "Office" means the State Historic Preservation Office of the Department of  
28.22 Administration.

28.23 (d) "Project" means rehabilitation of a certified historic structure, as defined in section  
28.24 47(c)(3)(A) of the Internal Revenue Code, that is located in Minnesota and is allowed a  
28.25 federal credit.

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

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

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

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

29.3 Sec. 40. Minnesota Statutes 2017 Supplement, section 290.0681, subdivision 2, is amended  
29.4 to read:

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

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

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

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

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

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

29.23 Sec. 41. Minnesota Statutes 2016, section 290.0681, subdivision 3, is amended to read:

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

30.1 a grant in lieu of the credit or a combination of the two and designate the taxpayer qualifying  
30.2 for the credit or the recipient of the grant.

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

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

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

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

30.12 (4) state the fiscal year in which the credit or grant is allocated, and that the taxpayer or  
30.13 grant recipient is entitled to receive one-fifth of the total amount of either the credit or the  
30.14 grant at the time the project is placed in service, provided that date is within three calendar  
30.15 years following the issuance of the allocation certificate.

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

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

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

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

30.27 Sec. 42. Minnesota Statutes 2016, section 290.0681, subdivision 4, is amended to read:

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

31.1 application or must issue a grant to the recipient designated in the application. The credit  
31.2 certificate must state the amount of the credit.

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

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

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

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

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

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

31.17 Sec. 43. Minnesota Statutes 2017 Supplement, section 290.0684, subdivision 1, is amended  
31.18 to read:

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

31.21 (b) "Contribution" means the amount contributed to one or more qualified accounts  
31.22 except that the amount:

31.23 (1) is reduced by any withdrawals or distributions, other than transfers or rollovers to  
31.24 another qualified account, from a qualified account during the taxable year; and

31.25 (2) excludes the amount of any transfers or rollovers from a qualified account made  
31.26 during the taxable year.

31.27 (c) ~~"Federal adjusted gross income" has the meaning given under section 62(a) of the~~  
31.28 ~~Internal Revenue Code.~~

31.29 (d) "Qualified account" means an account qualifying under section ~~529~~ 529(e)(3) of the  
31.30 Internal Revenue Code.

32.1 ~~(e)~~ (d) "Qualified higher education expenses" has the meaning given in section 529 of  
32.2 the Internal Revenue Code, except section 529(c)(7) of the Internal Revenue Code does not  
32.3 apply to the definition of qualified higher education expenses.

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

32.5 Sec. 44. Minnesota Statutes 2017 Supplement, section 290.0684, subdivision 2, is amended  
32.6 to read:

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

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

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

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

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

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

32.22 (3) for married couples with adjusted gross income in excess of ~~\$135,000~~ \$137,680, the  
32.23 maximum credit is \$250, reduced by one percent of adjusted gross income in excess of  
32.24 ~~\$135,000~~ \$137,680.

32.25 (e) The income thresholds in paragraphs (c) and (d) used to calculate the maximum  
32.26 credit must be adjusted for inflation. The commissioner shall adjust the income thresholds  
32.27 by the percentage determined under the provisions of section 1(f) of the Internal Revenue  
32.28 Code, except that in section 1(f)(3)(B) the word "~~2016~~" "2017" is substituted for the word  
32.29 "~~1992~~." ~~For 2018, the commissioner shall then determine the percent change from the 12~~  
32.30 ~~months ending on August 31, 2016, to the 12 months ending on August 31, 2017, and in~~  
32.31 ~~each subsequent year, from the 12 months ending on August 31, 2016, to the 12 months~~  
32.32 ~~ending on August 31 of the year preceding the taxable year.~~ "2016." The income thresholds



33.1 as adjusted for inflation must be rounded to the nearest \$10 amount. If the amount ends in  
33.2 \$5, the amount is rounded up to the nearest \$10 amount. The determination of the  
33.3 commissioner under this subdivision is not subject to chapter 14, including section 14.386.

33.4 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
33.5 31, 2017.

33.6 Sec. 45. Minnesota Statutes 2016, section 290.0802, subdivision 2, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

33.27 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
33.28 31, 2017.

34.1 Sec. 46. [290.0803] INDIVIDUALS; DEDUCTIONS AND EXEMPTIONS

34.2 ALLOWED.

34.3 Subdivision 1. Deduction allowed. Individuals are allowed to deduct the sum of the  
34.4 following amounts in computing taxable net income for the taxable year:

34.5 (1) the standard or itemized deductions, as provided under subdivision 2 or 3; and

34.6 (2) the exemption allowance computed under subdivision 9.

34.7 Subd. 2. Standard deduction. (a) An individual may elect to claim a standard deduction  
34.8 in lieu of the itemized deductions allowed under subdivision 3 for the taxable year equal to  
34.9 the following amount:

34.10 (1) for a married joint filer or a surviving spouse, \$14,000;

34.11 (2) for a head of household filer, \$10,300; or

34.12 (3) for any other filer, \$7,000; plus

34.13 (4) the additional amount for the taxpayer under paragraph (b).

34.14 (b) The additional amount equals the sum of the following amounts:

34.15 (1) \$1,300 if the taxpayer has attained age 65 before the close of the taxable year or  
34.16 \$1,600 for such a taxpayer who is not married or a surviving spouse;

34.17 (2) \$1,300 for the spouse of the taxpayer if the spouse has attained the age of 65 before  
34.18 the close of the taxable year and qualifies under subdivision 9, clause (2);

34.19 (3) \$1,300 if the taxpayer is blind at the close of the taxable year or \$1,600 for such a  
34.20 taxpayer who is not married or a surviving spouse; and

34.21 (4) \$1,300 for the spouse of the taxpayer if the spouse is blind as of the close of the  
34.22 taxable year and qualifies under subdivision 9, clause (2).

34.23 (c) For an individual who is a dependent, as defined in section 152 of the Internal Revenue  
34.24 Code, of another taxpayer for a taxable year beginning in the calendar year in which the  
34.25 individual's taxable year begins, the standard deduction for that individual is limited to the  
34.26 greater of:

34.27 (1) \$500; or

34.28 (2) the sum of \$250 and that individual's earned income, as defined in section 32(c) of  
34.29 the Internal Revenue Code.

35.1 (d) The standard deduction is zero for (1) a married individual filing a separate return  
35.2 if either spouse itemizes deductions, and (2) an individual making a return for a period of  
35.3 less than twelve months on account of changes in the annual accounting period.

35.4 Subd. 3. **Itemized deductions.** (a) An individual who is a resident is allowed itemized  
35.5 deductions for the taxable year equal to the sum of the following amounts:

35.6 (1) taxes paid, as provided in subdivision 4;

35.7 (2) charitable contributions, as provided in subdivision 5;

35.8 (3) interest, as provided in subdivision 6;

35.9 (4) medical expenses, as provided in subdivision 7;

35.10 (5) miscellaneous deductions, as provided in subdivision 8; and

35.11 (6) losses allowable under section 165(a) of the Internal Revenue Code, other than losses  
35.12 allowable under that section in computing adjusted gross income, and except that the  
35.13 provisions of section 165(h)(5) of the Internal Revenue Code apply regardless of the taxable  
35.14 year; reduced by

35.15 (7) the amount of the disallowed itemized deductions computed under paragraph (b).

35.16 (b) The amount of disallowed itemized deductions equals the lesser of:

35.17 (1) three percent of the excess of the taxpayer's adjusted gross income, over the applicable  
35.18 amount; or

35.19 (2) 80 percent of the amount of the itemized deductions, excluding:

35.20 (i) medical expense deduction under subdivision 7;

35.21 (ii) any interest deduction under subdivision 6, for investment interest as defined in  
35.22 section 163(d) of the Internal Revenue Code; and

35.23 (iii) losses allowable under section 165(c)(2) or (3), or (d), of the Internal Revenue Code,  
35.24 and allowed under paragraph (a), clause (6).

35.25 (c) "Applicable amount" means \$190,050, or \$95,025 for a married individual filing a  
35.26 separate return.

35.27 Subd. 4. **Taxes paid.** (a) The taxes paid deduction equals the sum of the following  
35.28 amounts for the taxable year:

35.29 (1) state and local real and personal property taxes in an amount not to exceed \$30,000;

36.1 (2) foreign income, war profits, and excess profits taxes to the extent not reduced by the  
36.2 federal foreign tax credit; and

36.3 (3) for individuals who are allowed a federal foreign tax credit for taxes that do not  
36.4 qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover  
36.5 of subnational foreign taxes for the taxable year, but not to exceed the total subnational  
36.6 foreign taxes reported in claiming the foreign tax credit.

36.7 (b) For purposes of this subdivision, the following terms have the meanings given them:

36.8 (1) "carryover of subnational foreign taxes" equals the carryover allowed under section  
36.9 904(c) of the Internal Revenue Code minus national level foreign taxes to the extent they  
36.10 exceed the federal foreign tax credit;

36.11 (2) "federal foreign tax credit" means the credit allowed under section 27 of the Internal  
36.12 Revenue Code; and

36.13 (3) "foreign, income, war profits, and excess profits taxes" and "state and local real and  
36.14 personal property taxes" have the meanings given in section 164 of the Internal Revenue  
36.15 Code.

36.16 Subd. 5. **Charitable contributions.** The charitable contribution equals the amount of  
36.17 the charitable contribution deduction allowable to the taxpayer under section 170 of the  
36.18 Internal Revenue Code, except that the following rules apply:

36.19 (1) the provisions of section 170(b)(1)(G) apply regardless of the taxable year; and

36.20 (2) for taxable years beginning after December 31, 2017, determination of carryover  
36.21 amounts must be made by applying the rules under section 170 of the Internal Revenue  
36.22 Code based on the charitable contribution deductions claimed and allowable under this  
36.23 section.

36.24 Subd. 6. **Interest deduction.** The interest deduction equals the amount allowed to the  
36.25 taxpayer as interest paid or accrued during the taxable year under section 163(d) of the  
36.26 Internal Revenue Code with the following exceptions:

36.27 (1) qualified residence interest excludes home equity interest; and

36.28 (2) acquisition indebtedness must not exceed \$750,000 (\$375,000 for a married separate  
36.29 return) for indebtedness incurred on or after December 16, 2017.

36.30 The definitions of terms under section 163 of the Internal Revenue Code apply for purposes  
36.31 of this subdivision.

37.1 Subd. 7. **Medical expenses.** The medical expense deduction equals the deduction allowed  
37.2 for the taxable year under section 213 of the Internal Revenue Code.

37.3 Subd. 8. **Miscellaneous deduction.** The miscellaneous deduction equals the sum of the  
37.4 following amounts for the taxable year, but excluding any amounts allowed to be deducted  
37.5 in computing adjusted gross income:

37.6 (1) impairment-related work expenses allowed under section 67(d) of the Internal Revenue  
37.7 Code;

37.8 (2) the deduction for estate tax under section 691(c) of the Internal Revenue Code;

37.9 (3) any deduction allowable in connection with personal property used in a short sale  
37.10 as described under section 67(b)(8);

37.11 (4) the deduction under section 1341 of the Internal Revenue Code;

37.12 (5) the deduction under section 72(b)(3) of the Internal Revenue Code;

37.13 (6) the deduction under section 171 of the Internal Revenue Code; and

37.14 (7) the deduction under section 216 of the Internal Revenue Code.

37.15 Subd. 9. **Exemption allowance.** (a) The exemption allowance is computed as follows:

37.16 (1) the exemption amount for the taxpayer; plus

37.17 (2) an additional exemption amount for the spouse of the taxpayer:

37.18 (i) for a joint return; or

37.19 (ii) if a joint return is not made by the taxpayer and spouse, and if the spouse, for the  
37.20 calendar year in which the taxable year of the taxpayer begins, has no gross income and is  
37.21 not the dependent of another taxpayer; plus

37.22 (3) an exemption amount for each individual who is a dependent, as defined in section  
37.23 152 of the Internal Revenue Code, of the taxpayer for the taxable year; minus

37.24 (4) the disallowed exemption amount under paragraph (d), but the remainder may not  
37.25 be less than zero.

37.26 (b) The exemption amount equals \$4,150.

37.27 (c) The disallowed personal exemption amount equals the number of personal exemptions  
37.28 allowed under paragraph (a) multiplied by (i) the exemption amount under paragraph (b)  
37.29 and (ii) the applicable percentage.

38.1 (d) For a married individual filing a separate return, "applicable percentage" means two  
38.2 percentage points for each \$1,250, or fraction of that amount, by which the taxpayer's federal  
38.3 adjusted gross income for the taxable year exceeds the threshold amount. For all other filers,  
38.4 applicable percentage means two percentage points for each \$2,500, or fraction of that  
38.5 amount, by which the taxpayer's federal adjusted gross income for the taxable year exceeds  
38.6 the threshold amount. The applicable percentage must not exceed 100 percent.

38.7 (e) "Threshold amount" means:

38.8 (1) \$285,050 for a joint return or a surviving spouse;

38.9 (2) \$237,550 for a head of a household;

38.10 (3) \$190,050 for an individual who is not married and who is not a surviving spouse or  
38.11 head of a household; and

38.12 (4) \$142,500 for a married individual filing a separate return.

38.13 Subd. 10. **Indexing.** (a) For taxable years beginning after December 31, 2018, the  
38.14 commissioner must annually adjust the dollar amounts in subdivisions 2, 3, and 9, except  
38.15 the amounts in paragraph (d) of subdivision 9, for inflation as provided in paragraph (b).

38.16 (b) Each dollar amount is increased by an amount equal to:

38.17 (1) that dollar amount, multiplied by

38.18 (2) the cost-of-living adjustment determined under section 1(f)(3) of the Internal Revenue  
38.19 Code for the calendar year in which the taxable year begins, by substituting "calendar year  
38.20 2017" for "calendar year 2016" in subparagraph (B) of section 1(f)(3).

38.21 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
38.22 31, 2017.

38.23 Sec. 47. Minnesota Statutes 2017 Supplement, section 290.091, subdivision 2, is amended  
38.24 to read:

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

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

38.29 (1) the taxpayer's federal alternative minimum taxable income as defined in section  
38.30 55(b)(2) of the Internal Revenue Code;

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

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

39.5 (ii) the medical expense deduction;

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

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

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

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

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

39.19 (6) the amount of addition required by section 290.0131, subdivisions 9 to ~~4~~ 10;

39.20 (7) the deduction allowed under section 199A of the Internal Revenue Code;

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

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

39.23 (ii) an overpayment of state income tax as provided by section 290.0132, subdivision  
39.24 3, to the extent included in federal alternative minimum taxable income;

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

39.29 (iv) amounts subtracted from federal ~~taxable~~ adjusted gross income as provided by  
39.30 section 290.0132, subdivisions 7, 9 to 15, 17, 21, 24, and ~~26~~ to 28; and

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

40.3 In the case of an estate or trust, alternative minimum taxable income must be computed  
40.4 as provided in section 59(c) of the Internal Revenue Code, except that alternative minimum  
40.5 taxable income must be increased by the amount of the addition under section 290.0131,  
40.6 subdivision 17.

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

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

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

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

40.15 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
40.16 31, 2017.

40.17 Sec. 48. Minnesota Statutes 2016, section 290.091, subdivision 3, is amended to read:

40.18 Subd. 3. **Exemption amount.** (a) For purposes of computing the alternative minimum  
40.19 tax, the exemption amount is, ~~for taxable years beginning after December 31, 2005, \$60,000~~  
40.20 \$75,760 for married couples filing joint returns, ~~\$30,000~~ \$37,880 for married individuals  
40.21 filing separate returns, estates, and trusts, and ~~\$45,000~~ \$56,820 for unmarried individuals.

40.22 (b) The exemption amount determined under this subdivision is subject to the phase out  
40.23 under section 55(d)(3) of the Internal Revenue Code, except that alternative minimum  
40.24 taxable income as determined under this section must be substituted in the computation of  
40.25 the phase out.

40.26 (c) For taxable years beginning after December 31, ~~2006~~ 2018, the exemption amount  
40.27 under paragraph (a) must be adjusted for inflation. The commissioner shall adjust the  
40.28 exemption amount by the percentage determined pursuant to the provisions of section 1(f)  
40.29 of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "2005" "2017"  
40.30 shall be substituted for the word "1992." ~~For 2007, the commissioner shall then determine~~  
40.31 ~~the percent change from the 12 months ending on August 31, 2005, to the 12 months ending~~  
40.32 ~~on August 31, 2006, and in each subsequent year, from the 12 months ending on August~~



41.1 ~~31, 2005, to the 12 months ending on August 31 of the year preceding the taxable year.~~

41.2 "2016." The exemption amount as adjusted must be rounded to the nearest \$10. If the amount  
41.3 ends in \$5, it must be rounded up to the nearest \$10 amount. The determination of the  
41.4 commissioner under this subdivision is not a rule under the Administrative Procedure Act.

41.5 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
41.6 31, 2017.

41.7 Sec. 49. Minnesota Statutes 2016, section 290.0921, subdivision 8, is amended to read:

41.8 Subd. 8. **Carryover credit.** (a) A corporation is allowed a credit against qualified regular  
41.9 tax for qualified alternative minimum tax previously paid. The credit is allowable only if  
41.10 ~~the corporation has no tax liability under this section for the taxable year and~~ if the  
41.11 corporation has an alternative minimum tax credit carryover from a previous year. The  
41.12 credit allowable in a taxable year equals the lesser of

41.13 (1) ~~the excess of the qualified regular tax for the taxable year over the amount computed~~  
41.14 ~~under subdivision 1, clause (1), for the taxable year;~~ or

41.15 (2) the carryover credit to the taxable year.

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

41.17 (1) "Qualified alternative minimum tax" equals the amount determined under subdivision  
41.18 1 for ~~the~~ a taxable year beginning before December 31, 2017.

41.19 (2) "Qualified regular tax" means the tax imposed under section 290.06, subdivision 1.

41.20 (c) The qualified alternative minimum tax for a taxable year is an alternative minimum  
41.21 tax credit carryover to each of the taxable years succeeding the taxable year. The entire  
41.22 amount of the credit must be carried to the earliest taxable year to which the amount may  
41.23 be carried. Any unused portion of the credit must be carried to the following taxable year.  
41.24 No credit may be carried to a taxable year in which alternative minimum tax was paid.

41.25 (d) An acquiring corporation may carry over this credit from a transferor or distributor  
41.26 corporation in a corporate acquisition. The provisions of section 381 of the Internal Revenue  
41.27 Code apply in determining the amount of the carryover, if any.

41.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
41.29 31, 2017.

42.1 Sec. 50. Minnesota Statutes 2016, section 290.0922, subdivision 1, is amended to read:

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

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

42.8			<del>930,000</del>	
42.9	less than	\$	<u>990,000</u>	\$ 0
42.10			<del>930,000</del>	<del>190</del>
42.11	\$	<u>990,000</u>	to \$ <u>1,989,999</u>	\$ <u>200</u>
42.12			<del>1,870,000</del>	<del>560</del>
42.13	\$	<u>1,990,000</u>	to \$ <u>9,959,999</u>	\$ <u>600</u>
42.14			<del>9,340,000</del>	<del>1,870</del>
42.15	\$	<u>9,960,000</u>	to \$ <u>19,929,999</u>	\$ <u>1,990</u>
42.16			<del>18,680,000</del>	<del>3,740</del>
42.17	\$	<u>19,930,000</u>	to \$ <u>39,859,999</u>	\$ <u>3,990</u>
42.18			<del>37,360,000</del>	<del>9,340</del>
42.19	\$	<u>39,860,000</u>	or more	\$ <u>9,960</u>

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

42.27 If the sum of the S corporation's  
 42.28 or partnership's Minnesota  
 42.29 property, payrolls, and sales or  
 42.30 receipts is: the tax equals:

42.31			<del>930,000</del>	
42.32	less than	\$	<u>990,000</u>	\$ 0
42.33			<del>930,000</del>	<del>190</del>
42.34	\$	<u>990,000</u>	to \$ <u>1,989,999</u>	\$ <u>200</u>
42.35			<del>1,870,000</del>	<del>560</del>
42.36	\$	<u>1,990,000</u>	to \$ <u>9,959,999</u>	\$ <u>600</u>
42.37			<del>9,340,000</del>	<del>1,870</del>
42.38	\$	<u>9,960,000</u>	to \$ <u>19,929,999</u>	\$ <u>1,990</u>
42.39			<del>18,680,000</del>	<del>3,740</del>
42.40	\$	<u>19,930,000</u>	to \$ <u>39,859,999</u>	\$ <u>3,990</u>
42.41			<del>37,360,000</del>	<del>9,340</del>
42.42	\$	<u>39,860,000</u>	or more	\$ <u>9,960</u>

43.1 (c) The commissioner shall adjust the dollar amounts of both the tax and the property,  
43.2 payrolls, and sales or receipts thresholds in paragraphs (a) and (b) by the percentage  
43.3 determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except  
43.4 that in section 1(f)(3)(B) the word "~~2012~~" "2017" must be substituted for the word "~~1992~~."  
43.5 ~~For 2014, the commissioner shall determine the percentage change from the 12 months~~  
43.6 ~~ending on August 31, 2012, to the 12 months ending on August 31, 2013, and in each~~  
43.7 ~~subsequent year, from the 12 months ending on August 31, 2012, to the 12 months ending~~  
43.8 ~~on August 31 of the year preceding the taxable year.~~ "2016." The determination of the  
43.9 commissioner pursuant to this subdivision is not a "rule" subject to the Administrative  
43.10 Procedure Act contained in chapter 14. The tax amounts as adjusted must be rounded to the  
43.11 nearest \$10 amount and the threshold amounts must be adjusted to the nearest \$10,000  
43.12 amount. For tax amounts that end in \$5, the amount is rounded up to the nearest \$10 amount  
43.13 and for the threshold amounts that end in \$5,000, the amount is rounded up to the nearest  
43.14 \$10,000.

43.15 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
43.16 31, 2017.

43.17 Sec. 51. Minnesota Statutes 2016, section 290.095, subdivision 4, is amended to read:

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

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

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

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

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

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

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

44.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
44.2 31, 2017.

44.3 Sec. 52. Minnesota Statutes 2017 Supplement, section 290.17, subdivision 2, is amended  
44.4 to read:

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

44.8 (a)(1) Subject to paragraphs (a)(2) and (a)(3), income from wages as defined in section  
44.9 3401(a) ~~and~~ (f), and (i) of the Internal Revenue Code is assigned to this state if, and to the  
44.10 extent that, the work of the employee is performed within it; all other income from such  
44.11 sources is treated as income from sources without this state.

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

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

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

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

44.31 (3) For purposes of this section, amounts received by a nonresident as "retirement income"  
44.32 as defined in section (b)(1) of the State Income Taxation of Pension Income Act, Public  
44.33 Law 104-95, are not considered income derived from carrying on a trade or business or

45.1 from wages or other compensation for work an employee performed in Minnesota, and are  
45.2 not taxable under this chapter.

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

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

45.8 Gain on the sale of a partnership interest is allocable to this state in the ratio of the  
45.9 original cost of partnership tangible property in this state to the original cost of partnership  
45.10 tangible property everywhere, determined at the time of the sale. If more than 50 percent  
45.11 of the value of the partnership's assets consists of intangibles, gain or loss from the sale of  
45.12 the partnership interest is allocated to this state in accordance with the sales factor of the  
45.13 partnership for its first full tax period immediately preceding the tax period of the partnership  
45.14 during which the partnership interest was sold.

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

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

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

45.27 (d) Income from winnings on a bet made by an individual while in Minnesota is assigned  
45.28 to this state. In this paragraph, "bet" has the meaning given in section 609.75, subdivision  
45.29 2, as limited by section 609.75, subdivision 3, clauses (1), (2), and (3).

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

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

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

46.2 Sec. 53. Minnesota Statutes 2016, section 290.21, is amended by adding a subdivision to  
46.3 read:

46.4 Subd. 9. **Deferred foreign income.** The income of domestic corporations that is included  
46.5 in net income under section 965 of the Internal Revenue Code is dividend income.

46.6 **EFFECTIVE DATE.** This section is effective retroactively for each taxpayer's last  
46.7 taxable year beginning before January 1, 2018.

46.8 Sec. 54. Minnesota Statutes 2016, section 290.34, is amended by adding a subdivision to  
46.9 read:

46.10 Subd. 5. **Insurance companies; interest expense limitation.** To be consistent with the  
46.11 federal treatment of the interest expense limitation under section 163(j) of the Internal  
46.12 Revenue Code for an affiliated group that includes an insurance company taxable under  
46.13 chapter 297I and exempt from taxation under section 290.05, subdivision 1, clause (c), the  
46.14 rules under this subdivision apply. In that case, the interest expense limitation under section  
46.15 163(j) must be computed for the corporation subject to tax under this chapter using the  
46.16 adjusted taxable income of the insurance companies that are part of the affiliated group and  
46.17 taxed under chapter 297I.

46.18 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
46.19 31, 2017.

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

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

46.24 (2) **Payroll period.** For purposes of this section the term "payroll period" means a period  
46.25 for which a payment of wages is ordinarily made to the employee by the employee's  
46.26 employer, and the term "miscellaneous payroll period" means a payroll period other than a  
46.27 daily, weekly, biweekly, semimonthly, monthly, quarterly, semiannual, or annual payroll  
46.28 period.

46.29 (3) **Employee.** For purposes of this section the term "employee" means any resident  
46.30 individual performing services for an employer, either within or without, or both within and  
46.31 without the state of Minnesota, and every nonresident individual performing services within

47.1 the state of Minnesota, the performance of which services constitute, establish, and determine  
47.2 the relationship between the parties as that of employer and employee. As used in the  
47.3 preceding sentence, the term "employee" includes an officer of a corporation, and an officer,  
47.4 employee, or elected official of the United States, a state, or any political subdivision thereof,  
47.5 or the District of Columbia, or any agency or instrumentality of any one or more of the  
47.6 foregoing.

47.7 (4) **Employer.** For purposes of this section the term "employer" means any person,  
47.8 including individuals, fiduciaries, estates, trusts, partnerships, limited liability companies,  
47.9 and corporations transacting business in or deriving any income from sources within the  
47.10 state of Minnesota for whom an individual performs or performed any service, of whatever  
47.11 nature, as the employee of such person, except that if the person for whom the individual  
47.12 performs or performed the services does not have control of the payment of the wages for  
47.13 such services, the term "employer," except for purposes of paragraph (1), means the person  
47.14 having control of the payment of such wages. As used in the preceding sentence, the term  
47.15 "employer" includes any corporation, individual, estate, trust, or organization which is  
47.16 exempt from taxation under section 290.05 and further includes, but is not limited to, officers  
47.17 of corporations who have control, either individually or jointly with another or others, of  
47.18 the payment of the wages.

47.19 (5) **Number of withholding exemptions claimed.** For purposes of this section, the term  
47.20 "number of withholding exemptions claimed" means the number of withholding exemptions  
47.21 claimed in a withholding exemption certificate in effect under subdivision 5, except that if  
47.22 no such certificate is in effect, the number of withholding exemptions claimed shall be  
47.23 considered to be zero.

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

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

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

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

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

47.30 (i) all nontaxable income;

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

- 48.1 (iii) an amount equal to the total of any discharge of qualified farm indebtedness of a  
48.2 solvent individual excluded from gross income under section 108(g) of the Internal Revenue  
48.3 Code;
- 48.4 (iv) cash public assistance and relief;
- 48.5 (v) any pension or annuity (including railroad retirement benefits, all payments received  
48.6 under the federal Social Security Act, Supplemental Security Income, and veterans benefits),  
48.7 which was not exclusively funded by the claimant or spouse, or which was funded exclusively  
48.8 by the claimant or spouse and which funding payments were excluded from federal adjusted  
48.9 gross income in the years when the payments were made;
- 48.10 (vi) interest received from the federal or a state government or any instrumentality or  
48.11 political subdivision thereof;
- 48.12 (vii) workers' compensation;
- 48.13 (viii) nontaxable strike benefits;
- 48.14 (ix) the gross amounts of payments received in the nature of disability income or sick  
48.15 pay as a result of accident, sickness, or other disability, whether funded through insurance  
48.16 or otherwise;
- 48.17 (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of  
48.18 1986, as amended through December 31, 1995;
- 48.19 (xi) contributions made by the claimant to an individual retirement account, including  
48.20 a qualified voluntary employee contribution; simplified employee pension plan;  
48.21 self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of  
48.22 the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal  
48.23 Revenue Code, to the extent the sum of amounts exceeds the retirement base amount for  
48.24 the claimant and spouse;
- 48.25 (xii) to the extent not included in federal adjusted gross income, distributions received  
48.26 by the claimant or spouse from a traditional or Roth style retirement account or plan;
- 48.27 (xiii) nontaxable scholarship or fellowship grants;
- 48.28 (xiv) ~~the amount of deduction allowed under section 199 of the Internal Revenue Code~~  
48.29 alimony received to the extent not included in the recipient's income;
- 48.30 (xv) the amount of deduction allowed under section 220 or 223 of the Internal Revenue  
48.31 Code;



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

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

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

49.10 (b) "Income" does not include:

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

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

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

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

49.20 (5) relief granted under this chapter;

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

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

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

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

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

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

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

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

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

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

50.5 (1) "exemption amount" means the exemption amount under section ~~151(d) of the Internal~~  
50.6 ~~Revenue Code~~ 290.0803, subdivision 9, for the taxable year for which the income is reported;

50.7 (2) "retirement base amount" means the deductible amount for the taxable year for the  
50.8 claimant and spouse under section 219(b)(5)(A) of the Internal Revenue Code, adjusted for  
50.9 inflation as provided in section 219(b)(5)(C) of the Internal Revenue Code, without regard  
50.10 to whether the claimant or spouse claimed a deduction; and

50.11 (3) "traditional or Roth style retirement account or plan" means retirement plans under  
50.12 sections 401, 403, 408, 408A, and 457 of the Internal Revenue Code.

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

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

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

50.20 (b) The gross rent of a resident of a nursing home or intermediate care facility is ~~\$350~~  
50.21 \$490 per month. The gross rent of a resident of an adult foster care home is ~~\$550~~ \$760 per  
50.22 month. Beginning for rent paid in ~~2002~~ 2019, the commissioner shall annually adjust for  
50.23 inflation the gross rent amounts stated in this paragraph. The adjustment must be made in  
50.24 accordance with section 1(f) of the Internal Revenue Code, except that for purposes of this  
50.25 paragraph the percentage increase shall be determined from the year ending on June 30,  
50.26 ~~2001~~ 2017, to the year ending on June 30 of the year in which the rent is paid. The  
50.27 commissioner shall round the gross rents to the nearest \$10 amount. If the amount ends in  
50.28 \$5, the commissioner shall round it up to the next \$10 amount. The determination of the  
50.29 commissioner under this paragraph is not a rule under the Administrative Procedure Act.

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

51.1 (d) Any amount paid by a claimant residing in property assessed pursuant to section  
51.2 273.124, subdivision 3, 4, 5, or 6 for occupancy in that property shall be excluded from  
51.3 gross rent for purposes of this chapter. However, property taxes imputed to the homestead  
51.4 of the claimant or the dwelling unit occupied by the claimant that qualifies for homestead  
51.5 treatment pursuant to section 273.124, subdivision 3, 4, 5, or 6 shall be included within the  
51.6 term "property taxes payable" as defined in subdivision 13, notwithstanding the fact that  
51.7 ownership is not in the name of the claimant.

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

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

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

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

51.16 Sec. 59. Minnesota Statutes 2016, section 290A.04, subdivision 4, is amended to read:

51.17 Subd. 4. **Inflation adjustment.** (a) Beginning for property tax refunds payable in calendar  
51.18 year 2002, the commissioner shall annually adjust the dollar amounts of the income thresholds  
51.19 and the maximum refunds under subdivisions 2 and 2a for inflation. The commissioner  
51.20 shall make the inflation adjustments ~~in accordance with section 1(f) of the Internal Revenue~~  
51.21 ~~Code, except that for purposes of this subdivision~~ using the Consumer Price Index for All  
51.22 Urban Consumers. The percentage increase shall be determined as provided in this  
51.23 subdivision.

51.24 (b) In adjusting the dollar amounts of the income thresholds and the maximum refunds  
51.25 under subdivision 2 for inflation, the percentage increase shall be determined from the year  
51.26 ending on June 30, 2013, to the year ending on June 30 of the year preceding that in which  
51.27 the refund is payable.

51.28 (c) In adjusting the dollar amounts of the income thresholds and the maximum refunds  
51.29 under subdivision 2a for inflation, the percentage increase shall be determined from the  
51.30 year ending on June 30, 2013, to the year ending on June 30 of the year preceding that in  
51.31 which the refund is payable.

52.1 (d) The commissioner shall use the appropriate percentage increase to annually adjust  
52.2 the income thresholds and maximum refunds under subdivisions 2 and 2a for inflation  
52.3 without regard to whether or not the income tax brackets are adjusted for inflation in that  
52.4 year. The commissioner shall round the thresholds and the maximum amounts, as adjusted  
52.5 to the nearest \$10 amount. If the amount ends in \$5, the commissioner shall round it up to  
52.6 the next \$10 amount.

52.7 (e) The commissioner shall annually announce the adjusted refund schedule at the same  
52.8 time provided under section 290.06. The determination of the commissioner under this  
52.9 subdivision is not a rule under the Administrative Procedure Act.

52.10 **EFFECTIVE DATE.** This section is effective for refunds based on rent paid after  
52.11 December 31, 2018, and property taxes payable after December 31, 2019.

52.12 Sec. 60. Minnesota Statutes 2017 Supplement, section 291.005, subdivision 1, is amended  
52.13 to read:

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

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

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

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

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

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

52.31 (6) "Personal representative" means the executor, administrator or other person appointed  
52.32 by the court to administer and dispose of the property of the decedent. If there is no executor,

53.1 administrator or other person appointed, qualified, and acting within this state, then any  
53.2 person in actual or constructive possession of any property having a situs in this state which  
53.3 is included in the federal gross estate of the decedent shall be deemed to be a personal  
53.4 representative to the extent of the property and the Minnesota estate tax due with respect  
53.5 to the property.

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

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

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

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

53.15 (iii) a qualified work of art, as defined in section 2503(g)(2) of the Internal Revenue  
53.16 Code, owned by a nonresident decedent and that is normally kept or located in this state  
53.17 because it is on loan to an organization, qualifying as exempt from taxation under section  
53.18 501(c)(3) of the Internal Revenue Code, that is located in Minnesota, the situs of the art is  
53.19 deemed to be outside of Minnesota, notwithstanding the provisions of item (ii); and

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

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

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

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

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

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

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

54.6 (v) an entity whose ownership interest securities are traded on an exchange regulated  
54.7 by the Securities and Exchange Commission as a national securities exchange under section  
54.8 6 of the Securities Exchange Act, United States Code, title 15, section 78f.

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

54.11 Sec. 61. Minnesota Statutes 2016, section 297A.68, subdivision 25, is amended to read:

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

54.16 (1) the sale occurs in a transaction subject to or described in section 118, 331, 332, 336,  
54.17 337, 338, 351, 355, 368, 721, 731, 1031, or 1033 of the Internal Revenue Code, as amended  
54.18 through December 16, 2016;

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

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

54.22 (4) the sale is a farm auction sale;

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

54.24 (6) the total amount of gross receipts from the sale of trade or business property made  
54.25 during the calendar month of the sale and the preceding 11 calendar months does not exceed  
54.26 \$1,000.

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

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

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

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

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

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

55.15 Sec. 62. Minnesota Statutes 2016, section 297B.03, is amended to read:

55.16 **297B.03 EXEMPTIONS.**

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

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

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

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

55.30 (4) purchase or use of any motor vehicle previously registered in the state of Minnesota  
55.31 when such transfer constitutes a transfer within the meaning of section 118, 331, 332, 336,

56.1 337, 338, 351, 355, 368, 721, 731, 1031, 1033, or 1563(a) of the Internal Revenue Code,  
56.2 as amended through December 16, 2016;

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

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

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

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

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

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

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

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

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

56.30 (12) purchase of a motor vehicle for use by a transit provider exclusively to provide  
56.31 transit service is exempt if the transit provider is either (i) receiving financial assistance or  
56.32 reimbursement under section 174.24 or 473.384, or (ii) operating under section 174.29,  
56.33 473.388, or 473.405;



57.1 (13) purchase or use of a motor vehicle by a qualified business, as defined in section  
57.2 469.310, located in a job opportunity building zone, if the motor vehicle is principally  
57.3 garaged in the job opportunity building zone and is primarily used as part of or in direct  
57.4 support of the person's operations carried on in the job opportunity building zone. The  
57.5 exemption under this clause applies to sales, if the purchase was made and delivery received  
57.6 during the duration of the job opportunity building zone. The exemption under this clause  
57.7 also applies to any local sales and use tax;

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

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

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

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

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

57.18 Sec. 63. Minnesota Statutes 2017 Supplement, section 462D.06, subdivision 1, is amended  
57.19 to read:

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

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

57.27 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
57.28 31, 2017.

58.1 Sec. 64. Minnesota Statutes 2017 Supplement, section 462D.06, subdivision 2, is amended  
58.2 to read:

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

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

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

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

58.13 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
58.14 31, 2017.

58.15 Sec. 65. Minnesota Statutes 2016, section 469.316, subdivision 1, is amended to read:

58.16 Subdivision 1. **Application.** An individual, estate, or trust operating a trade or business  
58.17 in a job opportunity building zone, and an individual, estate, or trust making a qualifying  
58.18 investment in a qualified business operating in a job opportunity building zone qualifies for  
58.19 the exemptions from taxes imposed under chapter 290, as provided in this section. The  
58.20 exemptions provided under this section apply only to the extent that the income otherwise  
58.21 would be taxable under chapter 290. Subtractions under this section from federal adjusted  
58.22 gross income, federal taxable income, alternative minimum taxable income, or any other  
58.23 base subject to tax are limited to the amount that otherwise would be included in the tax  
58.24 base absent the exemption under this section. This section applies only to taxable years  
58.25 beginning during the duration of the job opportunity building zone.

58.26 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
58.27 31, 2017.

58.28 Sec. 66. Minnesota Statutes 2016, section 469.317, is amended to read:

58.29 **469.317 CORPORATE FRANCHISE TAX EXEMPTION.**

58.30 (a) A qualified business is exempt from taxation under section 290.02, ~~the alternative~~  
58.31 ~~minimum tax under section 290.0921,~~ and the minimum fee under section 290.0922; on the

59.1 portion of its income attributable to operations within the zone. ~~This exemption is determined~~  
59.2 ~~as follows:~~

59.3 ~~(1) (b)~~ For purposes of the tax imposed under section 290.02, the exemption is determined  
59.4 by multiplying its taxable net income by its zone percentage and by its relocation payroll  
59.5 percentage and subtracting the result in determining taxable income;

59.6 ~~(2) for purposes of the alternative minimum tax under section 290.0921, by multiplying~~  
59.7 ~~its alternative minimum taxable income by its zone percentage and by its relocation payroll~~  
59.8 ~~percentage and reducing alternative minimum taxable income by this amount; and~~

59.9 ~~(3) (c)~~ For purposes of the minimum fee under section 290.0922, the exemption is  
59.10 determined by excluding property and payroll in the zone from the computations of the fee  
59.11 or by exempting the entity under section 290.0922, subdivision 2, clause (7).

59.12 ~~(b) (d)~~ No subtraction is allowed under this section in excess of 20 percent of the sum  
59.13 of the corporation's job opportunity building zone payroll and the adjusted basis of the  
59.14 property at the time that the property is first used in the job opportunity building zone by  
59.15 the corporation.

59.16 ~~(e) (e)~~ This section applies only to taxable years beginning during the duration of the  
59.17 job opportunity building zone.

59.18 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
59.19 31, 2017.

59.20 Sec. 67. **ESTIMATED TAXES; EXCEPTIONS.**

59.21 No addition to tax, penalties, or interest may be made under Minnesota Statutes, section  
59.22 289A.25 or 289A.26, for any period before September 15, 2018, with respect to an  
59.23 underpayment of estimated tax, to the extent that the underpayment was created or increased  
59.24 by the inclusion of deferred foreign income in federal taxable income under section 965 of  
59.25 the Internal Revenue Code under this article.

59.26 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
59.27 31, 2016.

59.28 Sec. 68. **REPEALER.**

59.29 Minnesota Statutes 2016, sections 290.01, subdivision 29a; 290.0131, subdivisions 7,  
59.30 11, 12, and 13; 290.0132, subdivisions 8, 19, and 20; 290.0133, subdivisions 13 and 14;  
59.31 290.0921, subdivisions 1, 2, 3a, 4, and 6; and 290.10, subdivision 2, are repealed.

60.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
60.2 31, 2017.

## 60.3 **ARTICLE 2**

### 60.4 **INDIVIDUAL INCOME, CORPORATE FRANCHISE, AND ESTATE TAXES**

60.5 Section 1. Minnesota Statutes 2016, section 116J.8737, subdivision 5, is amended to read:

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

60.8 Investments made by a pass-through entity qualify for a credit only if the entity is a qualified  
60.9 fund. The commissioner must not allocate more than ~~\$15,000,000~~ \$10,000,000 in credits  
60.10 to qualified investors or qualified funds for taxable years beginning after December 31,  
60.11 ~~2013~~ 2017, and before January 1, ~~2017~~, ~~and must not allocate more than \$10,000,000 in~~  
60.12 ~~credits to qualified investors or qualified funds for taxable years beginning after December~~  
60.13 ~~31, 2016, and before January 1, 2018~~ 2019; and

60.14 ~~(2) for taxable years beginning after December 31, 2014, and before January 1, 2018;~~  
60.15 50 percent must be allocated to credits for qualifying investments in qualified greater  
60.16 Minnesota businesses and minority- or women-owned qualified small businesses in  
60.17 Minnesota. Any portion of a taxable year's credits that is reserved for qualifying investments  
60.18 in greater Minnesota businesses and minority- or women-owned qualified small businesses  
60.19 in Minnesota that is not allocated by September 30 of the taxable year is available for  
60.20 allocation to other credit applications beginning on October 1. Any portion of a taxable  
60.21 year's credits that is not allocated by the commissioner does not cancel and may be carried  
60.22 forward to subsequent taxable years until all credits have been allocated.

60.23 (b) The commissioner may not allocate more than a total maximum amount in credits  
60.24 for a taxable year to a qualified investor for the investor's cumulative qualified investments  
60.25 as an individual qualified investor and as an investor in a qualified fund; for married couples  
60.26 filing joint returns the maximum is \$250,000, and for all other filers the maximum is  
60.27 \$125,000. The commissioner may not allocate more than a total of \$1,000,000 in credits  
60.28 over all taxable years for qualified investments in any one qualified small business.

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

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

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

61.4 A member of the family of an individual disqualified by this paragraph is not eligible for a  
61.5 credit under this section. For a married couple filing a joint return, the limitations in this  
61.6 paragraph apply collectively to the investor and spouse. For purposes of determining the  
61.7 ownership interest of an investor under this paragraph, the rules under section 267(c) and  
61.8 267(e) of the Internal Revenue Code apply.

61.9 (d) Applications for tax credits for 2010 must be made available on the department's  
61.10 Web site by September 1, 2010, and the department must begin accepting applications by  
61.11 September 1, 2010. Applications for subsequent years must be made available by November  
61.12 1 of the preceding year.

61.13 (e) Qualified investors and qualified funds must apply to the commissioner for tax credits.  
61.14 Tax credits must be allocated to qualified investors or qualified funds in the order that the  
61.15 tax credit request applications are filed with the department. The commissioner must approve  
61.16 or reject tax credit request applications within 15 days of receiving the application. The  
61.17 investment specified in the application must be made within 60 days of the allocation of  
61.18 the credits. If the investment is not made within 60 days, the credit allocation is canceled  
61.19 and available for reallocation. A qualified investor or qualified fund that fails to invest as  
61.20 specified in the application, within 60 days of allocation of the credits, must notify the  
61.21 commissioner of the failure to invest within five business days of the expiration of the  
61.22 60-day investment period.

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

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

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

62.16 (2) 80 percent or more of the assets of the qualified small business is sold before the end  
62.17 of the three-year period;

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

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

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

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

62.24 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
62.25 31, 2017.

62.26 Sec. 2. Minnesota Statutes 2016, section 116J.8737, subdivision 12, is amended to read:

62.27 Subd. 12. **Sunset.** This section expires for taxable years beginning after December 31,  
62.28 ~~2017~~ 2018, except that reporting requirements under subdivision 6 and revocation of credits  
62.29 under subdivision 7 remain in effect through ~~2019~~ 2020 for qualified investors and qualified  
62.30 funds, and through ~~2021~~ 2022 for qualified small businesses, reporting requirements under  
62.31 subdivision 9 remain in effect through ~~2022~~ 2023, and the appropriation in subdivision 11  
62.32 remains in effect through ~~2021~~ 2022.

63.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
63.2 31, 2017.

63.3 Sec. 3. Minnesota Statutes 2017 Supplement, section 290.01, subdivision 4a, is amended  
63.4 to read:

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

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

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

63.12 (3) a savings association or federal savings bank as defined in United States Code, title  
63.13 12, section 1813(b)(1);

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

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

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

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

63.21 (8) a corporation or other business entity that derives more than 50 percent of its total  
63.22 gross income for financial accounting purposes from finance leases. For the purposes of  
63.23 this clause, "gross income" means the average from the current tax year and immediately  
63.24 preceding two years and excludes gross income from incidental or occasional transactions.  
63.25 For purposes of this clause, "finance lease" means any lease transaction that is the functional  
63.26 equivalent of an extension of credit and that transfers substantially all the benefits and risks  
63.27 incident to the ownership of property, including any direct financing lease or leverage lease  
63.28 that meets the criteria of Financial Accounting Standards Board Statement No. 13, accounting  
63.29 for leases, or any other lease that is accounted for as financing by a lessor under generally  
63.30 accepted accounting principles; or

63.31 (9) any other person or business entity, other than an insurance company ~~taxable under~~  
63.32 ~~chapter 297I~~, that derives more than 50 percent of its gross income from activities that an

64.1 entity described in clauses (2) to (6) or (8) is authorized to transact. For the purposes of this  
64.2 clause, gross income does not include income from nonrecurring, extraordinary items.

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

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

64.9 Sec. 4. Minnesota Statutes 2016, section 290.01, is amended by adding a subdivision to  
64.10 read:

64.11 Subd. 5c. **Disqualified captive insurance company.** (a) "Disqualified captive insurance  
64.12 company" means a company that:

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

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

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

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

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

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

64.28 Sec. 5. Minnesota Statutes 2016, section 290.0132, is amended by adding a subdivision  
64.29 to read:

64.30 Subd. 29. **Disallowed section 280E expenses; medical cannabis manufacturers.** The  
64.31 amount of expenses of a medical cannabis manufacturer, as defined under section 152.22,



65.1 subdivision 7, related to the business of medical cannabis under sections 152.21 to 152.37,  
65.2 and not allowed for federal income tax purposes under section 280E of the Internal Revenue  
65.3 Code is a subtraction.

65.4 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
65.5 31, 2017.

65.6 Sec. 6. Minnesota Statutes 2016, section 290.0133, is amended by adding a subdivision  
65.7 to read:

65.8 Subd. 15. **Prepared food donation.** The amount of charitable contributions under section  
65.9 170 of the Internal Revenue Code used to claim the credit under section 290.06, subdivision  
65.10 39, is an addition.

65.11 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
65.12 31, 2017.

65.13 Sec. 7. Minnesota Statutes 2016, section 290.0134, is amended by adding a subdivision  
65.14 to read:

65.15 Subd. 18. **Disallowed section 280E expenses; medical cannabis manufacturers.** The  
65.16 amount of expenses of a medical cannabis manufacturer, as defined under section 152.22,  
65.17 subdivision 7, related to the business of medical cannabis under sections 152.21 to 152.37,  
65.18 and not allowed for federal income tax purposes under section 280E of the Internal Revenue  
65.19 Code is a subtraction.

65.20 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
65.21 31, 2017.

65.22 Sec. 8. Minnesota Statutes 2017 Supplement, section 290.05, subdivision 1, is amended  
65.23 to read:

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

65.28 (a) corporations, individuals, estates, and trusts engaged in the business of mining or  
65.29 producing iron ore and mining, producing, or refining other ores, metals, and minerals, the  
65.30 mining, production, or refining of which is subject to the occupation tax imposed by section  
65.31 298.01; but if any such corporation, individual, estate, or trust engages in any other business

66.1 or activity or has income from any property not used in such business it shall be subject to  
66.2 this tax computed on the net income from such property or such other business or activity.  
66.3 Royalty shall not be considered as income from the business of mining or producing iron  
66.4 ore within the meaning of this section;

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

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

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

66.14 Sec. 9. Minnesota Statutes 2016, section 290.06, is amended by adding a subdivision to  
66.15 read:

66.16 **Subd. 39. Prepared food donation credit.** (a) A qualifying taxpayer is allowed a credit  
66.17 against the tax imposed by this chapter equal to 20 percent of the taxpayer's eligible charitable  
66.18 food donation. The credit may not exceed the taxpayer's liability for tax and may not be  
66.19 carried forward to any other taxable year.

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

66.21 (1) "eligible charitable food donation" means a contribution of prepared food allowable  
66.22 as a charitable deduction for the taxable year under section 170(a) of the Internal Revenue  
66.23 Code, subject to the limitations of section 170(b) of the Internal Revenue Code, and  
66.24 determined without regard to whether or not the taxpayer itemizes deductions;

66.25 (2) "prepared food" means food that meets all quality and labeling standards imposed  
66.26 by federal, state, and local laws and regulations even though the food may not be readily  
66.27 marketable due to appearance, age, freshness, grade, size, surplus, or other conditions, and  
66.28 includes:

66.29 (i) food that is cooked or heated by the qualifying taxpayer;

66.30 (ii) two or more ingredients mixed together to be eaten as a single item; and

66.31 (iii) any ingredients supplied for ingestion or chewing by humans that are consumed for  
66.32 their taste or nutritional value; and

67.1 (3) "qualifying taxpayer" means an individual or entity that makes a charitable food  
67.2 donation in Minnesota and is engaged in a trade or business that includes regularly selling  
67.3 prepared food.

67.4 (c) A food donation for which a credit is claimed under this section may not be deducted  
67.5 as a charitable contribution deduction under section 290.0803.

67.6 (d) Credits allowed to a partnership, a limited liability company taxed as a partnership,  
67.7 an S corporation, or multiple owners of property are passed through to the partners, members,  
67.8 shareholders, or owners, respectively, pro rata to each partner, member, shareholder, or  
67.9 owner based on their share of the entity's income for the taxable year.

67.10 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
67.11 31, 2017.

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

67.13 Subdivision 1. **Credit allowed.** (a) An eligible individual is allowed a credit against the  
67.14 tax imposed by this chapter equal to \$2,000 for each ~~birth for which a certificate of birth~~  
67.15 ~~resulting in stillbirth has been issued under section 144.2151~~ stillbirth. The credit under this  
67.16 section is allowed only in the taxable year in which the stillbirth occurred ~~and if the child~~  
67.17 ~~would have been a dependent of the taxpayer as defined in section 152 of the Internal~~  
67.18 ~~Revenue Code.~~

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

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

67.23 Sec. 11. Minnesota Statutes 2016, section 290.0685, is amended by adding a subdivision  
67.24 to read:

67.25 Subd. 1a. **Definitions.** (a) For purposes of this section, the following terms have the  
67.26 meanings given, unless the context clearly indicates otherwise.

67.27 (b) "Certificate of birth resulting in stillbirth" means the printed certificate of birth  
67.28 resulting in stillbirth issued under section 144.2151 or for a stillbirth occurring in another  
67.29 state or country a similar certificate issued under that state's or country's law.

67.30 (c) "Eligible individual" means an individual who is:

67.31 (1)(i) a resident; or

68.1 (ii) the nonresident spouse of a resident who is a member of armed forces of the United  
68.2 States or the United Nations; and

68.3 (2)(i) the individual who gave birth resulting in stillbirth and is listed as a parent on the  
68.4 certificate of birth resulting in stillbirth;

68.5 (ii) if no individual meets the requirements of clause (i) for a stillbirth that occurs in this  
68.6 state, then the first parent listed on the certificate of birth resulting in stillbirth; or

68.7 (iii) the individual who gave birth resulting in stillbirth for a birth outside of this state  
68.8 for which no certificate of birth resulting in stillbirth was issued.

68.9 (d) "Stillbirth" means a birth for which a fetal death report would be required under  
68.10 section 144.222, subdivision 1, if the birth occurred in this state.

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

68.13 Sec. 12. Minnesota Statutes 2017 Supplement, section 290.0686, subdivision 1, is amended  
68.14 to read:

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

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

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

68.26 (1) holds a teaching license issued by the licensing division in the Department of  
68.27 Education on behalf of the Professional Educator Licensing and Standards Board both when  
68.28 the teacher begins the master's degree program and when the teacher completes the master's  
68.29 degree program;

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

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

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

69.4 (e) "Special education" means a program of study directly related to licensure in  
69.5 developmental disabilities, early childhood special education, emotional or behavioral  
69.6 disorders, autism spectrum disorders, or learning disabilities.

69.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
69.8 31, 2017.

69.9 Sec. 13. **[290.0687] TAX CREDIT; RAILROAD CROSSING IMPROVEMENTS.**

69.10 Subdivision 1. Credit allowed. An individual or entity operating a railroad is allowed  
69.11 a credit against the liability for tax equal to 50 percent of the expenditures during the taxable  
69.12 year on qualified costs.

69.13 Subd. 2. Definitions. (a) For purposes of this section, the following terms have the  
69.14 meanings given them.

69.15 (b) "Crossing" means a grade crossing as defined in section 219.16.

69.16 (c) "Liability for tax" means the sum of the tax imposed under sections 290.06,  
69.17 subdivision 1 or 2c; and 290.091 for the taxable year, reduced by the sum of the  
69.18 nonrefundable credits allowed under this chapter.

69.19 (d) "Qualified costs" means amounts expended to improve a priority crossing that:

69.20 (1) increase the safety of the crossing by installing, facilitating the installation of, or  
69.21 improving the quality of active traffic signals or controls or by assisting in implementing  
69.22 grade separation for the crossing;

69.23 (2) would qualify for depreciation deductions under section 167(a) of the Internal Revenue  
69.24 Code without regard to whether the improvements are property of the taxpayer; and

69.25 (3) are not required by law to be made by the railroad.

69.26 (e) "Railroad" means a rail carrier as defined in United States Code, title 49, section  
69.27 20102, as amended.

69.28 (f) "Priority crossing" means a crossing that is designated by the commissioner of  
69.29 transportation under subdivision 5.

69.30 Subd. 3. Carryover. The credit for a taxable year must not exceed the taxpayer's liability  
69.31 for tax. If the credit for a taxable year exceeds the liability for tax, the excess is a carryover

70.1 to each of the 15 succeeding taxable years. The entire amount of the excess unused credit  
70.2 for the taxable year must be carried first to the earliest of the taxable years to which the  
70.3 credit may be carried and then to each successive year to which the credit may be carried.  
70.4 The amount of the unused credit that may be added under this subdivision must not exceed  
70.5 the liability for tax less the credit for the taxable year.

70.6 Subd. 4. **Partnerships and S corporations.** For a railroad operated as a partnership, a  
70.7 limited liability company taxed as a partnership, or an S corporation, the credit under this  
70.8 section is passed through to each partner, member, or shareholder in proportion to their  
70.9 share of the entity's net income for the taxable year.

70.10 Subd. 5. **Designation of priority crossings.** (a) By October 1, 2018, the commissioner  
70.11 of transportation shall designate a list of at least 15 priority crossings that qualify for the  
70.12 tax credit under this section and publish the list on the Web site of the Department of  
70.13 Transportation. The list establishes priority crossings, expenditures for which qualify for  
70.14 the tax credit under this section. The commissioner may revise the list of priority crossings  
70.15 as the commissioner determines appropriate, based on changing conditions and circumstances.

70.16 (b) In establishing a list of priority crossings, the commissioner of transportation shall  
70.17 use a methodology for evaluating the priority for and cost-effectiveness of expenditures for  
70.18 improving public safety following or similar to the methods used in preparing the study  
70.19 required by Laws 2014, chapter 312, article 10, section 10, with any modifications or  
70.20 improvements the commissioner determines appropriate.

70.21 (c) Actions of the commissioner of transportation in establishing a list of priority crossings  
70.22 under this subdivision are not an administrative rule subject to the Administrative Procedure  
70.23 Act in chapter 14, including section 14.386.

70.24 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
70.25 31, 2017, and applies to expenditures made after October 1, 2018.

70.26 Sec. 14. Minnesota Statutes 2017 Supplement, section 290.091, subdivision 2, is amended  
70.27 to read:

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

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

70.32 (1) the taxpayer's federal alternative minimum taxable income as defined in section  
70.33 55(b)(2) of the Internal Revenue Code;

- 71.1 (2) the taxpayer's itemized deductions allowed in computing federal alternative minimum  
71.2 taxable income, but excluding:
- 71.3 (i) the charitable contribution deduction under section 170 of the Internal Revenue Code;
- 71.4 (ii) the medical expense deduction;
- 71.5 (iii) the casualty, theft, and disaster loss deduction; and
- 71.6 (iv) the impairment-related work expenses of a disabled person;
- 71.7 (3) for depletion allowances computed under section 613A(c) of the Internal Revenue  
71.8 Code, with respect to each property (as defined in section 614 of the Internal Revenue Code),  
71.9 to the extent not included in federal alternative minimum taxable income, the excess of the  
71.10 deduction for depletion allowable under section 611 of the Internal Revenue Code for the  
71.11 taxable year over the adjusted basis of the property at the end of the taxable year (determined  
71.12 without regard to the depletion deduction for the taxable year);
- 71.13 (4) to the extent not included in federal alternative minimum taxable income, the amount  
71.14 of the tax preference for intangible drilling cost under section 57(a)(2) of the Internal Revenue  
71.15 Code determined without regard to subparagraph (E);
- 71.16 (5) to the extent not included in federal alternative minimum taxable income, the amount  
71.17 of interest income as provided by section 290.0131, subdivision 2; and
- 71.18 (6) the amount of addition required by section 290.0131, subdivisions 9 to 11;
- 71.19 less the sum of the amounts determined under the following:
- 71.20 (i) interest income as defined in section 290.0132, subdivision 2;
- 71.21 (ii) an overpayment of state income tax as provided by section 290.0132, subdivision  
71.22 3, to the extent included in federal alternative minimum taxable income;
- 71.23 (iii) the amount of investment interest paid or accrued within the taxable year on  
71.24 indebtedness to the extent that the amount does not exceed net investment income, as defined  
71.25 in section 163(d)(4) of the Internal Revenue Code. Interest does not include amounts deducted  
71.26 in computing federal adjusted gross income;
- 71.27 (iv) amounts subtracted from federal taxable income as provided by section 290.0132,  
71.28 subdivisions 7, 9 to 15, 17, 21, 24, ~~and 26,~~ and 29; and
- 71.29 (v) the amount of the net operating loss allowed under section 290.095, subdivision 11,  
71.30 paragraph (c).

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

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

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

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

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

72.11 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
72.12 31, 2017.

72.13 Sec. 15. Minnesota Statutes 2017 Supplement, section 290.17, subdivision 4, is amended  
72.14 to read:

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

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

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



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

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

73.12 (f) The net income and apportionment factors under section 290.191 or 290.20 of foreign  
73.13 corporations and other foreign entities, but excluding a disqualified captive insurance  
73.14 company, which are part of a unitary business shall not be included in the net income or  
73.15 the apportionment factors of the unitary business; except that the income and apportionment  
73.16 factors of a foreign entity, other than an entity treated as a C corporation for federal income  
73.17 tax purposes, that are included in the federal taxable income, as defined in section 63 of the  
73.18 Internal Revenue Code as amended through the date named in section 290.01, subdivision  
73.19 19, of a domestic corporation, domestic entity, or individual must be included in determining  
73.20 net income and the factors to be used in the apportionment of net income pursuant to section  
73.21 290.191 or 290.20. A foreign corporation or other foreign entity which is not included on  
73.22 a combined report and which is required to file a return under this chapter shall file on a  
73.23 separate return basis.

73.24 (g) For purposes of determining the net income of a unitary business and the factors to  
73.25 be used in the apportionment of net income pursuant to section 290.191 or 290.20, there  
73.26 must be included only the income and apportionment factors of domestic corporations or  
73.27 other domestic entities that are determined to be part of the unitary business pursuant to this  
73.28 subdivision, notwithstanding that foreign corporations or other foreign entities might be  
73.29 included in the unitary business; except that the income and apportionment factors of a  
73.30 foreign entity, other than an entity treated as a C corporation for federal income tax purposes,  
73.31 that is included in the federal taxable income, as defined in section 63 of the Internal Revenue  
73.32 Code as amended through the date named in section 290.01, subdivision 19, of a domestic  
73.33 corporation, domestic entity, or individual must be included in determining net income and  
73.34 the factors to be used in the apportionment of net income pursuant to section 290.191 or  
73.35 290.20.

74.1 (h) Each corporation or other entity, except a sole proprietorship, that is part of a unitary  
74.2 business must file combined reports as the commissioner determines. On the reports, all  
74.3 intercompany transactions between entities included pursuant to paragraph (g) must be  
74.4 eliminated and the entire net income of the unitary business determined in accordance with  
74.5 this subdivision is apportioned among the entities by using each entity's Minnesota factors  
74.6 for apportionment purposes in the numerators of the apportionment formula and the total  
74.7 factors for apportionment purposes of all entities included pursuant to paragraph (g) in the  
74.8 denominators of the apportionment formula. Except as otherwise provided by paragraph  
74.9 (f), all sales of the unitary business made within this state pursuant to section 290.191 or  
74.10 290.20 must be included on the combined report of a corporation or other entity that is a  
74.11 member of the unitary business and is subject to the jurisdiction of this state to impose tax  
74.12 under this chapter.

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

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

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

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

74.22 ~~(1) licensed to engage in the business of insurance in Minnesota pursuant to chapter~~  
74.23 ~~60A; or~~

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

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

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

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

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

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

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

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

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

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

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

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

75.20 (2) The property consists of the assets of a trade or business or shares of stock or other  
75.21 ownership interests in a corporation or other entity engaged in a trade or business. Shares  
75.22 of stock in a corporation or an ownership interest in another type of entity do not qualify  
75.23 under this subdivision if the shares or ownership interests are traded on a public stock  
75.24 exchange at any time during the three-year period ending on the decedent's date of death.  
75.25 For purposes of this subdivision, an ownership interest includes the interest the decedent is  
75.26 deemed to own under sections 2036, 2037, and 2038 of the Internal Revenue Code.

75.27 (3) During the taxable year that ended before the decedent's death, the trade or business  
75.28 must not have been a passive activity within the meaning of section 469(c) of the Internal  
75.29 Revenue Code, and the decedent or the decedent's spouse must have materially participated  
75.30 in the trade or business within the meaning of section 469(h) of the Internal Revenue Code,  
75.31 excluding section 469(h)(3) of the Internal Revenue Code and any other provision provided

76.1 by United States Treasury Department regulation that substitutes material participation in  
76.2 prior taxable years for material participation in the taxable year that ended before the  
76.3 decedent's death.

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

76.6 (5) The property does not include:

76.7 (i) cash;

76.8 (ii) cash equivalents;

76.9 (iii) publicly traded securities; or

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

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

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

76.23 (8) For three years following the date of death of the decedent, the trade or business is  
76.24 not a passive activity within the meaning of section 469(c) of the Internal Revenue Code,  
76.25 and a family member materially participates in the operation of the trade or business within  
76.26 the meaning of section 469(h) of the Internal Revenue Code, excluding section 469(h)(3)  
76.27 of the Internal Revenue Code and any other provision provided by United States Treasury  
76.28 Department regulation that substitutes material participation in prior taxable years for  
76.29 material participation in the three years following the date of death of the decedent.

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

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

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

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

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

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

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

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

77.21 (5) The property is classified for property tax purposes as class 2a property under section  
77.22 273.13, subdivision 23, for three years following the date of death of the decedent.

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

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

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

77.30 Subd. 11. **Recapture tax.** (a) If, within three years after the decedent's death and before  
77.31 the death of the qualified heir, the qualified heir disposes of any interest in the qualified

78.1 property, other than by a disposition to a family member, or a family member ceases to  
78.2 satisfy the requirement under subdivision 9, clause ~~(7)~~ (8); or 10, clause (5), an additional  
78.3 estate tax is imposed on the property. In the case of a sole proprietor, if the qualified heir  
78.4 replaces qualified small business property excluded under subdivision 9 with similar property,  
78.5 then the qualified heir will not be treated as having disposed of an interest in the qualified  
78.6 property.

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

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

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

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

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

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

78.24 (f) This paragraph applies only to estates of decedents dying after December 31, 2011,  
78.25 and before January 1, 2017, for which no tax liability was reported on the final estate tax  
78.26 return. For purposes of estates qualifying under this paragraph, the amount of the exclusion  
78.27 claimed by the estate for purposes of calculating the tax under paragraph (b) is deemed to  
78.28 be the minimum amount of the exclusion necessary to reduce the amount of estate tax to  
78.29 zero, without regard to the amount of the exclusion actually claimed on the final estate tax  
78.30 return. The provisions of this paragraph expire effective January 1, 2021.

78.31 **EFFECTIVE DATE.** The provisions of this section are effective retroactively for estates  
78.32 of decedents dying after December 31, 2011, and amended returns and claims for refund  
78.33 of recapture tax may be filed without regard to any applicable statute of limitation.

79.1

**ARTICLE 3**

79.2

**SALES AND USE TAXES**

79.3 Section 1. Minnesota Statutes 2016, section 295.50, subdivision 4, is amended to read:

79.4 Subd. 4. **Health care provider.** (a) "Health care provider" means:

79.5 (1) a person whose health care occupation is regulated or required to be regulated by  
79.6 the state of Minnesota furnishing any or all of the following goods or services directly to a  
79.7 patient or consumer: medical, surgical, optical, visual, dental, hearing, nursing services,  
79.8 drugs, laboratory, diagnostic or therapeutic services;

79.9 (2) a person who provides goods and services not listed in clause (1) that qualify for  
79.10 reimbursement under the medical assistance program provided under chapter 256B;

79.11 (3) a staff model health plan company;

79.12 (4) an ambulance service required to be licensed; ~~or~~

79.13 (5) a person who sells or repairs hearing aids and related equipment or prescription  
79.14 eyewear; or

79.15 (6) a massage therapist.

79.16 (b) Health care provider does not include:

79.17 (1) hospitals; medical supplies distributors, except as specified under paragraph (a),  
79.18 clause (5); nursing homes licensed under chapter 144A or licensed in any other jurisdiction;  
79.19 wholesale drug distributors; pharmacies; surgical centers; bus and taxicab transportation,  
79.20 or any other providers of transportation services other than ambulance services required to  
79.21 be licensed; supervised living facilities for persons with developmental disabilities, licensed  
79.22 under Minnesota Rules, parts 4665.0100 to 4665.9900; housing with services establishments  
79.23 required to be registered under chapter 144D; board and lodging establishments providing  
79.24 only custodial services that are licensed under chapter 157 and registered under section  
79.25 157.17 to provide supportive services or health supervision services; adult foster homes as  
79.26 defined in Minnesota Rules, part 9555.5105; day training and habilitation services for adults  
79.27 with developmental disabilities as defined in section 252.41, subdivision 3; boarding care  
79.28 homes, as defined in Minnesota Rules, part 4655.0100; and adult day care centers as defined  
79.29 in Minnesota Rules, part 9555.9600;

79.30 (2) home health agencies as defined in Minnesota Rules, part 9505.0175, subpart 15; a  
79.31 person providing personal care services and supervision of personal care services as defined  
79.32 in Minnesota Rules, part 9505.0335; a person providing home care nursing services as

80.1 defined in Minnesota Rules, part 9505.0360; and home care providers required to be licensed  
80.2 under chapter 144A;

80.3 (3) a person who employs health care providers solely for the purpose of providing  
80.4 patient services to its employees;

80.5 (4) an educational institution that employs health care providers solely for the purpose  
80.6 of providing patient services to its students if the institution does not receive fee for service  
80.7 payments or payments for extended coverage; and

80.8 (5) a person who receives all payments for patient services from health care providers,  
80.9 surgical centers, or hospitals for goods and services that are taxable to the paying health  
80.10 care providers, surgical centers, or hospitals, as provided under section 295.53, subdivision  
80.11 1, clause (3) or (4), or from a source of funds that is exempt from tax under this chapter.

80.12 **EFFECTIVE DATE.** This section is effective for gross revenues received after June  
80.13 30, 2018.

80.14 Sec. 2. Minnesota Statutes 2016, section 295.50, is amended by adding a subdivision to  
80.15 read:

80.16 Subd. 8a. **Massage therapist.** "Massage therapist" means a person providing massage  
80.17 therapy services who registers with the commissioner to pay the tax imposed under section  
80.18 295.52 prior to the calendar quarter in which the massage therapy services are provided.

80.19 **EFFECTIVE DATE.** This section is effective for gross revenues received after June  
80.20 30, 2018.

80.21 Sec. 3. Minnesota Statutes 2016, section 295.50, is amended by adding a subdivision to  
80.22 read:

80.23 Subd. 8b. **Massage therapy services.** (a) "Massage therapy services" or "massage  
80.24 therapy" means a health care service provided by a massage therapist that involves systematic  
80.25 and structured touch and palpation and pressure and movement of the muscles, tendons,  
80.26 ligaments, and fascia, in order to reduce muscle tension, relieve soft tissue pain, improve  
80.27 circulation, increase flexibility, increase activity of the parasympathetic branch of the  
80.28 autonomic nervous system, or promote general wellness.

80.29 (b) Massage therapy services or massage therapy excludes services described in paragraph  
80.30 (a) that are provided by a licensed health care facility or professional or upon written referral  
80.31 from a licensed health care facility or professional for treatment of illness, injury, or disease.



81.1 **EFFECTIVE DATE.** This section is effective for gross revenues received after June  
81.2 30, 2018.

81.3 Sec. 4. Minnesota Statutes 2016, section 295.50, subdivision 9b, is amended to read:

81.4 Subd. 9b. **Patient services.** (a) "Patient services" means inpatient and outpatient services  
81.5 and other goods and services provided by hospitals, surgical centers, or health care providers.  
81.6 They include the following health care goods and services provided to a patient or consumer:

81.7 (1) bed and board;

81.8 (2) nursing services and other related services;

81.9 (3) use of hospitals, surgical centers, or health care provider facilities;

81.10 (4) medical social services;

81.11 (5) drugs, biologicals, supplies, appliances, and equipment;

81.12 (6) other diagnostic or therapeutic items or services;

81.13 (7) medical or surgical services;

81.14 (8) items and services furnished to ambulatory patients not requiring emergency care;

81.15 ~~and~~

81.16 (9) emergency services; and

81.17 (10) massage therapy services.

81.18 (b) "Patient services" does not include:

81.19 (1) services provided to nursing homes licensed under chapter 144A;

81.20 (2) examinations for purposes of utilization reviews, insurance claims or eligibility,  
81.21 litigation, and employment, including reviews of medical records for those purposes;

81.22 (3) services provided to and by community residential mental health facilities licensed  
81.23 under Minnesota Rules, parts 9520.0500 to 9520.0670, and to and by residential treatment  
81.24 programs for children with severe emotional disturbance licensed or certified under chapter  
81.25 245A;

81.26 (4) services provided to and by community support programs and family community  
81.27 support programs approved under Minnesota Rules, parts 9535.1700 to 9535.1760, or  
81.28 certified as mental health rehabilitative services under chapter 256B;

81.29 (5) services provided to and by community mental health centers as defined in section  
81.30 245.62, subdivision 2;

82.1 (6) services provided to and by assisted living programs and congregate housing  
82.2 programs;

82.3 (7) hospice care services;

82.4 (8) home and community-based waived services under sections 256B.0915, 256B.49,  
82.5 and 256B.501;

82.6 (9) targeted case management services under sections 256B.0621; 256B.0625,  
82.7 subdivisions 20, 20a, 33, and 44; and 256B.094; and

82.8 (10) services provided to the following: supervised living facilities for persons with  
82.9 developmental disabilities licensed under Minnesota Rules, parts 4665.0100 to 4665.9900;  
82.10 housing with services establishments required to be registered under chapter 144D; board  
82.11 and lodging establishments providing only custodial services that are licensed under chapter  
82.12 157 and registered under section 157.17 to provide supportive services or health supervision  
82.13 services; adult foster homes as defined in Minnesota Rules, part 9555.5105; day training  
82.14 and habilitation services for adults with developmental disabilities as defined in section  
82.15 252.41, subdivision 3; boarding care homes as defined in Minnesota Rules, part 4655.0100;  
82.16 adult day care services as defined in section 245A.02, subdivision 2a; and home health  
82.17 agencies as defined in Minnesota Rules, part 9505.0175, subpart 15, or licensed under  
82.18 chapter 144A.

82.19 **EFFECTIVE DATE.** This section is effective for gross revenues received after June  
82.20 30, 2018.

82.21 Sec. 5. Minnesota Statutes 2017 Supplement, section 297A.61, subdivision 3, is amended  
82.22 to read:

82.23 Subd. 3. **Sale and purchase.** (a) "Sale" and "purchase" include, but are not limited to,  
82.24 each of the transactions listed in this subdivision. In applying the provisions of this chapter,  
82.25 the terms "tangible personal property" and "retail sale" include the taxable services listed  
82.26 in paragraph (g), clause (6), items (i) to (vi) and (viii), and the provision of these taxable  
82.27 services, unless specifically provided otherwise. Services performed by an employee for  
82.28 an employer are not taxable. Services performed by a partnership or association for another  
82.29 partnership or association are not taxable if one of the entities owns or controls more than  
82.30 80 percent of the voting power of the equity interest in the other entity. Services performed  
82.31 between members of an affiliated group of corporations are not taxable. For purposes of  
82.32 the preceding sentence, "affiliated group of corporations" means those entities that would

83.1 be classified as members of an affiliated group as defined under United States Code, title  
83.2 26, section 1504, disregarding the exclusions in section 1504(b).

83.3 (b) Sale and purchase include:

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

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

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

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

83.14 (1) prepared food sold by the retailer;

83.15 (2) soft drinks;

83.16 (3) candy; and

83.17 (4) dietary supplements.

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

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

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

83.24 (1) the privilege of admission to places of amusement, recreational areas, or athletic  
83.25 events, and the making available of amusement devices, tanning facilities, reducing salons,  
83.26 steam baths, health clubs, and spas or athletic facilities;

83.27 (2) lodging and related services by a hotel, rooming house, resort, campground, motel,  
83.28 or trailer camp, including furnishing the guest of the facility with access to telecommunication  
83.29 services, and the granting of any similar license to use real property in a specific facility,  
83.30 other than the renting or leasing of it for a continuous period of 30 days or more under an  
83.31 enforceable written agreement that may not be terminated without prior notice and including

84.1 accommodations intermediary services provided in connection with other services provided  
84.2 under this clause;

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

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

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

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

84.11 Granting of membership means both onetime initiation fees and periodic membership dues.  
84.12 Sports and athletic facilities include golf courses; tennis, racquetball, handball, and squash  
84.13 courts; basketball and volleyball facilities; running tracks; exercise equipment; swimming  
84.14 pools; and other similar athletic or sports facilities;

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

84.19 (i) public roads;

84.20 (ii) cartways; and

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

84.23 (6) services as provided in this clause:

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

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

84.31 (iii) building and residential cleaning, maintenance, and disinfecting services and pest  
84.32 control and exterminating services;

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

85.7 (v) pet grooming services;

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

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

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

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

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

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

85.32 (k) A sale and a purchase includes the rental of a vehicle by a motor vehicle dealer to a  
85.33 customer when (1) the vehicle is rented by the customer for a consideration, or (2) the motor

86.1 vehicle dealer is reimbursed pursuant to a service contract as defined in section 59B.02,  
86.2 subdivision 11.

86.3 (l) A sale and a purchase includes furnishing for a consideration of specified digital  
86.4 products or other digital products or granting the right for a consideration to use specified  
86.5 digital products or other digital products on a temporary or permanent basis and regardless  
86.6 of whether the purchaser is required to make continued payments for such right. Wherever  
86.7 the term "tangible personal property" is used in this chapter, other than in subdivisions 10  
86.8 and 38, the provisions also apply to specified digital products, or other digital products,  
86.9 unless specifically provided otherwise or the context indicates otherwise.

86.10 (m) The sale of the privilege of admission under section 297A.61, subdivision 3,  
86.11 paragraph (g), clause (1), to a place of amusement, recreational area, or athletic event  
86.12 includes all charges included in the privilege of admission's sales price, without deduction  
86.13 for amenities that may be provided, unless the amenities are separately stated and the  
86.14 purchaser of the privilege of admission is entitled to add or decline the amenities, and the  
86.15 amenities are not otherwise taxable.

86.16 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
86.17 30, 2018.

86.18 Sec. 6. Minnesota Statutes 2017 Supplement, section 297A.67, subdivision 34, is amended  
86.19 to read:

86.20 Subd. 34. **Precious metal bullion and bullion coin.** (a) Precious metal bullion is exempt.  
86.21 For purposes of this subdivision;

86.22 (1) "precious metal bullion" means bars or rounds that consist of 99.9 percent or more  
86.23 by weight of either gold, silver, platinum, or palladium and are marked with weight, purity,  
86.24 and content; and

86.25 (2) "bullion coin" means a coin as described in section 80G.01, subdivision 2.

86.26 (b) The exemption under this subdivision does not apply to sales and purchases of  
86.27 jewelry, works of art, or scrap metal.

86.28 (c) The intent of this subdivision is to eliminate the difference in tax treatment between  
86.29 the sale of precious metal bullion and bullion coin and the sale of stock, bullion ETFs,  
86.30 bonds, and other investment instruments.

86.31 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
86.32 30, 2018.

87.1 Sec. 7. Minnesota Statutes 2016, section 297A.67, is amended by adding a subdivision to  
87.2 read:

87.3 Subd. 37. **Massage therapy.** Massage therapy services subject to tax under section  
87.4 295.52 or provided upon referral from a professional or licensed health care facility for  
87.5 treatment of illness, injury, or disease are exempt.

87.6 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
87.7 30, 2018.

87.8 Sec. 8. Minnesota Statutes 2016, section 297A.67, is amended by adding a subdivision to  
87.9 read:

87.10 Subd. 38. **Certain herbicides.** Purchases of herbicides authorized for use pursuant to  
87.11 an invasive aquatic plant management permit as defined under section 103G.615 are exempt  
87.12 if purchased by a lakeshore property owner, an association of lakeshore property owners  
87.13 organized under chapter 317A, or by a contractor hired by a lakeshore owner or association  
87.14 to provide invasive aquatic plant management under the permit. For purposes of this  
87.15 subdivision, "herbicides" means all herbicides that meet the following requirements:

87.16 (1) are labeled for use in water;

87.17 (2) are registered for use in this state by the Minnesota Department of Agriculture under  
87.18 section 18B.26; and

87.19 (3) are listed as one of the herbicides proposed for use on the invasive aquatic plant  
87.20 management permit.

87.21 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
87.22 30, 2018.

87.23 Sec. 9. Minnesota Statutes 2016, section 297A.67, is amended by adding a subdivision to  
87.24 read:

87.25 Subd. 39. **Ticket purchasing rights to collegiate events.** The sale of the privilege of  
87.26 admission under section 297A.61, subdivision 3, paragraph (g), clause (1), does not include  
87.27 consideration paid for the right to purchase a ticket to a collegiate athletic event in a preferred  
87.28 area, and the sale of the right to purchase a ticket is exempt provided that:

87.29 (1) the consideration paid for the right to purchase in the preferred area is used entirely  
87.30 to support student scholarship costs;

88.1 (2) the consideration paid for the right to purchase in the preferred area is separately  
88.2 stated from the admission price; and

88.3 (3) the admission price is equal to or greater than the highest priced general admission  
88.4 ticket for the closest seat not in the preferred area.

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

88.6 Sec. 10. Minnesota Statutes 2016, section 297A.68, subdivision 29, is amended to read:

88.7 Subd. 29. **Prizes.** (a) Tangible personal property that will be given as prizes to players  
88.8 in games of skill or chance is exempt if:

88.9 (1) the games are conducted at events such as community festivals, fairs, and carnivals  
88.10 and if the events last less than six days; or

88.11 (2) the property is awarded as prizes in connection with lawful gambling as defined in  
88.12 section 349.12.

88.13 (b) This exemption does not apply to property awarded as prizes in connection with  
88.14 lawful gambling as defined in section 349.12 or the State Lottery.

88.15 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
88.16 30, 2018.

88.17 Sec. 11. Minnesota Statutes 2016, section 297A.70, subdivision 7, is amended to read:

88.18 Subd. 7. **Hospitals, outpatient surgical centers, and critical access dental providers.**

88.19 (a) Sales, except for those listed in paragraph (d), to a hospital are exempt, if the items  
88.20 purchased are used in providing hospital services. For purposes of this subdivision, "hospital"  
88.21 means a hospital organized and operated for charitable purposes within the meaning of  
88.22 section 501(c)(3) of the Internal Revenue Code, and licensed under chapter 144 or by any  
88.23 other jurisdiction, and "hospital services" are services authorized or required to be performed  
88.24 by a "hospital" under chapter 144.

88.25 (b) Sales, except for those listed in paragraph (d), to an outpatient surgical center are  
88.26 exempt, if the items purchased are used in providing outpatient surgical services. For purposes  
88.27 of this subdivision, "outpatient surgical center" means an outpatient surgical center organized  
88.28 and operated for charitable purposes within the meaning of section 501(c)(3) of the Internal  
88.29 Revenue Code, and licensed under chapter 144 or by any other jurisdiction. For the purposes  
88.30 of this subdivision, "outpatient surgical services" means: (1) services authorized or required  
88.31 to be performed by an outpatient surgical center under chapter 144; and (2) urgent care. For



89.1 purposes of this subdivision, "urgent care" means health services furnished to a person  
89.2 whose medical condition is sufficiently acute to require treatment unavailable through, or  
89.3 inappropriate to be provided by, a clinic or physician's office, but not so acute as to require  
89.4 treatment in a hospital emergency room.

89.5 (c) Sales, except for those listed in paragraph (d), to a critical access dental provider are  
89.6 exempt, if the items purchased are used in providing critical access dental care services.  
89.7 For the purposes of this subdivision, "critical access dental provider" means a dentist or  
89.8 dental clinic that qualifies under section 256B.76, subdivision 4, paragraph (b), and, in the  
89.9 previous calendar year, had no more than 15 percent of its patients covered by private dental  
89.10 insurance.

89.11 (d) This exemption does not apply to the following products and services:

89.12 (1) purchases made by a clinic, physician's office, or any other medical facility not  
89.13 operating as a hospital, outpatient surgical center, qualifying medical facility, or critical  
89.14 access dental provider, even though the clinic, office, or facility may be owned and operated  
89.15 by a hospital, outpatient surgical center, qualifying medical facility, or critical access dental  
89.16 provider;

89.17 (2) sales under section 297A.61, subdivision 3, paragraph (g), clause (2), and prepared  
89.18 food, candy, and soft drinks;

89.19 (3) building and construction materials used in constructing buildings or facilities that  
89.20 will not be used principally by the hospital, outpatient surgical center, qualifying medical  
89.21 facility, or critical access dental provider;

89.22 (4) building, construction, or reconstruction materials purchased by a contractor or a  
89.23 subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed  
89.24 maximum price covering both labor and materials for use in the construction, alteration, or  
89.25 repair of a hospital, outpatient surgical center, qualifying medical facility, or critical access  
89.26 dental provider; or

89.27 (5) the leasing of a motor vehicle as defined in section 297B.01, subdivision 11.

89.28 (e) A limited liability company also qualifies for exemption under this subdivision if  
89.29 (1) it consists of a sole member that would qualify for the exemption, and (2) the items  
89.30 purchased qualify for the exemption.

89.31 (f) An entity that contains both a hospital and a nonprofit unit may claim this exemption  
89.32 on purchases made for both the hospital and nonprofit unit provided that:

89.33 (1) the nonprofit unit would have qualified for exemption under subdivision 4; and

90.1 (2) the items purchased would have qualified for the exemption.

90.2 (g) Sales, except for those listed in paragraph (d), to a qualifying medical facility are  
90.3 exempt, if the items are purchased or used in providing medical services. For purposes of  
90.4 this subdivision, "qualifying medical facility" means a medical facility as defined in section  
90.5 469.1812, subdivision 2a, that has been granted an abatement of the state general tax under  
90.6 section 469.1817.

90.7 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
90.8 30, 2018.

90.9 Sec. 12. Minnesota Statutes 2017 Supplement, section 297A.70, subdivision 20, is amended  
90.10 to read:

90.11 Subd. 20. **Ice arenas and rinks.** Sales to organizations that exist primarily for the purpose  
90.12 of operating ice arenas or rinks that are (1) part of either the Duluth Heritage Sports Center  
90.13 or the David M. Thaler Sports Center; and (2) are used for youth and high school programs,  
90.14 are exempt if the organization is a private, nonprofit corporation exempt from federal income  
90.15 taxation under section 501(c)(3) of the Internal Revenue Code.

90.16 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
90.17 30, 2018.

90.18 Sec. 13. Minnesota Statutes 2016, section 297A.70, is amended by adding a subdivision  
90.19 to read:

90.20 Subd. 21. **Lawful gambling equipment.** The lease or purchase of gambling equipment,  
90.21 as defined in section 349.12, subdivision 18, by an organization licensed to conduct lawful  
90.22 gambling under chapter 349 is exempt.

90.23 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
90.24 30, 2018.

90.25 Sec. 14. Minnesota Statutes 2016, section 297A.70, is amended by adding a subdivision  
90.26 to read:

90.27 Subd. 22. **Nonprofit conservation clubs.** Sales to nonprofit conservation clubs are  
90.28 exempt. For purposes of this subdivision, a "nonprofit conservation club" means an  
90.29 organization exempt under section 501(c)(3) of the Internal Revenue Code that provides  
90.30 instruction, training, and facilities for shooting handguns or rifles.

91.1 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
91.2 30, 2018.

91.3 Sec. 15. Minnesota Statutes 2016, section 297A.71, is amended by adding a subdivision  
91.4 to read:

91.5 Subd. 51. **Public safety facilities.** Materials and supplies used in and equipment  
91.6 incorporated into construction or remodeling of the following public safety facilities are  
91.7 exempt:

91.8 (1) the construction of a new fire station, which includes firefighting and public safety  
91.9 training facilities, in the city of Inver Grove Heights;

91.10 (2) the construction of a new fire station or the remodeling and expansion of an existing  
91.11 fire station in the city of Virginia;

91.12 (3) the construction of a new fire station on the campus of the Minnetonka City Hall;  
91.13 and

91.14 (4) the remodeling and expansion of an existing police and fire station in Minnetonka  
91.15 to accommodate its use as a police station.

91.16 **EFFECTIVE DATE.** This section is effective for sales and purchases made after the  
91.17 day following final enactment and before January 1, 2021.

91.18 Sec. 16. Minnesota Statutes 2016, section 297A.71, is amended by adding a subdivision  
91.19 to read:

91.20 Subd. 52. **Second Harvest Heartland.** Materials and supplies used or consumed in and  
91.21 equipment incorporated into construction and rehabilitation of the Second Harvest Heartland  
91.22 regional charitable food warehouse, distribution, and office facility in Hennepin County are  
91.23 exempt. The tax must be imposed and collected as if the rate under section 297A.62,  
91.24 subdivision 1, applied and then refunded in the manner provided in section 297A.75.

91.25 **EFFECTIVE DATE.** This section is effective for sales and purchases made after January  
91.26 1, 2018, and before January 1, 2022.

91.27 Sec. 17. Minnesota Statutes 2016, section 297A.71, is amended by adding a subdivision  
91.28 to read:

91.29 Subd. 53. **Nonprofit snowmobile clubs.** Building materials and supplies used by a  
91.30 nonprofit snowmobile club to construct, reconstruct, or maintain or improve state or  
91.31 grant-in-aid snowmobile trails are exempt. A nonprofit snowmobile club is eligible for the

92.1 exemption under this subdivision if it received, in the current year or in the previous  
92.2 three-year period, a state grant-in-aid grant administered by the Department of Natural  
92.3 Resources by applying for the grant with a local unit of government sponsor.

92.4 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
92.5 30, 2018.

92.6 Sec. 18. Minnesota Statutes 2016, section 297A.71, is amended by adding a subdivision  
92.7 to read:

92.8 Subd. 54. **Medical facility in underserved area.** Materials and supplies used or  
92.9 consumed in, and equipment incorporated into, the construction or improvement of real  
92.10 property that has been granted an abatement of the state general tax under section 469.1817  
92.11 are exempt.

92.12 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
92.13 30, 2018.

92.14 Sec. 19. Minnesota Statutes 2016, section 297A.71, is amended by adding a subdivision  
92.15 to read:

92.16 Subd. 55. **Properties destroyed by fire.** Building materials and supplies used in, and  
92.17 equipment incorporated into, the construction or replacement of real property affected by,  
92.18 and capital equipment to replace equipment destroyed in, the fire on March 11, 2018, in the  
92.19 city of Mazeppa are exempt. The tax must be imposed and collected as if the rate under  
92.20 section 297A.62, subdivision 1, applied and then refunded in the manner provided in section  
92.21 297A.75. For purposes of this subdivision, "capital equipment" includes durable equipment  
92.22 used in a restaurant for food storage, preparation, and serving.

92.23 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
92.24 made after March 11, 2018, and before January 1, 2021.

92.25 Sec. 20. Minnesota Statutes 2016, section 297A.71, is amended by adding a subdivision  
92.26 to read:

92.27 Subd. 56. **Former Duluth Central High School.** Materials and supplies used in and  
92.28 equipment incorporated into a private redevelopment project on the site of the former Duluth  
92.29 Central High School are exempt, provided the resulting development is subject to property  
92.30 taxes. The tax must be imposed and collected as if the rate under section 297A.62 applied  
92.31 and then refunded in the manner provided in section 297A.75. The commissioner must not  
92.32 pay more than \$5,000,000 in refunds for purchases exempt under this section. Refunds must

93.1 be processed and issued in the order that complete and accurate applications are received  
93.2 by the commissioner.

93.3 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
93.4 made after June 30, 2018, and before January 1, 2020.

93.5 Sec. 21. Minnesota Statutes 2017 Supplement, section 297A.75, subdivision 1, is amended  
93.6 to read:

93.7 Subdivision 1. **Tax collected.** The tax on the gross receipts from the sale of the following  
93.8 exempt items must be imposed and collected as if the sale were taxable and the rate under  
93.9 section 297A.62, subdivision 1, applied. The exempt items include:

93.10 (1) building materials for an agricultural processing facility exempt under section  
93.11 297A.71, subdivision 13;

93.12 (2) building materials for mineral production facilities exempt under section 297A.71,  
93.13 subdivision 14;

93.14 (3) building materials for correctional facilities under section 297A.71, subdivision 3;

93.15 (4) building materials used in a residence for disabled veterans exempt under section  
93.16 297A.71, subdivision 11;

93.17 (5) elevators and building materials exempt under section 297A.71, subdivision 12;

93.18 (6) materials and supplies for qualified low-income housing under section 297A.71,  
93.19 subdivision 23;

93.20 (7) materials, supplies, and equipment for municipal electric utility facilities under  
93.21 section 297A.71, subdivision 35;

93.22 (8) equipment and materials used for the generation, transmission, and distribution of  
93.23 electrical energy and an aerial camera package exempt under section 297A.68, subdivision  
93.24 37;

93.25 (9) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, paragraph  
93.26 (a), clause (10);

93.27 (10) materials, supplies, and equipment for construction or improvement of projects and  
93.28 facilities under section 297A.71, subdivision 40;

93.29 (11) materials, supplies, and equipment for construction, improvement, or expansion  
93.30 of:

94.1 ~~(i) an aerospace defense manufacturing facility exempt under Minnesota Statutes 2014,~~  
94.2 ~~section 297A.71, subdivision 42;~~

94.3 ~~(ii) a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision~~  
94.4 ~~45;~~

94.5 ~~(iii) a research and development facility exempt under Minnesota Statutes 2014, section~~  
94.6 ~~297A.71, subdivision 46; and~~

94.7 ~~(iv) an industrial measurement manufacturing and controls facility exempt under~~  
94.8 ~~Minnesota Statutes 2014, section 297A.71, subdivision 47;~~

94.9 (12) enterprise information technology equipment and computer software for use in a  
94.10 qualified data center exempt under section 297A.68, subdivision 42;

94.11 (13) materials, supplies, and equipment for qualifying capital projects under section  
94.12 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);

94.13 (14) items purchased for use in providing critical access dental services exempt under  
94.14 section 297A.70, subdivision 7, paragraph (c);

94.15 (15) items and services purchased under a business subsidy agreement for use or  
94.16 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision  
94.17 44;

94.18 (16) building materials, equipment, and supplies for constructing or replacing real  
94.19 property exempt under section 297A.71, ~~subdivision~~ subdivisions 49 and 55; ~~and~~

94.20 (17) building materials, equipment, and supplies for constructing or replacing real  
94.21 property exempt under section 297A.71, subdivision 50, paragraph (b);

94.22 (18) materials, equipment, and supplies for a regional charitable food warehouse,  
94.23 distribution, and office facility exempt under section 297A.71, subdivision 52; and

94.24 (19) materials and supplies used in and equipment incorporated into a private  
94.25 redevelopment project exempt under section 297A.71, subdivision 56.

94.26 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
94.27 30, 2018.

95.1 Sec. 22. Minnesota Statutes 2017 Supplement, section 297A.75, subdivision 2, is amended  
95.2 to read:

95.3 Subd. 2. **Refund; eligible persons.** Upon application on forms prescribed by the  
95.4 commissioner, a refund equal to the tax paid on the gross receipts of the exempt items must  
95.5 be paid to the applicant. Only the following persons may apply for the refund:

95.6 (1) for subdivision 1, clauses (1), (2), and (14), the applicant must be the purchaser;

95.7 (2) for subdivision 1, clause (3), the applicant must be the governmental subdivision;

95.8 (3) for subdivision 1, clause (4), the applicant must be the recipient of the benefits  
95.9 provided in United States Code, title 38, chapter 21;

95.10 (4) for subdivision 1, clause (5), the applicant must be the owner of the homestead  
95.11 property;

95.12 (5) for subdivision 1, clause (6), the owner of the qualified low-income housing project;

95.13 (6) for subdivision 1, clause (7), the applicant must be a municipal electric utility or a  
95.14 joint venture of municipal electric utilities;

95.15 (7) for subdivision 1, clauses (8), (11), (12), and (15), the owner of the qualifying  
95.16 business;

95.17 (8) for subdivision 1, clauses (9), (10), and (13), the applicant must be the governmental  
95.18 entity that owns or contracts for the project or facility; and

95.19 (9) for subdivision 1, ~~clause (16)~~, clauses (16) to (19), the applicant must be the owner  
95.20 or developer of the building or project; ~~and~~.

95.21 ~~(10) for subdivision 1, clause (17), the applicant must be the owner or developer of the~~  
95.22 ~~building or project.~~

95.23 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
95.24 30, 2018.

95.25 Sec. 23. Minnesota Statutes 2017 Supplement, section 297A.75, subdivision 3, is amended  
95.26 to read:

95.27 Subd. 3. **Application.** (a) The application must include sufficient information to permit  
95.28 the commissioner to verify the tax paid. If the tax was paid by a contractor, subcontractor,  
95.29 or builder, under subdivision 1, clauses (3) to (13) or (15) to ~~(17)~~ (19), the contractor,  
95.30 subcontractor, or builder must furnish to the refund applicant a statement including the cost  
95.31 of the exempt items and the taxes paid on the items unless otherwise specifically provided

96.1 by this subdivision. The provisions of sections 289A.40 and 289A.50 apply to refunds under  
96.2 this section.

96.3 (b) An applicant may not file more than two applications per calendar year for refunds  
96.4 for taxes paid on capital equipment exempt under section 297A.68, subdivision 5.

96.5 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
96.6 30, 2018.

96.7 Sec. 24. Minnesota Statutes 2017 Supplement, section 297E.02, subdivision 3, is amended  
96.8 to read:

96.9 Subd. 3. **Collection; disposition.** (a) Taxes imposed by this section are due and payable  
96.10 to the commissioner when the gambling tax return is required to be filed. Distributors must  
96.11 file their monthly sales figures with the commissioner on a form prescribed by the  
96.12 commissioner. Returns covering the taxes imposed under this section must be filed with  
96.13 the commissioner on or before the 20th day of the month following the close of the previous  
96.14 calendar month. The commissioner shall prescribe the content, format, and manner of returns  
96.15 or other documents pursuant to section 270C.30. The proceeds, along with the revenue  
96.16 received from all license fees and other fees under sections 349.11 to 349.191, 349.211,  
96.17 and 349.213, must be paid to the commissioner of management and budget for deposit in  
96.18 the general fund.

96.19 (b) ~~The sales tax imposed by chapter 297A on the sale of pull-tabs and tipboards by the~~  
96.20 ~~distributor is imposed on the retail sales price.~~ The retail sale of pull-tabs or tipboards by  
96.21 the organization is exempt from taxes imposed by chapter 297A and is exempt from all  
96.22 local taxes and license fees except a fee authorized under section 349.16, subdivision 8.

96.23 (c) One-half of one percent of the revenue deposited in the general fund under paragraph  
96.24 (a), is appropriated to the commissioner of human services for the compulsive gambling  
96.25 treatment program established under section 245.98. One-half of one percent of the revenue  
96.26 deposited in the general fund under paragraph (a), is appropriated to the commissioner of  
96.27 human services for a grant to the state affiliate recognized by the National Council on  
96.28 Problem Gambling to increase public awareness of problem gambling, education and training  
96.29 for individuals and organizations providing effective treatment services to problem gamblers  
96.30 and their families, and research relating to problem gambling. Money appropriated by this  
96.31 paragraph must supplement and must not replace existing state funding for these programs.

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



97.1 Sec. 25. Laws 2017, First Special Session chapter 1, article 3, section 32, the effective  
97.2 date, is amended to read:

97.3 **EFFECTIVE DATE.** Paragraph (a) is effective retroactively for sales and purchases  
97.4 made after September 30, 2016, and before January 1, ~~2019~~ 2022. Paragraph (b) is effective  
97.5 for sales and purchases made after September 30, 2016, and before July 1, 2017.

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

97.7 Sec. 26. **MUNICIPALLY OWNED WATER TREATMENT FACILITY; CITY OF**  
97.8 **ELKO NEW MARKET.**

97.9 **Subdivision 1. Exemption.** Materials and supplies used in and equipment incorporated  
97.10 into a water treatment facility owned and operated by the city of Elko New Market are  
97.11 exempt from taxation under Minnesota Statutes, chapter 297A, regardless of whether  
97.12 purchased by the city or a contractor, subcontractor, or builder. All purchases for this facility  
97.13 must be made after June 1, 2014, and before June 1, 2016.

97.14 **Subd. 2. Refund.** The tax on purchases exempt under subdivision 1 must be imposed  
97.15 and collected as if the rate under Minnesota Statutes, section 297A.62, applied, and then  
97.16 refunded in the manner provided in Minnesota Statutes, section 297A.75. The applicant  
97.17 must be the city of Elko New Market. If sales tax has been paid on sales and purchases  
97.18 exempt under this section prior to the effective date of this section, the city of Elko New  
97.19 Market may apply directly to the commissioner of revenue for a refund. The application  
97.20 must be in the form and manner required by the commissioner and provide sufficient  
97.21 information so the commissioner can verify the amount paid. If the tax was paid by a  
97.22 contractor, subcontractor, or builder, the contractor, subcontractor, or builder must furnish  
97.23 to the refund applicant a statement including the cost of the exempt items and the taxes paid  
97.24 on the items. Interest must be paid on the refund at the rate in Minnesota Statutes, section  
97.25 270C.405, from 90 days after the refund claim is filed with the commissioner.

97.26 **Subd. 3. Appropriation.** The amount required to make the refunds under this section  
97.27 is appropriated to the commissioner of revenue.

97.28 **EFFECTIVE DATE.** This section is effective retroactively for purchases made after  
97.29 June 1, 2014, and before June 1, 2016.

98.1       Sec. 27. SALES TAX RATE ADJUSTMENT IF TAX IS IMPOSED ON REMOTE  
98.2 SELLERS.

98.3       Subdivision 1. Definitions. (a) For purposes of this subdivision, the following terms  
98.4 have the meanings given.

98.5       (b) "Day the state begins enforcing a duty to collect and remit sales tax on retailers  
98.6 without a physical presence in this state, and marketplace providers under Minnesota Statutes,  
98.7 section 297A.66, subdivision 4," means the earliest of:

98.8       (i) the first day of a calendar quarter at least 60 days after a decision is made by the  
98.9 United States Supreme Court modifying its decision in Quill Corp. v. North Dakota, 504  
98.10 U.S. 298 (1992) so that a state may require retailers without a physical presence in the state  
98.11 to collect and remit sales tax; or

98.12       (ii) the first day of a calendar quarter at least 60 days after a federal law is enacted  
98.13 authorizing a state to impose a requirement to collect and remit sales tax on retailers without  
98.14 a physical presence in the state.

98.15       Subd. 2. Rate adjustment. (a) The commissioner of revenue must make an adjustment  
98.16 to the sales tax rates in Minnesota Statutes, section 297A.62, subdivisions 1 and 1a, effective  
98.17 for the first day of the calendar quarter beginning 15 months after the day the state begins  
98.18 enforcing a duty to collect and remit sales tax on retailers without a physical presence in  
98.19 this state, and marketplace providers under Minnesota Statutes, section 297A.66, subdivision  
98.20 4. The adjustment must be equal to the reduction necessary to make the total collections  
98.21 under the sales tax revenue neutral as calculated in paragraph (b).

98.22       (b) The adjustment factor for each tax rate must be equal to the ratio by which:

98.23       (1) the revenues collected under Minnesota Statutes, chapter 297A, in the 12-month  
98.24 period immediately preceding the day the state begins enforcing a duty to collect and remit  
98.25 sales tax on retailers without a physical presence in this state, and marketplace providers  
98.26 under Minnesota Statutes, section 297A.66, subdivision 4, multiplied by the projected  
98.27 growth rate in sales tax revenues between the same 12-month period and the time period in  
98.28 clause (2), calculated from data used in preparing the February 2018 forecast; compared to

98.29       (2) the revenues collected under Minnesota Statutes, chapter 297A, in the 12-month  
98.30 period beginning on the day the state begins enforcing a duty to collect and remit sales tax  
98.31 on retailers without a physical presence in this state, and marketplace providers under  
98.32 Minnesota Statutes, section 297A.66, subdivision 4. The ratio cannot be less than one.

99.1 (c) The adjusted rates must be rounded to the nearest one thousandth of one percent and  
99.2 are effective for the first calendar quarter at least 15 months after the day the state begins  
99.3 enforcing a duty to collect and remit sales tax on retailers without a physical presence in  
99.4 this state, and marketplace providers under Minnesota Statutes, section 297A.66, subdivision  
99.5 4. The commissioner of revenue must publish the new tax rates in the State Register at least  
99.6 30 days prior to the rate change going into effect.

99.7 (d) After the commissioner of revenue publishes the new tax rates in the State Register,  
99.8 the revisor of statutes must update the tax rates in Minnesota Statutes, section 297A.62,  
99.9 subdivisions 1 and 1a, in the next edition of Minnesota Statutes.

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

#### 99.11 **ARTICLE 4**

#### 99.12 **PROPERTY TAXES**

99.13 Section 1. Minnesota Statutes 2016, section 272.02, subdivision 49, is amended to read:

99.14 Subd. 49. **Agricultural historical society property.** Property is exempt from taxation  
99.15 if it is owned by a nonprofit charitable or educational organization that qualifies for  
99.16 exemption under section 501(c)(3) of the Internal Revenue Code and meets the following  
99.17 criteria:

99.18 (1) the property is primarily used for storing and exhibiting tools, equipment, and artifacts  
99.19 useful in providing an understanding of local or regional agricultural history. Primary use  
99.20 is determined each year based on the number of days the property is used solely for storage  
99.21 and exhibition purposes;

99.22 (2) the property is limited to a maximum of ~~20~~ 40 acres per owner per county, but  
99.23 includes the land and any taxable structures, fixtures, and equipment on the land;

99.24 (3) the property is not used for a revenue-producing activity for more than ten days in  
99.25 each calendar year; and

99.26 (4) the property is not used for residential purposes on either a temporary or permanent  
99.27 basis.

99.28 **EFFECTIVE DATE.** This section is effective for assessments beginning in 2018.

100.1 Sec. 2. Minnesota Statutes 2016, section 272.02, is amended by adding a subdivision to  
100.2 read:

100.3 Subd. 102. Licensed child care facility. Property used as a licensed child care facility  
100.4 that accepts families participating in the child care assistance program under chapter 119B,  
100.5 and that is owned and operated as part of their mission by a church organization that qualifies  
100.6 for tax exemption under section 272.02, subdivision 6, is exempt. For the purposes of this  
100.7 subdivision, "licensed child care facility" means a child care center licensed under Minnesota  
100.8 Rules, chapter 9503, or a facility used to provide licensed family day care or group family  
100.9 day care as defined under Minnesota Rules, chapter 9502.

100.10 EFFECTIVE DATE. This section is effective beginning with assessment year 2018,  
100.11 for taxes payable in 2019.

100.12 Sec. 3. Minnesota Statutes 2016, section 273.124, subdivision 8, is amended to read:

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

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

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

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

100.32 (ii) each shareholder, member, or partner of the family farm corporation, joint family  
100.33 farm venture, partnership, or limited liability company that is operating the farm is also a

101.1 shareholder, member, or partner of the family farm corporation, joint family farm venture,  
101.2 partnership, or limited liability company that owns the land; and

101.3 (iii) a majority of the shareholders, members, or partners of each family farm corporation,  
101.4 joint family farm venture, partnership, or limited liability company are persons or spouses  
101.5 of persons who are related to each other within the second degree of kindred according to  
101.6 the rules of civil law.

101.7 "Family farm corporation," "family farm," and "partnership operating a family farm"  
101.8 have the meanings given in section 500.24, except that the number of allowable shareholders,  
101.9 members, or partners under this subdivision shall not exceed 12. "Limited liability company"  
101.10 has the meaning contained in sections 322B.03, subdivision 28, or 322C.0102, subdivision  
101.11 12, and 500.24, subdivision 2, paragraphs (l) and (m). "Joint family farm venture" means  
101.12 a cooperative agreement among two or more farm enterprises authorized to operate a family  
101.13 farm under section 500.24.

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

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

101.29 (d) Nonhomestead agricultural property that is owned by a family farm corporation,  
101.30 joint farm venture, limited liability company, or partnership; and located not farther than  
101.31 four townships or cities, or combination thereof, from agricultural land that is owned, and  
101.32 used for the purposes of a homestead by an individual who is a shareholder, member, or  
101.33 partner of the corporation, venture, company, or partnership; is entitled to receive the first  
101.34 tier homestead classification rate on any remaining market value in the first homestead class

102.1 tier that is in excess of the market value of the shareholder's, member's, or partner's class 2  
102.2 agricultural homestead property, if the owner, or someone acting on the owner's behalf  
102.3 notifies the county assessor by July 1 that the property may be eligible under this paragraph  
102.4 for the current assessment year, for taxes payable in the following year. As used in this  
102.5 paragraph, "agricultural property" means property classified as 2a under section 273.13,  
102.6 along with any contiguous property classified as 2b under section 273.13, if the contiguous  
102.7 2a and 2b properties are under the same ownership.

102.8 **EFFECTIVE DATE.** This section is effective for assessments beginning in 2018.

102.9 Sec. 4. Minnesota Statutes 2016, section 273.124, subdivision 14, is amended to read:

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

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

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

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

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

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

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

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

103.1 (2) the owner, the owner's spouse, or a grandchild, child, sibling, or parent of the owner  
103.2 or of the owner's spouse, is actively farming the agricultural property, either on the person's  
103.3 own behalf as an individual or on behalf of a partnership operating a family farm, family  
103.4 farm corporation, joint family farm venture, or limited liability company of which the person  
103.5 is a partner, shareholder, or member;

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

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

103.10 (5) neither the owner nor the person actively farming the agricultural property lives  
103.11 farther than four townships or cities, or a combination of four townships or cities, from the  
103.12 agricultural property, except that if the owner or the owner's spouse is required to live in  
103.13 employer-provided housing, the owner or owner's spouse, whichever is actively farming  
103.14 the agricultural property, may live more than four townships or cities, or combination of  
103.15 four townships or cities from the agricultural property.

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

103.17 ~~(ii) Agricultural property held by a trustee under a trust is eligible for agricultural~~  
103.18 ~~homestead classification under this paragraph if the qualifications in clause (i) are met,~~  
103.19 ~~except that "owner" means the grantor of the trust.~~

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

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

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

104.1 (d) Agricultural land used for purposes of a homestead and actively farmed by a person  
104.2 holding a vested remainder interest in it must be classified as a homestead under section  
104.3 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other  
104.4 dwellings on the land used for purposes of a homestead by persons holding vested remainder  
104.5 interests who are actively engaged in farming the property, and up to one acre of the land  
104.6 surrounding each homestead and reasonably necessary for the use of the dwelling as a home,  
104.7 must also be assessed class 2a.

104.8 (e) Agricultural land and buildings that were class 2a homestead property under section  
104.9 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain classified as  
104.10 agricultural homesteads for subsequent assessments if:

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

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

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

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

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

104.25 (f) Agricultural land and buildings that were class 2a homestead property under section  
104.26 273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain classified  
104.27 agricultural homesteads for subsequent assessments if:

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

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

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



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

105.3 (5) the owner notifies the county assessor that the relocation was due to a March 29,  
105.4 1998, tornado, and the owner furnishes the assessor any information deemed necessary by  
105.5 the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the  
105.6 owner must notify the assessor by December 1, 1998. Further notifications to the assessor  
105.7 are not required if the property continues to meet all the requirements in this paragraph and  
105.8 any dwellings on the agricultural land remain uninhabited.

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

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

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

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

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

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

105.23 Homestead treatment applies under this paragraph even if:

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

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

105.29 (A) the shareholder, member, or partner of the family farm corporation, joint family  
105.30 farm venture, partnership, or limited liability company that owns the land that is actively  
105.31 farming the land is a shareholder, member, or partner of the family farm corporation, joint  
105.32 family farm venture, partnership, or limited liability company that is operating the farm;

106.1 (B) each shareholder, member, or partner of the family farm corporation, joint family  
106.2 farm venture, partnership, or limited liability company that is operating the farm is also a  
106.3 shareholder, member, or partner of the family farm corporation, joint family farm venture,  
106.4 partnership, or limited liability company that owns the land; and

106.5 (C) a majority of the shareholders, members, or partners of each family farm corporation,  
106.6 joint family farm venture, partnership, or limited liability company are persons or spouses  
106.7 of persons who are related to each other within the second degree of kindred according to  
106.8 the rules of civil law.

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

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

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

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

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

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

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

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

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

107.1 (i) Agricultural land and buildings that were class 2a homestead property under section  
107.2 273.13, subdivision 23, paragraph (a), for the 2007 assessment shall remain classified  
107.3 agricultural homesteads for subsequent assessments if:

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

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

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

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

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

107.18 (j) Agricultural land and buildings that were class 2a homestead property under section  
107.19 273.13, subdivision 23, paragraph (a), for the 2008 assessment shall remain classified as  
107.20 agricultural homesteads for subsequent assessments if:

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

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

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

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

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

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

108.3 **EFFECTIVE DATE.** This section is effective beginning for property taxes payable in  
108.4 2019.

108.5 Sec. 5. Minnesota Statutes 2016, section 273.124, subdivision 21, is amended to read:

108.6 Subd. 21. **Trust property; homestead.** Real or personal property, including agricultural  
108.7 property, held by a trustee under a trust is eligible for classification as homestead property  
108.8 if the property satisfies the requirements of paragraph (a), (b), (c), ~~(d)~~, or (e).

108.9 (a) The grantor or surviving spouse of the grantor of the trust occupies and uses the  
108.10 property as a homestead.

108.11 (b) A relative or surviving relative of the grantor who meets the requirements of  
108.12 subdivision 1, paragraph (c), in the case of residential real estate; or subdivision 1, paragraph  
108.13 (d), in the case of agricultural property, occupies and uses the property as a homestead.

108.14 (c) A family farm corporation, joint farm venture, limited liability company, or partnership  
108.15 operating a family farm in which the grantor or the grantor's surviving spouse is a  
108.16 shareholder, member, or partner rents the property; and, either (1) a shareholder, member,  
108.17 or partner of the corporation, joint farm venture, limited liability company, or partnership  
108.18 occupies and uses the property as a homestead; or (2) the property is at least 40 acres,  
108.19 including undivided government lots and correctional 40's, and a shareholder, member, or  
108.20 partner of the tenant-entity is actively farming the property on behalf of the corporation,  
108.21 joint farm venture, limited liability company, or partnership.

108.22 (d) A person who has received homestead classification for property taxes payable in  
108.23 2000 on the basis of an unqualified legal right under the terms of the trust agreement to  
108.24 occupy the property as that person's homestead and who continues to use the property as a  
108.25 homestead; or, a person who received the homestead classification for taxes payable in 2005  
108.26 under paragraph (c) who does not qualify under paragraph (c) for taxes payable in 2006 or  
108.27 thereafter but who continues to qualify under paragraph (c) as it existed for taxes payable  
108.28 in 2005.

108.29 (e) The qualifications under subdivision 14, paragraph (b), clause (i), are met. For  
108.30 purposes of this paragraph, "owner" means the grantor of the trust or the surviving spouse  
108.31 of the grantor.

108.32 (f) For purposes of this subdivision, the following terms have the meanings given them:

109.1 (1) "agricultural property" means the house, garage, other farm buildings and structures,  
109.2 and agricultural land;

109.3 (2) "agricultural land" has the meaning given in section 273.13, subdivision 23, except  
109.4 that the phrases "owned by same person" or "under the same ownership" as used in that  
109.5 subdivision mean and include contiguous tax parcels owned by:

109.6 (i) an individual and a trust of which the individual, the individual's spouse, or the  
109.7 individual's deceased spouse is the grantor; or

109.8 (ii) different trusts of which the grantors of each trust are any combination of an  
109.9 individual, the individual's spouse, or the individual's deceased spouse; and

109.10 ~~For purposes of this subdivision,~~ (3) "grantor" is defined as means the person creating  
109.11 or establishing a testamentary, inter Vivos, revocable or irrevocable trust by written  
109.12 instrument or through the exercise of a power of appointment.

109.13 (g) Noncontiguous land is included as part of a homestead under this subdivision, only  
109.14 if the homestead is classified as class 2a, as defined in section 273.13, subdivision 23, and  
109.15 the detached land is located in the same township or city, or not farther than four townships  
109.16 or cities or combination thereof from the homestead. Any taxpayer of these noncontiguous  
109.17 lands must notify the county assessor by December 15 for taxes payable in the following  
109.18 year that the noncontiguous land is part of the taxpayer's homestead, and, if the homestead  
109.19 is located in another county, the taxpayer must also notify the assessor of the other county.

109.20 **EFFECTIVE DATE.** This section is effective beginning for property taxes payable in  
109.21 2019.

109.22 Sec. 6. Minnesota Statutes 2016, section 273.124, is amended by adding a subdivision to  
109.23 read:

109.24 Subd. 23. **Fractional homesteads.** In the case of property that is classified as part  
109.25 homestead and part nonhomestead solely because not all the owners occupy or farm the  
109.26 property, not all the owners have qualifying relatives occupying or farming the property,  
109.27 or not all the spouses of owners occupy the property, the portions of property classified as  
109.28 part homestead and part nonhomestead must correspond to the ownership percentages that  
109.29 each owner has in the property, as determined by the land records in the county recorder's  
109.30 office or registrar of titles. If the ownership percentages of each owner cannot be determined  
109.31 by reference to the land records, the portions of property classified as part homestead and  
109.32 part nonhomestead must correspond to the ownership percentages each owner would have  
109.33 if they each owned an equal share of the property.

110.1 **EFFECTIVE DATE.** This section is effective for assessments beginning in 2018.

110.2 Sec. 7. Minnesota Statutes 2017 Supplement, section 273.13, subdivision 22, is amended  
110.3 to read:

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

110.9 The first \$500,000 of market value of class 1a property has a net classification rate of  
110.10 one percent of its market value; and the market value of class 1a property that exceeds  
110.11 \$500,000 has a classification rate of 1.25 percent of its market value.

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

110.14 (1) any person who is blind as defined in section 256D.35, or the blind person and the  
110.15 blind person's spouse;

110.16 (2) any person who is permanently and totally disabled or by the disabled person and  
110.17 the disabled person's spouse; or

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

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

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

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

111.1 (c) Class 1c property is commercial use real and personal property that abuts public  
111.2 water as defined in section 103G.005, subdivision 15, or abuts a state trail administered by  
111.3 the Department of Natural Resources, and is devoted to temporary and seasonal residential  
111.4 occupancy for recreational purposes but not devoted to commercial purposes for more than  
111.5 250 days in the year preceding the year of assessment, and that includes a portion used as  
111.6 a homestead by the owner, which includes a dwelling occupied as a homestead by a  
111.7 shareholder of a corporation that owns the resort, a partner in a partnership that owns the  
111.8 resort, or a member of a limited liability company that owns the resort ~~even if, whether the~~  
111.9 title to the homestead is held by the corporation, partnership, or limited liability company,  
111.10 or by a shareholder of a corporation that owns the resort, a partner in a partnership that owns  
111.11 the resort, or a member of a limited liability company that owns the resort. For purposes of  
111.12 this paragraph, property is devoted to a commercial purpose on a specific day if any portion  
111.13 of the property, excluding the portion used exclusively as a homestead, is used for residential  
111.14 occupancy and a fee is charged for residential occupancy. Class 1c property must contain  
111.15 three or more rental units. A "rental unit" is defined as a cabin, condominium, townhouse,  
111.16 sleeping room, or individual camping site equipped with water and electrical hookups for  
111.17 recreational vehicles. Class 1c property must provide recreational activities such as the  
111.18 rental of ice fishing houses, boats and motors, snowmobiles, downhill or cross-country ski  
111.19 equipment; provide marina services, launch services, or guide services; or sell bait and  
111.20 fishing tackle. Any unit in which the right to use the property is transferred to an individual  
111.21 or entity by deeded interest, or the sale of shares or stock, no longer qualifies for class 1c  
111.22 even though it may remain available for rent. A camping pad offered for rent by a property  
111.23 that otherwise qualifies for class 1c is also class 1c, regardless of the term of the rental  
111.24 agreement, as long as the use of the camping pad does not exceed 250 days. If the same  
111.25 owner owns two separate parcels that are located in the same township, and one of those  
111.26 properties is classified as a class 1c property and the other would be eligible to be classified  
111.27 as a class 1c property if it was used as the homestead of the owner, both properties will be  
111.28 assessed as a single class 1c property; for purposes of this sentence, properties are deemed  
111.29 to be owned by the same owner if each of them is owned by a limited liability company,  
111.30 and both limited liability companies have the same membership. The portion of the property  
111.31 used as a homestead is class 1a property under paragraph (a). The remainder of the property  
111.32 is classified as follows: the first \$600,000 of market value is tier I, the next \$1,700,000 of  
111.33 market value is tier II, and any remaining market value is tier III. The classification rates  
111.34 for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25 percent. Owners  
111.35 of real and personal property devoted to temporary and seasonal residential occupancy for  
111.36 recreation purposes in which all or a portion of the property was devoted to commercial

112.1 purposes for not more than 250 days in the year preceding the year of assessment desiring  
112.2 classification as class 1c, must submit a declaration to the assessor designating the cabins  
112.3 or units occupied for 250 days or less in the year preceding the year of assessment by January  
112.4 15 of the assessment year. Those cabins or units and a proportionate share of the land on  
112.5 which they are located must be designated as class 1c as otherwise provided. The remainder  
112.6 of the cabins or units and a proportionate share of the land on which they are located must  
112.7 be designated as class 3a commercial. The owner of property desiring designation as class  
112.8 1c property must provide guest registers or other records demonstrating that the units for  
112.9 which class 1c designation is sought were not occupied for more than 250 days in the year  
112.10 preceding the assessment if so requested. The portion of a property operated as a (1)  
112.11 restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other  
112.12 nonresidential facility operated on a commercial basis not directly related to temporary and  
112.13 seasonal residential occupancy for recreation purposes does not qualify for class 1c.

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

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

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

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

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

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

112.27 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2019.

112.28 Sec. 8. Minnesota Statutes 2017 Supplement, section 273.13, subdivision 23, is amended  
112.29 to read:

112.30 Subd. 23. **Class 2.** (a) An agricultural homestead consists of class 2a agricultural land  
112.31 that is homesteaded, along with any class 2b rural vacant land that is contiguous to the class  
112.32 2a land under the same ownership. The market value of the house and garage and immediately  
112.33 surrounding one acre of land has the same classification rates as class 1a or 1b property



113.1 under subdivision 22. The value of the remaining land including improvements up to the  
113.2 first tier valuation limit of agricultural homestead property has a classification rate of 0.5  
113.3 percent of market value. The remaining property over the first tier has a classification rate  
113.4 of one percent of market value. For purposes of this subdivision, the "first tier valuation  
113.5 limit of agricultural homestead property" and "first tier" means the limit certified under  
113.6 section 273.11, subdivision 23.

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

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

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

113.27 (d) Class 2c managed forest land consists of no less than 20 and no more than 1,920  
113.28 acres statewide per taxpayer that is being managed under a forest management plan that  
113.29 meets the requirements of chapter 290C, but is not enrolled in the sustainable forest resource  
113.30 management incentive program. It has a classification rate of .65 percent, provided that the  
113.31 owner of the property must apply to the assessor in order for the property to initially qualify  
113.32 for the reduced rate and provide the information required by the assessor to verify that the  
113.33 property qualifies for the reduced rate. If the assessor receives the application and information  
113.34 before May 1 in an assessment year, the property qualifies beginning with that assessment  
113.35 year. If the assessor receives the application and information after April 30 in an assessment

114.1 year, the property may not qualify until the next assessment year. The commissioner of  
114.2 natural resources must concur that the land is qualified. The commissioner of natural  
114.3 resources shall annually provide county assessors verification information on a timely basis.  
114.4 The presence of a minor, ancillary nonresidential structure as defined by the commissioner  
114.5 of revenue does not disqualify the property from classification under this paragraph.

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

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

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

114.12 "Agricultural purposes" as used in this section means the raising, cultivation, drying, or  
114.13 storage of agricultural products for sale, or the storage of machinery or equipment used in  
114.14 support of agricultural production by the same farm entity. For a property to be classified  
114.15 as agricultural based only on the drying or storage of agricultural products, the products  
114.16 being dried or stored must have been produced by the same farm entity as the entity operating  
114.17 the drying or storage facility. "Agricultural purposes" also includes (i) enrollment in a local  
114.18 conservation program or the Reinvest in Minnesota program under sections 103F.501 to  
114.19 103F.535 or the federal Conservation Reserve Program as contained in Public Law 99-198  
114.20 or a similar state or federal conservation program if the property was classified as agricultural  
114.21 ~~(A)~~ (A) under this subdivision for taxes payable in 2003 because of its enrollment in a  
114.22 qualifying program and the land remains enrolled or ~~(B)~~ (B) in the year prior to its enrollment,  
114.23 or (ii) use of land, not to exceed the greater of three acres or ten percent of the total land  
114.24 area, to provide environmental benefits such as buffer strips, old growth forest restoration  
114.25 or retention, or retention ponds to prevent soil erosion. For purposes of this section, a "local  
114.26 conservation program" means a program administered by a town, statutory or home rule  
114.27 charter city, or county, including a watershed district, water management organization, or  
114.28 soil and water conservation district, in which landowners voluntarily enroll land and receive  
114.29 incentive payments equal to at least \$50 per acre in exchange for use or other restrictions  
114.30 placed on the land. In order for property to qualify under the local conservation program  
114.31 provision, a taxpayer must apply to the assessor by February 1 of the assessment year and  
114.32 must submit the information required by the assessor, including but not limited to a copy  
114.33 of the program requirements, the specific agreement between the land owner and the local  
114.34 agency, if applicable, and a map of the conservation area. Agricultural classification shall

115.1 not be based upon the market value of any residential structures on the parcel or contiguous  
115.2 parcels under the same ownership.

115.3 "Agricultural purposes" also includes land consisting of a holding pond designed to  
115.4 prevent runoff onto a divided four-lane expressway that is located at least 150 feet above  
115.5 the expressway, as certified by the local soil and water conservation district in accordance  
115.6 with USDA Field Office Technical Guide conservation practice standards, provided that  
115.7 the land is located outside the metropolitan area as defined in section 473.121, and was  
115.8 classified as agricultural in assessment year 2017.

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

115.12 (f) Agricultural land under this section also includes:

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

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

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

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

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

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

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

116.1 Classification under this subdivision is not determinative for qualifying under section  
116.2 273.111.

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

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

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

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

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

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

116.18 (5) game birds and waterfowl bred and raised (i) on a game farm licensed under section  
116.19 97A.105, provided that the annual licensing report to the Department of Natural Resources,  
116.20 which must be submitted annually by March 30 to the assessor, indicates that at least 500  
116.21 birds were raised or used for breeding stock on the property during the preceding year and  
116.22 that the owner provides a copy of the owner's most recent schedule F; or (ii) for use on a  
116.23 shooting preserve licensed under section 97A.115;

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

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

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

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

116.31 (1) wholesale and retail sales;

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

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

117.2 (4) office facilities for the support of the activities enumerated in clauses (1), (2), and  
117.3 (3),

117.4 the assessor shall classify the part of the parcel used for agricultural purposes as class 1b,  
117.5 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use.

117.6 The grading, sorting, and packaging of raw agricultural products for first sale is considered  
117.7 an agricultural purpose. A greenhouse or other building where horticultural or nursery  
117.8 products are grown that is also used for the conduct of retail sales must be classified as  
117.9 agricultural if it is primarily used for the growing of horticultural or nursery products from  
117.10 seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products.  
117.11 Use of a greenhouse or building only for the display of already grown horticultural or nursery  
117.12 products does not qualify as an agricultural purpose.

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

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

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

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

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

117.31 The land contained in a landing area under this paragraph must be described and certified  
117.32 by the commissioner of transportation. The certification is effective until it is modified, or  
117.33 until the airport or landing area no longer meets the requirements of this paragraph. For

118.1 purposes of this paragraph, "public access area" means property used as an aircraft parking  
118.2 ramp, apron, or storage hangar, or an arrival and departure building in connection with the  
118.3 airport.

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

118.11 (1) a legal description of the property;

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

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

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

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

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

119.1 acreage change is five acres, even if the actual mining activity constitutes less than five  
119.2 acres.

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

119.6 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

119.7 Sec. 9. Minnesota Statutes 2017 Supplement, section 273.13, subdivision 25, is amended  
119.8 to read:

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

119.16 (b) Class 4b includes:

119.17 (1) residential real estate containing less than four units that does not qualify as class  
119.18 4bb, other than seasonal residential recreational property;

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

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

119.22 (4) unimproved property that is classified residential as determined under subdivision  
119.23 33.

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

119.25 (c) Class 4bb includes:

119.26 (1) nonhomestead residential real estate containing one unit, other than seasonal  
119.27 residential recreational property;

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

119.30 (3) a condominium-type storage unit having an individual property identification number  
119.31 that is not used for a commercial purpose.

120.1 Class 4bb property has the same classification rates as class 1a property under subdivision  
120.2 22.

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

120.6 (d) Class 4c property includes:

120.7 (1) except as provided in subdivision 22, paragraph (c), real and personal property  
120.8 devoted to commercial temporary and seasonal residential occupancy for recreation purposes,  
120.9 for not more than 250 days in the year preceding the year of assessment. For purposes of  
120.10 this clause, property is devoted to a commercial purpose on a specific day if any portion of  
120.11 the property is used for residential occupancy, and a fee is charged for residential occupancy.  
120.12 Class 4c property under this clause must contain three or more rental units. A "rental unit"  
120.13 is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site  
120.14 equipped with water and electrical hookups for recreational vehicles. A camping pad offered  
120.15 for rent by a property that otherwise qualifies for class 4c under this clause is also class 4c  
120.16 under this clause regardless of the term of the rental agreement, as long as the use of the  
120.17 camping pad does not exceed 250 days. In order for a property to be classified under this  
120.18 clause, either: (i) the business located on the property must provide recreational activities,  
120.19 at least 40 percent of the annual gross lodging receipts related to the property must be from  
120.20 business conducted during 90 consecutive days, and either (A) at least 60 percent of all paid  
120.21 bookings by lodging guests during the year must be for periods of at least two consecutive  
120.22 nights; or (B) at least 20 percent of the annual gross receipts must be from charges for  
120.23 providing recreational activities; ~~or;~~ (ii) the business must contain 20 or fewer rental units,  
120.24 and must be located in a township or a city with a population of 2,500 or less located outside  
120.25 the metropolitan area, as defined under section 473.121, subdivision 2, that contains a portion  
120.26 of a state trail administered by the Department of Natural Resources; or (iii) the facility  
120.27 must consist of no more than five sleeping rooms and must provide an area or areas to  
120.28 prepare meals and to conduct indoor craft or hobby activities. For purposes of item (i)(A),  
120.29 a paid booking of five or more nights shall be counted as two bookings. Class 4c property  
120.30 also includes commercial use real property used exclusively for recreational purposes in  
120.31 conjunction with other class 4c property classified under this clause and devoted to temporary  
120.32 and seasonal residential occupancy for recreational purposes, up to a total of two acres,  
120.33 provided the property is not devoted to commercial recreational use for more than 250 days  
120.34 in the year preceding the year of assessment and is located within two miles of the class 4c  
120.35 property with which it is used. In order for a property to qualify for classification under this



121.1 clause, the owner must submit a declaration to the assessor designating the cabins or units  
121.2 occupied for 250 days or less in the year preceding the year of assessment by January 15  
121.3 of the assessment year. Those cabins or units and a proportionate share of the land on which  
121.4 they are located must be designated class 4c under this clause as otherwise provided. The  
121.5 remainder of the cabins or units and a proportionate share of the land on which they are  
121.6 located will be designated as class 3a. The owner of property desiring designation as class  
121.7 4c property under this clause must provide guest registers or other records demonstrating  
121.8 that the units for which class 4c designation is sought were not occupied for more than 250  
121.9 days in the year preceding the assessment if so requested. The portion of a property operated  
121.10 as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5)  
121.11 other nonresidential facility operated on a commercial basis not directly related to temporary  
121.12 and seasonal residential occupancy for recreation purposes does not qualify for class 4c.  
121.13 For the purposes of this paragraph, "recreational activities" means renting ice fishing houses,  
121.14 boats and motors, snowmobiles, downhill or cross-country ski equipment; providing marina  
121.15 services, launch services, or guide services; or selling bait and fishing tackle;

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

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

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

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

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

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

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

121.33 For purposes of this clause:

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

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

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

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

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

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

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

122.30 (5)(i) manufactured home parks as defined in section 327.14, subdivision 3, excluding  
122.31 manufactured home parks described in items (ii) and (iii), (ii) manufactured home parks as  
122.32 defined in section 327.14, subdivision 3, that are described in section 273.124, subdivision  
122.33 3a, and (iii) class I manufactured home parks as defined in section 327C.01, subdivision  
122.34 13;

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

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

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

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

123.10 If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must be  
123.11 filed by the new owner with the assessor of the county where the property is located within  
123.12 60 days of the sale;

123.13 (8) a privately owned noncommercial aircraft storage hangar not exempt under section  
123.14 272.01, subdivision 2, and the land on which it is located, provided that:

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

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

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

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

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

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

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

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

124.1 (10) real property up to a maximum of three acres and operated as a restaurant as defined  
124.2 under section 157.15, subdivision 12, provided it: (i) is located on a lake as defined under  
124.3 section 103G.005, subdivision 15, paragraph (a), clause (3); and (ii) is either devoted to  
124.4 commercial purposes for not more than 250 consecutive days, or receives at least 60 percent  
124.5 of its annual gross receipts from business conducted during four consecutive months. Gross  
124.6 receipts from the sale of alcoholic beverages must be included in determining the property's  
124.7 qualification under item (ii). The property's primary business must be as a restaurant and  
124.8 not as a bar. Gross receipts from gift shop sales located on the premises must be excluded.  
124.9 Owners of real property desiring 4c classification under this clause must submit an annual  
124.10 declaration to the assessor by February 1 of the current assessment year, based on the  
124.11 property's relevant information for the preceding assessment year;

124.12 (11) lakeshore and riparian property and adjacent land, not to exceed six acres, used as  
124.13 a marina, as defined in section 86A.20, subdivision 5, which is made accessible to the public  
124.14 and devoted to recreational use for marina services. The marina owner must annually provide  
124.15 evidence to the assessor that it provides services, including lake or river access to the public  
124.16 by means of an access ramp or other facility that is either located on the property of the  
124.17 marina or at a publicly owned site that abuts the property of the marina. No more than 800  
124.18 feet of lakeshore may be included in this classification. Buildings used in conjunction with  
124.19 a marina for marina services, including but not limited to buildings used to provide food  
124.20 and beverage services, fuel, boat repairs, or the sale of bait or fishing tackle, are classified  
124.21 as class 3a property; and

124.22 (12) real and personal property devoted to noncommercial temporary and seasonal  
124.23 residential occupancy for recreation purposes.

124.24 Class 4c property has a classification rate of 1.5 percent of market value, except that (i)  
124.25 each parcel of noncommercial seasonal residential recreational property under clause (12)  
124.26 has the same classification rates as class 4bb property, (ii) manufactured home parks assessed  
124.27 under clause (5), item (i), have the same classification rate as class 4b property, the market  
124.28 value of manufactured home parks assessed under clause (5), item (ii), have a classification  
124.29 rate of 0.75 percent if more than 50 percent of the lots in the park are occupied by  
124.30 shareholders in the cooperative corporation or association and a classification rate of one  
124.31 percent if 50 percent or less of the lots are so occupied, and class I manufactured home  
124.32 parks as defined in section 327C.01, subdivision 13, have a classification rate of 1.0 percent,  
124.33 (iii) commercial-use seasonal residential recreational property and marina recreational land  
124.34 as described in clause (11), has a classification rate of one percent for the first \$500,000 of  
124.35 market value, and 1.25 percent for the remaining market value, (iv) the market value of

125.1 property described in clause (4) has a classification rate of one percent, (v) the market value  
125.2 of property described in clauses (2), (6), and (10) has a classification rate of 1.25 percent,  
125.3 (vi) that portion of the market value of property in clause (9) qualifying for class 4c property  
125.4 has a classification rate of 1.25 percent, and (vii) property qualifying for classification under  
125.5 clause (3) that is owned or operated by a congressionally chartered veterans organization  
125.6 has a classification rate of one percent. The commissioner of veterans affairs must provide  
125.7 a list of congressionally chartered veterans organizations to the commissioner of revenue  
125.8 by June 30, 2017, and by January 1, 2018, and each year thereafter.

125.9 (e) Class 4d property is qualifying low-income rental housing certified to the assessor  
125.10 by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion of  
125.11 the units in the building qualify as low-income rental housing units as certified under section  
125.12 273.128, subdivision 3, only the proportion of qualifying units to the total number of units  
125.13 in the building qualify for class 4d. The remaining portion of the building shall be classified  
125.14 by the assessor based upon its use. Class 4d also includes the same proportion of land as  
125.15 the qualifying low-income rental housing units are to the total units in the building. For all  
125.16 properties qualifying as class 4d, the market value determined by the assessor must be based  
125.17 on the normal approach to value using normal unrestricted rents.

125.18 (f) The first tier of market value of class 4d property has a classification rate of 0.75  
125.19 percent. The remaining value of class 4d property has a classification rate of 0.25 percent.  
125.20 For the purposes of this paragraph, the "first tier of market value of class 4d property" means  
125.21 the market value of each housing unit up to the first tier limit. For the purposes of this  
125.22 paragraph, all class 4d property value must be assigned to individual housing units. The  
125.23 first tier limit is \$100,000 for assessment year 2014. For subsequent years, the limit is  
125.24 adjusted each year by the average statewide change in estimated market value of property  
125.25 classified as class 4a and 4d under this section for the previous assessment year, excluding  
125.26 valuation change due to new construction, rounded to the nearest \$1,000, provided, however,  
125.27 that the limit may never be less than \$100,000. Beginning with assessment year 2015, the  
125.28 commissioner of revenue must certify the limit for each assessment year by November 1  
125.29 of the previous year.

125.30 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2019.

125.31 Sec. 10. Minnesota Statutes 2017 Supplement, section 273.13, subdivision 34, is amended  
125.32 to read:

125.33 Subd. 34. **Homestead of disabled veteran or family caregiver.** (a) All or a portion of  
125.34 the market value of property owned by a veteran and serving as the veteran's homestead

126.1 under this section is excluded in determining the property's taxable market value if the  
126.2 veteran has a service-connected disability of 70 percent or more as certified by the United  
126.3 States Department of Veterans Affairs. To qualify for exclusion under this subdivision, the  
126.4 veteran must have been honorably discharged from the United States armed forces, as  
126.5 indicated by United States Government Form DD214 or other official military discharge  
126.6 papers.

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

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

126.11 (c) If a disabled veteran qualifying for a valuation exclusion under paragraph (b), clause  
126.12 (2), predeceases the veteran's spouse, and if upon the death of the veteran the spouse holds  
126.13 the legal or beneficial title to the homestead and permanently resides there, the exclusion  
126.14 shall carry over to the benefit of the veteran's spouse for the current taxes payable year and  
126.15 for eight additional taxes payable years or until such time as the spouse remarries, or sells,  
126.16 transfers, or otherwise disposes of the property, whichever comes first, except as otherwise  
126.17 provided in paragraph (n). Qualification under this paragraph requires an application under  
126.18 paragraph (h), and a spouse must notify the assessor if there is a change in the spouse's  
126.19 marital status, ownership of the property, or use of the property as a permanent residence.

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

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

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

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

127.4 (h) To qualify for a valuation exclusion under this subdivision a property owner must  
127.5 apply to the assessor by ~~July 1~~ December 15 of the first assessment year for which the  
127.6 exclusion is sought. For an application received after ~~July 1~~ December 15, the exclusion  
127.7 shall become effective for the following assessment year. Except as provided in paragraph  
127.8 (c), the owner of a property that has been accepted for a valuation exclusion must notify  
127.9 the assessor if there is a change in ownership of the property or in the use of the property  
127.10 as a homestead. When a property qualifying for a market value exclusion under this  
127.11 subdivision is sold or transferred, the exclusion must be removed for taxes payable in the  
127.12 following year, provided that the new owner may file a claim for an exclusion if eligible.

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

127.15 (j) For purposes of this subdivision:

127.16 (1) "active service" has the meaning given in section 190.05;

127.17 (2) "own" means that the person's name is present as an owner on the property deed;

127.18 (3) "primary family caregiver" means a person who is approved by the secretary of the  
127.19 United States Department of Veterans Affairs for assistance as the primary provider of  
127.20 personal care services for an eligible veteran under the Program of Comprehensive Assistance  
127.21 for Family Caregivers, codified as United States Code, title 38, section 1720G; and

127.22 (4) "veteran" has the meaning given the term in section 197.447.

127.23 (k) If a veteran dying after December 31, 2011, did not apply for or receive the exclusion  
127.24 under paragraph (b), clause (2), before dying, the veteran's spouse is entitled to the benefit  
127.25 under paragraph (b), clause (2), for eight taxes payable years or until the spouse remarries  
127.26 or sells, transfers, or otherwise disposes of the property, except as otherwise provided in  
127.27 paragraph (n), if:

127.28 (1) the spouse files a first-time application within two years of the death of the service  
127.29 member or by June 1, 2019, whichever is later;

127.30 (2) upon the death of the veteran, the spouse holds the legal or beneficial title to the  
127.31 homestead and permanently resides there;

127.32 (3) the veteran met the honorable discharge requirements of paragraph (a); and

128.1 (4) the United States Department of Veterans Affairs certifies that:

128.2 (i) the veteran met the total (100 percent) and permanent disability requirement under  
128.3 paragraph (b), clause (2); or

128.4 (ii) the spouse has been awarded dependency and indemnity compensation.

128.5 (l) The purpose of this provision of law providing a level of homestead property tax  
128.6 relief for gravely disabled veterans, their primary family caregivers, and their surviving  
128.7 spouses is to help ease the burdens of war for those among our state's citizens who bear  
128.8 those burdens most heavily.

128.9 (m) By July 1, the county veterans service officer must certify the disability rating and  
128.10 permanent address of each veteran receiving the benefit under paragraph (b) to the assessor.

128.11 (n) A spouse who received the benefit in paragraph (c), (d), or (k) but no longer holds  
128.12 the legal or beneficial title to the property may continue to receive the exclusion for a  
128.13 property other than the property for which the exclusion was initially granted until the spouse  
128.14 remarries or sells, transfers, or otherwise disposes of the property, provided that:

128.15 (1) the spouse applies under paragraph (h) for the continuation of the exclusion allowed  
128.16 under this paragraph;

128.17 (2) the spouse holds the legal or beneficial title to the property for which the continuation  
128.18 of the exclusion is sought under this paragraph, and permanently resides there;

128.19 (3) the estimated market value of the property for which the exclusion is sought under  
128.20 this paragraph is less than or equal to the estimated market value of the property that first  
128.21 received the exclusion, based on the value of each property on the date of the sale of the  
128.22 property that first received the exclusion; and

128.23 (4) the spouse has not previously received the benefit under this paragraph for a property  
128.24 other than the property for which the exclusion is sought.

128.25 The exclusion for a spouse under this paragraph and paragraph (c), (d), or (k) may not  
128.26 exceed a total of eight taxes payable years.

128.27 **EFFECTIVE DATE.** This section is effective beginning with assessments in 2018, for  
128.28 taxes payable in 2019.

128.29 Sec. 11. Minnesota Statutes 2016, section 273.13, subdivision 35, is amended to read:

128.30 Subd. 35. **Homestead market value exclusion.** (a) Prior to determining a property's  
128.31 net tax capacity under this section, property classified as class 1a or 1b under subdivision



129.1 22, and the portion of property classified as class 2a under subdivision 23 consisting of the  
129.2 house, garage, and surrounding one acre of land, shall be eligible for a market value exclusion  
129.3 as determined under paragraph (b).

129.4 (b) For a homestead valued at \$76,000 or less, the exclusion is 40 percent of market  
129.5 value. For a homestead valued between \$76,000 and \$413,800, the exclusion is \$30,400  
129.6 minus nine percent of the valuation over \$76,000. For a homestead valued at \$413,800 or  
129.7 more, there is no valuation exclusion. The valuation exclusion shall be rounded to the nearest  
129.8 whole dollar, and may not be less than zero.

129.9 (c) Any valuation exclusions or adjustments under section 273.11 shall be applied prior  
129.10 to determining the amount of the valuation exclusion under this subdivision.

129.11 (d) In the case of a property that is classified as part homestead and part nonhomestead,  
129.12 (i) the exclusion shall apply only to the homestead portion of the property, but (ii) if a portion  
129.13 of a property is classified as nonhomestead solely because not all the owners occupy the  
129.14 property, not all the owners have qualifying relatives occupying the property, or solely  
129.15 because not all the spouses of owners occupy the property, the exclusion amount shall be  
129.16 initially computed as if that nonhomestead portion were also in the homestead class and  
129.17 then prorated to the owner-occupant's percentage of ownership, as determined by section  
129.18 273.124, subdivision 23. For the purpose of this section, when an owner-occupant's spouse  
129.19 does not occupy the property, the percentage of ownership for the owner-occupant spouse  
129.20 is one-half of the couple's ownership percentage.

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

129.22 Sec. 12. Minnesota Statutes 2017 Supplement, section 273.1384, subdivision 2, is amended  
129.23 to read:

129.24 Subd. 2. **Agricultural homestead market value credit.** Property classified as agricultural  
129.25 homestead under section 273.13, subdivision 23, paragraph (a), is eligible for an agricultural  
129.26 credit. The credit is computed using the property's agricultural credit market value, defined  
129.27 for this purpose as the property's market value excluding the market value of the house,  
129.28 garage, and immediately surrounding one acre of land. The credit is equal to 0.3 percent of  
129.29 the first \$115,000 of the property's agricultural credit market value plus 0.1 percent of the  
129.30 property's agricultural credit market value in excess of \$115,000, subject to a maximum  
129.31 credit of \$490. In the case of property that is classified as part homestead and part  
129.32 nonhomestead solely because not all the owners occupy or farm the property, not all the  
129.33 owners have qualifying relatives occupying or farming the property, or solely because not  
129.34 all the spouses of owners occupy the property, the credit is computed on the amount of

130.1 agricultural credit market value corresponding to the owner-occupant's percentage of  
130.2 ~~homestead. the percentage of homestead is equal to 100 divided by the number of owners~~  
130.3 ~~of the property, or, in the case of a trust, the number of grantors of the trust that owns the~~  
130.4 ~~property~~ ownership, as determined by section 273.124, subdivision 23.

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

130.6 Sec. 13. Minnesota Statutes 2016, section 275.025, is amended by adding a subdivision  
130.7 to read:

130.8 Subd. 6. **Natural gas pipeline.** (a) Personal property that is part of an intrastate natural  
130.9 gas transportation or distribution pipeline system is exempt from the state general levy if:

130.10 (1) construction of the pipeline system began after January 1, 2018; and

130.11 (2) the property is located in an area:

130.12 (i) outside the seven-county metropolitan area, as defined in section 473.121, subdivision  
130.13 3; and

130.14 (ii) in which households or businesses lacked access to natural gas distribution systems  
130.15 as of January 1, 2018.

130.16 (b) The exemption under this subdivision applies for a period not to exceed 12 years,  
130.17 provided that once a property no longer qualifies, it may not subsequently qualify for the  
130.18 exemption under this subdivision.

130.19 (c) The net tax capacity of property defined under this subdivision must be included in  
130.20 the definition of commercial-industrial tax capacity for the purpose of determining the state  
130.21 general levy tax rate under subdivision 4.

130.22 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2020.

130.23 Sec. 14. Minnesota Statutes 2016, section 275.025, is amended by adding a subdivision  
130.24 to read:

130.25 Subd. 7. **Medical facility in underserved area.** The state general levy for any property  
130.26 qualifying under section 469.1817 is abated. The net tax capacity of the property must be  
130.27 included in the definition of commercial-industrial tax capacity for the purposes of  
130.28 determining the state general levy tax rate under subdivision 4.

130.29 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2019.

131.1 Sec. 15. Minnesota Statutes 2016, section 282.01, subdivision 6, is amended to read:

131.2 Subd. 6. **Duties of commissioner after sale.** (a) When any sale has been made by the  
131.3 county auditor under sections 282.01 to 282.13, the auditor shall immediately certify to the  
131.4 commissioner of revenue such information relating to such sale, on such forms as the  
131.5 commissioner of revenue may prescribe as will enable the commissioner of revenue to  
131.6 prepare an appropriate deed if the sale is for cash, or keep necessary records if the sale is  
131.7 on terms; and not later than October 31 of each year the county auditor shall submit to the  
131.8 commissioner of revenue a statement of all instances wherein any payment of principal,  
131.9 interest, or current taxes on lands held under certificate, due or to be paid during the preceding  
131.10 calendar years, are still outstanding at the time such certificate is made. When such statement  
131.11 shows that a purchaser or the purchaser's assignee is in default, the commissioner of revenue  
131.12 may instruct the county board of the county in which the land is located to cancel said  
131.13 certificate of sale in the manner provided by subdivision 5, provided that upon  
131.14 recommendation of the county board, and where the circumstances are such that the  
131.15 commissioner of revenue after investigation is satisfied that the purchaser has made every  
131.16 effort reasonable to make payment of both the annual installment and said taxes, and that  
131.17 there has been no willful neglect on the part of the purchaser in meeting these obligations,  
131.18 then the commissioner of revenue may extend the time for the payment for such period as  
131.19 the commissioner may deem warranted, not to exceed one year. On payment in full of the  
131.20 purchase price, appropriate conveyance in fee, in such form as may be prescribed by the  
131.21 attorney general, shall be issued by the commissioner of revenue, which conveyance must  
131.22 be recorded by the county and shall have the force and effect of a patent from the state  
131.23 subject to easements and restrictions of record at the date of the tax judgment sale, including,  
131.24 but without limitation, permits for telephone and electric power lines either by underground  
131.25 cable or conduit or otherwise, sewer and water lines, highways, railroads, and pipe lines for  
131.26 gas, liquids, or solids in suspension.

131.27 (b) The commissioner of revenue shall issue an appropriate conveyance in fee (1) upon  
131.28 the approval from the county auditor, or (2) when approval from the county auditor is given  
131.29 based upon written confirmation from a licensed closing agent, title insurer, or title insurance  
131.30 agent as specified in section 82.641. For purposes of this paragraph, "written confirmation"  
131.31 means a written commitment or approval that the funding for the conveyance is held in an  
131.32 escrow account available for disbursement upon delivery of a conveyance. The conveyance  
131.33 issued by the commissioner of revenue shall not be effective as a conveyance until it is  
131.34 recorded. The conveyance shall be issued to the county auditor where the land is located.  
131.35 Upon receipt of the conveyance, the county auditor shall hold the conveyance until the

132.1 conveyance is requested from a licensed closing agent, title insurer, or title insurance agent  
 132.2 to settle and close on the conveyance. If a request for the conveyance is not made within  
 132.3 30 days of the date the conveyance is issued by the commissioner of revenue, the county  
 132.4 auditor shall return the conveyance to the commissioner. If the conveyance is delivered to  
 132.5 the licensed closing agent, title insurer, or title insurance agent and the closing does not  
 132.6 occur within ten days of the request, the licensed closing agent, title insurer, or title insurance  
 132.7 agent shall immediately return the conveyance to the county auditor and, upon receipt, the  
 132.8 county auditor shall return the conveyance to the commissioner of revenue. The commissioner  
 132.9 of revenue shall cancel and destroy all conveyances returned by the county auditor pursuant  
 132.10 to this subdivision. The licensed closing agent, title insurer, or title insurance agent must  
 132.11 promptly record the conveyance after the closing and must deliver an attested or certified  
 132.12 copy to the county auditor and to the grantee or grantees named on the conveyance.

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

132.14 Sec. 16. Minnesota Statutes 2016, section 469.171, subdivision 4, is amended to read:

132.15 Subd. 4. **Restriction.** The tax reductions provided by this section shall not apply to (1)  
 132.16 a facility the primary purpose of which is one of the following: ~~retail food and beverage~~  
 132.17 ~~services, automobile sales or service, or the provision of recreation or entertainment, or a~~  
 132.18 private or commercial golf course, country club, massage parlor, tennis club, skating facility  
 132.19 including roller skating, skateboard, and ice skating, racquet sports facility, including any  
 132.20 handball or racquetball court, hot tub facility, suntan facility, or racetrack; (2) property of  
 132.21 a public utility; (3) property used in the operation of a financial institution; (4) property  
 132.22 owned by a fraternal or veterans' organization; or (5) ~~property of a business operating under~~  
 132.23 ~~a franchise agreement that requires the business to be located in the state; except that tax~~  
 132.24 ~~reductions may be provided to a retail food or beverage facility or an automobile sales or~~  
 132.25 ~~service facility, or a business~~ a retail food or beverage facility operating under a franchise  
 132.26 agreement that requires the business to be located in this state ~~except for such a franchised~~  
 132.27 ~~retail food or beverage facility.~~

132.28 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
 132.29 confirms the legislative intent of the amendment made by Laws 2012, chapter 294, article  
 132.30 2, section 25.

132.31 Sec. 17. Minnesota Statutes 2016, section 469.1812, subdivision 1, is amended to read:

132.32 Subdivision 1. **Scope.** For purposes of sections 469.1812 to ~~469.1815~~ 469.1817, the  
 132.33 following terms have the meanings given.

133.1 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2019.

133.2 Sec. 18. Minnesota Statutes 2016, section 469.1812, is amended by adding a subdivision  
133.3 to read:

133.4 Subd. 2a. **Medical facility.** "Medical facility" means:

133.5 (1) an office, clinic, building, or portion of a building, the primary use of which is the  
133.6 provision of primary or specialty health care services to patients on an outpatient basis, by  
133.7 one or more state-licensed or registered health care providers;

133.8 (2) a birth center licensed under section 144.615;

133.9 (3) a hospital licensed under sections 144.50 to 144.56;

133.10 (4) an urgent care clinic which provides treatment for medical conditions that are not  
133.11 life-threatening or potentially permanently disabling and do not require critical or emergency  
133.12 interventions; or

133.13 (5) an outpatient surgical center licensed under section 144.55.

133.14 **EFFECTIVE DATE.** This section is effective the day following final enactment for  
133.15 taxes payable beginning in 2019 and for sales and purchases made after June 30, 2018.

133.16 Sec. 19. Minnesota Statutes 2016, section 469.1812, is amended by adding a subdivision  
133.17 to read:

133.18 Subd. 2b. **Medically underserved county.** "Medically underserved county" means a  
133.19 county, any portion of which is designated by the federal secretary of health and human  
133.20 services as a medically underserved area or medically underserved population, as defined  
133.21 under Code of Federal Regulations, title 42, section 51C.102. By December 15 of each year,  
133.22 the commissioner of health must certify to the commissioner of revenue the counties that  
133.23 are medically underserved. By December 31 of each year, the commissioner of revenue  
133.24 must certify the list of medically underserved counties to county assessors, for assessments  
133.25 in the following year.

133.26 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2018  
133.27 for taxes payable in 2019. For assessment year 2018, the certification required to be made  
133.28 by the commissioner of health must be made by June 1, 2018, and the certification required  
133.29 to be made by the commissioner of revenue must be made by June 15, 2018.

134.1 Sec. 20. **[469.1817] MEDICALLY UNDERSERVED TAX ABATEMENT AREAS.**

134.2 Subdivision 1. **Qualification.** The state general tax under section 275.025 must be abated  
 134.3 for any property or portion thereof containing a medical facility that has been granted an  
 134.4 abatement under section 469.1813, provided that:

134.5 (1) the facility is located in a medically underserved county at the time the abatement  
 134.6 resolution is adopted;

134.7 (2) the facility is not located in a metropolitan county as defined under section 473.121,  
 134.8 subdivision 4;

134.9 (3) the resolution of one or more governing bodies granting the abatement specifies that  
 134.10 the facility addresses an underserved need for medical services in the area; and

134.11 (4) both the county and the city or town are abating all taxes on the property containing  
 134.12 the facility for at least 15 years.

134.13 Subd. 2. **Duration.** The state general tax is abated for 15 years.

134.14 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2019.

134.15 Sec. 21. Minnesota Statutes 2016, section 473H.08, subdivision 1, is amended to read:

134.16 Subdivision 1. **Till expiration started.** Agricultural preserves shall continue until ~~either~~  
 134.17 the landowner or the authority, or a state agency or governmental unit initiates expiration  
 134.18 as provided in this section.

134.19 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
 134.20 applies to any agricultural preserve where the previously required eight-year termination  
 134.21 period under Minnesota Statutes, section 473H.08, has not yet expired.

134.22 Sec. 22. Minnesota Statutes 2016, section 473H.08, is amended by adding a subdivision  
 134.23 to read:

134.24 Subd. 3a. **Expiration for park and trail purposes.** (a) An agricultural preserve expires  
 134.25 immediately when a state agency or other governmental unit purchases the property or  
 134.26 obtains an easement over the property for the purpose of creating or expanding a public  
 134.27 trail or public park. This subdivision applies only to the portion of the agricultural preserve  
 134.28 acquired for trail or park purposes, and any portion of the property not acquired for trail or  
 134.29 park purposes shall remain an agricultural preserve.

135.1 (b) The acquiring state agency or governmental unit shall give notice to the authority as  
135.2 provided in subdivision 5. The notice must specify the portion of the property being removed  
135.3 from the agricultural preserve and the date on which that portion expires.

135.4 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
135.5 applies to any agricultural preserve where the previously required eight-year termination  
135.6 period under Minnesota Statutes, section 473H.08, has not yet expired.

135.7 Sec. 23. Minnesota Statutes 2016, section 473H.08, subdivision 4, is amended to read:

135.8 Subd. 4. **Notice to others.** Upon receipt of the notice provided in subdivision 2 or 3a,  
135.9 or upon notice served by the authority as provided in subdivision 3, the authority shall  
135.10 forward the original notice to the county recorder for recording, or to the registrar of titles  
135.11 if the land is registered, and shall notify the county auditor, county assessor, the Metropolitan  
135.12 Council, and the county soil and water conservation district of the date of expiration.  
135.13 Designation as an agricultural preserve and all benefits and limitations accruing through  
135.14 sections 473H.02 to 473H.17 for the preserve shall cease on the date of expiration. The  
135.15 restrictive covenant contained in the application shall terminate on the date of expiration.

135.16 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
135.17 applies to any agricultural preserve where the previously required eight-year termination  
135.18 period under Minnesota Statutes, section 473H.08, has not yet expired.

135.19 Sec. 24. Laws 2008, chapter 366, article 5, section 33, the effective date, as amended by  
135.20 Laws 2013, chapter 143, article 4, section 35, is amended to read:

135.21 **EFFECTIVE DATE.** This section is effective for taxes levied in 2008, payable in 2009,  
135.22 and is repealed effective for taxes levied in ~~2018~~ 2023, payable in ~~2019~~ 2024, and thereafter.

135.23 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2019.

135.24 Sec. 25. **ABATEMENT; NONPROFIT PROPERTY.**

135.25 Property taxes payable in 2018 are abated for property that:

135.26 (1) is located in a city of the first class;

135.27 (2) contains a structure of between 9,000 and 10,000 square feet originally built in 1937;

135.28 (3) is owned by an institution of purely public charity exempt from federal income  
135.29 taxation under section 501(c)(3) of the Internal Revenue Code; and

135.30 (4) is developed and operated as a nonprofit community mental health center.

136.1 **EFFECTIVE DATE.** This section is effective for taxes payable in 2018.

136.2 **ARTICLE 5**

136.3 **PROPERTY TAX REFORM**

136.4 Section 1. Minnesota Statutes 2016, section 123A.455, subdivision 1, is amended to read:

136.5 Subdivision 1. **Definitions.** "Split residential property parcel" means a parcel of real  
136.6 estate that is located within the boundaries of more than one school district and that is  
136.7 classified as residential property under:

136.8 ~~(1) section 273.13, subdivision 22, paragraph (a) or (b);~~

136.9 ~~(2) section 273.13, subdivision 25, paragraph (b), clause (1); or~~

136.10 ~~(3) section 273.13, subdivision 25, paragraph (c).~~

136.11 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2020.

136.12 Sec. 2. Minnesota Statutes 2016, section 126C.01, subdivision 3, is amended to read:

136.13 Subd. 3. **Referendum market value.** "Referendum market value" means the market  
136.14 value of all taxable property, excluding property classified as class 2, ~~4c(4), or 4c(12)~~ or  
136.15 4h under section 273.13. ~~The portion of class 2a property consisting of the house, garage,~~  
136.16 ~~and surrounding one acre of land of an agricultural homestead is included in referendum~~  
136.17 ~~market value.~~ For the purposes of this subdivision, in the case of class 1a, 1b, or 2a property  
136.18 qualifying for the exclusion under section 273.13, subdivision 35, "market value" means  
136.19 the value prior to the exclusion ~~under section 273.13, subdivision 35~~. Any class of property,  
136.20 or any portion of a class of property, that is included in the definition of referendum market  
136.21 value and that has a classification rate of less than one percent under section 273.13 shall  
136.22 have a referendum market value equal to its market value times its classification rate,  
136.23 multiplied by 100.

136.24 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2020.

136.25 Sec. 3. Minnesota Statutes 2016, section 270.12, subdivision 2, is amended to read:

136.26 Subd. 2. **Meeting dates; duties.** The board shall meet annually between ~~April 15~~ May  
136.27 1 and June 30 July 1 at the office of the commissioner of revenue and examine and compare  
136.28 the returns of the assessment of the property in the several counties, and equalize the same  
136.29 so that all the taxable property in the state shall be assessed at its market value, subject to  
136.30 the following rules:



137.1 (1) The board shall add to or deduct from the aggregate valuation of the real property  
137.2 of every county, which the board believes to be valued below or above its market value in  
137.3 money, such percent as will bring the same to its market value;

137.4 (2) If the board believes the valuation for a part of a class determined by a range of  
137.5 market value under clause (6) or otherwise, a class, or classes of the real property of any  
137.6 town or district in any county, or the valuation for a part of a class, a class, or classes of the  
137.7 real property of any county not in towns or cities, should be raised or reduced, without  
137.8 raising or reducing the other real property of such county, or without raising or reducing it  
137.9 in the same ratio, the board may add to, or take from, the valuation of a part of a class, a  
137.10 class, or classes in any one or more of such towns or cities, or of the property not in towns  
137.11 or cities, such percent as the board believes will raise or reduce the same to its market value;

137.12 (3) The board shall add to or take from the aggregate valuation of any part of a class, a  
137.13 class, or classes of personal property of any county, town, or city, which the board believes  
137.14 to be valued below or above the market value thereof, such percent as will raise the same  
137.15 to its market value;

137.16 (4) The board shall not reduce the aggregate valuation of all the property of the state,  
137.17 as returned by the several county auditors, more than one percent on the whole valuation  
137.18 thereof;

137.19 (5) When it would be of assistance in equalizing values the board may require any county  
137.20 auditor to furnish statements showing assessments of real and personal property of any  
137.21 individuals, firms, or corporations within the county. The board shall consider and equalize  
137.22 such assessments and may increase the assessment of individuals, firms, or corporations  
137.23 above the amount returned by the county board of equalization when it shall appear to be  
137.24 undervalued, first giving notice to such persons of the intention of the board so to do, which  
137.25 notice shall fix a time and place of hearing. The board shall not decrease any such assessment  
137.26 below the valuation placed by the county board of equalization;

137.27 (6) In equalizing values pursuant to this section, the board shall utilize a 12-month  
137.28 assessment/sales ratio study conducted by the Department of Revenue containing only sales  
137.29 that are filed in the county auditor's office under section 272.115, by November 1 of the  
137.30 previous year and that occurred between October 1 of the year immediately preceding the  
137.31 previous year and September 30 of the previous year.

137.32 The assessment/sales ratio study may separate the values of residential property into  
137.33 market value categories. The board may adjust the market value categories and the number  
137.34 of categories as necessary to create an adequate sample size for each market value category.

138.1 The board may determine the adequate sample size. To the extent practicable, the  
138.2 methodology used in preparing the assessment/sales ratio study must be consistent with the  
138.3 most recent Standard on Assessment Sales Ratio Studies published by the Assessment  
138.4 Standards Committee of the International Association of Assessing Officers. The board  
138.5 may determine the geographic area used in preparing the study to accurately equalize values.  
138.6 A sales ratio study separating residential property into market value categories may not be  
138.7 used as the basis for a petition under chapter 278.

138.8 The sales prices used in the study must be discounted for terms of financing. The board  
138.9 shall use the median ratio as the statistical measure of the level of assessment for any  
138.10 particular category of property; and

138.11 (7) The board shall receive from each county the estimated market values on the  
138.12 assessment date falling within the study period for all parcels by a medium as prescribed  
138.13 by the commissioner of revenue.

138.14 **EFFECTIVE DATE.** This section is effective beginning with assessments in 2020.

138.15 Sec. 4. Minnesota Statutes 2016, section 270.12, subdivision 3, is amended to read:

138.16 Subd. 3. **Jurisdictions in two or more counties.** When a taxing jurisdiction lies in two  
138.17 or more counties, if the sales ratio studies prepared by the Department of Revenue show  
138.18 that the average levels of assessment in the several portions of the taxing jurisdictions in  
138.19 the different counties differ by more than five percent, the board may order the apportionment  
138.20 of the levy. When the sales ratio studies prepared by the Department of Revenue show that  
138.21 the average levels of assessment in the several portions of the taxing jurisdictions in the  
138.22 different counties differ by more than ten percent, the board shall order the apportionment  
138.23 of the levy unless (a) the proportion of total adjusted tax capacity in one of the counties is  
138.24 less than ten percent of the total adjusted tax capacity in the taxing jurisdiction and the  
138.25 average level of assessment in that portion of the taxing jurisdiction is the level which differs  
138.26 by more than five percent from the assessment level in any one of the other portions of the  
138.27 taxing jurisdiction; (b) significant changes have been made in the level of assessment in the  
138.28 taxing jurisdiction which have not been reflected in the sales ratio study, and those changes  
138.29 alter the assessment levels in the portions of the taxing jurisdiction so that the assessment  
138.30 level now differs by five percent or less; or (c) commercial, industrial, mineral, or public  
138.31 utility property predominates in one county within the taxing jurisdiction and another class  
138.32 of property predominates in another county within that same taxing jurisdiction. If one or  
138.33 more of these factors are present, the board may order the apportionment of the levy.

139.1 Notwithstanding any other provision, the levy for the Metropolitan Mosquito Control  
139.2 District, Metropolitan Council, metropolitan transit district, and metropolitan transit area  
139.3 must be apportioned without regard to the percentage difference.

139.4 If, pursuant to this subdivision, the board apportions the levy, then that levy  
139.5 apportionment among the portions in the different counties shall be made in the same  
139.6 proportion as the adjusted tax capacity as determined by the commissioner in each portion  
139.7 is to the total adjusted tax capacity of the taxing jurisdiction.

139.8 For the purposes of this section, the average level of assessment in a taxing jurisdiction  
139.9 or portion thereof shall be the aggregate assessment sales ratio. Tax capacities as determined  
139.10 by the commissioner shall be the tax capacities as determined for the year preceding the  
139.11 year in which the levy to be apportioned is levied.

139.12 Actions pursuant to this subdivision shall be commenced subsequent to the annual  
139.13 meeting on ~~April 15~~ May 1 of the State Board of Equalization, but notice of the action shall  
139.14 be given to the affected jurisdiction and the appropriate county auditors by the following  
139.15 ~~June 30~~ July 1.

139.16 Apportionment of a levy pursuant to this subdivision shall be considered as a remedy  
139.17 to be taken after equalization pursuant to subdivision 2, and when equalization within the  
139.18 jurisdiction would disturb equalization within other jurisdictions of which the several portions  
139.19 of the jurisdiction in question are a part.

139.20 **EFFECTIVE DATE.** This section is effective beginning with assessments in 2020.

139.21 Sec. 5. Minnesota Statutes 2016, section 270.96, subdivision 1, is amended to read:

139.22 Subdivision 1. **Assessors.** Each assessor shall notify the county auditor of the  
139.23 contamination value under section 270.91 by the separate tax rate categories under  
139.24 subdivisions 2, 3, and 4 for each parcel of property within the assessor's jurisdiction. The  
139.25 assessor shall provide notice of the contamination value to the property owner by the later  
139.26 of ~~June~~ May 1 of the assessment year or 30 days after the reduction in market value is finally  
139.27 granted.

139.28 **EFFECTIVE DATE.** This section is effective beginning with assessments in 2020.

139.29 Sec. 6. Minnesota Statutes 2016, section 270C.91, is amended to read:

139.30 **270C.91 RECORD OF PROCEEDINGS CHANGING NET TAX CAPACITY;**  
139.31 **DUTIES OF COUNTY AUDITOR.**

140.1 A record of all proceedings of the commissioner affecting any change in the net tax  
140.2 capacity of any property, as revised by the State Board of Equalization, shall be kept by the  
140.3 commissioner and a copy thereof, duly certified, shall be mailed each year to the auditor of  
140.4 each county wherein such property is situated, on or before ~~June 30~~ July 1 or 30 days after  
140.5 submission of the abstract required by section 270C.89, whichever is later. This record shall  
140.6 specify the amounts or amount, or both, added to or deducted from the net tax capacity of  
140.7 the real property of each of the several towns and cities, and of the real property not in towns  
140.8 or cities, also the percent or amount of both, added to or deducted from the several classes  
140.9 of personal property in each of the towns and cities, and also the amount added to or deducted  
140.10 from the assessment of any person. The county auditor shall add to or deduct from such  
140.11 tract or lot, or portion thereof, of any real property in the county the required percent or  
140.12 amount, or both, on the net tax capacity thereof as it stood after equalized by the county  
140.13 board, adding in each case a fractional sum of 50 cents or more, and deducting in each case  
140.14 any fractional sum of less than 50 cents, so that no net tax capacity of any separate tract or  
140.15 lot shall contain any fraction of a dollar; and add to, or deduct from, the several classes of  
140.16 personal property in the county the required percent or amount, or both, on the net tax  
140.17 capacity thereof as it stood after equalized by the county board, adding or deducting in  
140.18 manner aforesaid any fractional sum so that no net tax capacity of any separate class of  
140.19 personal property shall contain a fraction of a dollar, and add to or deduct from assessment  
140.20 of any person, as they stood after equalization by the county board, the required amounts  
140.21 to agree with the assessments as returned by the commissioner.

140.22 **EFFECTIVE DATE.** This section is effective beginning with assessments in 2020.

140.23 Sec. 7. Minnesota Statutes 2017 Supplement, section 271.21, subdivision 2, is amended  
140.24 to read:

140.25 Subd. 2. **Jurisdiction.** At the election of the taxpayer, the Small Claims Division shall  
140.26 have jurisdiction only in the following matters:

140.27 (a) cases involving valuation, assessment, or taxation of real or personal property, if:

140.28 (i) the issue is a denial of a current year application for the homestead classification for  
140.29 the taxpayer's property;

140.30 (ii) only one parcel is included in the petition, the entire parcel is classified as homestead  
140.31 class ~~1a or 1b~~ 1 under section 273.13, and the parcel contains no more than one dwelling  
140.32 unit;

141.1 (iii) the ~~entire~~ property is classified as agricultural homestead class 2a ~~or 1b~~, a portion  
141.2 of which may be classified as homestead class 1, under section 273.13; or

141.3 (iv) the assessor's estimated market value of the property included in the petition is less  
141.4 than \$300,000; or

141.5 (b) any case not involving valuation, assessment, or taxation of real and personal property  
141.6 in which the amount in controversy does not exceed \$15,000, including penalty and interest.

141.7 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2020.

141.8 Sec. 8. Minnesota Statutes 2016, section 272.025, subdivision 3, is amended to read:

141.9 Subd. 3. **Filing dates.** (a) The statement required by subdivision 1, paragraph (a), must  
141.10 be filed with the assessor by ~~February~~ May 1 of the assessment year, however, any taxpayer  
141.11 who has filed the statement required by subdivision 1 more than 12 months prior to February  
141.12 1, 1983, or February 1 of each third year after 1983, shall file a statement by February 1,  
141.13 1983, and by ~~February~~ May 1 of each third year thereafter.

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

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

141.20 **EFFECTIVE DATE.** This section is effective beginning with assessments in 2020.

141.21 Sec. 9. Minnesota Statutes 2016, section 273.11, subdivision 12, is amended to read:

141.22 Subd. 12. **Community land trusts.** (a) A community land trust, as defined under chapter  
141.23 462A, is (i) a community-based nonprofit corporation organized under chapter 317A, which  
141.24 qualifies for tax exempt status under 501(c)(3), or (ii) a "city" as defined in section 462C.02,  
141.25 subdivision 6, which has received funding from the Minnesota housing finance agency for  
141.26 purposes of the community land trust program. The Minnesota Housing Finance Agency  
141.27 shall set the criteria for community land trusts.

141.28 (b) All occupants of a community land trust building must have a family income of less  
141.29 than 80 percent of the greater of (1) the state median income, or (2) the area or county  
141.30 median income, as most recently determined by the Department of Housing and Urban  
141.31 Development. Before the community land trust can rent or sell a unit to an applicant, the

142.1 community land trust shall verify to the satisfaction of the administering agency or the city  
 142.2 that the family income of each person or family applying for a unit in the community land  
 142.3 trust building is within the income criteria provided in this paragraph. The administering  
 142.4 agency or the city shall verify to the satisfaction of the county assessor that the occupant  
 142.5 meets the income criteria under this paragraph. The property tax benefits under paragraph  
 142.6 (c) shall be granted only to property owned or rented by persons or families within the  
 142.7 qualifying income limits. The family income criteria and verification is only necessary at  
 142.8 the time of initial occupancy in the property.

142.9 (c) A unit which is owned by the occupant and used as a homestead by the occupant  
 142.10 qualifies for homestead treatment as class ~~4a~~ 1 under section 273.13, subdivision 22. A unit  
 142.11 which is rented by the occupant and used as a homestead by the occupant shall be class 4a  
 142.12 or ~~4b~~ nonhomestead class 1 property; under section 273.13, ~~subdivision 25~~, whichever is  
 142.13 applicable. Any remaining portion of the property not used for residential purposes shall  
 142.14 be classified by the assessor in the appropriate class based upon the use of that portion of  
 142.15 the property owned by the community land trust. The land upon which the building is located  
 142.16 shall be assessed at the same classification rate as the units within the building, provided  
 142.17 that if the building contains some units assessed as homestead class 4a 1 and some units  
 142.18 assessed as class 4a or ~~4b~~ nonhomestead class 1, the market value of the land will be assessed  
 142.19 in the same proportions as the value of the building.

142.20 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2020.

142.21 Sec. 10. Minnesota Statutes 2016, section 273.1115, subdivision 2, is amended to read:

142.22 Subd. 2. **Requirement.** Real estate is entitled to valuation under this section only if all  
 142.23 of the following requirements are met:

142.24 (1) the property is classified as class ~~4a, 4b~~ 1, 2a, or 2b property under section 273.13,  
 142.25 subdivisions 22 and 23, or the property is classified as class 2e under section 273.13,  
 142.26 subdivision 23, and immediately before being classified as class 2e was classified as class  
 142.27 ~~4a or 4b~~ 1;

142.28 (2) the property is at least ten contiguous acres, when the application is filed under  
 142.29 subdivision 3;

142.30 (3) the owner has filed a completed application for deferment as specified in subdivision  
 142.31 3 with the county assessor in the county in which the property is located;

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

142.33 (5) a covenant on the land restricts its use as provided in subdivision 3, clause (4).

143.1 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2020.

143.2 Sec. 11. Minnesota Statutes 2016, section 273.112, subdivision 6, is amended to read:

143.3 Subd. 6. **Application.** Application for deferment of taxes and assessment under this  
143.4 section shall be made ~~at least 60 days prior to January 2~~ by November 1 of the year prior  
143.5 to each year for which deferment of taxes and assessment is sought. Such application shall  
143.6 be filed with the assessor of the taxing district in which the real property is located on such  
143.7 form as may be prescribed by the commissioner of revenue. The assessor may require proof  
143.8 by affidavit or other written verification that the property qualifies under subdivision 3. In  
143.9 the case of property operated by private clubs pursuant to subdivision 3, clause (c)(3), in  
143.10 order to qualify for valuation and tax deferment under this section, the taxpayer must submit  
143.11 to the assessor proof by affidavit or other written verification that the bylaws or rules and  
143.12 regulations of the club meet the eligibility requirements provided under this section. The  
143.13 signed affidavit or other written verification shall be sufficient demonstration of eligibility  
143.14 for the assessor unless the county attorney determines otherwise.

143.15 The county assessor shall refer any question regarding the eligibility for valuation and  
143.16 deferment under this section to the county attorney for advice and opinion under section  
143.17 388.051, subdivision 1. Upon request of the county attorney, the taxpayer shall furnish  
143.18 information that the county attorney considers necessary in order to determine eligibility  
143.19 under this section.

143.20 Real estate is not entitled to valuation and deferment under this section unless the county  
143.21 assessor has filed with the assessor's tax records prior to October ~~16~~ 1 a statement that the  
143.22 application has been accepted.

143.23 **EFFECTIVE DATE.** This section is effective beginning with assessments in 2020.

143.24 Sec. 12. Minnesota Statutes 2016, section 273.1231, subdivision 4, is amended to read:

143.25 Subd. 4. **Homestead property.** "Homestead property" means a homestead dwelling that  
143.26 is classified as class ~~1a, 1b, or 2a~~ 1 property or a manufactured home or sectional home  
143.27 used as a homestead and taxed pursuant to section 273.125, subdivision 8, paragraph (b),  
143.28 (c), or (d).

143.29 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2020.

144.1 Sec. 13. Minnesota Statutes 2016, section 273.124, subdivision 1, is amended to read:

144.2 Subdivision 1. **General rule.** (a) Class 1 residential real estate under section 273.13,  
144.3 subdivision 22, that is occupied and used for the purposes of a homestead by its owner, who  
144.4 must be a Minnesota resident, is a residential homestead. In the case of a duplex or triplex  
144.5 in which one of the units is used for homestead purposes, the entire property is deemed to  
144.6 be used for homestead purposes.

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

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

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

144.13 The assessor shall require proof, as provided in subdivision 13, of the facts upon which  
144.14 classification as a homestead may be determined. Notwithstanding any other law, the assessor  
144.15 may at any time require a homestead application to be filed in order to verify that any  
144.16 property classified as a homestead continues to be eligible for homestead status.

144.17 Notwithstanding any other law to the contrary, the Department of Revenue may, upon  
144.18 request from an assessor, verify whether an individual who is requesting or receiving  
144.19 homestead classification has filed a Minnesota income tax return as a resident for the most  
144.20 recent taxable year for which the information is available.

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

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



145.1 (c) Residential real estate that is occupied and used for purposes of a homestead by a  
145.2 relative of the owner is a homestead but only to the extent of the homestead treatment that  
145.3 would be provided if the related owner occupied the property. For purposes of this paragraph  
145.4 and paragraph (g), "relative" means a parent, stepparent, child, stepchild, grandparent,  
145.5 grandchild, brother, sister, uncle, aunt, nephew, or niece. This relationship may be by blood  
145.6 or marriage. Property that has been classified as seasonal residential recreational property  
145.7 at any time during which it has been owned by the current owner or spouse of the current  
145.8 owner will not be reclassified as a homestead unless it is occupied as a homestead by the  
145.9 owner; this prohibition also applies to property that, in the absence of this paragraph, would  
145.10 have been classified as seasonal residential recreational property at the time when the  
145.11 residence was constructed. Neither the related occupant nor the owner of the property may  
145.12 claim a property tax refund under chapter 290A for a homestead occupied by a relative. In  
145.13 the case of a residence located on agricultural land, only the house, garage, and immediately  
145.14 surrounding one acre of land shall be classified as a homestead under this paragraph, except  
145.15 as provided in paragraph (d).

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

145.20 (1) the relative who is occupying the agricultural property is a grandchild, child, sibling,  
145.21 or parent of the owner of the agricultural property or of the spouse of the owner;

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

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

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

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

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

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

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

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

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

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

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

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

147.1 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2020.

147.2 Sec. 14. Minnesota Statutes 2016, section 273.124, subdivision 3a, is amended to read:

147.3 Subd. 3a. **Manufactured home park cooperative.** (a) When a manufactured home park  
147.4 is owned by a corporation or association organized under chapter 308A or 308B, and each  
147.5 person who owns a share or shares in the corporation or association is entitled to occupy a  
147.6 lot within the park, the corporation or association may claim homestead treatment for the  
147.7 park. Each lot must be designated by legal description or number, and each lot is limited to  
147.8 not more than one-half acre of land.

147.9 (b) The manufactured home park shall be entitled to homestead treatment if all of the  
147.10 following criteria are met:

147.11 (1) the occupant or the cooperative corporation or association is paying the ad valorem  
147.12 property taxes and any special assessments levied against the land and structure either  
147.13 directly, or indirectly through dues to the corporation or association; and

147.14 (2) the corporation or association organized under chapter 308A or 308B is wholly  
147.15 owned by persons having a right to occupy a lot owned by the corporation or association.

147.16 (c) A charitable corporation, organized under the laws of Minnesota with no outstanding  
147.17 stock, and granted a ruling by the Internal Revenue Service for 501(c)(3) tax-exempt status,  
147.18 qualifies for homestead treatment with respect to a manufactured home park if its members  
147.19 hold residential participation warrants entitling them to occupy a lot in the manufactured  
147.20 home park.

147.21 (d) "Homestead treatment" under this subdivision means the classification rate provided  
147.22 for class ~~4e 1~~ property ~~classified under section 273.13, subdivision 25, paragraph (d), clause~~  
147.23 ~~(5), item (ii).~~ 273.13, subdivision 22, and the homestead market value exclusion under  
147.24 section 273.13, subdivision 35, does not apply ~~and the property taxes assessed against the~~  
147.25 ~~park shall not be included in the determination of taxes payable for rent paid under section~~  
147.26 ~~290A.03.~~

147.27 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2020.

147.28 Sec. 15. Minnesota Statutes 2016, section 273.124, subdivision 8, is amended to read:

147.29 Subd. 8. **Homestead owned by or leased to family farm corporation, joint farm**  
147.30 **venture, limited liability company, or partnership.** (a) Each family farm corporation;  
147.31 each joint family farm venture; and each limited liability company or partnership which  
147.32 operates a family farm; is entitled to class 1b under section 273.13, subdivision 22, paragraph

148.1 (b), or class 2a assessment for one homestead occupied by a shareholder, member, or partner  
148.2 thereof who is residing on the land, and actively engaged in farming of the land owned by  
148.3 the family farm corporation, joint family farm venture, limited liability company, or  
148.4 partnership. Homestead treatment applies even if:

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

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

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

148.16 (ii) each shareholder, member, or partner of the family farm corporation, joint family  
148.17 farm venture, partnership, or limited liability company that is operating the farm is also a  
148.18 shareholder, member, or partner of the family farm corporation, joint family farm venture,  
148.19 partnership, or limited liability company that owns the land; and

148.20 (iii) a majority of the shareholders, members, or partners of each family farm corporation,  
148.21 joint family farm venture, partnership, or limited liability company are persons or spouses  
148.22 of persons who are related to each other within the second degree of kindred according to  
148.23 the rules of civil law.

148.24 "Family farm corporation," "family farm," and "partnership operating a family farm"  
148.25 have the meanings given in section 500.24, except that the number of allowable shareholders,  
148.26 members, or partners under this subdivision shall not exceed 12. "Limited liability company"  
148.27 has the meaning contained in sections 322B.03, subdivision 28, or 322C.0102, subdivision  
148.28 12, and 500.24, subdivision 2, paragraphs (l) and (m). "Joint family farm venture" means  
148.29 a cooperative agreement among two or more farm enterprises authorized to operate a family  
148.30 farm under section 500.24.

148.31 (b) In addition to property specified in paragraph (a), any other residences owned by  
148.32 family farm corporations, joint family farm ventures, limited liability companies, or  
148.33 partnerships described in paragraph (a) which are located on agricultural land and occupied  
148.34 as homesteads by its shareholders, members, or partners who are actively engaged in farming

149.1 on behalf of that corporation, joint farm venture, limited liability company, or partnership  
149.2 must also be assessed as class 2a property or as class 1b property under section 273.13.

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

149.12 (d) Nonhomestead agricultural property that is owned by a family farm corporation,  
149.13 joint farm venture, limited liability company, or partnership; and located not farther than  
149.14 four townships or cities, or combination thereof, from agricultural land that is owned, and  
149.15 used for the purposes of a homestead by an individual who is a shareholder, member, or  
149.16 partner of the corporation, venture, company, or partnership; is entitled to receive the first  
149.17 tier homestead classification rate on any remaining market value in the first homestead class  
149.18 tier that is in excess of the market value of the shareholder's, member's, or partner's class 2  
149.19 agricultural homestead property, if the owner, or someone acting on the owner's behalf  
149.20 notifies the county assessor by ~~July~~ May 1 that the property may be eligible under this  
149.21 paragraph for the current assessment year, for taxes payable in the following year. As used  
149.22 in this paragraph, "agricultural property" means property classified as 2a under section  
149.23 273.13, along with any contiguous property classified as 2b under section 273.13, if the  
149.24 contiguous 2a and 2b properties are under the same ownership.

149.25 **EFFECTIVE DATE.** This section is effective beginning with assessments in 2020.

149.26 Sec. 16. Minnesota Statutes 2016, section 273.124, subdivision 9, is amended to read:

149.27 Subd. 9. **Homestead established after assessment date.** Any property that was not  
149.28 used for the purpose of a homestead on the assessment date, but which was used for the  
149.29 purpose of a homestead on December 1 of a year, constitutes class 1 or class 2a.

149.30 Any taxpayer meeting the requirements of this subdivision must notify the county  
149.31 assessor, or the assessor who has the powers of the county assessor under section 273.063,  
149.32 in writing, by December ~~15~~ 31 of the year of occupancy in order to qualify under this  
149.33 subdivision. The assessor must not deny full homestead treatment to a property that is

150.1 partially homesteaded on January 2 but occupied for the purpose of a full homestead on  
150.2 December 1 of a year.

150.3 The county assessor and the county auditor may make the necessary changes on their  
150.4 assessment and tax records to provide for proper homestead classification as provided in  
150.5 this subdivision.

150.6 If homestead classification has not been requested as of December ~~15~~ 31, the assessor  
150.7 will classify the property as nonhomestead for the current assessment year for taxes payable  
150.8 in the following year, provided that the owner of any property qualifying under this  
150.9 subdivision, which has not been accorded the benefits of this subdivision, may be entitled  
150.10 to receive homestead classification by proper application as provided in section 375.192.

150.11 ~~The county assessor may publish in a newspaper of general circulation within the county~~  
150.12 ~~a notice requesting the public to file an application for homestead as soon as practicable~~  
150.13 ~~after acquisition of a homestead, but no later than December 15.~~

150.14 The county assessor shall publish in a newspaper of general circulation within the county  
150.15 no later than December 1 of each year a notice informing the public of the requirement to  
150.16 file an application for homestead by December ~~15~~ 31.

150.17 In the case of manufactured homes assessed as personal property, the homestead must  
150.18 be established, and a homestead classification requested, by May ~~29~~ 1 of the assessment  
150.19 year. The assessor may include information on these deadlines for manufactured homes  
150.20 assessed as personal property in the published notice or notices.

150.21 **EFFECTIVE DATE.** This section is effective beginning with assessments in 2020.

150.22 Sec. 17. Minnesota Statutes 2016, section 273.124, subdivision 17, is amended to read:

150.23 Subd. 17. **Owner-occupied motel property.** For purposes of class ~~1a~~ 1 determinations,  
150.24 a homestead includes that portion of property defined as a motel under chapter 157, provided  
150.25 that the person residing in the motel property is using that property as a homestead, is part  
150.26 owner, and is actively engaged in the operation of the motel business. Homestead treatment  
150.27 applies even if legal title to the property is in the name of a corporation or partnership and  
150.28 not in the name of the person residing in the motel. The homestead is limited to that portion  
150.29 of the motel actually occupied by the person.

150.30 A taxpayer meeting the requirements of this subdivision must notify the county assessor,  
150.31 or the assessor who has the powers of the county assessor under section 273.063, in writing,  
150.32 in order to qualify under this subdivision for ~~1a~~ homestead class 1 classification.

151.1 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2020.

151.2 Sec. 18. Minnesota Statutes 2016, section 273.125, subdivision 3, is amended to read:

151.3 Subd. 3. **Tax statements; penalties; collections.** Not later than July ~~15~~ 1 in the year of  
151.4 assessment the county treasurer shall mail to the taxpayer a statement of tax due on a  
151.5 manufactured home. The taxes are due on the last day of August, or 20 days after the  
151.6 postmark date on the envelope containing the property tax statement, whichever is later,  
151.7 except that if the tax exceeds \$50, one-half of the amount due may be paid on August 31,  
151.8 or 20 days after the postmark date on the envelope containing the property tax statement,  
151.9 whichever is later, and the remainder on November 15. Taxes remaining unpaid after the  
151.10 due date are delinquent, and a penalty of eight percent must be assessed and collected as  
151.11 part of the unpaid taxes. The tax statement must contain a sentence notifying the taxpayer  
151.12 that the title to the manufactured home cannot be transferred unless the property taxes are  
151.13 paid.

151.14 **EFFECTIVE DATE.** This section is effective beginning with assessments in 2020.

151.15 Sec. 19. Minnesota Statutes 2016, section 273.128, subdivision 1, is amended to read:

151.16 Subdivision 1. **Requirement.** Low-income rental property classified as class ~~4d~~ 4i under  
151.17 section 273.13, subdivision 25, is entitled to valuation under this section if at least 20 percent  
151.18 of the units in the rental housing property meet any of the following qualifications:

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

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

151.23 (3) the units are financed by the Rural Housing Service of the United States Department  
151.24 of Agriculture and receive payments under the rental assistance program pursuant to section  
151.25 521(a) of the Housing Act of 1949, as amended; or

151.26 (4) the units are subject to rent and income restrictions under the terms of financial  
151.27 assistance provided to the rental housing property by the federal government or the state of  
151.28 Minnesota, or a local unit of government, as evidenced by a document recorded against the  
151.29 property.

151.30 The restrictions must require assisted units to be occupied by residents whose household  
151.31 income at the time of initial occupancy does not exceed 60 percent of the greater of area or  
151.32 state median income, adjusted for family size, as determined by the United States Department

152.1 of Housing and Urban Development. The restriction must also require the rents for assisted  
152.2 units to not exceed 30 percent of 60 percent of the greater of area or state median income,  
152.3 adjusted for family size, as determined by the United States Department of Housing and  
152.4 Urban Development.

152.5 **EFFECTIVE DATE.** This section is effective beginning for property taxes payable in  
152.6 2020.

152.7 Sec. 20. Minnesota Statutes 2017 Supplement, section 273.13, subdivision 22, is amended  
152.8 to read:

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

152.14 Class 1 property is residential real estate containing fewer than four dwelling units. The  
152.15 first \$500,000 of taxable market value of class 1a property has a net classification rate of  
152.16 one percent of its market value;<sup>2</sup> and the taxable market value of class 1a property that  
152.17 exceeds \$500,000 has a classification rate of 1.25 percent of its market value.

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

152.20 ~~(1) any person who is blind as defined in section 256D.35, or the blind person and the~~  
152.21 ~~blind person's spouse;~~

152.22 ~~(2) any person who is permanently and totally disabled or by the disabled person and~~  
152.23 ~~the disabled person's spouse; or~~

152.24 ~~(3) the surviving spouse of a permanently and totally disabled veteran homesteading a~~  
152.25 ~~property classified under this paragraph for taxes payable in 2008.~~

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

152.30 ~~Property is classified and assessed under paragraph (b) only if the commissioner of~~  
152.31 ~~revenue or the county assessor certifies that the homestead occupant satisfies the requirements~~  
152.32 ~~of this paragraph.~~



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

153.7 ~~(e) Class 1e property is commercial use real and personal property that abuts public~~  
153.8 ~~water as defined in section 103G.005, subdivision 15, or abuts a state trail administered by~~  
153.9 ~~the Department of Natural Resources, and is devoted to temporary and seasonal residential~~  
153.10 ~~occupancy for recreational purposes but not devoted to commercial purposes for more than~~  
153.11 ~~250 days in the year preceding the year of assessment, and that includes a portion used as~~  
153.12 ~~a homestead by the owner, which includes a dwelling occupied as a homestead by a~~  
153.13 ~~shareholder of a corporation that owns the resort, a partner in a partnership that owns the~~  
153.14 ~~resort, or a member of a limited liability company that owns the resort even if the title to~~  
153.15 ~~the homestead is held by the corporation, partnership, or limited liability company. For~~  
153.16 ~~purposes of this paragraph, property is devoted to a commercial purpose on a specific day~~  
153.17 ~~if any portion of the property, excluding the portion used exclusively as a homestead, is~~  
153.18 ~~used for residential occupancy and a fee is charged for residential occupancy. Class 1e~~  
153.19 ~~property must contain three or more rental units. A "rental unit" is defined as a cabin,~~  
153.20 ~~condominium, townhouse, sleeping room, or individual camping site equipped with water~~  
153.21 ~~and electrical hookups for recreational vehicles. Class 1e property must provide recreational~~  
153.22 ~~activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill~~  
153.23 ~~or cross-country ski equipment; provide marina services, launch services, or guide services;~~  
153.24 ~~or sell bait and fishing tackle. Any unit in which the right to use the property is transferred~~  
153.25 ~~to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies~~  
153.26 ~~for class 1e even though it may remain available for rent. A camping pad offered for rent~~  
153.27 ~~by a property that otherwise qualifies for class 1e is also class 1e, regardless of the term of~~  
153.28 ~~the rental agreement, as long as the use of the camping pad does not exceed 250 days. If~~  
153.29 ~~the same owner owns two separate parcels that are located in the same township, and one~~  
153.30 ~~of those properties is classified as a class 1e property and the other would be eligible to be~~  
153.31 ~~classified as a class 1e property if it was used as the homestead of the owner, both properties~~  
153.32 ~~will be assessed as a single class 1e property; for purposes of this sentence, properties are~~  
153.33 ~~deemed to be owned by the same owner if each of them is owned by a limited liability~~  
153.34 ~~company, and both limited liability companies have the same membership. The portion of~~  
153.35 ~~the property used as a homestead is class 1a property under paragraph (a). The remainder~~  
153.36 ~~of the property is classified as follows: the first \$600,000 of market value is tier I, the next~~

154.1 ~~\$1,700,000 of market value is tier II, and any remaining market value is tier III. The~~  
154.2 ~~classification rates for class 1e are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25~~  
154.3 ~~percent. Owners of real and personal property devoted to temporary and seasonal residential~~  
154.4 ~~occupancy for recreation purposes in which all or a portion of the property was devoted to~~  
154.5 ~~commercial purposes for not more than 250 days in the year preceding the year of assessment~~  
154.6 ~~desiring classification as class 1e, must submit a declaration to the assessor designating the~~  
154.7 ~~cabins or units occupied for 250 days or less in the year preceding the year of assessment~~  
154.8 ~~by January 15 of the assessment year. Those cabins or units and a proportionate share of~~  
154.9 ~~the land on which they are located must be designated as class 1e as otherwise provided.~~  
154.10 ~~The remainder of the cabins or units and a proportionate share of the land on which they~~  
154.11 ~~are located must be designated as class 3a commercial. The owner of property desiring~~  
154.12 ~~designation as class 1e property must provide guest registers or other records demonstrating~~  
154.13 ~~that the units for which class 1e designation is sought were not occupied for more than 250~~  
154.14 ~~days in the year preceding the assessment if so requested. The portion of a property operated~~  
154.15 ~~as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5)~~  
154.16 ~~other nonresidential facility operated on a commercial basis not directly related to temporary~~  
154.17 ~~and seasonal residential occupancy for recreation purposes does not qualify for class 1e.~~

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

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

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

154.25 ~~(3) the structure meets all applicable health and safety requirements for the appropriate~~  
154.26 ~~season; and~~

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

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

154.31 ~~**EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2020.~~

155.1 Sec. 21. Minnesota Statutes 2017 Supplement, section 273.13, subdivision 23, is amended  
155.2 to read:

155.3 Subd. 23. **Class 2.** (a) An agricultural homestead consists of class 2a agricultural land  
155.4 and buildings that is are homesteaded, along with any class 2b rural vacant land that is  
155.5 contiguous to the class 2a land under the same ownership. ~~The market value of the house~~  
155.6 ~~and garage and immediately surrounding one acre of land has the same classification rates~~  
155.7 ~~as class 1a or 1b property under subdivision 22.~~ The value of the remaining land including  
155.8 improvements up to the first tier valuation limit of agricultural homestead property has a  
155.9 classification rate of 0.5 percent of market value. The remaining property over the first tier  
155.10 has a classification rate of one percent of market value. For purposes of this subdivision,  
155.11 the "first tier valuation limit of agricultural homestead property" and "first tier" means the  
155.12 limit certified under section 273.11, subdivision 23.

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

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

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

155.33 (d) Class 2c managed forest land consists of no less than 20 and no more than 1,920  
155.34 acres statewide per taxpayer that is being managed under a forest management plan that

156.1 meets the requirements of chapter 290C, but is not enrolled in the sustainable forest resource  
156.2 management incentive program. It has a classification rate of .65 percent, provided that the  
156.3 owner of the property must apply to the assessor in order for the property to initially qualify  
156.4 for the reduced rate and provide the information required by the assessor to verify that the  
156.5 property qualifies for the reduced rate. If the assessor receives the application and information  
156.6 before May 1 in an assessment year, the property qualifies beginning with that assessment  
156.7 year. If the assessor receives the application and information after April 30 in an assessment  
156.8 year, the property may not qualify until the next assessment year. The commissioner of  
156.9 natural resources must concur that the land is qualified. The commissioner of natural  
156.10 resources shall annually provide county assessors verification information on a timely basis.  
156.11 The presence of a minor, ancillary nonresidential structure as defined by the commissioner  
156.12 of revenue does not disqualify the property from classification under this paragraph.

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

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

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

156.19 "Agricultural purposes" as used in this section means the raising, cultivation, drying, or  
156.20 storage of agricultural products for sale, or the storage of machinery or equipment used in  
156.21 support of agricultural production by the same farm entity. For a property to be classified  
156.22 as agricultural based only on the drying or storage of agricultural products, the products  
156.23 being dried or stored must have been produced by the same farm entity as the entity operating  
156.24 the drying or storage facility. "Agricultural purposes" also includes (i) enrollment in a local  
156.25 conservation program or the Reinvest in Minnesota program under sections 103F.501 to  
156.26 103F.535 or the federal Conservation Reserve Program as contained in Public Law 99-198  
156.27 or a similar state or federal conservation program if the property was classified as agricultural  
156.28 ~~(i)~~ (A) under this subdivision for taxes payable in 2003 because of its enrollment in a  
156.29 qualifying program and the land remains enrolled or ~~(ii)~~ (B) in the year prior to its enrollment,  
156.30 or (ii) use of land, not to exceed the greater of three acres or ten percent of the total land  
156.31 area, to provide environmental benefits such as buffer strips, old growth forest restoration  
156.32 or retention, or retention ponds to prevent soil erosion. For purposes of this section, a "local  
156.33 conservation program" means a program administered by a town, statutory or home rule  
156.34 charter city, or county, including a watershed district, water management organization, or  
156.35 soil and water conservation district, in which landowners voluntarily enroll land and receive

157.1 incentive payments equal to at least \$50 per acre in exchange for use or other restrictions  
157.2 placed on the land. In order for property to qualify under the local conservation program  
157.3 provision, a taxpayer must apply to the assessor by February 1 of the assessment year and  
157.4 must submit the information required by the assessor, including but not limited to a copy  
157.5 of the program requirements, the specific agreement between the land owner and the local  
157.6 agency, if applicable, and a map of the conservation area. Agricultural classification shall  
157.7 not be based upon the market value of any residential structures on the parcel or contiguous  
157.8 parcels under the same ownership.

157.9 "Agricultural purposes" also includes land consisting of a holding pond designed to  
157.10 prevent runoff onto a divided four-lane expressway that is located at least 150 feet above  
157.11 the expressway, as certified by the local soil and water conservation district in accordance  
157.12 with USDA Field Office Technical Guide conservation practice standards, provided that  
157.13 the land is located outside the metropolitan area as defined in section 473.121, and was  
157.14 classified as agricultural in assessment year 2017.

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

157.18 (f) Agricultural land under this section also includes:

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

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

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

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

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

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

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

158.6 Classification under this subdivision is not determinative for qualifying under section  
158.7 273.111.

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

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

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

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

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

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

158.23 (5) game birds and waterfowl bred and raised (i) on a game farm licensed under section  
158.24 97A.105, provided that the annual licensing report to the Department of Natural Resources,  
158.25 which must be submitted annually by March 30 to the assessor, indicates that at least 500  
158.26 birds were raised or used for breeding stock on the property during the preceding year and  
158.27 that the owner provides a copy of the owner's most recent schedule F; or (ii) for use on a  
158.28 shooting preserve licensed under section 97A.115;

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

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

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

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

159.5 (1) wholesale and retail sales;

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

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

159.8 (4) office facilities for the support of the activities enumerated in clauses (1), (2), and  
159.9 (3),

159.10 the assessor shall classify the part of the parcel used for agricultural purposes as class ~~1b~~,  
159.11 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use.

159.12 The grading, sorting, and packaging of raw agricultural products for first sale is considered  
159.13 an agricultural purpose. A greenhouse or other building where horticultural or nursery  
159.14 products are grown that is also used for the conduct of retail sales must be classified as  
159.15 agricultural if it is primarily used for the growing of horticultural or nursery products from  
159.16 seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products.  
159.17 Use of a greenhouse or building only for the display of already grown horticultural or nursery  
159.18 products does not qualify as an agricultural purpose.

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

159.23 ~~(k)~~ (k) Class 2d airport landing area consists of a landing area or public access area of a  
159.24 privately owned public use airport. It has a classification rate of one percent of market value.  
159.25 To qualify for classification under this paragraph, a privately owned public use airport must  
159.26 be licensed as a public airport under section 360.018. For purposes of this paragraph, "landing  
159.27 area" means that part of a privately owned public use airport properly cleared, regularly  
159.28 maintained, and made available to the public for use by aircraft and includes runways,  
159.29 taxiways, aprons, and sites upon which are situated landing or navigational aids. A landing  
159.30 area also includes land underlying both the primary surface and the approach surfaces that  
159.31 comply with all of the following:

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

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

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

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

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

160.19 (1) a legal description of the property;

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

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

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

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

160.32 ~~(n)~~ (m) When any portion of the property under this subdivision or subdivision 22 begins  
160.33 to be actively mined, the owner must file a supplemental affidavit within 60 days from the



161.1 day any aggregate is removed stating the number of acres of the property that is actively  
 161.2 being mined. The acres actively being mined must be (1) valued and classified under  
 161.3 subdivision 24 in the next subsequent assessment year, and (2) removed from the aggregate  
 161.4 resource preservation property tax program under section 273.1115, if the land was enrolled  
 161.5 in that program. Copies of the original affidavit and all supplemental affidavits must be  
 161.6 filed with the county assessor, the local zoning administrator, and the Department of Natural  
 161.7 Resources, Division of Land and Minerals. A supplemental affidavit must be filed each  
 161.8 time a subsequent portion of the property is actively mined, provided that the minimum  
 161.9 acreage change is five acres, even if the actual mining activity constitutes less than five  
 161.10 acres.

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

161.14 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2020.

161.15 Sec. 22. Minnesota Statutes 2017 Supplement, section 273.13, subdivision 25, is amended  
 161.16 to read:

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

161.24 (b) Class 4b includes:

161.25 ~~(1) residential real estate containing less than four units that does not qualify as class~~  
 161.26 ~~4bb, other than seasonal residential recreational property;~~

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

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

161.30 ~~(4) unimproved property that is classified residential as determined under subdivision~~  
 161.31 ~~33.~~

161.32 ~~The market value of class 4b property has a classification rate of 1.25 percent.~~

162.1 ~~(e) Class 4bb includes:~~

162.2 ~~(1) nonhomestead residential real estate containing one unit, other than seasonal~~  
162.3 ~~residential recreational property;~~

162.4 ~~(2) a single family dwelling, garage, and surrounding one acre of property on a~~  
162.5 ~~nonhomestead farm classified under subdivision 23, paragraph (b); and~~

162.6 ~~(3) a condominium-type storage unit having an individual property identification number~~  
162.7 ~~that is not used for a commercial purpose.~~

162.8 ~~Class 4bb property has the same classification rates as class 1a property under subdivision~~  
162.9 ~~22.~~

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

162.13 ~~(d) Class 4e property includes: (1) except as provided in subdivision 22, paragraph (e),~~  
162.14 ~~real and personal property devoted to commercial temporary and seasonal residential~~  
162.15 ~~occupancy for recreation purposes, for not more than 250 days in the year preceding the~~  
162.16 ~~year of assessment. For purposes of this clause paragraph, property is devoted to a~~  
162.17 ~~commercial purpose on a specific day if any portion of the property is used for residential~~  
162.18 ~~occupancy, and a fee is charged for residential occupancy. Class 4e 4b property under this~~  
162.19 ~~clause paragraph must contain three or more rental units. A "rental unit" is defined as a~~  
162.20 ~~cabin, condominium, townhouse, sleeping room, or individual camping site equipped with~~  
162.21 ~~water and electrical hookups for recreational vehicles. A camping pad offered for rent by~~  
162.22 ~~a property that otherwise qualifies for class 4e 4b under this clause is also class 4e under~~  
162.23 ~~this clause paragraph regardless of the term of the rental agreement, as long as the use of~~  
162.24 ~~the camping pad does not exceed 250 days. In order for a property to be classified under~~  
162.25 ~~this clause, either (i) the business located on the property must provide recreational activities,~~  
162.26 ~~at least 40 percent of the annual gross lodging receipts related to the property must be from~~  
162.27 ~~business conducted during 90 consecutive days, and either (A) at least 60 percent of all paid~~  
162.28 ~~bookings by lodging guests during the year must be for periods of at least two consecutive~~  
162.29 ~~nights; or (B) at least 20 percent of the annual gross receipts must be from charges for~~  
162.30 ~~providing recreational activities, or (ii) the business must contain 20 or fewer rental units,~~  
162.31 ~~and must be located in a township or a city with a population of 2,500 or less located outside~~  
162.32 ~~the metropolitan area, as defined under section 473.121, subdivision 2, that contains a portion~~  
162.33 ~~of a state trail administered by the Department of Natural Resources. For purposes of item~~  
162.34 ~~(i)(A), a paid booking of five or more nights shall be counted as two bookings. Class 4e 4b~~

163.1 property also includes commercial use real property used exclusively for recreational  
163.2 purposes in conjunction with other class ~~4e~~ 4b property classified under this ~~clause~~ paragraph  
163.3 and devoted to temporary and seasonal residential occupancy for recreational purposes, up  
163.4 to a total of two acres, provided the property is not devoted to commercial recreational use  
163.5 for more than 250 days in the year preceding the year of assessment and is located within  
163.6 two miles of the class ~~4e~~ 4b property with which it is used. In order for a property to qualify  
163.7 for classification under this ~~clause~~ paragraph, the owner must submit a declaration to the  
163.8 assessor designating the cabins or units occupied for 250 days or less in the year preceding  
163.9 the year of assessment by January 15 of the assessment year. Those cabins or units and a  
163.10 proportionate share of the land on which they are located must be designated class ~~4e~~ 4b  
163.11 under this ~~clause~~ paragraph as otherwise provided. The remainder of the cabins or units and  
163.12 a proportionate share of the land on which they are located will be designated as class 3a.  
163.13 The owner of property desiring designation as class ~~4e~~ 4b property under this ~~clause~~  
163.14 paragraph must provide guest registers or other records demonstrating that the units for  
163.15 which class ~~4e~~ 4b designation is sought were not occupied for more than 250 days in the  
163.16 year preceding the assessment if so requested. The portion of a property operated as a (1)  
163.17 restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other  
163.18 nonresidential facility operated on a commercial basis not directly related to temporary and  
163.19 seasonal residential occupancy for recreation purposes does not qualify for class ~~4e~~ 4b. For  
163.20 the purposes of ~~this paragraph~~ paragraphs (b) to (d), "recreational activities" means renting  
163.21 ice fishing houses, boats and motors, snowmobiles, downhill or cross-country ski equipment;  
163.22 providing marina services, launch services, or guide services; or selling bait and fishing  
163.23 tackle;

163.24 (c) Class 4b(1) property is property that (1) meets the requirements of class 4b in  
163.25 paragraph (b); (2) abuts public water as defined in section 103G.005, subdivision 15, or  
163.26 abuts a state trail administered by the Department of Natural Resources; and (3) includes a  
163.27 portion used as a homestead by the owner, or occupied as a homestead by a shareholder of  
163.28 a corporation that owns the resort, a partner in a partnership that owns the resort, or a member  
163.29 of a limited liability company that owns the resort whether the title to the homestead is held  
163.30 by the corporation, partnership, or limited liability company, or by a shareholder of a  
163.31 corporation that owns the resort, a partner in a partnership that owns the resort, or a member  
163.32 of a limited liability company that owns the resort. Any unit in which the right to use the  
163.33 property is transferred to an individual or entity by deeded interest, or the sale of shares or  
163.34 stock, no longer qualifies for class 4b(1) even though it may remain available for rent. If  
163.35 the same owner owns two separate parcels that are located in the same township, and one  
163.36 of those properties is classified as a class 4b(1) property and the other would be eligible to

164.1 be classified as a class 4b(1) property if it was used as the homestead of the owner, both  
164.2 properties will be assessed as a single class 4b(1) property; for purposes of this sentence,  
164.3 properties are deemed to be owned by the same owner if each of them is owned by a limited  
164.4 liability company, and both limited liability companies have the same membership. The  
164.5 first \$600,000 of market value is tier I, with a class rate of 0.5 percent; the next \$1,700,000  
164.6 of market value is tier II, with a class rate of one percent; and any remaining value is tier  
164.7 III, with a class rate of 1.25 percent. The portion of the property used as a homestead is  
164.8 class 1 under subdivision 22.

164.9 (d) Class 4b(2) is property that does not qualify as class 4b(1) but meets the requirements  
164.10 of class 4b in paragraph (b), and either: (1) the business located on the property provides  
164.11 recreational activities, at least 40 percent of the annual gross lodging receipts are from  
164.12 business conducted during 90 consecutive days, and either (i) at least 60 percent of all paid  
164.13 bookings by lodging guests during the year are for periods of at least two consecutive nights;  
164.14 or (ii) at least 20 percent of the annual gross receipts are from charges for providing  
164.15 recreational activities; (2) the business contains 20 or fewer rental units, and is located in  
164.16 a township or a city with a population of 2,500 or less located outside the metropolitan area,  
164.17 as defined under section 473.121, subdivision 2, that contains a portion of a state trail  
164.18 administered by the Department of Natural Resources; or (3) the facility must consist of no  
164.19 more than five sleeping rooms and must provide an area or areas to prepare meals and to  
164.20 conduct indoor craft or hobby activities. For purposes of item (1)(i), a paid booking of five  
164.21 or more nights shall be counted as two bookings. Class 4b(2) property has a class rate of  
164.22 one percent on the first \$500,000 of market value and 1.25 percent on the portion over  
164.23 \$500,000.

164.24 ~~(2)~~ (e) Class 4c property is (1) real property that is actively and exclusively devoted to  
164.25 indoor fitness, health, social, recreational, and related uses, is owned and operated by a  
164.26 not-for-profit corporation, and is located within the metropolitan area as defined in section  
164.27 473.121, subdivision 2; or (2) qualified property used as a golf course if:

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

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

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

165.1 Class 4c property has a class rate of 1.25 percent.

165.2 ~~(3)~~ (f) Class 4d property is real property up to a maximum of three acres of land owned  
165.3 and used by a nonprofit community service oriented organization and not used for residential  
165.4 purposes on either a temporary or permanent basis, provided that:

165.5 ~~(i)~~ (1) the property is not used for a revenue-producing activity for more than six days  
165.6 in the calendar year preceding the year of assessment; or

165.7 ~~(ii)~~ (2) the organization makes annual charitable contributions and donations at least  
165.8 equal to the property's previous year's property taxes and the property is allowed to be used  
165.9 for public and community meetings or events for no charge, as appropriate to the size of  
165.10 the facility.

165.11 For purposes of this ~~clause~~ paragraph:

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

165.15 ~~(B)~~ (ii) "property taxes" excludes the state general tax;

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

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

165.27 Any portion of the property not qualifying under either ~~item (i)~~ clause (1) or ~~(ii)~~ (2) is  
165.28 class 3a. The use of the property for social events open exclusively to members and their  
165.29 guests for periods of less than 24 hours, when an admission is not charged nor any revenues  
165.30 are received by the organization shall not be considered a revenue-producing activity.

165.31 The organization shall maintain records of its charitable contributions and donations  
165.32 and of public meetings and events held on the property and make them available upon  
165.33 request any time to the assessor to ensure eligibility. An organization meeting the requirement

166.1 under ~~item (ii)~~ clause (2) must file an application by May 1 with the assessor for eligibility  
166.2 for the current year's assessment. The commissioner shall prescribe a uniform application  
166.3 form and instructions;

166.4 Class 4d property has a class rate of 1.5 percent, except that class 4d property owned or  
166.5 operated by a congressionally chartered veterans organization has a classification rate of  
166.6 one percent. The commissioner of veterans affairs must provide a list of congressionally  
166.7 chartered veterans organizations to the commissioner of revenue by January 1, 2018, and  
166.8 each year thereafter.

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

166.13 ~~(5)(i) manufactured home parks as defined in section 327.14, subdivision 3, excluding~~  
166.14 ~~manufactured home parks described in items (ii) and (iii), (ii) manufactured home parks as~~  
166.15 ~~defined in section 327.14, subdivision 3, that are described in section 273.124, subdivision~~  
166.16 ~~3a, and (iii) class I manufactured home parks as defined in section 327C.01, subdivision~~  
166.17 ~~13;~~

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

166.21 ~~(7)~~ a (g) Class 4e property is (1) leased or privately owned noncommercial aircraft  
166.22 storage hangar not exempt under section 272.01, subdivision 2, and the land on which it is  
166.23 located, provided that:

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

166.26 (ii) the land lease, or any ordinance or signed agreement restricting the use of the leased  
166.27 premise, prohibits commercial activity performed at the hangar; or

166.28 ~~If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must be~~  
166.29 ~~filed by the new owner with the assessor of the county where the property is located within~~  
166.30 ~~60 days of the sale;~~

166.31 ~~(8)~~ (2) a privately owned noncommercial aircraft storage hangar not exempt under section  
166.32 272.01, subdivision 2, and the land on which it is located, provided that:

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

167.1 (ii) the owner of the aircraft storage hangar provides the assessor with a signed agreement  
167.2 restricting the use of the premises, prohibiting commercial use or activity performed at the  
167.3 hangar; ~~and.~~

167.4 Class 4e property has a class rate of 1.5 percent.

167.5 If a hangar classified under clause (1), item (i), is sold after June 30, 2000, a bill of sale  
167.6 must be filed by the new owner with the assessor of the county where the property is located  
167.7 within 60 days of the sale.

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

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

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

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

167.16 ~~(iv) the owner is the operator of the property.~~

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

167.21 ~~(10)~~ (h) Class 4f property is real property up to a maximum of three acres and operated  
167.22 as a restaurant as defined under section 157.15, subdivision 12, provided it: (i) (1) is located  
167.23 on a lake as defined under section 103G.005, subdivision 15, paragraph (a), clause (3); and  
167.24 (ii) (2) is either devoted to commercial purposes for not more than 250 consecutive days,  
167.25 or receives at least 60 percent of its annual gross receipts from business conducted during  
167.26 four consecutive months. Gross receipts from the sale of alcoholic beverages must be  
167.27 included in determining the property's qualification under item (ii) clause (2). The property's  
167.28 primary business must be as a restaurant and not as a bar. Gross receipts from gift shop  
167.29 sales located on the premises must be excluded. Owners of real property desiring 4e  
167.30 classification under this clause paragraph must submit an annual declaration to the assessor  
167.31 by February 1 of the current assessment year, based on the property's relevant information  
167.32 for the preceding assessment year; Class 4f has a class rate of 1.25 percent.

168.1 ~~(11)~~ (i) Class 4g property is lakeshore and riparian property and adjacent land, not to  
168.2 exceed six acres, used as a marina, as defined in section 86A.20, subdivision 5, which is  
168.3 made accessible to the public and devoted to recreational use for marina services. The marina  
168.4 owner must annually provide evidence to the assessor that it provides services, including  
168.5 lake or river access to the public by means of an access ramp or other facility that is either  
168.6 located on the property of the marina or at a publicly owned site that abuts the property of  
168.7 the marina. No more than 800 feet of lakeshore may be included in this classification.  
168.8 Buildings used in conjunction with a marina for marina services, including but not limited  
168.9 to buildings used to provide food and beverage services, fuel, boat repairs, or the sale of  
168.10 bait or fishing tackle, are classified as class 3a property; and, Class 4g property has a class  
168.11 rate of one percent on the first \$500,000 of market value and 1.25 percent on the portion  
168.12 over \$500,000.

168.13 ~~(12)~~ (j) Class 4h property is real and personal property devoted to noncommercial  
168.14 temporary and seasonal residential occupancy for recreation purposes. Class 4h property  
168.15 has a class rate of one percent on the first \$500,000 of market value and 1.25 percent on  
168.16 the portion over \$500,000.

168.17 ~~Class 4c property has a classification rate of 1.5 percent of market value, except that (i)~~  
168.18 ~~each parcel of noncommercial seasonal residential recreational property under clause (12)~~  
168.19 ~~has the same classification rates as class 4bb property, (ii) manufactured home parks assessed~~  
168.20 ~~under clause (5), item (i), have the same classification rate as class 4b property, the market~~  
168.21 ~~value of manufactured home parks assessed under clause (5), item (ii), have a classification~~  
168.22 ~~rate of 0.75 percent if more than 50 percent of the lots in the park are occupied by~~  
168.23 ~~shareholders in the cooperative corporation or association and a classification rate of one~~  
168.24 ~~percent if 50 percent or less of the lots are so occupied, and class I manufactured home~~  
168.25 ~~parks as defined in section 327C.01, subdivision 13, have a classification rate of 1.0 percent,~~  
168.26 ~~(iii) commercial use seasonal residential recreational property and marina recreational land~~  
168.27 ~~as described in clause (11), has a classification rate of one percent for the first \$500,000 of~~  
168.28 ~~market value, and 1.25 percent for the remaining market value, (iv) the market value of~~  
168.29 ~~property described in clause (4) has a classification rate of one percent, (v) the market value~~  
168.30 ~~of property described in clauses (2), (6), and (10) has a classification rate of 1.25 percent,~~  
168.31 ~~(vi) that portion of the market value of property in clause (9) qualifying for class 4c property~~  
168.32 ~~has a classification rate of 1.25 percent, and (vii) property qualifying for classification under~~  
168.33 ~~clause (3) that is owned or operated by a congressionally chartered veterans organization~~  
168.34 ~~has a classification rate of one percent. The commissioner of veterans affairs must provide~~



169.1 ~~a list of congressionally chartered veterans organizations to the commissioner of revenue~~  
 169.2 ~~by June 30, 2017, and by January 1, 2018, and each year thereafter.~~

169.3 ~~(e)~~ (k) Class ~~4d~~ 4i property is qualifying low-income rental housing certified to the  
 169.4 assessor by the Housing Finance Agency under section 273.128, subdivision 3. If only a  
 169.5 portion of the units in the building qualify as low-income rental housing units as certified  
 169.6 under section 273.128, subdivision 3, only the proportion of qualifying units to the total  
 169.7 number of units in the building qualify for class ~~4d~~ 4i. The remaining portion of the building  
 169.8 shall be classified by the assessor based upon its use. Class ~~4d~~ 4i also includes the same  
 169.9 proportion of land as the qualifying low-income rental housing units are to the total units  
 169.10 in the building. For all properties qualifying as class ~~4d~~ 4i, the market value determined by  
 169.11 the assessor must be based on the normal approach to value using normal unrestricted rents.

169.12 ~~(f)~~ (l) The first tier of market value of class ~~4d~~ 4i property has a classification rate of  
 169.13 0.75 percent. The remaining value of class ~~4d~~ 4i property has a classification rate of 0.25  
 169.14 percent. For the purposes of this paragraph, the "first tier of market value of class ~~4d~~ 4i  
 169.15 property" means the market value of each housing unit up to the first tier limit. For the  
 169.16 purposes of this paragraph, all class ~~4d~~ 4i property value must be assigned to individual  
 169.17 housing units. The first tier limit is \$100,000 for assessment year 2014. For subsequent  
 169.18 years, the limit is adjusted each year by the average statewide change in estimated market  
 169.19 value of property classified as class 4a and ~~4d~~ 4i under this section for the previous  
 169.20 assessment year, excluding valuation change due to new construction, rounded to the nearest  
 169.21 \$1,000, provided, however, that the limit may never be less than \$100,000. Beginning with  
 169.22 assessment year 2015, the commissioner of revenue must certify the limit for each assessment  
 169.23 year by November 1 of the previous year.

169.24 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2020.

169.25 Sec. 23. Minnesota Statutes 2016, section 273.13, subdivision 35, is amended to read:

169.26 Subd. 35. **Homestead market value exclusion.** (a) Prior to determining a property's  
 169.27 net tax capacity under this section, homestead property classified as class ~~1a or 1b~~ 1 under  
 169.28 subdivision 22, ~~and the portion of property classified as class 2a under subdivision 23~~  
 169.29 ~~consisting of the house, garage, and surrounding one acre of land,~~ shall be eligible for a  
 169.30 market value exclusion as determined under paragraph (b).

169.31 (b) For a homestead valued at \$76,000 or less, the exclusion is 40 percent of market  
 169.32 value. For a homestead valued between \$76,000 and \$413,800, the exclusion is \$30,400  
 169.33 minus nine percent of the valuation over \$76,000. For a homestead valued at \$413,800 or

170.1 more, there is no valuation exclusion. The valuation exclusion shall be rounded to the nearest  
170.2 whole dollar, and may not be less than zero.

170.3 (c) Any valuation exclusions or adjustments under section 273.11 shall be applied prior  
170.4 to determining the amount of the valuation exclusion under this subdivision.

170.5 (d) In the case of a property that is classified as part homestead and part nonhomestead,  
170.6 (i) the exclusion shall apply only to the homestead portion of the property, but (ii) if a portion  
170.7 of a property is classified as nonhomestead solely because not all the owners occupy the  
170.8 property, not all the owners have qualifying relatives occupying the property, or solely  
170.9 because not all the spouses of owners occupy the property, the exclusion amount shall be  
170.10 initially computed as if that nonhomestead portion were also in the homestead class and  
170.11 then prorated to the owner-occupant's percentage of ownership. For the purpose of this  
170.12 section, when an owner-occupant's spouse does not occupy the property, the percentage of  
170.13 ownership for the owner-occupant spouse is one-half of the couple's ownership percentage.

170.14 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2020.

170.15 Sec. 24. Minnesota Statutes 2016, section 273.13, is amended by adding a subdivision to  
170.16 read:

170.17 **Subd. 36. Clarification of residential classification.** Class 1 property under subdivision  
170.18 22 includes the following types of property, which are not required to be recorded separately  
170.19 by the assessor:

170.20 (1) residential structures containing fewer than four dwelling units plus one acre of land  
170.21 for each structure located on agricultural land, but excluding any farm buildings or structures  
170.22 located on the acre of land;

170.23 (2) unimproved property that is classified residential as determined under subdivision  
170.24 33;

170.25 (3) manufactured home park land along with any ancillary structures;

170.26 (4) manufactured homes not classified under any other provision;

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

170.31 (6) an owner-occupied dwelling unit within a property classified as class 4a under  
170.32 subdivision 25;

171.1 (7) a condominium-type storage unit having an individual property identification number  
171.2 that is not used for a commercial purpose;

171.3 (8) structures on property classified as agricultural under section 273.13, subdivision  
171.4 23, that are occupied exclusively by seasonal farm workers during the time when they work  
171.5 on the farm, provided that use of the structures for storage of farm equipment or produce  
171.6 does not disqualify the structures from classification under this clause, and further provided  
171.7 that:

171.8 (i) the occupants are not charged rent for the privilege of occupying the property;

171.9 (ii) the structures meet all applicable health and safety requirements for the appropriate  
171.10 season; and

171.11 (iii) the structures are not salable as residential property because they do not comply  
171.12 with local ordinances relating to location in relation to streets or roads; and

171.13 (9) residential real estate, a portion of which is occupied by the owner, plus up to five  
171.14 additional lodging units, if all of the following criteria are met:

171.15 (i) the lodging units are provided for rent to transient guests that generally stay for periods  
171.16 of 14 days or less;

171.17 (ii) meals are provided to persons who rent lodging units, the cost of which is incorporated  
171.18 in the basic room rate;

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

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

171.22 Any additional lodging units in a property described in clause (9) are class 3a.

171.23 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2020.

171.24 Sec. 25. Minnesota Statutes 2017 Supplement, section 274.01, subdivision 1, is amended  
171.25 to read:

171.26 Subdivision 1. **Ordinary board; meetings, deadlines, grievances.** (a) The town board  
171.27 of a town, or the council or other governing body of a city, is the local board of appeal and  
171.28 equalization except (1) in cities whose charters provide for a board of equalization or (2)  
171.29 in any city or town that has transferred its local board of review power and duties to the  
171.30 county board as provided in subdivision 3. The county assessor shall fix a day and time  
171.31 when the local board of equalization shall meet in the assessment districts of the county.

172.1 Notwithstanding any law or city charter to the contrary, a city board of equalization shall  
172.2 be referred to as a local board of appeal and equalization. On or before ~~February 15~~ March  
172.3 1 of each year the assessor shall give written notice of the time to the city or town clerk.  
172.4 Notwithstanding the provisions of any charter to the contrary, the meetings must be held  
172.5 between April 1 and ~~May 31~~ June 1 each year. The clerk shall give published and posted  
172.6 notice of the meeting at least ten days before the date of the meeting.

172.7 The board shall meet either at a central location within the county or at the office of the  
172.8 clerk to review the assessment and classification of property in the town or city. No changes  
172.9 in valuation or classification which are intended to correct errors in judgment by the county  
172.10 assessor may be made by the county assessor after the board has adjourned in those cities  
172.11 or towns that hold a local board of review; however, corrections of errors that are merely  
172.12 clerical in nature or changes that extend homestead treatment to property are permitted after  
172.13 adjournment until the tax extension date for that assessment year. The changes must be fully  
172.14 documented and maintained in the assessor's office and must be available for review by any  
172.15 person. A copy of the changes made during this period in those cities or towns that hold a  
172.16 local board of review must be sent to the county board no later than December 31 of the  
172.17 assessment year.

172.18 (b) The board shall determine whether the taxable property in the town or city has been  
172.19 properly placed on the list and properly valued by the assessor. If real or personal property  
172.20 has been omitted, the board shall place it on the list with its market value, and correct the  
172.21 assessment so that each tract or lot of real property, and each article, parcel, or class of  
172.22 personal property, is entered on the assessment list at its market value. No assessment of  
172.23 the property of any person may be raised unless the person has been duly notified of the  
172.24 intent of the board to do so. On application of any person feeling aggrieved, the board shall  
172.25 review the assessment or classification, or both, and correct it as appears just. The board  
172.26 may not make an individual market value adjustment or classification change that would  
172.27 benefit the property if the owner or other person having control over the property has refused  
172.28 the assessor access to inspect the property and the interior of any buildings or structures as  
172.29 provided in section 273.20. A board member shall not participate in any actions of the board  
172.30 which result in market value adjustments or classification changes to property owned by  
172.31 the board member, the spouse, parent, stepparent, child, stepchild, grandparent, grandchild,  
172.32 brother, sister, uncle, aunt, nephew, or niece of a board member, or property in which a  
172.33 board member has a financial interest. The relationship may be by blood or marriage.

172.34 (c) A local board may reduce assessments upon petition of the taxpayer but the total  
172.35 reductions must not reduce the aggregate assessment made by the county assessor by more

173.1 than one percent. If the total reductions would lower the aggregate assessments made by  
173.2 the county assessor by more than one percent, none of the adjustments may be made. The  
173.3 assessor shall correct any clerical errors or double assessments discovered by the board  
173.4 without regard to the one percent limitation.

173.5 (d) A local board does not have authority to grant an exemption or to order property  
173.6 removed from the tax rolls.

173.7 (e) A majority of the members may act at the meeting, and adjourn from day to day until  
173.8 they finish hearing the cases presented. The assessor shall attend and take part in the  
173.9 proceedings, but must not vote. The county assessor, or an assistant delegated by the county  
173.10 assessor shall attend the meetings. The board shall list separately all omitted property added  
173.11 to the list by the board and all items of property increased or decreased, with the market  
173.12 value of each item of property, added or changed by the board. The county assessor shall  
173.13 enter all changes made by the board.

173.14 (f) Except as provided in subdivision 3, if a person fails to appear in person, by counsel,  
173.15 or by written communication before the board after being duly notified of the board's intent  
173.16 to raise the assessment of the property, or if a person feeling aggrieved by an assessment  
173.17 or classification fails to apply for a review of the assessment or classification, the person  
173.18 may not appear before the county board of appeal and equalization for a review. This  
173.19 paragraph does not apply if an assessment was made after the local board meeting, as  
173.20 provided in section 273.01, or if the person can establish not having received notice of  
173.21 market value at least five days before the local board meeting.

173.22 (g) The local board must complete its work and adjourn within 20 days from the time  
173.23 of convening stated in the notice of the clerk, unless a longer period is approved by the  
173.24 commissioner of revenue. No action taken after that date is valid. All complaints about an  
173.25 assessment or classification made after the meeting of the board must be heard and  
173.26 determined by the county board of equalization. A nonresident may, at any time, before the  
173.27 meeting of the board file written objections to an assessment or classification with the county  
173.28 assessor. The objections must be presented to the board at its meeting by the county assessor  
173.29 for its consideration.

173.30 **EFFECTIVE DATE.** This section is effective beginning with assessments in 2020.

173.31 Sec. 26. Minnesota Statutes 2016, section 275.025, subdivision 3, is amended to read:

173.32 Subd. 3. **Seasonal residential recreational tax capacity.** For the purposes of this section,  
173.33 "seasonal residential recreational tax capacity" means the tax capacity of tier III of class 4e

174.1 ~~under section 273.13, subdivision 22~~ 4b(1), and all class ~~4e(1), 4e(3)(ii), and 4e(12)~~ 4b(2),  
174.2 4d(2), and 4h property under section ~~273.13, subdivision 25~~ 273.13, except that the first  
174.3 \$76,000 of market value of each noncommercial class ~~4e(12)~~ 4h property has a tax capacity  
174.4 for this purpose equal to 40 percent of its tax capacity under section 273.13.

174.5 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2020.

174.6 Sec. 27. Minnesota Statutes 2017 Supplement, section 276.04, subdivision 3, is amended  
174.7 to read:

174.8 Subd. 3. **Mailing of tax statements.** The county treasurer shall mail to taxpayers  
174.9 statements of their personal property taxes due not later than ~~March 31~~ April 1, except in  
174.10 the case of manufactured homes and sectional structures taxed as personal property.  
174.11 Statements of the real property taxes due shall be mailed not later than ~~March 31~~ April 1.  
174.12 The validity of the tax shall not be affected by failure of the treasurer to mail the statement.  
174.13 The taxpayer is defined as the owner who is responsible for the payment of the tax.

174.14 **EFFECTIVE DATE.** This section is effective beginning with assessments in 2020.

174.15 Sec. 28. Minnesota Statutes 2016, section 276A.01, subdivision 4, is amended to read:

174.16 Subd. 4. **Residential property.** "Residential property" means the following categories  
174.17 of property, as defined in section 273.13, excluding that portion of the property that is  
174.18 exempt from taxation pursuant to section 272.02:

174.19 (1) class ~~1a, 1b, and 2a~~ 1 property, ~~limited to the homestead dwelling, a garage, and the~~  
174.20 ~~one acre of land on which the dwelling is located;~~

174.21 (2) that portion of class 3 property used exclusively for residential occupancy; and

174.22 (3) property valued and assessed as class 4a or 4i under section 273.13, subdivision 25,  
174.23 ~~except for hospitals and property valued and assessed under section 273.13, subdivision 25,~~  
174.24 ~~paragraph (d), clauses (1) and (3).~~

174.25 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2020.

174.26 Sec. 29. Minnesota Statutes 2017 Supplement, section 278.01, subdivision 1, is amended  
174.27 to read:

174.28 Subdivision 1. **Determination of validity.** (a) Any person having personal property, or  
174.29 any estate, right, title, or interest in or lien upon any parcel of land, who claims that such  
174.30 property has been partially, unfairly, or unequally assessed in comparison with other property  
174.31 in the (1) city, or (2) county, or (3) in the case of a county containing a city of the first class,

175.1 the portion of the county excluding the first class city, or that the parcel has been assessed  
175.2 at a valuation greater than its real or actual value, or that the tax levied against the same is  
175.3 illegal, in whole or in part, or has been paid, or that the property is exempt from the tax so  
175.4 levied, may have the validity of the claim, defense, or objection determined by the district  
175.5 court of the county in which the tax is levied or by the Tax Court by serving one copy of a  
175.6 petition for such determination upon the county auditor, one copy on the county attorney,  
175.7 one copy on the county treasurer, and three copies on the county assessor. The county  
175.8 assessor shall immediately forward one copy of the petition to the appropriate governmental  
175.9 authority in a home rule charter or statutory city or town in which the property is located if  
175.10 that city or town employs its own certified assessor. A copy of the petition shall also be  
175.11 forwarded by the assessor to the school board of the school district in which the property  
175.12 is located.

175.13 (b) In counties where the office of county treasurer has been combined with the office  
175.14 of county auditor, the county may elect to require the petitioner to serve the number of  
175.15 copies as determined by the county. The county assessor shall immediately forward one  
175.16 copy of the petition to the appropriate governmental authority in a home rule charter or  
175.17 statutory city or town in which the property is located if that city or town employs its own  
175.18 certified assessor. A list of petitioned properties, including the name of the petitioner, the  
175.19 identification number of the property, and the estimated market value, shall be sent on or  
175.20 before the first day of July by the county auditor/treasurer to the school board of the school  
175.21 district in which the property is located.

175.22 (c) For all counties, the petitioner must file the copies with proof of service, in the office  
175.23 of the court administrator of the district court on or before ~~April 30~~ May 1 of the year in  
175.24 which the tax becomes payable. A petition for determination under this section may be  
175.25 transferred by the district court to the Tax Court. An appeal may also be taken to the Tax  
175.26 Court under chapter 271 at any time following receipt of the valuation notice that county  
175.27 assessors or city assessors having the powers of a county assessor are required by section  
175.28 273.121 to send to persons whose property is to be included on the assessment roll that year,  
175.29 but prior to May 1 of the year in which the taxes are payable.

175.30 **EFFECTIVE DATE.** This section is effective beginning with assessments in 2020.

175.31 Sec. 30. Minnesota Statutes 2017 Supplement, section 290A.03, subdivision 13, is amended  
175.32 to read:

175.33 Subd. 13. **Property taxes payable.** "Property taxes payable" means the property tax  
175.34 exclusive of special assessments, penalties, and interest payable on a claimant's homestead

176.1 after deductions made under sections 273.135, 273.1384, 273.1391, 273.42, subdivision 2,  
176.2 and any other state paid property tax credits in any calendar year, and after any refund  
176.3 claimed and allowable under section 290A.04, subdivision 2h or 2k, that is first payable in  
176.4 the year that the property tax is payable. In the case of a claimant who makes ground lease  
176.5 payments, "property taxes payable" includes the amount of the payments directly attributable  
176.6 to the property taxes assessed against the parcel on which the house is located. Regardless  
176.7 of the limitations in section 280A(c)(5) of the Internal Revenue Code, "property taxes  
176.8 payable" must be apportioned or reduced for the use of a portion of the claimant's homestead  
176.9 for a business purpose if the claimant deducts any business depreciation expenses for the  
176.10 use of a portion of the homestead or deducts expenses under section 280A of the Internal  
176.11 Revenue Code for a business operated in the claimant's homestead. For homesteads which  
176.12 are manufactured homes as defined in section 273.125, subdivision 8, ~~and for homesteads~~  
176.13 ~~which are~~ including manufactured homes located in a manufactured home community owned  
176.14 by a cooperative organized under chapter 308A or 308B, and park trailers taxed as  
176.15 manufactured homes under section 168.012, subdivision 9, "property taxes payable" shall  
176.16 also include 17 percent of the gross rent paid in the preceding year for the site on which the  
176.17 homestead is located. When a homestead is owned by two or more persons as joint tenants  
176.18 or tenants in common, such tenants shall determine between them which tenant may claim  
176.19 the property taxes payable on the homestead. If they are unable to agree, the matter shall  
176.20 be referred to the commissioner of revenue whose decision shall be final. Property taxes  
176.21 are considered payable in the year prescribed by law for payment of the taxes.

176.22 In the case of a claim relating to "property taxes payable," the claimant must have owned  
176.23 and occupied the homestead on January 2 of the year in which the tax is payable and (i) the  
176.24 property must have been classified as homestead property pursuant to section 273.124, on  
176.25 or before December 15 of the assessment year to which the "property taxes payable" relate;  
176.26 or (ii) the claimant must provide documentation from the local assessor that application for  
176.27 homestead classification has been made on or before December 15 of the year in which the  
176.28 "property taxes payable" were payable and that the assessor has approved the application.

176.29 **EFFECTIVE DATE.** This section is effective beginning with claims based on taxes  
176.30 payable in 2020.

176.31 Sec. 31. Minnesota Statutes 2016, section 290A.04, subdivision 2h, is amended to read:

176.32 Subd. 2h. **Additional refund.** (a) If the gross property taxes payable on a homestead<sub>2</sub>  
176.33 net of any refund under subdivision 2k, increase more than 12 percent over the property  
176.34 taxes payable in the prior year on the same property that is owned and occupied by the same



177.1 owner on January 2 of both years, and the amount of that increase is \$100 or more, a claimant  
177.2 who is a homeowner shall be allowed an additional refund equal to 60 percent of the amount  
177.3 of the increase over the greater of 12 percent of the prior year's property taxes payable or  
177.4 \$100. This subdivision shall not apply to any increase in the gross property taxes payable  
177.5 attributable to improvements made to the homestead after the assessment date for the prior  
177.6 year's taxes. This subdivision shall not apply to any increase in the gross property taxes  
177.7 payable attributable to the termination of valuation exclusions under section 273.11,  
177.8 subdivision 16.

177.9 The maximum refund allowed under this subdivision is \$1,000.

177.10 (b) For purposes of this subdivision "gross property taxes payable" means property taxes  
177.11 payable determined without regard to the refund allowed under this subdivision.

177.12 (c) In addition to the other proofs required by this chapter, each claimant under this  
177.13 subdivision shall file with the property tax refund return a copy of the property tax statement  
177.14 for taxes payable in the preceding year or other documents required by the commissioner.

177.15 (d) Upon request, the appropriate county official shall make available the names and  
177.16 addresses of the property taxpayers who may be eligible for the additional property tax  
177.17 refund under this section. The information shall be provided on a magnetic computer disk.  
177.18 The county may recover its costs by charging the person requesting the information the  
177.19 reasonable cost for preparing the data. The information may not be used for any purpose  
177.20 other than for notifying the homeowner of potential eligibility and assisting the homeowner,  
177.21 without charge, in preparing a refund claim.

177.22 **EFFECTIVE DATE.** This section is effective beginning with claims based on taxes  
177.23 payable in 2020.

177.24 Sec. 32. Minnesota Statutes 2016, section 290A.04, is amended by adding a subdivision  
177.25 to read:

177.26 **Subd. 2k. Additional refund for homeowners who are blind or disabled.** (a) A  
177.27 homeowner who is blind or disabled or whose spouse is blind or disabled is eligible for an  
177.28 additional refund equal to 0.9 percent of the property's taxable market value, but not to  
177.29 exceed \$425. For the purposes of this subdivision, "blind or disabled" means a person who  
177.30 is:

177.31 (1) blind as defined in section 256D.35;

177.32 (2) permanently and totally disabled; or

178.1 (3) the surviving spouse of a veteran who was permanently and totally disabled and who  
178.2 homesteaded a property classified 1b under Minnesota Statutes 2016, section 273.13,  
178.3 subdivision 22, for taxes payable in 2008, provided that the surviving spouse continues to  
178.4 homestead the same property as in 2008.

178.5 (b) A person qualifies under paragraph (a), clause (2), only if the government agency  
178.6 or income-providing source certifies that the person satisfies the disability requirements of  
178.7 paragraph (d). An owner of property qualifying for the valuation exclusion under section  
178.8 273.13, subdivision 34, is not eligible for the credit under this subdivision.

178.9 (c) The commissioner of revenue may require an applicant who has not previously  
178.10 received a refund under this subdivision to submit whatever documentation is required to  
178.11 determine eligibility under this subdivision. The application and any supplementary  
178.12 information received from the property owner pursuant to this subdivision shall be subject  
178.13 to chapter 270B. An applicant who has previously received refunds under this subdivision  
178.14 is not required to submit proof of eligibility, except that the applicant may be required to  
178.15 affirmatively state that no change in eligibility status has occurred.

178.16 (d) "Permanently and totally disabled" for the purpose of this subdivision means a  
178.17 condition that is permanent in nature and totally incapacitates the person from working at  
178.18 an occupation that brings the person an income.

178.19 (e) An applicant whose homestead qualified for class 1b under Minnesota Statutes 2016,  
178.20 section 273.13, subdivision 22, for assessment year 2017 due to the applicant's disability is  
178.21 automatically eligible for a refund under this section.

178.22 **EFFECTIVE DATE.** This section is effective beginning with claims based on taxes  
178.23 payable in 2020.

178.24 Sec. 33. Minnesota Statutes 2016, section 473F.02, subdivision 4, is amended to read:

178.25 Subd. 4. **Residential property.** "Residential property" means the following categories  
178.26 of property, as defined in section 273.13, excluding that portion of such property exempt  
178.27 from taxation pursuant to section 272.02:

178.28 ~~(a) (1) class 1, 1b, 2a, 4a, 4b, 4c, and 4d 4i property except resorts and property classified~~  
178.29 ~~under section 273.13, subdivision 25, paragraph (d), clause (3); and~~

178.30 ~~(b) (2) that portion of class 3a, 3b, and 5 property used exclusively for residential~~  
178.31 ~~occupancy.~~

178.32 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2020.

179.1 Sec. 34. Minnesota Statutes 2016, section 473F.05, is amended to read:

179.2 **473F.05 NET TAX CAPACITY.**

179.3 On or before August ~~5~~ 1 of each year, the assessors within each county in the area shall  
179.4 determine and certify to the county auditor the net tax capacity in that year of  
179.5 commercial-industrial property subject to taxation within each municipality in the county,  
179.6 determined without regard to section 469.177, subdivision 3.

179.7 **EFFECTIVE DATE.** This section is effective beginning with assessments in 2020.

179.8 Sec. 35. Minnesota Statutes 2016, section 473H.05, subdivision 1, is amended to read:

179.9 Subdivision 1. **Before ~~June~~ May 1 for next year's taxes.** An owner or owners of certified  
179.10 long-term agricultural land may apply to the authority with jurisdiction over the land on  
179.11 forms provided by the commissioner of agriculture for the creation of an agricultural preserve  
179.12 at any time. Land for which application is received prior to ~~June~~ May 1 of any year shall  
179.13 be assessed pursuant to section 473H.10 for taxes payable in the following year. Land for  
179.14 which application is received on or after ~~June~~ May 1 of any year shall be assessed pursuant  
179.15 to section 473H.10 in the following year. The application shall be executed and acknowledged  
179.16 in the manner required by law to execute and acknowledge a deed and shall contain at least  
179.17 the following information and such other information as the commissioner deems necessary:

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

179.21 (b) Name and address of owner;

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

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

179.28 **EFFECTIVE DATE.** This section is effective beginning with assessments in 2020.

179.29 Sec. 36. **GRACE PERIOD; TAXPAYER NOTICE.**

179.30 **Subdivision 1. Benefit loss; due dates.** For the first year in which sections 3, 4, 5, 6, 8,  
179.31 11, 15, 16, 18, 24, 25, 27, 29, 33, 34, and 35 are effective, no property tax benefit,

180.1 classification, or deferment may lapse, be denied, or terminate solely because an application,  
180.2 notification, request, or filing is not provided or made by the required due date, provided  
180.3 that the application, notification, request, or filing would have been provided or made by  
180.4 the required due date in effect for the immediately preceding calendar year.

180.5 Subd. 2. **Commissioner to provide notice.** By July 1, 2019, the commissioner of revenue  
180.6 must develop and implement a plan to notify all taxing jurisdictions, property owners, and  
180.7 taxpayers affected by the due date changes in sections 3, 4, 5, 6, 8, 11, 15, 16, 18, 24, 25,  
180.8 27, 29, 33, 35, and 36 of the new due dates that are effective beginning the following year.  
180.9 The commissioner may consult with each county in the state in developing the plan, and  
180.10 may request from a county data and other assistance that the commissioner deems necessary  
180.11 to administer this subdivision but may not delegate taxpayer notification responsibilities to  
180.12 a county.

180.13 **Sec. 37. SCHOOL PROPERTY TAX REFORM.**

180.14 (a) A school property tax working group is established as provided in this section. The  
180.15 goals of the working group are to develop one or more legislative proposals for reform of  
180.16 Minnesota's property tax system that would:

180.17 (1) evaluate the farmland tax burden from the costs of school capital investments;

180.18 (2) simplify the tax system used for school district levies;

180.19 (3) coordinate interactions with the state general levy; and

180.20 (4) accomplish the objectives of this paragraph with optimal levels of state aid and local  
180.21 property tax.

180.22 (b) The 16-member working group shall consist of the following members:

180.23 (1) two state representatives, both appointed by the chair of the house of representatives  
180.24 Taxes Committee, one from the majority party and one from the largest minority party;

180.25 (2) two state representatives, both appointed by the chair of the house of representatives  
180.26 Education Finance Committee, one from the majority party and one from the largest minority  
180.27 party;

180.28 (3) four senators appointed by the Subcommittee on Committees of the Senate Rules  
180.29 and Administration Committee, two from the majority party and two from the largest  
180.30 minority party;

180.31 (4) one person appointed by the Minnesota School Boards Association;

- 181.1 (5) one person appointed by the Minnesota Rural Education Association;
- 181.2 (6) one person appointed by the Association of Metropolitan School Districts;
- 181.3 (7) one person appointed by Schools for Equity in Education;
- 181.4 (8) one person appointed by the Minnesota Farm Bureau;
- 181.5 (9) one person appointed by the Minnesota Farmers Union;
- 181.6 (10) one person appointed by the Minnesota Chamber of Commerce; and
- 181.7 (11) one person appointed by Minnesota Lakes and Rivers Advocates.
- 181.8 (c) The commissioner of revenue and the commissioner of education, or their designees,
- 181.9 shall serve as ex-officio members of the working group.
- 181.10 (d) All appointments must be made before July 1, 2018. The majority party appointee
- 181.11 of the house of representatives Taxes Committee chair shall chair the initial meeting, and
- 181.12 the working group shall elect a chair at that initial meeting. The working group will meet
- 181.13 at the call of the chair. Members of the working group shall serve without compensation.
- 181.14 The commissioner of revenue must provide administrative support to the working group.
- 181.15 Minnesota Statutes, chapter 13D, does not apply to meetings of the working group. Meetings
- 181.16 of the working group must be open to the public and the working group must provide notice
- 181.17 of a meeting to potentially interested persons at least five days before the meeting. A meeting
- 181.18 of the working group occurs when a quorum is present.
- 181.19 (e) The working group shall make its advisory recommendations to the chairs of the
- 181.20 house of representatives and senate Taxes and Education Finance Committees on or before
- 181.21 January 1, 2019, at which time the working group shall be finished and this section expires.
- 181.22 **EFFECTIVE DATE.** This section is effective the day following final enactment.
- 181.23 Sec. 38. **REVISOR'S INSTRUCTION.**
- 181.24 In Minnesota Statutes and Minnesota Rules, the revisor of statutes shall make
- 181.25 cross-reference changes that are needed as a result of the repealers in this article. The revisor
- 181.26 shall make any necessary technical and grammatical changes to preserve the meaning of
- 181.27 the text.
- 181.28 Sec. 39. **REPEALER.**
- 181.29 (a) Minnesota Statutes 2016, section 273.1315, is repealed.

182.1 (b) Minnesota Statutes 2017 Supplement, sections 327C.01, subdivision 13; and 327C.16,  
182.2 are repealed.

182.3 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2020.

182.4 **ARTICLE 6**

182.5 **AIDS AND CREDITS**

182.6 Section 1. Minnesota Statutes 2016, section 290B.04, subdivision 1, is amended to read:

182.7 Subdivision 1. **Initial application.** (a) A taxpayer meeting the program qualifications  
182.8 under section 290B.03 may apply to the commissioner of revenue for the deferral of taxes.  
182.9 Applications are due on or before ~~July~~ November 1 for deferral of any of the following  
182.10 year's property taxes. A taxpayer may preapply for an early notification of approval or denial  
182.11 at any time. The commissioner must notify a taxpayer in writing of the reasons for an  
182.12 application denial and that the application may be amended and resubmitted by the due date  
182.13 specified in this subdivision. A taxpayer may apply in the year in which the taxpayer becomes  
182.14 65 years old, provided that no deferral of property taxes will be made until the calendar  
182.15 year after the taxpayer becomes 65 years old. The application, which shall be prescribed  
182.16 by the commissioner of revenue, shall include the following items and any other information  
182.17 which the commissioner deems necessary:

182.18 (1) the name, address, and Social Security number of the owner or owners;

182.19 (2) a copy of the property tax statement for the current payable year for the homesteaded  
182.20 property;

182.21 (3) the initial year of ownership and occupancy as a homestead;

182.22 (4) the owner's household income for the previous calendar year; and

182.23 (5) information on any mortgage loans or other amounts secured by mortgages or other  
182.24 liens against the property, for which purpose the commissioner may require the applicant  
182.25 to provide a copy of the mortgage note, the mortgage, or a statement of the balance owing  
182.26 on the mortgage loan provided by the mortgage holder. The commissioner may require the  
182.27 appropriate documents in connection with obtaining and confirming information on unpaid  
182.28 amounts secured by other liens.

182.29 The application must state that program participation is voluntary. The application must  
182.30 also state that the deferred amount depends directly on the applicant's household income,  
182.31 and that program participation includes authorization for the annual deferred amount, the

183.1 cumulative deferral and interest that appear on each year's notice prepared by the county  
183.2 under subdivision 6, is public data.

183.3 The application must state that program participants may claim the property tax refund  
183.4 based on the full amount of property taxes eligible for the refund, including any deferred  
183.5 amounts. The application must also state that property tax refunds will be used to offset any  
183.6 deferral and interest under this program, and that any other amounts subject to revenue  
183.7 recapture under section 270A.03, subdivision 7, will also be used to offset any deferral and  
183.8 interest under this program.

183.9 (b) As part of the initial application process, the commissioner may require the applicant  
183.10 to obtain at the applicant's own cost and submit:

183.11 (1) if the property is registered property under chapter 508 or 508A, a copy of the original  
183.12 certificate of title in the possession of the county registrar of titles (sometimes referred to  
183.13 as "condition of register"); or

183.14 (2) if the property is abstract property, a report prepared by a licensed abstracter showing  
183.15 the last deed and any unsatisfied mortgages, liens, judgments, and state and federal tax lien  
183.16 notices which were recorded on or after the date of that last deed with respect to the property  
183.17 or to the applicant.

183.18 The certificate or report under clauses (1) and (2) need not include references to any  
183.19 documents filed or recorded more than 40 years prior to the date of the certification or report.  
183.20 The certification or report must be as of a date not more than 30 days prior to submission  
183.21 of the application.

183.22 The commissioner may also require the county recorder or county registrar of the county  
183.23 where the property is located to provide copies of recorded documents related to the applicant  
183.24 or the property, for which the recorder or registrar shall not charge a fee. The commissioner  
183.25 may use any information available to determine or verify eligibility under this section. The  
183.26 household income from the application is private data on individuals as defined in section  
183.27 13.02, subdivision 12.

183.28 **EFFECTIVE DATE.** This section is effective beginning with assessments in 2020.

183.29 Sec. 2. Minnesota Statutes 2016, section 477A.013, subdivision 13, is amended to read:

183.30 Subd. 13. **Certified aid adjustments.** ~~(a) A city that received an aid base increase under~~  
183.31 ~~Minnesota Statutes 2012, section 477A.011, subdivision 36, paragraph (c), shall have its~~  
183.32 ~~total aid under subdivision 9 increased by an amount equal to \$150,000 for aids payable in~~  
183.33 ~~2014 through 2018.~~

184.1 ~~(b)~~ (a) A city that received an aid base increase under Minnesota Statutes 2012, section  
184.2 477A.011, subdivision 36, paragraph (r), shall have its total aid under subdivision 9 increased  
184.3 by an amount equal to \$160,000 for aids payable in 2014 and thereafter.

184.4 ~~(c) A city that received a temporary aid increase under Minnesota Statutes 2012, section~~  
184.5 ~~477A.011, subdivision 36, paragraph (o), shall have its total aid under subdivision 9 increased~~  
184.6 ~~by an amount equal to \$1,000,000 for aids payable in 2014 only.~~

184.7 (b) For aids payable in 2019 only, a city shall have its total aid under subdivision 9  
184.8 increased by an amount equal to its aid decrease between aids payable in 2016 and 2017 if:

184.9 (1) the city's aid decreased by more than \$50,000 between aids payable in 2016 and  
184.10 2017 under this section; and

184.11 (2) the city's unmet need amount calculated for aids payable in 2017 exceeded its aids  
184.12 payable in 2016.

184.13 (c) The city of Lilydale shall have its total aid under subdivision 9 increased by \$150,000  
184.14 for aids payable in 2019 only.

184.15 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2019.

184.16 Sec. 3. Minnesota Statutes 2017 Supplement, section 477A.015, is amended to read:

184.17 **477A.015 PAYMENT DATES.**

184.18 (a) The commissioner of revenue shall make the payments of local government aid to  
184.19 affected taxing authorities in two installments on July 20 and December 26 annually.

184.20 (b) Notwithstanding paragraph (a), for aids payable in 2019 only, the commissioner of  
184.21 revenue shall make payments of the aid payable under section 477A.013, subdivision 9, in  
184.22 three installments as follows: (1) ~~14.6~~ 17.2186 percent of the aid shall be paid on June 15,  
184.23 2019; (2) ~~35.4~~ 32.7814 percent of the aid shall be paid on July 20, 2019; and (3) 50 percent  
184.24 of the aid shall be paid on December 26, 2019.

184.25 (c) When the commissioner of public safety determines that a local government has  
184.26 suffered financial hardship due to a natural disaster, the commissioner of public safety shall  
184.27 notify the commissioner of revenue, who shall make payments of aids under sections  
184.28 477A.011 to 477A.014, which are otherwise due on December 26, as soon as is practical  
184.29 after the determination is made but not before July 20.

184.30 (d) The commissioner may pay all or part of the payments of aids under sections  
184.31 477A.011 to 477A.014, which are due on December 26 at any time after August 15 if a  
184.32 local government requests such payment as being necessary for meeting its cash flow needs.



185.1 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2019.

185.2 Sec. 4. Minnesota Statutes 2016, section 477A.016, is amended to read:

185.3 **477A.016 NEW TAXES PROHIBITED.**

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

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

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

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

185.12 (c) For purposes of this section:

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

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

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

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

185.20 Sec. 5. Minnesota Statutes 2017 Supplement, section 477A.03, subdivision 2a, is amended  
185.21 to read:

185.22 Subd. 2a. **Cities.** For aids payable in 2016 and 2017, the total aid paid under section  
185.23 477A.013, subdivision 9, is \$519,398,012. For aids payable in 2018, 2020, and thereafter,  
185.24 the total aid paid under section 477A.013, subdivision 9, is \$534,398,012. For aids payable  
185.25 in 2019 only, the total aid paid under section 477A.013, subdivision 9, is \$534,645,272.

185.26 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2019  
185.27 and thereafter.

186.1 Sec. 6. **LAKE MILLE LACS AREA PROPERTY TAX ABATEMENT.**

186.2 **Subdivision 1. Abatements authorized.** (a) Notwithstanding Minnesota Statutes, section  
186.3 375.192, the county boards of Aitkin, Crow Wing, and Mille Lacs Counties may grant an  
186.4 abatement of local property taxes for taxes payable in 2018, provided that:

186.5 (1) the property is classified as 1c, 3a (excluding utility real and personal property),  
186.6 4c(1), 4c(10), or 4c(11);

186.7 (2) on or before December 31, 2018, the taxpayer submits a written application to the  
186.8 county auditor in the county in which abatement is sought; and

186.9 (3) the taxpayer meets qualification requirements established in subdivision 3.

186.10 **Subd. 2. Appeals.** An appeal may not be taken to the Tax Court from any order of the  
186.11 county board made pursuant to the exercise of the discretionary authority granted in this  
186.12 section.

186.13 **Subd. 3. Qualification requirements.** To qualify for abatements under this section, a  
186.14 taxpayer must:

186.15 (1) be located within one of the following municipalities surrounding Lake Mille Lacs:

186.16 (i) in Crow Wing County, the city of Garrison, township of Garrison, or township of  
186.17 Roosevelt;

186.18 (ii) in Aitkin County, the township of Hazelton, township of Wealthwood, township of  
186.19 Malmo, or township of Lakeside; or

186.20 (iii) in Mille Lacs County, the city of Isle, city of Wahkon, city of Onamia, township of  
186.21 East Side, township of Isle Harbor, township of South Harbor, or township of Kathio;

186.22 (2) document a reduction in gross receipts of five percent or greater between any two  
186.23 calendar years beginning in 2010 or later; and

186.24 (3) be a business in one of the following industries, as defined within the North American  
186.25 Industry Classification System: accommodation, restaurants, bars, amusement and recreation,  
186.26 food and beverages retail, sporting goods, miscellaneous retail, general retail, museums,  
186.27 historical sites, health and personal care, gas station, general merchandise, business and  
186.28 professional membership, movies, or nonstore retailer, as determined by the county in  
186.29 consultation with the commissioner of employment and economic development.

186.30 **Subd. 4. State general levy in relief area.** The counties of Aitkin, Crow Wing, and  
186.31 Mille Lacs must refund the state general levy levied upon a property classified as 1c, 3a

187.1 (excluding utility real and personal property), or 4c(1) that is located in the area described  
187.2 by subdivision 3, clause (1), for taxes payable in 2018.

187.3 Subd. 5. **Certification and transfer of funds.** (a) By February 1, 2019, a county granting  
187.4 a refund as required under subdivision 4 must certify the total amount of state general tax  
187.5 refunded to Mille Lacs County and the commissioner of revenue. By March 1, 2019, Mille  
187.6 Lacs County must transfer an amount equal to the amount certified under this paragraph to  
187.7 the county making the certification.

187.8 (b) By February 1, 2019, a county that has received an application for an abatement  
187.9 authorized under subdivision 1 must certify to Mille Lacs County the total amount of  
187.10 abatements for which applications have been received and approved. By March 1, 2019,  
187.11 Mille Lacs County must transfer an amount equal to the amount certified under this paragraph  
187.12 to the county making the certification. By April 30, 2019, the county must issue refunds of  
187.13 local property tax amounts to qualified taxpayers.

187.14 Subd. 6. **Commissioner of revenue; appropriation.** An amount sufficient to make the  
187.15 transfers required under subdivision 5 in fiscal year 2019 is appropriated from the general  
187.16 fund to the commissioner of revenue for transfer to Mille Lacs County. This is a onetime  
187.17 appropriation.

187.18 Subd. 7. **Report to legislature.** The commissioner of revenue must make a written report  
187.19 to the chairs and ranking minority members of the legislative committees with jurisdiction  
187.20 over taxes stating the amount of abatements and refunds given under this section by taxing  
187.21 jurisdictions by February 1, 2020. The counties must provide the commissioner with the  
187.22 information necessary to make the report.

187.23 Subd. 8. **Refund eligibility.** Only a taxpayer making all payments of property taxes for  
187.24 taxes payable in 2018 is eligible to receive a refund under subdivisions 4 and 5.

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

187.26 Sec. 7. **REPEALER.**

187.27 Minnesota Statutes 2016, section 477A.085, is repealed.

187.28 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2018.

188.1

**ARTICLE 7**

188.2

**REFERENDUM**

188.3 Section 1. Minnesota Statutes 2017 Supplement, section 126C.17, subdivision 9, is amended  
188.4 to read:

188.5 Subd. 9. **Referendum revenue.** (a) The revenue authorized by section 126C.10,  
188.6 subdivision 1, may be increased in the amount approved by the voters of the district at a  
188.7 referendum called for the purpose. The referendum may be called by the board. The  
188.8 referendum must be conducted one or two calendar years before the increased levy authority,  
188.9 if approved, first becomes payable. Only one election to approve an increase may be held  
188.10 in a calendar year. Unless the referendum is conducted by mail under subdivision 11,  
188.11 paragraph (a), the referendum must be held on the first Tuesday after the first Monday in  
188.12 November. The ballot must state the maximum amount of the increased revenue per adjusted  
188.13 pupil unit. The ballot may state a schedule, determined by the board, of increased revenue  
188.14 per adjusted pupil unit that differs from year to year over the number of years for which the  
188.15 increased revenue is authorized or may state that the amount shall increase annually by the  
188.16 rate of inflation. The ballot must state the cumulative amount per pupil of any local optional  
188.17 revenue, board-approved referendum authority, and previous voter-approved referendum  
188.18 authority, if any, that the board expects to certify for the next school year. For this purpose,  
188.19 the rate of inflation shall be the annual inflationary increase calculated under subdivision  
188.20 2, paragraph (b). The ballot may state that existing referendum levy authority is expiring.  
188.21 In this case, the ballot may also compare the proposed levy authority to the existing expiring  
188.22 levy authority, and express the proposed increase as the amount, if any, over the expiring  
188.23 referendum levy authority. The ballot must designate the specific number of years, not to  
188.24 exceed ten, for which the referendum authorization applies. The ballot, including a ballot  
188.25 on the question to revoke or reduce the increased revenue amount under paragraph (c), must  
188.26 abbreviate the term "per adjusted pupil unit" as "per pupil." The notice required under section  
188.27 275.60 may be modified to read, in cases of renewing existing levies at the same amount  
188.28 per pupil as in the previous year:

188.29 "BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING TO  
188.30 EXTEND AN EXISTING PROPERTY TAX REFERENDUM THAT IS SCHEDULED  
188.31 TO EXPIRE."

188.32 The ballot may contain a textual portion with the information required in this subdivision  
188.33 and a question stating substantially the following:

189.1 "Shall the increase in the revenue proposed by (petition to) the board of ....., School  
189.2 District No. ..., be approved?"

189.3 If approved, an amount equal to the approved revenue per adjusted pupil unit times the  
189.4 adjusted pupil units for the school year beginning in the year after the levy is certified shall  
189.5 be authorized for certification for the number of years approved, if applicable, or until  
189.6 revoked or reduced by the voters of the district at a subsequent referendum.

189.7 (b) The board must deliver by mail at least 15 days but no more than 30 days before the  
189.8 day of the referendum to each taxpayer a notice of the referendum and the proposed revenue  
189.9 increase. The board need not mail more than one notice to any taxpayer. For the purpose  
189.10 of giving mailed notice under this subdivision, owners must be those shown to be owners  
189.11 on the records of the county auditor or, in any county where tax statements are mailed by  
189.12 the county treasurer, on the records of the county treasurer. Every property owner whose  
189.13 name does not appear on the records of the county auditor or the county treasurer is deemed  
189.14 to have waived this mailed notice unless the owner has requested in writing that the county  
189.15 auditor or county treasurer, as the case may be, include the name on the records for this  
189.16 purpose. The notice must project the anticipated amount of tax increase in annual dollars  
189.17 for typical residential homesteads, agricultural homesteads, apartments, and  
189.18 commercial-industrial property within the school district.

189.19 The notice must state the cumulative and individual amounts per pupil of any local  
189.20 optional revenue, board-approved referendum authority, and voter-approved referendum  
189.21 authority, if any, that the board expects to certify for the next school year.

189.22 The notice for a referendum may state that an existing referendum levy is expiring and  
189.23 project the anticipated amount of increase over the existing referendum levy in the first  
189.24 year, if any, in annual dollars for typical residential homesteads, agricultural homesteads,  
189.25 apartments, and commercial-industrial property within the district.

189.26 The notice must include the following statement: "Passage of this referendum will result  
189.27 in an increase in your property taxes." However, in cases of renewing existing levies, the  
189.28 notice may include the following statement: "Passage of this referendum extends an existing  
189.29 operating referendum at the same amount per pupil as in the previous year."

189.30 (c) A referendum on the question of revoking or reducing the increased revenue amount  
189.31 authorized pursuant to paragraph (a) may be called by the board. A referendum to revoke  
189.32 or reduce the revenue amount must state the amount per adjusted pupil unit by which the  
189.33 authority is to be reduced. Revenue authority approved by the voters of the district pursuant  
189.34 to paragraph (a) must be available to the school district at least once before it is subject to

190.1 a referendum on its revocation or reduction for subsequent years. Only one revocation or  
190.2 reduction referendum may be held to revoke or reduce referendum revenue for any specific  
190.3 year and for years thereafter.

190.4 (d) The approval of 50 percent plus one of those voting on the question is required to  
190.5 pass a referendum authorized by this subdivision.

190.6 (e) At least 15 days before the day of the referendum, the district must submit a copy of  
190.7 the notice required under paragraph (b) to the commissioner and to the county auditor of  
190.8 each county in which the district is located. Within 15 days after the results of the referendum  
190.9 have been certified by the board, or in the case of a recount, the certification of the results  
190.10 of the recount by the canvassing board, the district must notify the commissioner of the  
190.11 results of the referendum.

190.12 **EFFECTIVE DATE.** This section is effective August 1, 2018, and applies to any  
190.13 referendum authorized on or after that date.

190.14 Sec. 2. Minnesota Statutes 2017 Supplement, section 205.10, subdivision 3a, is amended  
190.15 to read:

190.16 Subd. 3a. **Uniform election dates.** (a) Except as ~~allowed in paragraph~~ provided in  
190.17 paragraphs (b) and (c) and subdivision 4, a special election held in a city or town must be  
190.18 held on one of the following dates: the second Tuesday in February, the second Tuesday in  
190.19 April, the second Tuesday in May, the second Tuesday in August, or the first Tuesday after  
190.20 the first Monday in November. A home rule charter city must not designate additional dates  
190.21 in its charter.

190.22 (b) A special election may be held on a date other than those designated in paragraph  
190.23 (a) if the special election is held in response to an emergency or disaster. "Emergency"  
190.24 means an unforeseen combination of circumstances that calls for immediate action to prevent  
190.25 a disaster from developing or occurring. "Disaster" means a situation that creates an actual  
190.26 or imminent serious threat to the health and safety of persons or a situation that has resulted  
190.27 or is likely to result in catastrophic loss to property or the environment.

190.28 (c) Except as provided in paragraph (b), a referendum or reverse referendum held by a  
190.29 city or town related to (1) imposing or modifying a levy, (2) issuing bonds, certificates of  
190.30 indebtedness, or capital notes, or (3) purchasing real property, must only be held on the first  
190.31 Tuesday after the first Monday in November.

190.32 **EFFECTIVE DATE.** This section is effective August 1, 2018, and applies to any  
190.33 referendum authorized on or after that date.

191.1 Sec. 3. Minnesota Statutes 2017 Supplement, section 205A.05, subdivision 1a, is amended  
191.2 to read:

191.3 Subd. 1a. **Uniform election dates.** (a) Except as ~~allowed in paragraph~~ provided in  
191.4 paragraphs (b) and (c), a special election held in a school district must be held on one of  
191.5 the following dates: the second Tuesday in February, the second Tuesday in April, the  
191.6 second Tuesday in May, the second Tuesday in August, or the first Tuesday after the first  
191.7 Monday in November.

191.8 (b) A special election may be held on a date other than those designated in paragraph  
191.9 (a) if the special election is held in response to an emergency or disaster. "Emergency"  
191.10 means an unforeseen combination of circumstances that calls for immediate action to prevent  
191.11 a disaster from developing or occurring. "Disaster" means a situation that creates an actual  
191.12 or imminent serious threat to the health and safety of persons or a situation that has resulted  
191.13 or is likely to result in catastrophic loss to property or the environment.

191.14 (c) Except as provided in paragraph (b), a referendum or reverse referendum held by a  
191.15 school district related to (1) imposing or modifying a levy, (2) issuing bonds, certificates  
191.16 of indebtedness, or capital notes, or (3) purchasing real property, must only be held on the  
191.17 first Tuesday after the first Monday in November.

191.18 **EFFECTIVE DATE.** This section is effective August 1, 2018, and applies to any  
191.19 referendum authorized on or after that date.

191.20 Sec. 4. Minnesota Statutes 2016, section 216B.36, is amended to read:

191.21 **216B.36 MUNICIPAL REGULATORY AND TAXING POWERS.**

191.22 **Subdivision 1. Municipal authority to regulate public utilities.** Any public utility  
191.23 furnishing the utility services enumerated in section 216B.02 or occupying streets, highways,  
191.24 or other public property within a municipality may be required to obtain a license, permit,  
191.25 right, or franchise in accordance with the terms, conditions, and limitations of regulatory  
191.26 acts of the municipality, including the placing of distribution lines and facilities underground.  
191.27 Under the license, permit, right, or franchise, the utility may be obligated by any municipality  
191.28 to pay to the municipality fees to raise revenue or defray increased municipal costs accruing  
191.29 as a result of utility operations, or both. A fee that raises revenue under a license, permit,  
191.30 right, or franchise agreement entered into or renewed on or after August 1, 2018, is subject  
191.31 to the requirements of subdivision 2. The fee may include but is not limited to a sum of  
191.32 money based upon gross operating revenues or gross earnings from its operations in the  
191.33 municipality so long as the public utility shall continue to operate in the municipality, unless

192.1 upon request of the public utility it is expressly released from the obligation at any time by  
192.2 such municipality. Notwithstanding the definition of "public utility" in section 216B.02,  
192.3 subdivision 4, a municipality may require payment of a fee under this section by a cooperative  
192.4 electric association organized under chapter 308A that furnishes utility services within the  
192.5 municipality. All existing licenses, permits, franchises, and other rights acquired by any  
192.6 public utility or municipality prior to April 11, 1974, including the payment of existing  
192.7 franchise fees, shall not be impaired or affected in any respect by the passage of this chapter,  
192.8 except with respect to matters of rate and service regulation, service area assignments,  
192.9 securities, and indebtedness that are vested in the jurisdiction of the commission by this  
192.10 chapter. However, in the event that a court of competent jurisdiction determines, or the  
192.11 parties by mutual agreement determine, that an existing license, permit, franchise, or other  
192.12 right has been abrogated or impaired by this chapter, or its execution, the municipality  
192.13 affected shall impose and the public utility shall collect an excise tax on the utility charges  
192.14 which from year to year yields an amount which is reasonably equivalent to that amount of  
192.15 revenue which then would be due as a fee, charges or other thing or service of value to the  
192.16 municipality under the franchise, license, or permit. The authorization shall be over and  
192.17 above taxing limitations including, but not limited to, those of section 477A.016. Franchises  
192.18 granted pursuant to this section shall be exempt from the provisions of chapter 80C. For  
192.19 purposes of this section, a public utility shall include a cooperative electric association.

192.20 Subd. 2. **Five-year renewal; reverse referendum.** (a) A municipality may impose a  
192.21 fee under subdivision 1 to raise revenue beyond what is needed to defray increased municipal  
192.22 costs due to utility operations for up to a five-year period, following the procedures in this  
192.23 subdivision.

192.24 (b) The municipality must include in its ordinance or license, permit, or franchise  
192.25 agreement with the public utility what constitutes a cost to the city.

192.26 (c) The municipality must identify in its ordinance or license, permit, or franchise  
192.27 agreement the uses of the portion of the fee that is for purposes other than to defray city  
192.28 costs. The municipality must publish a notice that explains:

192.29 (1) the fee and its intended uses;

192.30 (2) that the public utility is likely to pass the fee on to customers and how much that  
192.31 may increase customers' utility bills;

192.32 (3) that alternatives to the revenue-raising portion of the fee are to raise the revenue  
192.33 from another source available to the municipality or forego planned uses of the revenue;  
192.34 and



193.1 (4) what revenue raised from another source will cost those paying it.

193.2 The notice must be published at least once each week for two consecutive weeks in the  
193.3 official publication of the municipality and must remain posted on the municipality's Web  
193.4 site throughout the notice period. The notice must also be sent to all affected ratepayers by  
193.5 either first class mail by the municipality or by including the notice in the affected ratepayers'  
193.6 billings.

193.7 (d) Following publication and before imposing the fee, the municipality must provide  
193.8 an opportunity at its next regular meeting for public comment relating to the issue. No  
193.9 sooner than 90 days after the public comment opportunity, the municipality may proceed  
193.10 with imposing the fee, unless a petition is filed as provided in paragraph (e).

193.11 (e) Within 90 days after the meeting held by the municipality at which public comment  
193.12 was accepted, a petition requesting a referendum may be filed with the chief clerical officer  
193.13 of the municipality. The petition must be signed by at least five percent of the registered  
193.14 voters in the municipality. The petition must meet the requirements of the secretary of state,  
193.15 as provided in section 204B.071, and any rules adopted to implement that section. If the  
193.16 petition is sufficient, the question of whether the municipality may impose a fee that raises  
193.17 revenue as provided in subdivision 1 must be placed on the ballot at the next general election.  
193.18 If a majority of the voters voting on the question votes in favor of using the fee to raise  
193.19 revenue, the municipality may proceed with imposing the fee.

193.20 (f) If a license, permit, right, or franchise agreement is entered into or renewed before  
193.21 August 1, 2018, and by its terms and the ordinance authorizing it, will be in effect after  
193.22 August 1, 2023, the municipality must follow the procedures in this subdivision to provide  
193.23 notice, a public hearing, and opportunity for a petition for a referendum by August 1, 2023.

193.24 (g) Except as provided in paragraph (f), this subdivision applies to a license, permit,  
193.25 right, or franchise agreement entered into or renewed on or after August 1, 2018.

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

193.27 Sec. 5. Minnesota Statutes 2016, section 237.19, is amended to read:

193.28 **237.19 MUNICIPAL TELECOMMUNICATIONS SERVICES.**

193.29 Any municipality shall have the right to own and operate a telephone exchange within  
193.30 its own borders, subject to the provisions of this chapter. It may construct such plant, or  
193.31 purchase an existing plant by agreement with the owner, or where it cannot agree with the  
193.32 owner on price, it may acquire an existing plant by condemnation, as hereinafter provided,  
193.33 but in no case shall a municipality construct or purchase such a plant or proceed to acquire

194.1 an existing plant by condemnation until such action by it is authorized by a majority of the  
194.2 electors voting upon the proposition at ~~a general~~ an election ~~or a special election called for~~  
194.3 ~~that purpose~~ held on the first Tuesday after the first Monday in November in either an  
194.4 even-numbered or odd-numbered year, and if the proposal is to construct a new exchange  
194.5 where an exchange already exists, it shall not be authorized to do so unless 65 percent of  
194.6 those voting thereon vote in favor of the undertaking. A municipality that owns and operates  
194.7 a telephone exchange may enter into a joint venture as a partner or shareholder with a  
194.8 telecommunications organization to provide telecommunications services within its service  
194.9 area.

194.10 **EFFECTIVE DATE.** This section is effective August 1, 2018, and applies to any  
194.11 referendum authorized on or after that date.

194.12 Sec. 6. Minnesota Statutes 2016, section 412.221, subdivision 2, is amended to read:

194.13 Subd. 2. **Contracts.** The council shall have power to make such contracts as may be  
194.14 deemed necessary or desirable to make effective any power possessed by the council. The  
194.15 city may purchase personal property through a conditional sales contract and real property  
194.16 through a contract for deed under which contracts the seller is confined to the remedy of  
194.17 recovery of the property in case of nonpayment of all or part of the purchase price, which  
194.18 shall be payable over a period of not to exceed five years. When the contract price of property  
194.19 to be purchased by contract for deed or conditional sales contract exceeds 0.24177 percent  
194.20 of the estimated market value of the city, the city may not enter into such a contract for at  
194.21 least ten days after publication in the official newspaper of a council resolution determining  
194.22 to purchase property by such a contract; and, if before the end of that time a petition asking  
194.23 for an election on the proposition signed by voters equal to ten percent of the number of  
194.24 voters at the last regular city election is filed with the clerk, the city may not enter into such  
194.25 a contract until the proposition has been approved by a majority of the votes cast on the  
194.26 question at ~~a regular or special~~ an election held on the first Tuesday after the first Monday  
194.27 in November of either an even-numbered or odd-numbered year.

194.28 **EFFECTIVE DATE.** This section is effective August 1, 2018, and applies to any  
194.29 referendum authorized on or after that date.

194.30 Sec. 7. **[416.17] VOTER APPROVAL REQUIRED; LEASES OF PUBLIC**  
194.31 **BUILDINGS.**

194.32 Subdivision 1. **Reverse referendum; certain leases.** (a) Before executing a qualified  
194.33 lease, a municipality must publish notice of its intention to execute the lease and the date

195.1 and time of a hearing to obtain public comment on the matter. The notice must be published  
195.2 in the official newspaper of the municipality or in a newspaper of general circulation in the  
195.3 municipality and must include a statement of the amount of the obligations to be issued by  
195.4 the authority and the maximum amount of annual rent to be paid by the municipality under  
195.5 the qualified lease. The notice must be published at least 14, but not more than 28, days  
195.6 before the date of the hearing.

195.7 (b) A municipality may enter a lease subject to paragraph (a) only upon obtaining the  
195.8 approval of a majority of the voters voting on the question of issuing the obligations, if a  
195.9 petition requesting a vote on the issuance is signed by voters equal to ten percent of the  
195.10 votes cast in the municipality in the last state general election and is filed with the county  
195.11 auditor within 30 days after the public hearing.

195.12 Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the  
195.13 meanings given them.

195.14 (b) "Authority" includes any of the following governmental units, the boundaries of  
195.15 which include all or part of the geographic area of the municipality:

195.16 (1) a housing and redevelopment authority, as defined in section 469.002, subdivision  
195.17 2;

195.18 (2) a port authority, as defined in section 469.048;

195.19 (3) an economic development authority, as established under section 469.091; or

195.20 (4) an entity established or exercising powers under a special law with powers similar  
195.21 to those of an entity described in clauses (1) to (3).

195.22 (c) "Municipality" means a statutory or home rule charter city, a county, or a town  
195.23 described in section 368.01, but does not include a city of the first class, however organized,  
195.24 as defined in section 410.01.

195.25 (d) "Qualified lease" means a lease for use of public land, all or part of a public building,  
195.26 or other public facilities consisting of real property for a term of three or more years as a  
195.27 lessee if the property to be leased to the municipality was acquired or improved with the  
195.28 proceeds of obligations, as defined in section 475.51, subdivision 3, issued by an authority.

195.29 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
195.30 applies to qualified leases entered into after July 1, 2018.

196.1 Sec. 8. Minnesota Statutes 2016, section 426.19, subdivision 2, is amended to read:

196.2 Subd. 2. **Referendum in certain cases.** Before the pledge of any such revenues to the  
196.3 payment of any such bonds, warrants or certificates of indebtedness, except bonds, warrants  
196.4 or certificates of indebtedness to construct, reconstruct, enlarge or equip a municipal liquor  
196.5 store shall be made, the governing body shall submit to the voters of the city the question  
196.6 of whether such revenues shall be so pledged and such pledge shall not be binding on the  
196.7 city until it shall have been approved by a majority of the voters voting on the question at  
196.8 ~~either a general~~ an election or special election called for that purpose held on the first Tuesday  
196.9 after the first Monday in November of either an even-numbered or odd-numbered year. No  
196.10 election shall be required for pledge of such revenues for payment of bonds, warrants or  
196.11 certificates of indebtedness to construct, reconstruct, enlarge or equip a municipal liquor  
196.12 store.

196.13 **EFFECTIVE DATE.** This section is effective August 1, 2018, and applies to any  
196.14 referendum authorized on or after that date.

196.15 Sec. 9. Minnesota Statutes 2016, section 447.045, subdivision 2, is amended to read:

196.16 Subd. 2. **Statutory city; on-sale and off-sale store.** If the voters of a statutory city  
196.17 operating an on-sale and off-sale municipal liquor store, at a ~~general or special~~ an election  
196.18 held on the first Tuesday after the first Monday in November of either an even-numbered  
196.19 or odd-numbered year, vote in favor of contributing from its liquor dispensary fund toward  
196.20 the construction of a community hospital, the city council may appropriate not more than  
196.21 \$60,000 from the fund to any incorporated nonprofit hospital association to build a  
196.22 community hospital in the statutory city. The hospital must be governed by a board including  
196.23 two or more members of the statutory city council and be open to all residents of the statutory  
196.24 city on equal terms. This appropriation must not exceed one-half the total cost of construction  
196.25 of the hospital. The council must not appropriate the money unless the average net earnings  
196.26 of the on-sale and off-sale municipal liquor store have been at least \$10,000 for the last five  
196.27 completed fiscal years before the date of the appropriation.

196.28 **EFFECTIVE DATE.** This section is effective August 1, 2018, and applies to any  
196.29 referendum authorized on or after that date.

196.30 Sec. 10. Minnesota Statutes 2016, section 447.045, subdivision 3, is amended to read:

196.31 Subd. 3. **Statutory city; off-sale or on- and off-sale store.** (a) If a statutory city operates  
196.32 an off-sale, or an on- and off-sale municipal liquor store it may provide for a vote at a ~~general~~  
196.33 ~~or special~~ an election held on the first Tuesday after the first Monday in November of either

197.1 an even-numbered or odd-numbered year on the question of contributing from the city liquor  
197.2 dispensary fund to build, maintain, and operate a community hospital. If the vote is in favor,  
197.3 the city council may appropriate money from the fund to an incorporated hospital association  
197.4 for a period of four years. The appropriation must be from the net profits or proceeds of the  
197.5 municipal liquor store. It must not exceed \$4,000 a year for hospital construction and  
197.6 maintenance or \$1,000 a year for operation. The hospital must be open to all residents of  
197.7 the community on equal terms.

197.8 (b) The council must not appropriate the money unless the average net earnings of the  
197.9 off-sale, or on- and off-sale municipal liquor store have been at least \$8,000 for the last two  
197.10 completed years before the date of the appropriation.

197.11 **EFFECTIVE DATE.** This section is effective August 1, 2018, and applies to any  
197.12 referendum authorized on or after that date.

197.13 Sec. 11. Minnesota Statutes 2016, section 447.045, subdivision 4, is amended to read:

197.14 Subd. 4. **Fourth class city operating store.** If a city of the fourth class operates a  
197.15 municipal liquor store, it may provide for a vote at ~~a general or special~~ an election held on  
197.16 the first Tuesday after the first Monday in November of either an even-numbered or  
197.17 odd-numbered year on the question of contributing from the profit in the city liquor  
197.18 dispensary fund to build, equip, and maintain a community hospital within the city limits.  
197.19 If the vote is in favor, the city council may appropriate not more than \$200,000 from profits  
197.20 in the fund for the purpose. The hospital must be open to all residents of the city on equal  
197.21 terms.

197.22 The city may issue certificates of indebtedness in anticipation of and payable only from  
197.23 profits from the operation of municipal liquor stores.

197.24 **EFFECTIVE DATE.** This section is effective August 1, 2018, and applies to any  
197.25 referendum authorized on or after that date.

197.26 Sec. 12. Minnesota Statutes 2016, section 447.045, subdivision 6, is amended to read:

197.27 Subd. 6. **Statutory city; fourth class.** If a fourth class statutory city operates a municipal  
197.28 liquor store, it may provide for a vote at ~~a general or special~~ an election held on the first  
197.29 Tuesday after the first Monday in November of either an even-numbered or odd-numbered  
197.30 year on the question of contributing from the city liquor dispensary fund not more than  
197.31 \$15,000 a year for five years to build and maintain a community hospital. If the vote is in

198.1 favor the council may appropriate the money from the fund to an incorporated community  
198.2 hospital association in the city.

198.3 **EFFECTIVE DATE.** This section is effective August 1, 2018, and applies to any  
198.4 referendum authorized on or after that date.

198.5 Sec. 13. Minnesota Statutes 2016, section 447.045, subdivision 7, is amended to read:

198.6 Subd. 7. **Statutory city; any store.** If a statutory city operates a municipal liquor store,  
198.7 it may provide for a vote at a ~~general or special~~ an election held on the first Tuesday after  
198.8 the first Monday in November of either an even-numbered or odd-numbered year on the  
198.9 question of contributing from the statutory city liquor dispensary fund toward the acquisition,  
198.10 construction, improvement, maintenance, and operation of a community hospital. If the  
198.11 vote is in favor, the council may appropriate money from time to time out of the net profits  
198.12 or proceeds of the municipal liquor store to an incorporated nonprofit hospital association  
198.13 in the statutory city. The hospital association must be governed by a board of directors  
198.14 elected by donors of \$50 or more, who each have one vote. The hospital must be open to  
198.15 all residents of the community on equal terms.

198.16 **EFFECTIVE DATE.** This section is effective August 1, 2018, and applies to any  
198.17 referendum authorized on or after that date.

198.18 Sec. 14. Minnesota Statutes 2016, section 452.11, is amended to read:

198.19 **452.11 SUBMISSION TO VOTERS.**

198.20 No city of the first class shall acquire or construct any public utility under the terms of  
198.21 sections 452.08 to 452.13 unless the proposition to acquire or construct same has first been  
198.22 submitted to the qualified electors of the city at a ~~general city election or at a special election~~  
198.23 ~~called for that purpose,~~ held on the first Tuesday after the first Monday in November of  
198.24 either an even-numbered or odd-numbered year and has been approved by a majority vote  
198.25 of all electors voting upon the proposition.

198.26 The question of issuing public utility certificates as provided in section 452.09 may, at  
198.27 the option of the council, be submitted at the same election as the question of the acquisition  
198.28 or construction of the public utility.

198.29 **EFFECTIVE DATE.** This section is effective August 1, 2018, and applies to any  
198.30 referendum authorized on or after that date.

199.1 Sec. 15. Minnesota Statutes 2016, section 455.24, is amended to read:

199.2 **455.24 SUBMISSION TO VOTERS.**

199.3 Before incurring any expense under the powers conferred by section 455.23, the approval  
199.4 of the voters of the city shall first be had at ~~a general or special~~ an election held therein on  
199.5 the first Tuesday after the first Monday in November of either an even-numbered or  
199.6 odd-numbered year. If a majority of the voters of the city participating at the election shall  
199.7 vote in favor of the construction of the system of poles, wires and cables herein authorized  
199.8 to be made, the council shall proceed with the construction.

199.9 **EFFECTIVE DATE.** This section is effective August 1, 2018, and applies to any  
199.10 referendum authorized on or after that date.

199.11 Sec. 16. Minnesota Statutes 2016, section 455.29, is amended to read:

199.12 **455.29 MUNICIPALITIES MAY EXTEND ELECTRIC SERVICE.**

199.13 Except as otherwise restricted by chapter 216B, the governing body, or the commission  
199.14 or board charged with the operation of the public utilities, if one exists therein, of any  
199.15 municipality in the state owning and operating an electric light and power plant for the  
199.16 purpose of the manufacture and sale of electrical power or for the purchase and redistribution  
199.17 of electrical power, may, upon a two-thirds vote of the governing body, or the commission  
199.18 or board, in addition to all other powers now possessed by such municipality, sell electricity  
199.19 to customers, singly or collectively, outside of such municipality, within the state but not  
199.20 to exceed a distance of 30 miles from the corporate limits of the municipality. Before any  
199.21 municipality shall have the power to extend its lines and sell electricity outside of the  
199.22 municipality as provided by sections 455.29 and 455.30, the governing body shall first  
199.23 submit to the voters of the municipality, at ~~a general or special~~ an election held on the first  
199.24 Tuesday after the first Monday in November of either an even-numbered or odd-numbered  
199.25 year, the general principle of going outside the municipality and fixing the maximum amount  
199.26 of contemplated expenditures reasonably expected to be made for any and all extensions  
199.27 then or thereafter contemplated. Three weeks' published notice shall be given of such election  
199.28 as required by law, and if a majority of those voting upon the proposition favors the same,  
199.29 then the municipality shall thereafter be considered as having chosen to enter the general  
199.30 business of extending its electric light and power facilities beyond the corporate limits of  
199.31 the municipality. It shall not be necessary to submit to a vote of the people the question of  
199.32 any specific enlargement, extension, or improvement of any outside lines; provided the  
199.33 voters of the municipality have generally elected to exercise the privileges afforded by  
199.34 sections 455.29 and 455.30, and, provided, that each and any specific extension, enlargement,

200.1 or improvement project is within the limit of the maximum expenditure authorized at the  
200.2 election. In cities operating under a home rule charter, where a vote of the people is not  
200.3 now required in order to extend electric light and power lines, no election shall be required  
200.4 under the provisions of any act. At any election held to determine the attitude of the voters  
200.5 upon this principle, the question shall be simply stated upon the ballot provided therefor,  
200.6 and shall be substantially in the following form: "Shall the city of ..... undertake  
200.7 the general proposition of extending its electric light and power lines beyond the limits of  
200.8 the municipality, and limit the maximum expenditures for any and all future extensions to  
200.9 the sum of \$.....?" For this purpose every municipality is authorized and empowered  
200.10 to extend the lines, wires, and fixtures of its plant to such customers and may issue certificates  
200.11 of indebtedness therefor in an amount not to exceed the actual cost of the extensions and  
200.12 for a term not to exceed the reasonable life of the extensions. These certificates of  
200.13 indebtedness shall in no case be made a charge against the municipality, but shall be payable  
200.14 and paid out of current revenues of the plant other than taxes.

200.15 **EFFECTIVE DATE.** This section is effective August 1, 2018, and applies to any  
200.16 referendum authorized on or after that date.

200.17 Sec. 17. Minnesota Statutes 2016, section 469.190, subdivision 1, is amended to read:

200.18 Subdivision 1. **Authorization.** Notwithstanding section 477A.016 or any other law, a  
200.19 statutory or home rule charter city may by ordinance, and a town may by the affirmative  
200.20 vote of the electors at the annual town meeting, ~~or at a special town meeting,~~ impose a tax  
200.21 of up to three percent on the gross receipts from the furnishing for consideration of lodging  
200.22 at a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing  
200.23 of it for a continuous period of 30 days or more. A statutory or home rule charter city may  
200.24 by ordinance impose the tax authorized under this subdivision on the camping site receipts  
200.25 of a municipal campground.

200.26 **EFFECTIVE DATE.** This section is effective August 1, 2018, and applies to any  
200.27 referendum authorized on or after that date.

200.28 Sec. 18. Minnesota Statutes 2016, section 469.190, subdivision 5, is amended to read:

200.29 Subd. 5. **Reverse referendum.** If the county board passes a resolution under subdivision  
200.30 4 to impose the tax, the resolution must be published for two successive weeks in a newspaper  
200.31 of general circulation within the unorganized territory, together with a notice fixing a date  
200.32 for a public hearing on the proposed tax.



201.1 The hearing must be held not less than two weeks nor more than four weeks after the  
201.2 first publication of the notice. After the public hearing, the county board may determine to  
201.3 take no further action, or may adopt a resolution authorizing the tax as originally proposed  
201.4 or approving a lesser rate of tax. The resolution must be published in a newspaper of general  
201.5 circulation within the unorganized territory. The voters of the unorganized territory may  
201.6 request a referendum on the proposed tax by filing a petition with the county auditor within  
201.7 30 days after the resolution is published. The petition must be signed by voters who reside  
201.8 in the unorganized territory. The number of signatures must equal at least five percent of  
201.9 the number of persons voting in the unorganized territory in the last general election. If such  
201.10 a petition is timely filed, the resolution is not effective until it has been submitted to the  
201.11 voters residing in the unorganized territory at a ~~general or special~~ an election held on the  
201.12 first Tuesday after the first Monday in November of either an even-numbered or  
201.13 odd-numbered year and a majority of votes cast on the question of approving the resolution  
201.14 are in the affirmative. The commissioner of revenue shall prepare a suggested form of  
201.15 question to be presented at the referendum.

201.16 **EFFECTIVE DATE.** This section is effective August 1, 2018, and applies to any  
201.17 referendum authorized on or after that date.

201.18 Sec. 19. Minnesota Statutes 2016, section 471.57, subdivision 3, is amended to read:

201.19 Subd. 3. **May use fund for other purposes upon vote.** The council of any municipality  
201.20 which has established a public works reserve fund by an ordinance designating the specific  
201.21 improvement or type of capital improvement for which the fund may be used may submit  
201.22 to the voters of the municipality at any ~~regular or special~~ an election held on the first Tuesday  
201.23 after the first Monday in November of either an even-numbered or odd-numbered year the  
201.24 question of using the fund for some other purpose. If a majority of the votes cast on the  
201.25 question are in favor of such diversion from the original purpose of the fund, it may be used  
201.26 for any purpose so approved by the voters.

201.27 **EFFECTIVE DATE.** This section is effective August 1, 2018, and applies to any  
201.28 referendum authorized on or after that date.

201.29 Sec. 20. Minnesota Statutes 2016, section 471.571, subdivision 3, is amended to read:

201.30 Subd. 3. **Expenditure from fund, limitation.** No expenditure for any one project in  
201.31 excess of 60 percent of one year's levy or \$25,000, whichever is greater, may be made from  
201.32 such permanent improvement or replacement fund in any year without first obtaining the  
201.33 approval of a majority of the voters voting at a ~~general or special~~ municipal election held

202.1 on the first Tuesday after the first Monday in November of either an even-numbered or  
 202.2 odd-numbered year at which the question of making such expenditure has been submitted.  
 202.3 In submitting any proposal to the voters for approval, the amount proposed to be spent and  
 202.4 the purpose thereof shall be stated in the proposal submitted. The proceeds of such levies  
 202.5 may be pledged for the payment of any bonds issued pursuant to law for any purposes  
 202.6 authorized hereby and annual payments upon such bonds or interest may be made without  
 202.7 additional authorization.

202.8 **EFFECTIVE DATE.** This section is effective August 1, 2018, and applies to any  
 202.9 referendum authorized on or after that date.

202.10 Sec. 21. Minnesota Statutes 2016, section 471.572, subdivision 4, is amended to read:

202.11 Subd. 4. **Use of fund for a specific purpose.** If the city has established a reserve fund,  
 202.12 it may submit to the voters at ~~a regular or special~~ an election held on the first Tuesday after  
 202.13 the first Monday in November of either an even-numbered or odd-numbered year the question  
 202.14 of whether use of the fund should be restricted to a specific improvement or type of capital  
 202.15 improvement. If a majority of the votes cast on the question are in favor of the limitation  
 202.16 on the use of the reserve fund, it may be used only for the purpose approved by the voters.

202.17 **EFFECTIVE DATE.** This section is effective August 1, 2018, and applies to any  
 202.18 referendum authorized on or after that date.

202.19 Sec. 22. Minnesota Statutes 2017 Supplement, section 475.59, subdivision 2, is amended  
 202.20 to read:

202.21 Subd. 2. **Election date.** An election to approve issuance of bonds under this section held  
 202.22 by a municipality or school district must be held on a date authorized in section 205.10,  
 202.23 subdivision 3a, or 205A.05, subdivision 1a. An election under this section held by a town  
 202.24 may be held on the same day as the annual town meeting or on the first Tuesday after the  
 202.25 first Monday in November of either an even-numbered or odd-numbered year.

202.26 **EFFECTIVE DATE.** This section is effective August 1, 2018, and applies to any  
 202.27 referendum authorized on or after that date.

202.28

## ARTICLE 8

202.29

### MISCELLANEOUS

202.30 Section 1. **[16A.1246] NO SPENDING FOR CERTAIN RAIL PROJECTS.**

203.1 (a) Except as provided in paragraph (b), no appropriation or other state money, whether  
203.2 in the general or another fund, must be expended or used for any costs related to studying  
203.3 the feasibility of, planning for, designing, engineering, acquiring property or constructing  
203.4 facilities for or related to, or development or operation of intercity or interregional passenger  
203.5 rail facilities or operations between the city of Rochester or locations in its metropolitan  
203.6 area and any location in the metropolitan area, as defined in section 473.121, subdivision  
203.7 2.

203.8 (b) The restrictions under this section do not apply to:

203.9 (1) funds obtained from contributions, grants, or other voluntary payments made by  
203.10 nongovernmental entities from private sources; or

203.11 (2) amounts specifically appropriated for a project or costs subject to paragraph (a), but  
203.12 only after enactment of a law that explicitly adds the project for which the expenditures are  
203.13 made to the statewide freight and passenger rail plan under section 174.03, subdivision 1b.

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

203.15 **Sec. 2. [16B.2965] PROPERTY LEASED FOR RAIL PROJECTS.**

203.16 (a) If a state official leases, loans, or otherwise makes available state lands, air rights,  
203.17 or any other state property for use in connection with passenger rail facilities, as described  
203.18 in section 16A.1246, the lease or other agreement must include or be secured by a security  
203.19 bond or equivalent guarantee that allows the state to recover any costs it incurs in connection  
203.20 with the rail project from a responsible third party or secure source of capital, if the passenger  
203.21 rail facilities are not constructed, do not go into operation, or are abandoned, whether or  
203.22 not the facilities began operations. The security bond or equivalent guarantee must remain  
203.23 in place for the term of lease, loan, or other agreement that makes state property available  
203.24 for use by the project. These costs include restoring state property to its original condition.

203.25 (b) For purposes of this section, "state official" includes the commissioner, the  
203.26 commissioner of transportation, or any other state official with authority to enter a lease or  
203.27 other agreement providing for use by a nonstate entity of state property.

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

203.29 **Sec. 3. [117.028] CONDEMNATION FOR CERTAIN RAIL FACILITIES**  
203.30 **PROHIBITED.**

203.31 Notwithstanding section 222.27 or any other law to the contrary, no condemning authority  
203.32 may take property for the development or construction of or for facilities related to intercity

204.1 or interregional passenger rail facilities or operations between the city of Rochester or  
204.2 locations in its metropolitan area and any location in the metropolitan area, as defined in  
204.3 section 473.121, subdivision 2.

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

204.5 Sec. 4. Minnesota Statutes 2016, section 174.03, subdivision 1b, is amended to read:

204.6 Subd. 1b. **Statewide freight and passenger rail plan.** (a) The commissioner shall  
204.7 develop a comprehensive statewide freight and passenger rail plan to be included and revised  
204.8 as a part of the statewide multimodal transportation plan.

204.9 (b) ~~Before the initial version of the plan is adopted, the commissioner shall provide a~~  
204.10 ~~copy for review and comment to the chairs and ranking minority members of the senate and~~  
204.11 ~~house of representatives committees with jurisdiction over transportation policy and finance.~~  
204.12 ~~Notwithstanding paragraph (a), the commissioner may adopt the next revision of the statewide~~  
204.13 ~~transportation plan, scheduled to be completed in calendar year 2009, prior to completion~~  
204.14 ~~of the initial version of the comprehensive statewide freight and passenger rail plan. The~~  
204.15 statewide freight and passenger rail plan must not include prioritization, planning, or  
204.16 references, other than references for historical purposes, to intercity passenger rail between  
204.17 the city of Rochester or locations in its metropolitan area and any location in the metropolitan  
204.18 area, as defined in section 473.121, subdivision 2. Before February 1, 2019, the commissioner  
204.19 shall revise the statewide freight and passenger rail plan to meet the requirements of this  
204.20 paragraph.

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

204.22 Sec. 5. Minnesota Statutes 2016, section 197.603, subdivision 2, is amended to read:

204.23 Subd. 2. **Records; data privacy.** Pursuant to chapter 13 the county veterans service  
204.24 officer is the responsible authority with respect to all records in the officer's custody. The  
204.25 data on clients' applications for assistance is private data on individuals, as defined in section  
204.26 13.02, subdivision 12. The county veterans service officer may disclose to the county assessor  
204.27 private data necessary to determine a client's eligibility for the disabled veteran's homestead  
204.28 market value exclusion under section 273.13, subdivision 34.

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

205.1 Sec. 6. [222.271] PASSENGER RAIL PROJECTS; ENVIRONMENTAL  
205.2 INSURANCE REQUIRED.

205.3 Subdivision 1. Scope. (a) This section applies to any person that seeks a federal or state  
205.4 permit or other formal legal authorization to construct or operate a passenger rail project  
205.5 with an estimated capital cost exceeding \$1,000,000,000.

205.6 (b) This section does not apply to a person whose only action within the scope of  
205.7 paragraph (a) is an application for a building permit.

205.8 Subd. 2. Definitions. (a) For purposes of this section, unless the context clearly indicates  
205.9 otherwise, the following definitions apply.

205.10 (b) "Commissioner" means the commissioner of the Pollution Control Agency.

205.11 (c) "Insurance" means a commercial insurance policy, a security bond, or an equivalent  
205.12 guarantee that provides assurance of the project's ability to pay claims for any liability under  
205.13 chapter 115B or similar provisions of common law or federal law resulting from construction  
205.14 or operation of the passenger rail project.

205.15 (d) "Passenger rail project" or "project" means a railroad or a line or lines of a railway  
205.16 located within or partly within Minnesota intended to provide passenger service, regardless  
205.17 of whether freight service is also provided, by a common carrier other than a federal or state  
205.18 government unit, a political subdivision of the state, or the National Railroad Passenger  
205.19 Corporation created under the Rail Passenger Service Act of 1970, Public Law 91-518.

205.20 (e) "Person" includes a corporation, limited liability company, partnership, other entity,  
205.21 or an individual.

205.22 Subd. 3. Environmental insurance required. (a) Any person subject to this section  
205.23 must obtain and maintain insurance that is adequate to cover potential claims and meets the  
205.24 other requirements of this section, as approved by the commissioner under paragraph (b).  
205.25 The insurance must not contain dollar limits on liability, or if it does contain a dollar limit  
205.26 the limit must be not less than a reasonable estimate of the potential exposure of the project  
205.27 for environmental remediation or impairment damages. Any dollar limit must be adjusted  
205.28 if the scope, size, or cost of the project increases materially. The insurance must cover any  
205.29 liability incurred during and after the construction and operation of the project and must  
205.30 not contain exclusions, limitations, or other restrictions that are not standard in comprehensive  
205.31 environmental remediation insurance or in environmental impairment insurance, as  
205.32 applicable.

206.1 (b) In order to satisfy the requirements of this section, the commissioner must determine  
206.2 that the insurance is adequate and that it meets the other requirements of this section. The  
206.3 commissioner may require that the project provide any supporting documentation to  
206.4 determine that insurance is adequate and meets the other requirements of this section and  
206.5 that the project has the financial ability to maintain insurance during the project's operations.

206.6 **EFFECTIVE DATE.** This section is effective for passenger rail projects for which  
206.7 application for a permit or other formal legal authorization to construct is made after the  
206.8 day following final enactment.

206.9 Sec. 7. Minnesota Statutes 2016, section 270A.03, subdivision 7, is amended to read:

206.10 Subd. 7. **Refund.** "Refund" means an individual income tax refund ~~or political~~  
206.11 ~~contribution refund~~, pursuant to chapter 290, ~~or a property tax credit or refund~~, pursuant to  
206.12 chapter 290A, or a sustainable forest payment to a claimant under chapter 290C.

206.13 For purposes of this chapter, lottery prizes, as set forth in section 349A.08, subdivision  
206.14 8, and amounts granted to persons by the legislature on the recommendation of the joint  
206.15 senate-house of representatives Subcommittee on Claims shall be treated as refunds.

206.16 In the case of a joint property tax refund payable to spouses under chapter 290A, the  
206.17 refund shall be considered as belonging to each spouse in the proportion of the total refund  
206.18 that equals each spouse's proportion of the total income determined under section 290A.03,  
206.19 subdivision 3. In the case of a joint income tax refund under chapter 289A, the refund shall  
206.20 be considered as belonging to each spouse in the proportion of the total refund that equals  
206.21 each spouse's proportion of the total taxable income determined under section 290.01,  
206.22 subdivision 29. The commissioner shall remit the entire refund to the claimant agency,  
206.23 which shall, upon the request of the spouse who does not owe the debt, determine the amount  
206.24 of the refund belonging to that spouse and refund the amount to that spouse. For court fines,  
206.25 fees, and surcharges and court-ordered restitution under section 611A.04, subdivision 2,  
206.26 the notice provided by the commissioner of revenue under section 270A.07, subdivision 2,  
206.27 paragraph (b), serves as the appropriate legal notice to the spouse who does not owe the  
206.28 debt.

206.29 **EFFECTIVE DATE.** This section is effective for political contribution refund claims  
206.30 based on contributions made on or after July 1, 2018.

207.1 Sec. 8. Minnesota Statutes 2016, section 273.1245, subdivision 2, is amended to read:

207.2 Subd. 2. **Disclosure.** The assessor shall disclose the data described in subdivision 1 to  
207.3 the commissioner of revenue as provided by law. The assessor shall also disclose all or  
207.4 portions of the data described in subdivision 1 to:

207.5 (1) the county treasurer solely for the purpose of proceeding under the Revenue Recapture  
207.6 Act to recover personal property taxes owing; and

207.7 (2) the county veterans service officer for the purpose of determining a person's eligibility  
207.8 for the disabled veteran's homestead market value exclusion under section 273.13, subdivision  
207.9 34.

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

207.11 Sec. 9. Minnesota Statutes 2016, section 289A.50, subdivision 1, is amended to read:

207.12 Subdivision 1. **General right to refund.** (a) Subject to the requirements of this section  
207.13 and section 289A.40, a taxpayer who has paid a tax in excess of the taxes lawfully due and  
207.14 who files a written claim for refund will be refunded or credited the overpayment of the tax  
207.15 determined by the commissioner to be erroneously paid.

207.16 (b) The claim must specify the name of the taxpayer, the date when and the period for  
207.17 which the tax was paid, the kind of tax paid, the amount of the tax that the taxpayer claims  
207.18 was erroneously paid, the grounds on which a refund is claimed, and other information  
207.19 relative to the payment and in the form required by the commissioner. An income tax, estate  
207.20 tax, or corporate franchise tax return, or amended return claiming an overpayment constitutes  
207.21 a claim for refund.

207.22 (c) When, in the course of an examination, and within the time for requesting a refund,  
207.23 the commissioner determines that there has been an overpayment of tax, the commissioner  
207.24 shall refund or credit the overpayment to the taxpayer and no demand is necessary. If the  
207.25 overpayment exceeds \$1, the amount of the overpayment must be refunded to the taxpayer.  
207.26 If the amount of the overpayment is less than \$1, the commissioner is not required to refund.  
207.27 In these situations, the commissioner does not have to make written findings or serve notice  
207.28 by mail to the taxpayer.

207.29 (d) If the amount allowable as a credit for withholding, estimated taxes, or dependent  
207.30 care exceeds the tax against which the credit is allowable, the amount of the excess is  
207.31 considered an overpayment. ~~The refund allowed by section 290.06, subdivision 23, is also~~  
207.32 ~~considered an overpayment.~~ The requirements of section 270C.33 do not apply to the  
207.33 refunding of such an overpayment shown on the original return filed by a taxpayer.

208.1 (e) If the entertainment tax withheld at the source exceeds by \$1 or more the taxes,  
208.2 penalties, and interest reported in the return of the entertainment entity or imposed by section  
208.3 290.9201, the excess must be refunded to the entertainment entity. If the excess is less than  
208.4 \$1, the commissioner need not refund that amount.

208.5 (f) If the surety deposit required for a construction contract exceeds the liability of the  
208.6 out-of-state contractor, the commissioner shall refund the difference to the contractor.

208.7 (g) An action of the commissioner in refunding the amount of the overpayment does not  
208.8 constitute a determination of the correctness of the return of the taxpayer.

208.9 (h) There is appropriated from the general fund to the commissioner of revenue the  
208.10 amount necessary to pay refunds allowed under this section.

208.11 **EFFECTIVE DATE.** This section is effective for political contribution refund claims  
208.12 based on contributions made on or after July 1, 2018.

208.13 Sec. 10. Minnesota Statutes 2016, section 290.01, subdivision 6, is amended to read:

208.14 Subd. 6. **Taxpayer.** The term "taxpayer" means any person or corporation subject to a  
208.15 tax imposed by this chapter. ~~For purposes of section 290.06, subdivision 23, the term~~  
208.16 ~~"taxpayer" means an individual eligible to vote in Minnesota under section 201.014.~~

208.17 **EFFECTIVE DATE.** This section is effective for political contribution refund claims  
208.18 based on contributions made on or after July 1, 2018.

208.19 Sec. 11. Minnesota Statutes 2016, section 297A.993, is amended by adding a subdivision  
208.20 to read:

208.21 Subd. 2a. **Hennepin County.** (a) Upon submission of a resolution adopted by the city  
208.22 board to the Hennepin County Board, Hennepin County must remit to the city 50 percent  
208.23 of the tax revenue collected under subdivision 1 within the boundaries of the city. The  
208.24 payment to the city must be made at least annually. Notwithstanding subdivision 2, the city  
208.25 must use the tax proceeds to plan, engineer, and construct improvements to county highways  
208.26 and bridges within the boundaries of the city. Two or more cities may enter into a joint  
208.27 powers agreement to jointly use the funds received by the cities on a project within the  
208.28 boundaries of the joint powers agreement's member cities. For a city located partially in  
208.29 Hennepin County, the city must use the tax proceeds on projects located within the portion  
208.30 of the city that is within Hennepin County boundaries.

208.31 (b) For purposes of this subdivision, "city" means a home rule charter or statutory city  
208.32 that:



209.1 (1) is located wholly or partially within Hennepin County;

209.2 (2) has a population of 60,000 or greater; and

209.3 (3) does not have within the city boundaries a current light rail transit line or a light rail  
209.4 transit line in planning or development.

209.5 (c) This section expires on July 1, 2038, or when the tax under subdivision 2 is terminated,  
209.6 whichever is earlier.

209.7 Sec. 12. Minnesota Statutes 2016, section 298.225, subdivision 1, is amended to read:

209.8 Subdivision 1. **Guaranteed distribution.** (a) Except as provided under paragraph (c),  
209.9 the distribution of the taconite production tax as provided in section 298.28, subdivisions  
209.10 3 to 5, 6, paragraph (b), 7, and 8, shall equal the lesser of the following amounts:

209.11 (1) the amount distributed pursuant to this section and section 298.28, with respect to  
209.12 1983 production if the production for the year prior to the distribution year is no less than  
209.13 42,000,000 taxable tons. If the production is less than 42,000,000 taxable tons, the amount  
209.14 of the distributions shall be reduced proportionately at the rate of two percent for each  
209.15 1,000,000 tons, or part of 1,000,000 tons by which the production is less than 42,000,000  
209.16 tons; or

209.17 (2)(i) for the distributions made pursuant to section 298.28, subdivisions 4, paragraphs  
209.18 (b) and (c), and 6, paragraph (c), 31.2 percent of the amount distributed pursuant to this  
209.19 section and section 298.28, with respect to 1983 production;

209.20 (ii) for the distributions made pursuant to section 298.28, subdivision 5, paragraphs (b)  
209.21 and (d), 75 percent of the amount distributed pursuant to this section and section 298.28,  
209.22 with respect to 1983 production provided that the aid guarantee for distributions under  
209.23 section 298.28, subdivision 5, paragraph (b), shall be reduced by five cents per taxable ton  
209.24 for production years 2014 and thereafter.

209.25 (b) The distribution of the taconite production tax as provided in section 298.28,  
209.26 subdivision 2, shall equal the following amount:

209.27 (1) if the production for the year prior to the distribution year is at least 42,000,000  
209.28 taxable tons, the amount distributed pursuant to this section and section 298.28 with respect  
209.29 to 1999 production; or

209.30 (2) if the production for the year prior to the distribution year is less than 42,000,000  
209.31 taxable tons, the amount distributed pursuant to this section and section 298.28 with respect

210.1 to 1999 production, reduced proportionately at the rate of two percent for each 1,000,000  
210.2 tons or part of 1,000,000 tons by which the production is less than 42,000,000 tons.

210.3 (c) The distribution of the taconite production tax under section 298.28, subdivision 3,  
210.4 paragraph (a), guaranteed under this section is equal to the amount distributed under section  
210.5 298.28, with respect to 1983 production.

210.6 **EFFECTIVE DATE.** This section is effective for distributions in 2019 and thereafter.

210.7 Sec. 13. Minnesota Statutes 2016, section 298.28, subdivision 3, is amended to read:

210.8 Subd. 3. **Cities; towns.** (a) 12.5 cents per taxable ton, less any amount distributed under  
210.9 subdivision 8, and paragraph (b), must be allocated to the taconite municipal aid account  
210.10 to be distributed as provided in section 298.282. The amount allocated to the taconite  
210.11 municipal aid account must be annually increased in the same proportion as the increase in  
210.12 the implicit price deflator as provided in section 298.24, subdivision 1.

210.13 (b) An amount must be allocated to towns or cities that is annually certified by the county  
210.14 auditor of a county containing a taconite tax relief area as defined in section 273.134,  
210.15 paragraph (b), within which there is (1) an organized township if, as of January 2, 1982,  
210.16 more than 75 percent of the assessed valuation of the township consists of iron ore or (2) a  
210.17 city if, as of January 2, 1980, more than 75 percent of the assessed valuation of the city  
210.18 consists of iron ore.

210.19 (c) The amount allocated under paragraph (b) will be the portion of a township's or city's  
210.20 certified levy equal to the proportion of (1) the difference between 50 percent of January  
210.21 2, 1982, assessed value in the case of a township and 50 percent of the January 2, 1980,  
210.22 assessed value in the case of a city and its current assessed value to (2) the sum of its current  
210.23 assessed value plus the difference determined in (1), provided that the amount distributed  
210.24 shall not exceed \$55 per capita in the case of a township or \$75 per capita in the case of a  
210.25 city. For purposes of this limitation, population will be determined according to the 1980  
210.26 decennial census conducted by the United States Bureau of the Census. If the current assessed  
210.27 value of the township exceeds 50 percent of the township's January 2, 1982, assessed value,  
210.28 or if the current assessed value of the city exceeds 50 percent of the city's January 2, 1980,  
210.29 assessed value, this paragraph shall not apply. For purposes of this paragraph, "assessed  
210.30 value," when used in reference to years other than 1980 or 1982, means the appropriate net  
210.31 tax capacities multiplied by 10.2.

210.32 (d) In addition to other distributions under this subdivision, three cents per taxable ton  
210.33 for distributions in 2009 must be allocated for distribution to towns that are entirely located

211.1 within the taconite tax relief area defined in section 273.134, paragraph (b). For distribution  
211.2 in 2010 through 2014 and for distribution in 2018 and subsequent years, the three-cent  
211.3 amount must be annually increased in the same proportion as the increase in the implicit  
211.4 price deflator as provided in section 298.24, subdivision 1. The amount available under this  
211.5 paragraph will be distributed to eligible towns on a per capita basis, provided that no town  
211.6 may receive more than \$50,000 in any year under this paragraph. Any amount of the  
211.7 distribution that exceeds the \$50,000 limitation for a town under this paragraph must be  
211.8 redistributed on a per capita basis among the other eligible towns, to whose distributions  
211.9 do not exceed \$50,000.

211.10 **EFFECTIVE DATE.** This section is effective for distributions in 2019 and thereafter.

211.11 Sec. 14. Minnesota Statutes 2016, section 360.013, is amended by adding a subdivision  
211.12 to read:

211.13 Subd. 62. **Unmanned aircraft.** "Unmanned aircraft" means an aircraft, as defined in  
211.14 subdivision 37, that is operated without the possibility of human intervention from within  
211.15 or on the aircraft.

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

211.17 Sec. 15. Minnesota Statutes 2016, section 360.013, is amended by adding a subdivision  
211.18 to read:

211.19 Subd. 63. **Unmanned aircraft system.** "Unmanned aircraft system" means an unmanned  
211.20 aircraft and all of its associated elements, including components and communication links,  
211.21 that are required to control and operate the aircraft.

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

211.23 Sec. 16. Minnesota Statutes 2016, section 360.55, is amended by adding a subdivision to  
211.24 read:

211.25 Subd. 9. **Unmanned aircraft systems.** (a) Any unmanned aircraft system in which the  
211.26 unmanned aircraft weighs less than 55 pounds at takeoff, including payload and anything  
211.27 affixed to the aircraft, either:

211.28 (1) must be registered in the state for an annual fee of \$25; or

211.29 (2) is not subject to registration or an annual fee if the unmanned aircraft system is owned  
211.30 and operated solely for recreational purposes.

212.1 (b) An unmanned aircraft system that meets the requirements under paragraph (a) is  
212.2 exempt from aircraft registration tax under sections 360.511 to 360.67.

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

212.4 Sec. 17. Minnesota Statutes 2016, section 360.62, is amended to read:

212.5 **360.62 TAX REFUND.**

212.6 Except as provided herein the tax upon any aircraft which has been paid for any year,  
212.7 shall be refunded only for errors made in computing the tax or fees or for the error on the  
212.8 part of an owner who may in error have registered an aircraft that was not before, nor at the  
212.9 time of such registration, nor at any time thereafter during the tax period, subject to such  
212.10 tax in this state; provided that after more than 24 months after such tax was paid no refund  
212.11 shall be made for any tax paid on any aircraft. Refunds as provided by sections 360.511 to  
212.12 360.67 shall be made in the manner provided by Laws 1947, chapter 416. The former owner  
212.13 of a transferred aircraft by an assignment in writing endorsed upon the former owner's  
212.14 registration certificate and delivered to the commissioner within the time provided herein  
212.15 may sell and assign to the new owner thereof the right to have the tax paid by the former  
212.16 owner accredited to such new owner who duly registers such aircraft. Any owner whose  
212.17 aircraft ~~shall be~~ is destroyed or permanently removed from the state ~~shall be~~ is entitled to  
212.18 a refund for the unused portion of the tax paid upon the destroyed or removed aircraft ~~so~~  
212.19 ~~destroyed or removed from the state, such.~~ The refund to must be computed pro rata by the  
212.20 month, and to be equal to the monthly tax rate multiplied by the number of full calendar  
212.21 months remaining in the fiscal year, or multiplied by the number of full calendar months  
212.22 remaining in that period between January 1, 1966, to and including June 30, 1967, whichever  
212.23 period is applicable. An unmanned aircraft system that is destroyed or permanently removed  
212.24 from the state is not entitled to a tax refund under this section.

212.25 In order to secure such refund, the aircraft owner shall submit a signed statement that  
212.26 such aircraft has either been sold out of state or destroyed, the date of such sale or destruction,  
212.27 and such other information as the commissioner may require. Any false statement willfully  
212.28 and knowingly made in regard thereto shall be deemed a perjury and punished accordingly.  
212.29 No refund shall be made if application is not made within 12 months after the date the  
212.30 aircraft was sold out of state or destroyed.

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

213.1 Sec. 18. [459.36] NO SPENDING OF PUBLIC MONEY FOR CERTAIN RAIL  
213.2 PROJECTS.

213.3 (a) Except as provided in paragraph (b), a governmental unit must not spend or use any  
213.4 money for any costs related to studying the feasibility of, planning for, designing,  
213.5 engineering, acquiring property or constructing facilities for or related to, or development  
213.6 or operation of intercity or interregional passenger rail facilities or operations between the  
213.7 city of Rochester, or locations in its metropolitan area, and any location in the metropolitan  
213.8 area, as defined in section 473.121, subdivision 2.

213.9 (b) The restrictions under this section do not apply to:

213.10 (1) funds the governmental unit obtains from contributions, grants, or other voluntary  
213.11 payments made by nongovernmental entities from private sources;

213.12 (2) expenditures for costs of public infrastructure, including public utilities, parking  
213.13 facilities, a multimode transit hub, or similar projects located within the area of the  
213.14 development district, as defined under section 469.40, and reflected in the development  
213.15 plan adopted before the enactment of this section, that are intended to serve, and that are  
213.16 made following the completed construction and commencement of operation of privately  
213.17 financed and operated intercity or interregional passenger rail facilities; or

213.18 (3) expenditures made after enactment of a law that explicitly adds the intercity or  
213.19 interregional passenger rail project for which the expenditures are made to the statewide  
213.20 freight and passenger rail plan under section 174.03, subdivision 1b.

213.21 (c) For purposes of this section, "governmental unit" means any of the following, located  
213.22 in development regions 10 and 11, as designated under section 462.385, subdivision 1:

213.23 (1) statutory or home rule charter city;

213.24 (2) county;

213.25 (3) special taxing district, as defined in section 275.066;

213.26 (4) metropolitan planning organization; or

213.27 (5) destination medical center entity, which includes the Destination Medical Center  
213.28 Corporation and agency, as those terms are defined in section 469.40, and any successor or  
213.29 related entity.

213.30 **EFFECTIVE DATE.** This section is effective the day following final enactment without  
213.31 local approval under Minnesota Statutes, section 645.023, subdivision 1, clause (c).

214.1 Sec. 19. Minnesota Statutes 2016, section 474A.02, subdivision 22b, is amended to read:

214.2 Subd. 22b. **Public facilities project.** "Public facilities project" means any publicly owned  
214.3 facility, or a facility owned by a nonprofit organization that is used for district heating or  
214.4 cooling, whether publicly or privately owned, that is eligible to be financed with the proceeds  
214.5 of public facilities bonds as defined under section 474A.02, subdivision 23a.

214.6 Sec. 20. Laws 1986, chapter 379, section 1, subdivision 1, is amended to read:

214.7 Subdivision 1. **Liquor and food tax authorized.** (a) Notwithstanding Minnesota Statutes,  
214.8 section 477A.016, or any ordinance, city charter, or other provision of law, the city of St.  
214.9 Cloud may, by ordinance, impose a sales tax supplemental to the general sales tax imposed  
214.10 in Minnesota Statutes, chapter 297A, the proceeds of which shall be used in accordance  
214.11 with subdivision 2. The tax imposed by the city may be not more than one percent on the  
214.12 gross receipts from all retail on-sales of intoxicating liquor and fermented malt beverages  
214.13 sold at licensed on-sale liquor establishments located within its geographic boundaries, or  
214.14 not more than one percent on the gross receipts from the retail sale of food and beverages  
214.15 not subject to the liquor tax by a restaurant or place of refreshment located within its  
214.16 geographic boundaries, or both. For purposes of this act, the city shall define the terms  
214.17 "restaurant" and "place of refreshment" by resolution. The governing body of the city may  
214.18 adopt an ordinance establishing a convention center taxing district. The ordinance shall  
214.19 describe with particularity the area within the city to be included in the district. If the city  
214.20 establishes a convention center taxing district, the sales taxes authorized under this  
214.21 subdivision may be imposed only upon the sales occurring at on-sale liquor establishments,  
214.22 restaurants, or other places of refreshment located within the district.

214.23 (b) Notwithstanding Minnesota Statutes, section 477A.016, or any ordinance, city charter,  
214.24 or other provision of law, the city of St. Cloud may, if approved by the voters at a general  
214.25 election, increase by ordinance the tax allowed under paragraph (a) by up to one-half of  
214.26 one percent. The election must be held before the governing body of the city considers the  
214.27 ordinance. The proceeds of the increased tax must be used for remodeling, improvements,  
214.28 and expansion of the Municipal Athletic Center, including making payments on any  
214.29 associated bonds.

214.30 **EFFECTIVE DATE.** This section is effective the day after the city of St. Cloud and  
214.31 its chief clerical officer timely comply with Minnesota Statutes, section 645.021.

215.1 Sec. 21. Laws 1986, chapter 379, section 2, subdivision 1, is amended to read:

215.2 Subdivision 1. **Additional tax authorized.** (a) Notwithstanding Minnesota Statutes,  
215.3 section 477A.016, or any ordinance, city charter, or other provision of law, the city of St.  
215.4 Cloud may, by ordinance, impose a tax at a rate not to exceed two percent in addition to  
215.5 the tax authorized under Laws 1979, chapter 197, on the gross receipts from the furnishing  
215.6 for consideration of lodging at a hotel, motel, rooming house, tourist court, or resort other  
215.7 than the renting or leasing of it for a continuous period of 30 days or more.

215.8 (b) Notwithstanding Minnesota Statutes, section 477A.016, the city of St. Cloud may,  
215.9 if approved by the voters at a general election, increase by ordinance the tax allowed under  
215.10 paragraph (a) by up to one percent. The election must be held before the governing body  
215.11 of the city considers the ordinance. The proceeds of the increased tax must be used for  
215.12 remodeling, improvements, and expansion of the Municipal Athletic Center, including  
215.13 making payments on any associated bonds.

215.14 **EFFECTIVE DATE.** This section is effective the day after the city of St. Cloud and  
215.15 its chief clerical officer timely comply with Minnesota Statutes, section 645.021.

215.16 Sec. 22. Laws 2008, chapter 366, article 5, section 26, as amended by Laws 2013, chapter  
215.17 143, article 9, section 11, is amended to read:

215.18 Sec. 26. **BLOOMINGTON TAX INCREMENT FINANCING; FIVE-YEAR RULE.**

215.19 (a) The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that  
215.20 activities must be undertaken within a five-year period from the date of certification of a  
215.21 tax increment financing district, are increased to a ~~15~~ 20-year period for the Port Authority  
215.22 of the City of Bloomington's Tax Increment Financing District No. 1-I, Bloomington Central  
215.23 Station.

215.24 (b) Notwithstanding the provisions of Minnesota Statutes, section 469.176, or any other  
215.25 law to the contrary, the city of Bloomington and its port authority may extend the duration  
215.26 limits of the district for a period through December 31, 2039.

215.27 (c) Effective for taxes payable in 2014, tax increment for the district must be computed  
215.28 using the current local tax rate, notwithstanding the provisions of Minnesota Statutes, section  
215.29 469.177, subdivision 1a.

215.30 (d) The requirements of Minnesota Statutes, section 469.1763, subdivision 4, relating  
215.31 to use of increments after the end of the time limit in Minnesota Statutes, section 469.1763,  
215.32 subdivision 3, do not apply to the Port Authority of the City of Bloomington's Tax Increment  
215.33 Financing District No. 1-I, Bloomington Central Station.

216.1 **EFFECTIVE DATE.** This section is effective upon timely compliance by the city of  
216.2 Bloomington with the requirements of Minnesota Statutes, section 645.021, subdivision 3.

216.3 Sec. 23. Laws 2011, First Special Session chapter 7, article 4, section 10, subdivision 3,  
216.4 is amended to read:

216.5 Subd. 3. **Use of revenues.** (a) Revenues received from taxes authorized by subdivisions  
216.6 1 and 2 must be used by the city to pay the cost of collecting the taxes and to pay for the  
216.7 following projects:

216.8 (1) \$4,500,000 for construction and completion of park improvement projects, including  
216.9 St. Louis River riverfront improvements; Veteran's Park construction and improvements;  
216.10 improvements to the Hilltop Park soccer complex and Braun Park baseball complex; capital  
216.11 equipment and building and grounds improvements at the Pine Valley Park/Pine Valley  
216.12 Hockey Arena/Cloquet Area Recreation Center; and development of pedestrian trails within  
216.13 the city;

216.14 (2) \$5,800,00 for extension of utilities and the construction of all improvements associated  
216.15 with the development of property adjacent to Highway 33 and Interstate Highway 35,  
216.16 including payment of all debt service on bonds issued for these; and

216.17 (3) \$6,200,000 for engineering and construction of infrastructure improvements,  
216.18 including, ~~but not limited to~~ roads, bridges, storm sewer, sanitary sewer, and water in areas  
216.19 identified as part of the city's comprehensive land use plan.

216.20 (b) Authorized expenses include, but are not limited to, acquiring property and paying  
216.21 construction expenses related to these improvements, and paying debt service on bonds or  
216.22 other obligations issued to finance acquisition and construction of these improvements.

216.23 (c) Notwithstanding the revenue allocations in paragraph (a), clause (3), if the amount  
216.24 spent for the improvements under paragraph (a), clause (2), are less than the \$5,800,000  
216.25 allowed under that clause, the total amount spent for the purpose listed in paragraph (a),  
216.26 clause (3), may be increased by the difference between \$5,800,000 and the amount actually  
216.27 spent under paragraph (a), clause (2). However, the total expenditures for projects under  
216.28 this subdivision may not exceed \$16,500,000, excluding any costs related to issuance of  
216.29 bonds under subdivision 4.

216.30 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
216.31 city of Cloquet and its chief clerical officer comply with the provisions of Minnesota Statutes,  
216.32 section 645.021, subdivisions 2 and 3.



217.1 Sec. 24. Laws 2017, First Special Session chapter 1, article 10, section 4, the effective  
217.2 date, is amended to read:

217.3 **EFFECTIVE DATE; APPLICATION.** This section is effective for applications and  
217.4 certifications made in 2018 and thereafter, except the repeal of the exclusion of land under  
217.5 item (iii) is effective retroactively for payments due under Minnesota Statutes, section  
217.6 290C.08, beginning for payments due to be made in 2014. In order to qualify for retroactive  
217.7 payments, the following requirements must be met: (1) the owner of land exceeding 60,000  
217.8 acres that is subject to a single conservation easement funded under Minnesota Statutes,  
217.9 section 97A.056 or a comparable permanent easement conveyed to a governmental or  
217.10 nonprofit entity, must submit an application to the commissioner of revenue, in a form and  
217.11 manner and at a time acceptable to the commissioner, establishing that the affected property  
217.12 and its use met the requirement of Minnesota Statutes, chapter 290C, as amended by this  
217.13 section; (2) the owner and each county in which the land is located must certify to the  
217.14 commissioner that no petitions challenging the market value of the property are pending  
217.15 under Minnesota Statutes, chapter 278; and (3) the requirements of clauses (1) and (2) must  
217.16 be satisfied by October 1, 2017. No interest accrues on payment under this section for  
217.17 periods before November 1, 2017.

217.18 Sec. 25. **CITY OF MINNEAPOLIS; UPPER HARBOR TERMINAL**  
217.19 **REDEVELOPMENT PROJECT.**

217.20 Subdivision 1. **Qualifying rules.** Notwithstanding the criteria in Minnesota Statutes,  
217.21 section 469.174, subdivision 10, the governing body of the city of Minneapolis may establish  
217.22 by resolution one or more redevelopment tax increment financing districts within that portion  
217.23 of the North Washington Industrial Park Redevelopment Project Area as its boundaries  
217.24 existed on January 1, 2018, located north of Lowry Avenue. In each resolution, the city  
217.25 must find that each parcel in the district was part of property that was formerly used as a  
217.26 municipally owned intermodal barge shipping facility that can no longer be used for such  
217.27 purpose due to the closure of the Upper St. Anthony Falls Lock under the federal Water  
217.28 Resources Reform and Development Act of 2014. Except as provided in this section, the  
217.29 provisions of Minnesota Statutes, sections 469.174 to 469.1794, apply to each district created  
217.30 under this section.

217.31 Subd. 2. **Use of increments.** Minnesota Statutes, section 469.176, subdivision 4j, does  
217.32 not apply to any district established under this section.

217.33 Subd. 3. **Five-year rule.** The five-year period under Minnesota Statutes, section 469.1763,  
217.34 subdivision 3, is extended to ten years for any district established under this section.

218.1 Subd. 4. **Pooling authority.** Notwithstanding Minnesota Statutes, section 469.1763,  
218.2 subdivision 2, tax increments from any district established under this section may be  
218.3 expended anywhere within the portion of the project area as described in subdivision 1, on  
218.4 eligible costs permitted under Minnesota Statutes, sections 469.174 to 469.1794, as amended.

218.5 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
218.6 city of Minneapolis and its chief clerical officer comply with Minnesota Statutes, section  
218.7 645.021, subdivisions 2 and 3.

218.8 **Sec. 26. CITY OF CHAMPLIN; TAX INCREMENT FINANCING DISTRICT;**  
218.9 **PROJECT REQUIREMENTS.**

218.10 Subdivision 1. **Addition of parcels to district.** The governing body of the city of  
218.11 Champlin may elect to apply the provisions of this section to its Mississippi Crossings tax  
218.12 increment financing district.

218.13 Subd. 2. **Five-year rule.** The five-year rule under Minnesota Statutes, section 469.1763,  
218.14 subdivision 3, is extended to a ten-year period for the Mississippi Crossings tax increment  
218.15 financing district.

218.16 Subd. 3. **Revenues for decertification.** Minnesota Statutes, section 469.1763, subdivision  
218.17 4, does not apply to the Mississippi Crossings tax increment financing district.

218.18 **EFFECTIVE DATE.** This section is effective upon compliance with Minnesota Statutes,  
218.19 section 645.021, subdivisions 2 and 3.

218.20 **Sec. 27. REVENUE DEPARTMENT SERVICE AND RECOVERY SPECIAL**  
218.21 **REVENUE FUND.**

218.22 \$3,411,000 of the balance in the Revenue Department account in the special revenue  
218.23 fund under Minnesota Statutes, section 270C.15, is transferred in fiscal year 2018 to the  
218.24 general fund.

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

218.26 **Sec. 28. APPROPRIATION.**

218.27 \$5,000 in fiscal year 2019 only is appropriated from the general fund to the commissioner  
218.28 of revenue for a grant of \$2,600 to the city of Mazeppa and a grant of \$2,400 to Wabasha  
218.29 County. The grants, which shall be paid by July 20, 2018, may be used for property tax  
218.30 abatements and other costs incurred by public and private entities as a result of a fire in the  
218.31 city of Mazeppa on March 11, 2018. This is a onetime appropriation.

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

219.2 Sec. 29. **UNMANNED AIRCRAFT REGISTRATION TAX REFUND;**  
 219.3 **APPROPRIATION.**

219.4 (a) The commissioner of transportation shall refund the tax paid for the most recent  
 219.5 registration period on an unmanned aircraft system under Minnesota Statutes, sections  
 219.6 360.531 to 360.67, to a person who:

219.7 (1) registers and pays the specified fee for the unmanned aircraft system under Minnesota  
 219.8 Statutes, section 360.55, subdivision 9, for the same registration period or an overlapping  
 219.9 registration period; or

219.10 (2) is exempt from payment of the tax under Minnesota Statutes, sections 360.531 to  
 219.11 360.67, and the fee under Minnesota Statutes, section 360.55, subdivision 9, as provided  
 219.12 under this act.

219.13 (b) An amount necessary for any refunds under paragraph (a) is appropriated in fiscal  
 219.14 year 2018 from the state airports fund to the commissioner of transportation for the purposes  
 219.15 of providing refunds.

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

219.17 Sec. 30. **REPEALER.**

219.18 Minnesota Statutes 2016, sections 10A.322, subdivision 4; 13.4967, subdivision 2; and  
 219.19 290.06, subdivision 23, and Minnesota Rules, part 4503.1400, subpart 4, are repealed.

219.20 **EFFECTIVE DATE.** This section is effective for contributions made on or after July  
 219.21 1, 2018, and refund claims filed on or after July 1, 2018.

## 219.22 **ARTICLE 9**

### 219.23 **DEPARTMENT OF REVENUE; PROPERTY TAX; POLICY CHANGES**

219.24 Section 1. Minnesota Statutes 2016, section 162.145, subdivision 3, is amended to read:

219.25 Subd. 3. **Administration.** (a) Subject to funds made available by law, the commissioner  
 219.26 shall allocate all funds as provided in subdivision 4 and shall ~~notify~~, by June 1, certify to  
 219.27 the commissioner of revenue the amounts to be paid.

219.28 (b) Following ~~notification~~ certification from the commissioner ~~of transportation~~, the  
 219.29 commissioner of revenue shall distribute the specified funds to cities in the same manner  
 219.30 as local government aid under chapter 477A. An appropriation to the commissioner of

220.1 ~~transportation~~ under this section is available to the commissioner of revenue for the purposes  
220.2 specified in this paragraph.

220.3 (c) Notwithstanding other law to the contrary, in order to receive distributions under  
220.4 this section, a city must conform to the standards in section 477A.017, subdivision 2. A city  
220.5 that receives funds under this section must make and preserve records necessary to show  
220.6 that the funds are spent in compliance with subdivision 4.

220.7 **EFFECTIVE DATE.** This section is effective for aids payable in 2018 and thereafter.

220.8 Sec. 2. Minnesota Statutes 2016, section 270.41, subdivision 3, is amended to read:

220.9 Subd. 3. **Assessor sanctions; refusal to license.** (a) Following a recommendation from  
220.10 the commissioner of revenue, the board may (i) refuse to grant or renew, or may suspend  
220.11 or revoke, a license of an applicant or licensee, or (ii) censure, warn, or fine any licensed  
220.12 assessor, or any other person employed by an assessment jurisdiction or contracting with  
220.13 an assessment jurisdiction for the purpose of valuing or classifying property for property  
220.14 tax purposes, for any of the following causes or acts:

220.15 (1) failure to complete required training;

220.16 (2) inefficiency or neglect of duty;

220.17 (3) failure to comply with the Code of Conduct and Ethics for Licensed Minnesota  
220.18 Assessors adopted by the board pursuant to Laws 2005, First Special Session chapter 3,  
220.19 article 1, section 38;

220.20 (4) conviction of a crime involving moral turpitude;

220.21 (5) failure to faithfully and fully perform his or her duties through malfeasance,  
220.22 misfeasance, or nonfeasance; or

220.23 (6) any other cause or act that in the board's opinion warrants a refusal to issue a license  
220.24 or the imposition of a sanction provided under this subdivision.

220.25 (b) When appropriate for the level of infraction, a written warning must be given to  
220.26 assessors who have no prior identified infractions. The warning must identify the infraction  
220.27 and, as appropriate, detail future expectations of performance and behavior. Fines must not  
220.28 exceed \$1,000 for the first occurrence and must not exceed \$3,000 for each occurrence  
220.29 thereafter, and suspensions must not exceed one year for each occurrence, depending in  
220.30 each case upon the severity of the infraction and the level of negligence or intent. The  
220.31 commissioner of revenue shall give notice to an applicant or licensee of the commissioner's  
220.32 recommendation that the board impose sanctions or refuse to grant or renew a license. An

221.1 action by the board to impose a ~~sanction~~ fine, to suspend or revoke a license, or to refuse  
221.2 to grant or renew a license is subject to review in a contested case hearing under chapter  
221.3 14. A licensee must submit a request for a hearing to the board within 30 days of the notice  
221.4 date of the commissioner's recommendation for sanctions or for refusal to grant or renew  
221.5 a license.

221.6 **EFFECTIVE DATE.** This section is effective for sanctions or refusals to grant or renew  
221.7 a license recommended by the commissioner of revenue after June 30, 2018.

221.8 Sec. 3. Minnesota Statutes 2017 Supplement, section 272.115, subdivision 1, is amended  
221.9 to read:

221.10 Subdivision 1. **Requirement.** Except as otherwise provided in subdivision 5, 6, or 7,  
221.11 whenever any real estate is sold for a consideration in excess of ~~\$1,000~~ \$3,000, whether by  
221.12 warranty deed, quitclaim deed, contract for deed or any other method of sale, the grantor,  
221.13 grantee or the legal agent of either shall file a certificate of value with the county auditor  
221.14 in the county in which the property is located when the deed or other document is presented  
221.15 for recording. Contract for deeds are subject to recording under section 507.235, subdivision  
221.16 1. Value shall, in the case of any deed not a gift, be the amount of the full actual consideration  
221.17 thereof, paid or to be paid, including the amount of any lien or liens assumed. The items  
221.18 and value of personal property transferred with the real property must be listed and deducted  
221.19 from the sale price. The certificate of value shall include the classification to which the  
221.20 property belongs for the purpose of determining the fair market value of the property, and  
221.21 shall include any proposed change in use of the property known to the person filing the  
221.22 certificate that could change the classification of the property. The certificate shall include  
221.23 financing terms and conditions of the sale which are necessary to determine the actual,  
221.24 present value of the sale price for purposes of the sales ratio study. If the property is being  
221.25 acquired as part of a like-kind exchange under section 1031 of the Internal Revenue Code  
221.26 of 1986, as amended through December 31, 2006, that must be indicated on the certificate.  
221.27 The commissioner of revenue shall promulgate administrative rules specifying the financing  
221.28 terms and conditions which must be included on the certificate. The certificate of value  
221.29 must include the Social Security number or the federal employer identification number of  
221.30 the grantors and grantees. However, a married person who is not an owner of record and  
221.31 who is signing a conveyance instrument along with the person's spouse solely to release  
221.32 and convey their marital interest, if any, in the real property being conveyed is not a grantor  
221.33 for the purpose of the preceding sentence. A statement in the deed that is substantially in  
221.34 the following form is sufficient to allow the county auditor to accept a certificate for filing  
221.35 without the Social Security number of the named spouse: "(Name) claims no ownership

222.1 interest in the real property being conveyed and is executing this instrument solely to release  
222.2 and convey a marital interest, if any, in that real property." The identification numbers of  
222.3 the grantors and grantees are private data on individuals or nonpublic data as defined in  
222.4 section 13.02, subdivisions 9 and 12, but, notwithstanding that section, the private or  
222.5 nonpublic data may be disclosed to the commissioner of revenue for purposes of tax  
222.6 administration. The information required to be shown on the certificate of value is limited  
222.7 to the information required as of the date of the acknowledgment on the deed or other  
222.8 document to be recorded.

222.9 **EFFECTIVE DATE.** This section is effective for certificates of value filed after  
222.10 December 31, 2018.

222.11 Sec. 4. Minnesota Statutes 2016, section 287.21, subdivision 1, is amended to read:

222.12 Subdivision 1. **Determination of tax.** (a) A tax is imposed on each deed or instrument  
222.13 by which any real property in this state is granted, assigned, transferred, or otherwise  
222.14 conveyed. The tax applies against the net consideration. For purposes of the tax, the  
222.15 conversion of a corporation to a limited liability company, a limited liability company to a  
222.16 corporation, a partnership to a limited partnership, a limited partnership to another limited  
222.17 partnership or other entity, or a similar conversion of one entity to another does not grant,  
222.18 assign, transfer, or convey real property.

222.19 (b) The tax is determined in the following manner: (1) when transfers are made by  
222.20 instruments pursuant to (i) consolidations or mergers, or (ii) designated transfers, the tax is  
222.21 \$1.65; (2) when there is no consideration or when the consideration, exclusive of the value  
222.22 of any lien or encumbrance remaining thereon at the time of sale, is ~~\$500~~ \$3,000 or less,  
222.23 the tax is \$1.65; or (3) when the consideration, exclusive of the value of any lien or  
222.24 encumbrance remaining at the time of sale, exceeds ~~\$500~~ \$3,000, the tax is .0033 of the net  
222.25 consideration.

222.26 (c) If, within six months from the date of a designated transfer, an ownership interest in  
222.27 the grantee entity is transferred by an initial owner to any person or entity with the result  
222.28 that the designated transfer would not have been a designated transfer if made to the grantee  
222.29 entity with its subsequent ownership, then a tax is imposed at .0033 of the net consideration  
222.30 for the designated transfer. If the subsequent transfer of ownership interests was reasonably  
222.31 expected at the time of the designated transfer, the applicable penalty under section 287.31,  
222.32 subdivision 1, must be paid. The deed tax imposed under this paragraph is due within 30  
222.33 days of the subsequent transfer that caused the tax to be imposed under this paragraph.  
222.34 Involuntary transfers of ownership shall not be considered transfers of ownership under this

223.1 paragraph. The commissioner may adopt rules defining the types of transfers to be considered  
223.2 involuntary.

223.3 (d) The tax is due at the time a taxable deed or instrument is presented for recording,  
223.4 except as provided in paragraph (c). The commissioner may require the tax to be documented  
223.5 in a manner prescribed by the commissioner, and may require that the documentation be  
223.6 attached to and recorded as part of the deed or instrument. The county recorder or registrar  
223.7 of titles shall accept the attachment for recording as part of the deed or instrument and may  
223.8 not require, as a condition of recording a deed or instrument, evidence that a transfer is a  
223.9 designated transfer in addition to that required by the commissioner. Such an attachment  
223.10 shall not, however, provide actual or constructive notice of the information contained therein  
223.11 for purposes of determining any interest in the real property. The commissioner shall  
223.12 prescribe the manner in which the tax due under paragraph (c) is to be paid and may require  
223.13 grantees of designated transfers to file with the commissioner subsequent statements verifying  
223.14 that the tax provided under paragraph (c) does not apply.

223.15 **EFFECTIVE DATE.** This section is effective for deeds recorded after December 31,  
223.16 2018.

## 223.17 **ARTICLE 10**

### 223.18 **DEPARTMENT OF REVENUE; MISCELLANEOUS; POLICY CHANGES**

223.19 Section 1. Minnesota Statutes 2016, section 270B.08, subdivision 2, is amended to read:

223.20 Subd. 2. **Revocation or cancellation.** When a taxpayer's sales tax permit has been  
223.21 revoked or canceled under section 270C.722 or 297A.84, the commissioner may disclose  
223.22 to any person data identifying the holder of the revoked or canceled permit, ~~stating~~  
223.23 for the revocation or cancellation, the date of the revocation or cancellation, and stating  
223.24 ~~whether the~~ if a revoked or canceled permit has been reinstated, the date upon which the  
223.25 permit was reinstated.

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

223.27 Sec. 2. Minnesota Statutes 2016, section 297A.84, is amended to read:

### 223.28 **297A.84 PERMITS ISSUED AND NOT ISSUED; CANCELLATION.**

223.29 Subdivision 1. Definitions. (a) The following definitions apply for the purposes of this  
223.30 section.

223.31 (b) "Applicant" means an individual, corporation, or partnership. Applicant also includes  
223.32 any officer of a corporation or member of a partnership.

224.1 (c) "Delinquent sales tax" means tax not paid by the date the tax was due and payable  
224.2 under section 289A.20, subdivision 4, or an assessment not paid if the applicant has been  
224.3 issued an order assessing sales and use tax under section 270C.33, subdivision 4.

224.4 Subd. 2. **Permits issued.** Except as provided in subdivision 3, the commissioner shall  
224.5 must issue a permit to each applicant who has complied with section 297A.83, and with  
224.6 section 297A.92 if security is required. A person is considered to have a permit if the person  
224.7 has a Minnesota tax identification number issued by the commissioner that is currently  
224.8 active for taxes imposed by this chapter. A permit is valid until canceled or revoked. It is  
224.9 not assignable and is valid only for the person in whose name it is granted and for the  
224.10 transaction of business at the places designated on the permit.

224.11 Subd. 3. **Permits not issued.** (a) Except as provided in paragraph (b), the commissioner  
224.12 must not issue a permit to an applicant if the applicant is liable for delinquent sales tax.

224.13 (b) The commissioner must issue a permit to an applicant if an appeal period of an order  
224.14 assessing sales tax under section 270C.33, subdivision 5, has not ended. The commissioner  
224.15 may cancel a permit issued under this paragraph in the manner provided in subdivision 4  
224.16 if the applicant owes delinquent sales tax after the appeal period has ended.

224.17 Subd. 4. **Nonconforming permits; cancellation; reissue.** (a) If the commissioner issues  
224.18 a permit that does not conform with the requirements of this section or applicable rules, the  
224.19 commissioner may cancel the permit upon notice to the permit holder. The notice must be  
224.20 served by first class and certified mail at the permit holder's last known address. The  
224.21 cancellation is effective immediately.

224.22 (b) If a permit holder shows that a canceled permit was issued in conformance with the  
224.23 requirements of this section and applicable rules, the commissioner must reissue the permit.

224.24 **EFFECTIVE DATE.** This section is effective for permit applications filed after  
224.25 December 31, 2018.

224.26 Sec. 3. Minnesota Statutes 2016, section 297A.85, is amended to read:

224.27 **297A.85 CANCELLATION OF PERMITS.**

224.28 The commissioner may cancel a permit if one of the following conditions occurs:

224.29 (1) the permit holder has not filed a sales or use tax return for at least one year;

224.30 (2) the permit holder has not reported any sales or use tax liability on the permit holder's  
224.31 returns for at least two years;

224.32 (3) the permit holder requests cancellation of the permit; ~~or~~



225.1 (4) the permit is subject to cancellation ~~pursuant to~~ under section 270C.722, subdivision  
225.2 2, paragraph (a); or

225.3 (5) the permit is subject to cancellation under section 289A.84.

225.4 **EFFECTIVE DATE.** This section is effective for permit applications filed after  
225.5 December 31, 2018.

## 225.6 **ARTICLE 11**

### 225.7 **DEPARTMENT OF REVENUE; PARTNERSHIP TAX; POLICY CHANGES**

225.8 Section 1. Minnesota Statutes 2017 Supplement, section 270C.445, subdivision 6, is  
225.9 amended to read:

225.10 Subd. 6. **Enforcement; administrative order; penalties; cease and desist.** (a) The  
225.11 commissioner may impose an administrative penalty of not more than \$1,000 per violation  
225.12 of subdivision 3 or 5, or section 270C.4451, provided that a penalty may not be imposed  
225.13 for any conduct for which a tax preparer penalty is imposed under section 289A.60,  
225.14 subdivision 13. The commissioner may terminate a tax preparer's authority to transmit  
225.15 returns electronically to the state, if the commissioner determines the tax preparer engaged  
225.16 in a pattern and practice of violating this section. Imposition of a penalty under this paragraph  
225.17 is subject to the contested case procedure under chapter 14. The commissioner shall collect  
225.18 the penalty in the same manner as the income tax. There is no right to make a claim for  
225.19 refund under section 289A.50 of the penalty imposed under this paragraph. Penalties imposed  
225.20 under this paragraph are public data.

225.21 (b) In addition to the penalty under paragraph (a), if the commissioner determines that  
225.22 a tax preparer has violated subdivision 3 or 5, or section 270C.4451, the commissioner may  
225.23 issue an administrative order to the tax preparer requiring the tax preparer to cease and  
225.24 desist from committing the violation. The administrative order may include an administrative  
225.25 penalty provided in paragraph (a).

225.26 (c) If the commissioner issues an administrative order under paragraph (b), the  
225.27 commissioner must send the order to the tax preparer addressed to the last known address  
225.28 of the tax preparer.

225.29 (d) A cease and desist order under paragraph (b) must:

225.30 (1) describe the act, conduct, or practice committed and include a reference to the law  
225.31 that the act, conduct, or practice violates; and

226.1 (2) provide notice that the tax preparer may request a hearing as provided in this  
226.2 subdivision.

226.3 (e) Within 30 days after the commissioner issues an administrative order under paragraph  
226.4 (b), the tax preparer may request a hearing to review the commissioner's action. The request  
226.5 for hearing must be made in writing and must be served on the commissioner at the address  
226.6 specified in the order. The hearing request must specifically state the reasons for seeking  
226.7 review of the order. The date on which a request for hearing is served by mail is the postmark  
226.8 date on the envelope in which the request for hearing is mailed.

226.9 (f) If a tax preparer does not timely request a hearing regarding an administrative order  
226.10 issued under paragraph (b), the order becomes a final order of the commissioner and is not  
226.11 subject to review by any court or agency.

226.12 (g) If a tax preparer timely requests a hearing regarding an administrative order issued  
226.13 under paragraph (b), the hearing must be commenced within ten days after the commissioner  
226.14 receives the request for a hearing.

226.15 (h) A hearing timely requested under paragraph (e) is subject to the contested case  
226.16 procedure under chapter 14, as modified by this subdivision. The administrative law judge  
226.17 must issue a report containing findings of fact, conclusions of law, and a recommended  
226.18 order within ten days after the completion of the hearing, the receipt of late-filed exhibits,  
226.19 or the submission of written arguments, whichever is later.

226.20 (i) Within five days of the date of the administrative law judge's report issued under  
226.21 paragraph (h), any party aggrieved by the administrative law judge's report may submit  
226.22 written exceptions and arguments to the commissioner. Within 15 days after receiving the  
226.23 administrative law judge's report, the commissioner must issue an order vacating, modifying,  
226.24 or making final the administrative order.

226.25 (j) The commissioner and the tax preparer requesting a hearing may by agreement  
226.26 lengthen any time periods prescribed in paragraphs (g) to (i).

226.27 (k) An administrative order issued under paragraph (b) is in effect until it is modified  
226.28 or vacated by the commissioner or an appellate court. The administrative hearing provided  
226.29 by paragraphs (e) to (i) and any appellate judicial review as provided in chapter 14 constitute  
226.30 the exclusive remedy for a tax preparer aggrieved by the order.

226.31 (l) The commissioner may impose an administrative penalty, in addition to the penalty  
226.32 under paragraph (a), up to \$5,000 per violation of a cease and desist order issued under  
226.33 paragraph (b). Imposition of a penalty under this paragraph is subject to the contested case

227.1 procedure under chapter 14. Within 30 days after the commissioner imposes a penalty under  
227.2 this paragraph, the tax preparer assessed the penalty may request a hearing to review the  
227.3 penalty order. The request for hearing must be made in writing and must be served on the  
227.4 commissioner at the address specified in the order. The hearing request must specifically  
227.5 state the reasons for seeking review of the order. The cease and desist order issued under  
227.6 paragraph (b) is not subject to review in a proceeding to challenge the penalty order under  
227.7 this paragraph. The date on which a request for hearing is served by mail is the postmark  
227.8 date on the envelope in which the request for hearing is mailed. If the tax preparer does not  
227.9 timely request a hearing, the penalty order becomes a final order of the commissioner and  
227.10 is not subject to review by any court or agency. A penalty imposed by the commissioner  
227.11 under this paragraph may be collected and enforced by the commissioner as an income tax  
227.12 liability. There is no right to make a claim for refund under section 289A.50 of the penalty  
227.13 imposed under this paragraph. A penalty imposed under this paragraph is public data.

227.14 (m) If a tax preparer violates a cease and desist order issued under paragraph (b), the  
227.15 commissioner may terminate the tax preparer's authority to transmit returns electronically  
227.16 to the state. Termination under this paragraph is public data.

227.17 (n) A cease and desist order issued under paragraph (b) is public data when it is a final  
227.18 order.

227.19 (o) Notwithstanding any other law, the commissioner may impose a penalty or take other  
227.20 action under this subdivision against a tax preparer, with respect to a return, within the  
227.21 period to assess tax on that return as provided by ~~section~~ sections 289A.38 to 289A.384.

227.22 (p) Notwithstanding any other law, the imposition of a penalty or any other action against  
227.23 a tax preparer under this subdivision, other than with respect to a return, must be taken by  
227.24 the commissioner within five years of the violation of statute.

227.25 **EFFECTIVE DATE.** This section is effective for tax years beginning after December  
227.26 31, 2017, except that for partnerships that make an election under Code of Federal  
227.27 Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies  
227.28 to the same tax periods to which the election relates.

227.29 Sec. 2. Minnesota Statutes 2017 Supplement, section 289A.31, subdivision 1, is amended  
227.30 to read:

227.31 Subdivision 1. **Individual income, fiduciary income, mining company, corporate**  
227.32 **franchise, and entertainment taxes.** (a) Individual income, fiduciary income, mining

228.1 company, and corporate franchise taxes, and interest and penalties, must be paid by the  
228.2 taxpayer upon whom the tax is imposed, except in the following cases:

228.3 (1) the tax due from a decedent for that part of the taxable year in which the decedent  
228.4 died during which the decedent was alive and the taxes, interest, and penalty due for the  
228.5 prior years must be paid by the decedent's personal representative, if any. If there is no  
228.6 personal representative, the taxes, interest, and penalty must be paid by the transferees, as  
228.7 defined in section 270C.58, subdivision 3, to the extent they receive property from the  
228.8 decedent;

228.9 (2) the tax due from an infant or other incompetent person must be paid by the person's  
228.10 guardian or other person authorized or permitted by law to act for the person;

228.11 (3) the tax due from the estate of a decedent must be paid by the estate's personal  
228.12 representative;

228.13 (4) the tax due from a trust, including those within the definition of a corporation, as  
228.14 defined in section 290.01, subdivision 4, must be paid by a trustee; and

228.15 (5) the tax due from a taxpayer whose business or property is in charge of a receiver,  
228.16 trustee in bankruptcy, assignee, or other conservator, must be paid by the person in charge  
228.17 of the business or property so far as the tax is due to the income from the business or property.

228.18 (b) Entertainment taxes are the joint and several liability of the entertainer and the  
228.19 entertainment entity. The payor is liable to the state for the payment of the tax required to  
228.20 be deducted and withheld under section 290.9201, subdivision 7, and is not liable to the  
228.21 entertainer for the amount of the payment.

228.22 (c) The taxes imposed under sections 289A.35, paragraph (b), 289A.383, subdivision  
228.23 3, and 290.0922 on partnerships are the joint and several liability of the partnership and the  
228.24 general partners.

228.25 **EFFECTIVE DATE.** This section is effective for tax years beginning after December  
228.26 31, 2017, except that for partnerships that make an election under Code of Federal  
228.27 Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies  
228.28 to the same tax periods to which the election relates.

228.29 Sec. 3. Minnesota Statutes 2017 Supplement, section 289A.37, subdivision 2, is amended  
228.30 to read:

228.31 Subd. 2. **Erroneous refunds.** (a) Except as provided in paragraph (b), an erroneous  
228.32 refund occurs when the commissioner issues a payment to a person that exceeds the amount

229.1 the person is entitled to receive under law. An erroneous refund is considered an  
229.2 underpayment of tax on the date issued.

229.3 (b) To the extent that the amount paid does not exceed the amount claimed by the  
229.4 taxpayer, an erroneous refund does not include the following:

229.5 (1) any amount of a refund or credit paid pursuant to a claim for refund filed by a  
229.6 taxpayer, including but not limited to refunds of claims made under section 290.06,  
229.7 subdivision 23; 290.067; 290.0671; 290.0672; 290.0674; 290.0675; 290.0677; 290.068;  
229.8 290.0681; or 290.0692; or chapter 290A; or

229.9 (2) any amount paid pursuant to a claim for refund of an overpayment of tax filed by a  
229.10 taxpayer.

229.11 (c) The commissioner may make an assessment to recover an erroneous refund at any  
229.12 time within two years from the issuance of the erroneous refund. If all or part of the erroneous  
229.13 refund was induced by fraud or misrepresentation of a material fact, the assessment may  
229.14 be made at any time.

229.15 (d) Assessments of amounts that are not erroneous refunds under paragraph (b) must be  
229.16 conducted under ~~section~~ sections 289A.38 to 289A.384.

229.17 **EFFECTIVE DATE.** This section is effective for tax years beginning after December  
229.18 31, 2017, except that for partnerships that make an election under Code of Federal  
229.19 Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies  
229.20 to the same tax periods to which the election relates.

229.21 Sec. 4. Minnesota Statutes 2016, section 289A.38, subdivision 10, is amended to read:

229.22 Subd. 10. **Incorrect determination of federal adjusted gross income.** Notwithstanding  
229.23 any other provision of this chapter, if a taxpayer whose net income is determined under  
229.24 section 290.01, subdivision 19, omits from income an amount that will under the Internal  
229.25 Revenue Code extend the statute of limitations for the assessment of federal income taxes,  
229.26 or otherwise incorrectly determines the taxpayer's federal adjusted gross income resulting  
229.27 in adjustments by the Internal Revenue Service, then the period of assessment and  
229.28 determination of tax will be that under the Internal Revenue Code. When a change is made  
229.29 to federal income during the extended time provided under this subdivision, the provisions  
229.30 under ~~subdivisions 7 to 9~~ sections 289A.381 to 289A.384 regarding additional extensions  
229.31 apply.

229.32 **EFFECTIVE DATE.** This section is effective for tax years beginning after December  
229.33 31, 2017, except that for partnerships that make an election under Code of Federal

230.1 Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies  
230.2 to the same tax periods to which the election relates.

230.3 **Sec. 5. [289A.381] DEFINITIONS; PARTNERSHIPS; FEDERAL ADJUSTMENTS.**

230.4 **Subdivision 1. Definitions relating to federal adjustments.** Unless otherwise specified,  
230.5 the definitions in this section apply for the purposes of sections 289A.381 to 289A.385.

230.6 **Subd. 2. Administrative adjustment request.** "Administrative adjustment request"  
230.7 means an administrative adjustment request filed by a partnership under section 6227 of  
230.8 the Internal Revenue Code.

230.9 **Subd. 3. Audited partnership.** "Audited partnership" means a partnership subject to a  
230.10 federal adjustment resulting from a partnership-level audit.

230.11 **Subd. 4. Corporate partner.** "Corporate partner" means a partner that is subject to tax  
230.12 under section 290.02.

230.13 **Subd. 5. Direct partner.** "Direct partner" means a partner that holds an immediate legal  
230.14 ownership interest in a partnership or pass-through entity.

230.15 **Subd. 6. Exempt partner.** "Exempt partner" means a partner that is exempt from taxes  
230.16 on its net income under section 290.05, subdivision 1.

230.17 **Subd. 7. Federal adjustment.** "Federal adjustment" means any change in an amount  
230.18 calculated under the Internal Revenue Code, whether to income, gross estate, a credit, an  
230.19 item of preference, or any other item that is used by a taxpayer to compute a tax administered  
230.20 under this chapter for the reviewed year whether that change results from action by the  
230.21 Internal Revenue Service or other competent authority, including a partnership-level audit,  
230.22 or the filing of an amended federal return, federal refund claim, or an administrative  
230.23 adjustment request by the taxpayer.

230.24 **Subd. 8. Federal adjustments report.** "Federal adjustments report" includes a method  
230.25 or form prescribed by the commissioner for use by a taxpayer to report federal adjustments,  
230.26 including an amended Minnesota tax return or a uniform multistate report.

230.27 **Subd. 9. Federal partnership representative.** "Federal partnership representative"  
230.28 means the person the partnership designates for the taxable year as the partnership's  
230.29 representative, or the person the Internal Revenue Service has appointed to act as the  
230.30 partnership representative, pursuant to section 6223(a) of the Internal Revenue Code.

230.31 **Subd. 10. Final determination date.** (a) "Final determination date" means:

231.1 (1) for a federal adjustment arising from an audit by the Internal Revenue Service or  
231.2 other competent authority, the first day on which no federal adjustment arising from that  
231.3 audit remains to be finally determined, whether by agreement, or, if appealed or contested,  
231.4 by a final decision with respect to which all rights of appeal have been waived or exhausted;

231.5 (2) for a federal adjustment arising from the filing of an amended federal return, a federal  
231.6 refund claim, or the filing by a partnership of an administrative adjustment request, the day  
231.7 which the amended return, refund claim, or administrative adjustment request was filed; or

231.8 (3) for agreements required to be signed by the Internal Revenue Service and the taxpayer,  
231.9 the date on which the last party signed the agreement.

231.10 Subd. 11. **Final federal adjustment.** "Final federal adjustment" means a federal  
231.11 adjustment for which the final determination date for that federal adjustment has passed.

231.12 Subd. 12. **Indirect partner.** "Indirect partner" means either:

231.13 (1) a partner in a partnership or pass-through entity that itself holds an immediate legal  
231.14 ownership interest in another partnership or pass-through entity; or

231.15 (2) a partner in a partnership or pass-through entity that holds an indirect interest in  
231.16 another partnership or pass-through entity through another indirect partner.

231.17 Subd. 13. **Partner.** "Partner" means a person that holds an interest directly or indirectly  
231.18 in a partnership or other pass-through entity.

231.19 Subd. 14. **Partnership.** The term "partnership" has the meaning provided under section  
231.20 7701(a)(2) of the Internal Revenue Code.

231.21 Subd. 15. **Partnership-level audit.** "Partnership-level audit" means an examination by  
231.22 the Internal Revenue Service at the partnership level pursuant to subtitle F, chapter 63,  
231.23 subchapter C, of the Internal Revenue Code, which results in federal adjustments including  
231.24 reallocation adjustments and adjustments to partnership-related items.

231.25 Subd. 16. **Pass-through entity.** "Pass-through entity" means an entity, other than a  
231.26 partnership, that is not subject to the tax imposed under section 290.02. The term pass-through  
231.27 entity includes but is not limited to S corporations, estates, and trusts other than grantor  
231.28 trusts.

231.29 Subd. 17. **Reallocation adjustment.** "Reallocation adjustment" means a federal  
231.30 adjustment, or final federal adjustment, that changes the shares of items of partnership  
231.31 income, gain, loss, expense, or credit allocated to partners. The term positive reallocation  
231.32 adjustment means reallocation adjustments that would increase state taxable income for

232.1 partners, and the term negative reallocation adjustment means reallocation adjustments that  
232.2 would decrease state taxable income for partners.

232.3 Subd. 18. **Resident partner.** "Resident partner" means an individual partner or individual  
232.4 indirect partner who is a resident of Minnesota under section 290.01, subdivision 7.

232.5 Subd. 19. **Reviewed year.** "Reviewed year" means the taxable year of a partnership that  
232.6 is subject to a partnership-level audit from which federal adjustments arise.

232.7 Subd. 20. **Tiered partner.** "Tiered partner" means any partner that is a partnership or  
232.8 pass-through entity.

232.9 Subd. 21. **Unrelated business taxable income.** "Unrelated business taxable income"  
232.10 has the same meaning as defined in section 512 of the Internal Revenue Code.

232.11 **EFFECTIVE DATE.** This section is effective for tax years beginning after December  
232.12 31, 2017, except that for partnerships that make an election under Code of Federal  
232.13 Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies  
232.14 to the same tax periods to which the election relates.

232.15 Sec. 6. **[289A.382] REPORTING FEDERAL ADJUSTMENTS; GENERAL RULE.**

232.16 (a) Within 180 days of a final determination date, a taxpayer must file a federal adjustment  
232.17 report with the commissioner reporting all final federal adjustments by the Internal Revenue  
232.18 Service or other competent authority.

232.19 (b) Within 180 days of a final determination date, a taxpayer must file a federal adjustment  
232.20 report with the commissioner reporting any federal adjustments reported by the taxpayer  
232.21 to the Internal Revenue Service, including but not limited to:

232.22 (1) federal refund claims;

232.23 (2) a change reported on a timely filed amended federal income tax return; and

232.24 (3) a change reported on an amended return filed pursuant to section 6225(c) of the  
232.25 Internal Revenue Code.

232.26 (c) In the case of a final federal adjustment arising from a partnership-level audit or an  
232.27 administrative adjustment request filed by a partnership under section 6227 of the Internal  
232.28 Revenue Code, a taxpayer must report adjustments as provided for under section 289A.383,  
232.29 and not this section.

232.30 **EFFECTIVE DATE.** This section is effective for tax years beginning after December  
232.31 31, 2017, except that for partnerships that make an election under Code of Federal



233.1 Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies  
233.2 to the same tax periods to which the election relates.

233.3 **Sec. 7. [289A.383] REPORTING AND PAYMENT REQUIREMENTS.**

233.4 **Subdivision 1. State partnership representative.** (a) With respect to an action required  
233.5 or permitted to be taken by a partnership under this section, or in a proceeding under section  
233.6 270C.35 or 271.06, the state partnership representative for the reviewed year has the sole  
233.7 authority to act on behalf of the partnership, and its direct partners and indirect partners are  
233.8 bound by those actions.

233.9 (b) The state partnership representative for the reviewed year is the partnership's federal  
233.10 partnership representative unless the partnership, in a form and manner prescribed by the  
233.11 commissioner, designates another person as its state partnership representative.

233.12 **Subd. 2. Reporting and payment requirements for partnerships and tiered partners.**

233.13 (a) Unless an audited partnership makes the election in subdivision 3, then, for all final  
233.14 federal adjustments the audited partnership must comply with paragraph (b) and each direct  
233.15 partner of the audited partnership, other than a tiered partner, must comply with paragraph  
233.16 (c).

233.17 (b) No later than 90 days after the final determination date, the audited partnership must:

233.18 (1) file a completed federal adjustment report, including all partner-level information  
233.19 required under section 289A.12, subdivision 3, with the commissioner;

233.20 (2) notify each of its direct partners of their distributive share of the adjustments;

233.21 (3) file an amended composite report for all direct partners who were included in a  
233.22 composite return under section 289A.08, subdivision 7, in the reviewed year, and pay the  
233.23 additional amount that would have been due had the federal adjustments been reported  
233.24 properly as required; and

233.25 (4) file amended withholding reports for all direct partners who were or should have  
233.26 been subject to nonresident withholding under section 290.92, subdivision 4b, in the reviewed  
233.27 year, and pay the additional amount that would have been due had the federal adjustments  
233.28 been reported properly as required.

233.29 (c) No later than 180 days after the final determination date, each direct partner, other  
233.30 than a tiered partner, that is subject to a tax administered under this chapter, other than the  
233.31 sales tax, must:

234.1 (1) file a federal adjustment report reporting their distributive share of the adjustments  
234.2 reported to them under paragraph (b), clause (2); and

234.3 (2) pay any additional amount of tax due as if the final federal adjustment had been  
234.4 properly reported, plus any penalty and interest due under this chapter, and less any credit  
234.5 for related amounts paid or withheld and remitted on behalf of the direct partner under  
234.6 paragraph (b), clauses (3) and (4).

234.7 Subd. 3. **Election; partnership or tiered partners pay.** (a) An audited partnership may  
234.8 make an election under this subdivision to pay its assessment at the entity level. If an audited  
234.9 partnership makes an election to pay its assessment at the entity level it must:

234.10 (1) no later than 90 days after the final determination date, file a completed federal  
234.11 adjustment report, including the residency information for all individual direct partners, and  
234.12 information pertaining to all other partners as prescribed by the commissioner, and notify  
234.13 the commissioner that it is making the election under this subdivision; and

234.14 (2) no later than 180 days after the final determination date, pay an amount, determined  
234.15 as follows, in lieu of taxes on partners:

234.16 (i) exclude from final federal adjustments and any positive reallocation adjustments the  
234.17 distributive share of these adjustments made to an exempt partner that is not unrelated  
234.18 business taxable income;

234.19 (ii) exclude from final federal adjustments and any positive reallocation adjustments the  
234.20 distributive share of these adjustments made to a partner that has filed a federal adjustment  
234.21 report and paid the applicable tax, as required under subdivision 2, for the distributive share  
234.22 of adjustments reported on a federal return under section 6225(c) of the Internal Revenue  
234.23 Code;

234.24 (iii) allocate at the partner level using section 290.17, subdivision 1, all final federal  
234.25 adjustments and positive reallocation adjustments attributable to resident direct partners for  
234.26 the reviewed year;

234.27 (iv) allocate and apportion at the partnership level using sections 290.17 to 290.20 all  
234.28 remaining final federal adjustments and positive reallocation adjustments for the reviewed  
234.29 year;

234.30 (v) determine the total distributive share of the allocated and apportioned final federal  
234.31 adjustments and positive reallocation adjustments determined in items (iii) and (iv) that are  
234.32 attributable to:

234.33 (A) resident direct partners;

- 235.1 (B) corporate partners and exempt partners; and
- 235.2 (C) the total distributive share amount allocated to all other partners;
- 235.3 (vi) for the total distributive share of net final federal adjustments plus positive
- 235.4 reallocation adjustments attributed to corporate partners and exempt partners under item
- 235.5 (v), subitem (B), multiply the total by the highest tax rate in section 290.06, subdivision 1,
- 235.6 for the reviewed year, and calculate interest and penalties as applicable under this chapter;
- 235.7 (vii) for the total distributive share of net final federal adjustments plus positive
- 235.8 reallocation adjustments attributable to resident direct partners, and all other partners under
- 235.9 item (v), subitems (A) and (C), multiply the total by the highest tax rate in section 290.06,
- 235.10 subdivision 2c, for the reviewed year, and calculate interest and penalties as applicable
- 235.11 under this chapter; and
- 235.12 (viii) add the amount determined in item (vi) to the amount determined in item (vii),
- 235.13 and pay all applicable taxes, penalties, and interest to the commissioner.
- 235.14 (b) An audited partnership may not make an election under this subdivision to report:
- 235.15 (1) a federal adjustment, including a positive reallocation adjustment, that results in
- 235.16 unitary business income to a corporate partner required to file as a member of a combined
- 235.17 report under section 290.17, subdivision 4; or
- 235.18 (2) any final federal adjustments resulting from an administrative adjustment request.
- 235.19 Subd. 4. **Tiered partners and indirect partners.** (a) Each tiered partner and each
- 235.20 indirect partner of an audited partnership that reported final federal adjustments pursuant
- 235.21 to subdivision 2, paragraph (b), clause (1), or this subdivision, must:
- 235.22 (1) within 90 days of the report comply with the filing, reporting, and payment
- 235.23 requirements of subdivision 2, paragraph (b); or
- 235.24 (2) make the election under subdivision 3 as though it were the audited partnership.
- 235.25 (b) Each direct partner in a partnership making a report under paragraph (a) must, within
- 235.26 180 days of the report, comply with the filing, reporting, and payment requirements of
- 235.27 subdivision 2, paragraph (c).
- 235.28 (c) Notwithstanding the interim time requirements in this subdivision and subdivisions
- 235.29 2 and 3, all reports and payments required to be made by the tiered and indirect partners
- 235.30 under this section are required to be made within 90 days after the time for the filing and
- 235.31 furnishing of statements to tiered partners and their partners as established by the Internal
- 235.32 Revenue Service under section 6226 of the Internal Revenue Code.

236.1 Subd. 5. **Effects of election by partnership or tiered partner and payment of amount**  
236.2 **due.** (a) Unless the commissioner determines otherwise, the election under subdivision 3  
236.3 is irrevocable.

236.4 (b) If an audited partnership or tiered partner properly reports and pays an amount  
236.5 determined in subdivision 3, the amount will be treated as paid in lieu of taxes owed by the  
236.6 partnership's direct partners and indirect partners on the same final federal adjustments. The  
236.7 direct partners and indirect partners of the partnership who are not resident partners may  
236.8 not take any deduction or credit for this amount or claim a refund of the amount in this state.

236.9 (c) Nothing in this subdivision precludes resident partners from claiming a credit against  
236.10 taxes paid under section 290.06, on any amounts paid by the audited partnership or tiered  
236.11 partners on the resident partner's behalf to another state or local tax jurisdiction.

236.12 Subd. 6. **Failure of partnership or tiered partner to report or pay.** Nothing in this  
236.13 section prevents the commissioner from assessing partners or indirect partners for taxes  
236.14 they owe in the event that, for any reason, a partnership or tiered partner fails to timely  
236.15 make any report or payment required by this section.

236.16 **EFFECTIVE DATE.** This section is effective for tax years beginning after December  
236.17 31, 2017, except that for partnerships that make an election under Code of Federal  
236.18 Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies  
236.19 to the same tax periods to which the election relates.

236.20 Sec. 8. **[289A.384] ASSESSMENT OF TAX, INTEREST, PENALTIES, AND**  
236.21 **ADDITIONAL AMOUNTS.**

236.22 Subdivision 1. **Assessment of additional tax, interest, and penalties.** The commissioner  
236.23 may assess additional tax, interest, and penalties following a final federal adjustment:

236.24 (1) arising from an audit by the Internal Revenue Service, including a partnership-level  
236.25 audit;

236.26 (2) reported by the taxpayer on an amended federal tax return; or

236.27 (3) as part of an administrative adjustment request on or before the dates provided in  
236.28 this section.

236.29 Subd. 2. **Timely and untimely reported federal adjustments.** If a taxpayer files a  
236.30 federal adjustment report, within or after the periods prescribed in section 289A.382 or  
236.31 289A.383, the commissioner may assess additional Minnesota amounts related to the federal  
236.32 adjustments including in-lieu-of amounts, taxes, interest, and penalties at the later of:

237.1 (1) the expiration of the period of limitations in section 289A.38; or

237.2 (2) the expiration of the one-year period following the date of the filing with the  
237.3 commissioner of the federal adjustments report.

237.4 Subd. 3. **Unreported reported federal adjustments.** If the taxpayer fails to file a federal  
237.5 adjustments report, the commissioner may assess additional amounts related to the federal  
237.6 adjustments including in-lieu-of amounts, taxes, penalties, and interest, at the later of:

237.7 (1) the expiration of the period of limitations in section 289A.38; or

237.8 (2) the expiration of the six-year period following the final determination date.

237.9 **EFFECTIVE DATE.** This section is effective for tax years beginning after December  
237.10 31, 2017, except that for partnerships that make an election under Code of Federal  
237.11 Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies  
237.12 to the same tax periods to which the election relates.

237.13 Sec. 9. **[289A.385] CLAIMS FOR REFUND OR CREDITS OF STATE TAX**  
237.14 **ARISING FROM FINAL FEDERAL ADJUSTMENTS MADE BY THE INTERNAL**  
237.15 **REVENUE SERVICE.**

237.16 Notwithstanding the general period of limitations on claims for refund in section 289A.40,  
237.17 taxpayers subject to the reporting requirements of sections 289A.382 and 289A.383 may  
237.18 file claims for refund related to federal adjustments made by the Internal Revenue Service  
237.19 on or before the last day for the assessment of tax under section 289A.384.

237.20 **EFFECTIVE DATE.** This section is effective for tax years beginning after December  
237.21 31, 2017, except that for partnerships that make an election under Code of Federal  
237.22 Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies  
237.23 to the same tax periods to which the election relates.

237.24 Sec. 10. Minnesota Statutes 2016, section 289A.42, is amended to read:

237.25 **289A.42 CONSENT TO EXTEND STATUTE.**

237.26 Subdivision 1. **Extension agreement.** If before the expiration of time prescribed in  
237.27 sections 289A.38 to 289A.384 and 289A.40 for the assessment of tax or the filing of a claim  
237.28 for refund, both the commissioner and the taxpayer have consented in writing to the  
237.29 assessment or filing of a claim for refund after that time, the tax may be assessed or the  
237.30 claim for refund filed at any time before the expiration of the agreed-upon period. The  
237.31 period may be extended by later agreements in writing before the expiration of the period

238.1 previously agreed upon. The taxpayer and the commissioner may also agree to extend the  
238.2 period for collection of the tax.

238.3 Subd. 2. **Federal extensions.** When a taxpayer consents to an extension of time for the  
238.4 assessment of federal withholding or income taxes, the period in which the commissioner  
238.5 may recompute the tax is also extended, notwithstanding any period of limitations to the  
238.6 contrary, as follows:

238.7 (1) for the periods provided in section ~~289A.38, subdivisions 8 and 9;~~ 289A.384,  
238.8 subdivisions 2 and 3.

238.9 (2) ~~for six months following the expiration of the extended federal period of limitations~~  
238.10 ~~when no change is made by the federal authority. If no change is made by the federal~~  
238.11 ~~authority, and, but for this subdivision, the commissioner's time period to adjust the tax has~~  
238.12 ~~expired, and if the commissioner has completed a field audit of the taxpayer, no additional~~  
238.13 ~~changes resulting in additional tax due or a refund may be made. For purposes of this~~  
238.14 ~~subdivision, "field audit" has the meaning given it in section 289A.38, subdivision 9.~~

238.15 **EFFECTIVE DATE.** This section is effective for tax years beginning after December  
238.16 31, 2017, except that for partnerships that make an election under Code of Federal  
238.17 Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies  
238.18 to the same tax periods to which the election relates.

238.19 Sec. 11. Minnesota Statutes 2016, section 289A.60, subdivision 24, is amended to read:

238.20 Subd. 24. **Penalty for failure to notify of federal change.** If a person fails to report to  
238.21 the commissioner a change or correction of the person's federal return in the manner and  
238.22 time prescribed in ~~section 289A.38, subdivision 7~~ sections 289A.382 and 289A.383, there  
238.23 must be added to the tax an amount equal to ten percent of the amount of any underpayment  
238.24 of Minnesota tax attributable to the federal change.

238.25 **EFFECTIVE DATE.** This section is effective for tax years beginning after December  
238.26 31, 2017, except that for partnerships that make an election under Code of Federal  
238.27 Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies  
238.28 to the same tax periods to which the election relates.

238.29 Sec. 12. Minnesota Statutes 2017 Supplement, section 290.31, subdivision 1, is amended  
238.30 to read:

238.31 Subdivision 1. **Partners, not partnership, subject to tax.** Except as provided under  
238.32 ~~section~~ sections 289A.35, paragraph (b), and 289A.383, subdivision 3, a partnership as such

239.1 shall not be subject to the income tax imposed by this chapter, but is subject to the tax  
239.2 imposed under section 290.0922. Persons carrying on business as partners shall be liable  
239.3 for income tax only in their separate or individual capacities.

239.4 **EFFECTIVE DATE.** This section is effective for tax years beginning after December  
239.5 31, 2017, except that for partnerships that make an election under Code of Federal  
239.6 Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies  
239.7 to the same tax periods to which the election relates.

239.8 Sec. 13. Minnesota Statutes 2016, section 297F.17, subdivision 6, is amended to read:

239.9 Subd. 6. **Time limit for bad debt refund.** Claims for refund must be filed with the  
239.10 commissioner during the one-year period beginning with the timely filing of the taxpayer's  
239.11 federal income tax return containing the bad debt deduction that is being claimed. Claimants  
239.12 under this subdivision are subject to the notice requirements of ~~section 289A.38, subdivision~~  
239.13 ~~7~~ sections 289A.382 and 289A.383.

239.14 **EFFECTIVE DATE.** This section is effective for tax years beginning after December  
239.15 31, 2017, except that for partnerships that make an election under Code of Federal  
239.16 Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies  
239.17 to the same tax periods to which the election relates.

239.18 Sec. 14. Minnesota Statutes 2016, section 297G.16, subdivision 7, is amended to read:

239.19 Subd. 7. **Time limit for a bad debt deduction.** Claims for refund must be filed with  
239.20 the commissioner within one year of the filing of the taxpayer's income tax return containing  
239.21 the bad debt deduction that is being claimed. Claimants under this subdivision are subject  
239.22 to the notice requirements of ~~section 289A.38, subdivision 7~~ sections 289A.38 to 289A.384.

239.23 **EFFECTIVE DATE.** This section is effective for tax years beginning after December  
239.24 31, 2017, except that for partnerships that make an election under Code of Federal  
239.25 Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies  
239.26 to the same tax periods to which the election relates.

239.27 Sec. 15. Minnesota Statutes 2016, section 469.319, subdivision 4, is amended to read:

239.28 Subd. 4. **Repayment procedures.** (a) For the repayment of taxes imposed under chapter  
239.29 290 or 297A or local taxes collected pursuant to section 297A.99, a business must file an  
239.30 amended return with the commissioner of revenue and pay any taxes required to be repaid  
239.31 within 30 days after becoming subject to repayment under this section. The amount required

240.1 to be repaid is determined by calculating the tax for the period or periods for which repayment  
240.2 is required without regard to the exemptions and credits allowed under section 469.315.

240.3 (b) For the repayment of taxes imposed under chapter 297B, a business must pay any  
240.4 taxes required to be repaid to the motor vehicle registrar, as agent for the commissioner of  
240.5 revenue, within 30 days after becoming subject to repayment under this section.

240.6 (c) For the repayment of property taxes, the county auditor shall prepare a tax statement  
240.7 for the business, applying the applicable tax extension rates for each payable year and  
240.8 provide a copy to the business and to the taxpayer of record. The business must pay the  
240.9 taxes to the county treasurer within 30 days after receipt of the tax statement. The business  
240.10 or the taxpayer of record may appeal the valuation and determination of the property tax to  
240.11 the Tax Court within 30 days after receipt of the tax statement.

240.12 (d) The provisions of chapters 270C and 289A relating to the commissioner's authority  
240.13 to audit, assess, and collect the tax and to hear appeals are applicable to the repayment  
240.14 required under paragraphs (a) and (b). The commissioner may impose civil penalties as  
240.15 provided in chapter 289A, and the additional tax and penalties are subject to interest at the  
240.16 rate provided in section 270C.40. The additional tax shall bear interest from 30 days after  
240.17 becoming subject to repayment under this section until the date the tax is paid. Any penalty  
240.18 imposed pursuant to this section shall bear interest from the date provided in section 270C.40,  
240.19 subdivision 3, to the date of payment of the penalty.

240.20 (e) If a property tax is not repaid under paragraph (c), the county treasurer shall add the  
240.21 amount required to be repaid to the property taxes assessed against the property for payment  
240.22 in the year following the year in which the auditor provided the statement under paragraph  
240.23 (c).

240.24 (f) For determining the tax required to be repaid, a reduction of a state or local sales or  
240.25 use tax is deemed to have been received on the date that the good or service was purchased  
240.26 or first put to a taxable use. In the case of an income tax or franchise tax, including the credit  
240.27 payable under section 469.318, a reduction of tax is deemed to have been received for the  
240.28 two most recent tax years that have ended prior to the date that the business became subject  
240.29 to repayment under this section. In the case of a property tax, a reduction of tax is deemed  
240.30 to have been received for the taxes payable in the year that the business became subject to  
240.31 repayment under this section and for the taxes payable in the prior year.

240.32 (g) The commissioner may assess the repayment of taxes under paragraph (d) any time  
240.33 within two years after the business becomes subject to repayment under subdivision 1, or  
240.34 within any period of limitations for the assessment of tax under ~~section 289A.38~~ sections



241.1 289A.38 to 289A.384, whichever period is later. The county auditor may send the statement  
241.2 under paragraph (c) any time within three years after the business becomes subject to  
241.3 repayment under subdivision 1.

241.4 (h) A business is not entitled to any income tax or franchise tax benefits, including  
241.5 refundable credits, for any part of the year in which the business becomes subject to  
241.6 repayment under this section nor for any year thereafter. Property is not exempt from tax  
241.7 under section 272.02, subdivision 64, for any taxes payable in the year following the year  
241.8 in which the property became subject to repayment under this section nor for any year  
241.9 thereafter. A business is not eligible for any sales tax benefits beginning with goods or  
241.10 services purchased or first put to a taxable use on the day that the business becomes subject  
241.11 to repayment under this section.

241.12 **EFFECTIVE DATE.** This section is effective for tax years beginning after December  
241.13 31, 2017, except that for partnerships that make an election under Code of Federal  
241.14 Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies  
241.15 to the same tax periods to which the election relates.

241.16 Sec. 16. **REPEALER.**

241.17 Minnesota Statutes 2016, section 289A.38, subdivisions 7, 8, and 9, are repealed.

241.18 **EFFECTIVE DATE.** This section is effective for tax years beginning after December  
241.19 31, 2017, except that for partnerships that make an election under Code of Federal  
241.20 Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies  
241.21 to the same tax periods to which the election relates.

## 241.22 **ARTICLE 12**

### 241.23 **DEPARTMENT OF REVENUE; INDIVIDUAL INCOME AND CORPORATE** 241.24 **FRANCHISE TAXES; TECHNICAL CHANGES**

241.25 Section 1. Minnesota Statutes 2016, section 289A.38, subdivision 7, is amended to read:

241.26 Subd. 7. **Federal tax changes.** (a) If the amount of income, items of tax preference,  
241.27 deductions, or credits for any year of a taxpayer, or the wages paid by a taxpayer for any  
241.28 period, as reported to the Internal Revenue Service is changed or corrected by the  
241.29 commissioner of Internal Revenue or other officer of the United States or other competent  
241.30 authority, or where a renegotiation of a contract or subcontract with the United States results  
241.31 in a change in income, items of tax preference, deductions, credits, or withholding tax, or,  
241.32 in the case of estate tax, where there are adjustments to the taxable estate, the taxpayer shall  
241.33 report the change or correction or renegotiation results in writing to the commissioner. The

242.1 report must be submitted within 180 days after the final determination and must be in the  
242.2 form of either an amended Minnesota estate, withholding tax, corporate franchise tax, or  
242.3 income tax return conceding the accuracy of the federal determination or a letter detailing  
242.4 how the federal determination is incorrect or does not change the Minnesota tax. An amended  
242.5 Minnesota income tax return must be accompanied by an amended property tax refund  
242.6 return, if necessary. A taxpayer filing an amended federal tax return must also file a copy  
242.7 of the amended return with the commissioner of revenue within 180 days after filing the  
242.8 amended return.

242.9 (b) For the purposes of paragraph (a), a change or correction includes any case where a  
242.10 taxpayer reaches a closing agreement or compromise with the Internal Revenue Service  
242.11 under section 7121 or 7122 of the Internal Revenue Code.

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

242.13 Sec. 2. Minnesota Statutes 2017 Supplement, section 290.0137, is amended to read:

242.14 **290.0137 ACCELERATED RECOGNITION OF CERTAIN INSTALLMENT**  
242.15 **SALE GAINS.**

242.16 (a) In the case of a nonresident individual or a person who becomes a nonresident  
242.17 individual during the tax year, taxable net income shall include the ~~allocable~~ amount realized  
242.18 upon a sale of the assets of, or any interest in, an S corporation or partnership that operated  
242.19 in Minnesota during the year of sale, including any income or gain to be recognized in future  
242.20 years pursuant to an installment sale method of reporting under the Internal Revenue Code.

242.21 (1) For the purposes of this paragraph, an individual who becomes a nonresident of  
242.22 Minnesota in any year after an installment sale is required to recognize the full amount of  
242.23 any income or gain described in this paragraph on the individual's final Minnesota resident  
242.24 tax return to the extent that such income has not been recognized in a prior year.

242.25 (2) For the purposes of this section, "realized" has the meaning given in section 1001(b)  
242.26 of the Internal Revenue Code.

242.27 (3) For the purposes of this section, "installment sale" means any installment sale under  
242.28 section 453 of the Internal Revenue Code and any other sale that is reported utilizing a  
242.29 method of accounting authorized under subchapter E of the Internal Revenue Code that  
242.30 allows taxpayers to delay reporting or recognizing a realized gain until a future year.

242.31 ~~(4) For the purposes of this section, "allocable amount" means the full amount to be~~  
242.32 ~~apportioned to Minnesota under section 290.191 or 290.20, or the full amount to be assigned~~  
242.33 ~~to Minnesota under section 290.17.~~

243.1 (b) Notwithstanding paragraph (a), nonresident taxpayers may elect to defer recognizing  
243.2 unrecognized installment sale gains by making an election under this paragraph. The election  
243.3 must be filed on a form to be determined or prescribed by the commissioner and must be  
243.4 filed by the due date of the individual income tax return, including any extension. Electing  
243.5 taxpayers must make an irrevocable agreement to:

243.6 (1) file Minnesota tax returns in all subsequent years when gains from the installment  
243.7 sales are recognized and reported to the Internal Revenue Service;

243.8 (2) allocate gains to the state of Minnesota as though the gains were realized in the year  
243.9 of sale under section 290.17, 290.191, or 290.20; and

243.10 (3) include all relevant federal tax documents reporting the installment sale with  
243.11 subsequent Minnesota tax returns.

243.12 (c) Income or gain recognized for Minnesota purposes pursuant to paragraph (a) must  
243.13 be excluded from taxable net income in any future year that the taxpayer files a Minnesota  
243.14 tax return to the extent that the income or gain has already been subject to tax pursuant to  
243.15 paragraph (a).

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

243.17 Sec. 3. Minnesota Statutes 2016, section 290.06, subdivision 2c, is amended to read:

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

243.22 (1) On the first \$35,480, 5.35 percent;

243.23 (2) On all over \$35,480, but not over \$140,960, 7.05 percent;

243.24 (3) On all over \$140,960, but not over \$250,000, 7.85 percent;

243.25 (4) On all over \$250,000, 9.85 percent.

243.26 Married individuals filing separate returns, estates, and trusts must compute their income  
243.27 tax by applying the above rates to their taxable income, except that the income brackets  
243.28 will be one-half of the above amounts after the adjustment required in subdivision 2d.

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

243.31 (1) On the first \$24,270, 5.35 percent;

244.1 (2) On all over \$24,270, but not over \$79,730, 7.05 percent;

244.2 (3) On all over \$79,730, but not over \$150,000, 7.85 percent;

244.3 (4) On all over \$150,000, 9.85 percent.

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

244.7 (1) On the first \$29,880, 5.35 percent;

244.8 (2) On all over \$29,880, but not over \$120,070, 7.05 percent;

244.9 (3) On all over \$120,070, but not over \$200,000, 7.85 percent;

244.10 (4) On all over \$200,000, 9.85 percent.

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

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

244.22 (1) the numerator is the individual's Minnesota source federal adjusted gross income as  
244.23 defined in section 62 of the Internal Revenue Code and increased by:

244.24 (i) the additions required under ~~section~~ sections 290.0131, subdivisions 2 and 6 to 11,  
244.25 and 290.0137, paragraph (a); and reduced by

244.26 (ii) the Minnesota assignable portion of the subtraction for United States government  
244.27 interest under section 290.0132, subdivision 2, ~~and~~ the subtractions under ~~section~~ sections  
244.28 290.0132, subdivisions 9, 10, 14, 15, 17, and 18, and 290.0137, paragraph (c), after applying  
244.29 the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

244.30 (2) the denominator is the individual's federal adjusted gross income as defined in section  
244.31 62 of the Internal Revenue Code, increased by:

245.1 (i) the amounts specified in section additions required under sections 290.0131,  
245.2 subdivisions 2 and 6 to 11, and 290.0137, paragraph (a); and reduced by

245.3 (ii) the amounts specified in section subtractions under sections 290.0132, subdivisions  
245.4 2, 9, 10, 14, 15, 17, and 18, and 290.0137, paragraph (c).

245.5 **EFFECTIVE DATE.** The amendment to paragraph (a) is effective for taxable years  
245.6 beginning after December 31, 2017. The amendment to paragraph (e) is effective the day  
245.7 following final enactment.

245.8 Sec. 4. Minnesota Statutes 2016, section 290.06, subdivision 2d, is amended to read:

245.9 Subd. 2d. **Inflation adjustment of brackets.** (a) For taxable years beginning after  
245.10 December 31, 2013, the minimum and maximum dollar amounts for each rate bracket for  
245.11 which a tax is imposed in subdivision 2c shall be adjusted for inflation by the percentage  
245.12 determined under paragraph (b). For the purpose of making the adjustment as provided in  
245.13 this subdivision all of the rate brackets provided in subdivision 2c shall be the rate brackets  
245.14 as they existed for taxable years beginning after December 31, 2012, and before January 1,  
245.15 2014. The rate applicable to any rate bracket must not be changed. The dollar amounts  
245.16 setting forth the tax shall be adjusted to reflect the changes in the rate brackets. The rate  
245.17 brackets as adjusted must be rounded to the nearest \$10 amount. If the rate bracket ends in  
245.18 \$5, it must be rounded up to the nearest \$10 amount.

245.19 (b) The commissioner shall adjust the rate brackets and by the percentage determined  
245.20 pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section  
245.21 1(f)(3)(B) the word "2012" shall be substituted for the word "1992." For 2014, the  
245.22 commissioner shall then determine the percent change from the 12 months ending on August  
245.23 31, 2012, to the 12 months ending on August 31, 2013, and in each subsequent year, from  
245.24 the 12 months ending on August 31, 2012, to the 12 months ending on August 31 of the  
245.25 year preceding the taxable year. The commissioner shall determine the rate bracket for  
245.26 married filing separate returns after this adjustment is done. The rate bracket for married  
245.27 filing separate must be one-half of the rate bracket for married filing joint. The determination  
245.28 of the commissioner pursuant to this subdivision shall not be considered a "rule" and shall  
245.29 not be subject to the Administrative Procedure Act contained in chapter 14.

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

245.32 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
245.33 31, 2017.

246.1 Sec. 5. Minnesota Statutes 2016, section 290.92, subdivision 28, is amended to read:

246.2 Subd. 28. **Payments to horse racing license holders.** Effective with payments made  
246.3 after April 1, 1988, any holder of a license issued by the Minnesota Racing Commission  
246.4 who makes a payment for personal or professional services to a holder of a class C license  
246.5 issued by the commission, except an amount paid as a purse, shall deduct from the payment  
246.6 and withhold 6.25 percent of the amount as Minnesota withholding tax when the amount  
246.7 paid to that individual by the same person during the calendar year exceeds \$600. For  
246.8 purposes of the provisions of this section, a payment to any person which is subject to  
246.9 withholding under this subdivision must be treated as if the payment was a wage paid by  
246.10 an employer to an employee. Every individual who is to receive a payment which is subject  
246.11 to withholding under this subdivision shall furnish the license holder with a statement, made  
246.12 under the penalties of perjury, containing the name, address, and Social Security account  
246.13 number of the person receiving the payment. No withholding is required if the individual  
246.14 presents a signed certificate from the individual's employer which states that the individual  
246.15 is an employee of that employer. A nonresident individual who holds a class C license must  
246.16 be treated as an athlete for purposes of applying the provisions of subdivision 4a and section  
246.17 290.17, subdivision 2~~(1)(b)(ii)~~(a)(2)(ii).

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

246.19 Sec. 6. Minnesota Statutes 2017 Supplement, section 462D.03, subdivision 2, is amended  
246.20 to read:

246.21 Subd. 2. **Designation of qualified beneficiary.** (a) The account holder must designate  
246.22 a first-time home buyer as the qualified beneficiary of the account ~~by April 15 of the year~~  
246.23 in a form and manner prescribed by the commissioner following the taxable year in which  
246.24 the account was established. The account holder may be the qualified beneficiary. The  
246.25 account holder may change the designated qualified beneficiary at any time, but no more  
246.26 than one qualified beneficiary may be designated for an account at any one time. For purposes  
246.27 of the one beneficiary restriction, a married couple qualifies as one beneficiary. Changing  
246.28 the designated qualified beneficiary of an account does not affect computation of the ten-year  
246.29 period under section 462D.06, subdivision 2.

246.30 (b) The commissioner shall establish a process for account holders to notify the state  
246.31 that permits recording of the account, the account holder or holders, any transfers under  
246.32 section 462D.04, subdivision 2, and the designated qualified beneficiary for each account.  
246.33 This may be done upon filing the account holder's income tax return or in any other way  
246.34 the commissioner determines to be appropriate.

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

247.2 **ARTICLE 13**

247.3 **DEPARTMENT OF REVENUE; SALES AND USE TAXES; TECHNICAL CHANGES**

247.4 Section 1. Minnesota Statutes 2016, section 297A.68, subdivision 17, is amended to read:

247.5 Subd. 17. **Ships used in interstate commerce; other vessels.** Repair, replacement, and  
247.6 rebuilding parts and materials, and lubricants, for the following are exempt:

247.7 (1) ships or vessels used or to be used principally in interstate or foreign commerce ~~are~~  
247.8 ~~exempt;~~ and

247.9 (2) vessels with a gross registered tonnage of at least 3,000 tons ~~are exempt.~~

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

247.11 Sec. 2. Minnesota Statutes 2016, section 297A.68, subdivision 44, is amended to read:

247.12 Subd. 44. **Greater Minnesota business expansions.** (a) Purchases and use of tangible  
247.13 personal property or taxable services by a qualified business, ~~as defined in section 116J.8738,~~  
247.14 are exempt if:

247.15 (1) the commissioner of employment and economic development certifies to the  
247.16 commissioner of revenue, in a format approved by the commissioner of revenue, that the  
247.17 qualified business meets the requirements under section 116J.8738;

247.18 (2) the business subsidy agreement provides that the exemption under this subdivision  
247.19 applies;

247.20 ~~(2)~~ (3) the property or services are primarily used or consumed at the facility in greater  
247.21 Minnesota identified in the business subsidy agreement; and

247.22 ~~(3)~~ (4) the purchase was made and delivery received during the duration of the  
247.23 certification of the business as a qualified business under section 116J.8738 business subsidy  
247.24 agreement.

247.25 (b) Purchase and use of construction materials and supplies used or consumed in, and  
247.26 equipment incorporated into, the construction of improvements to real property in greater  
247.27 Minnesota are exempt if the improvements after completion of construction are to be used  
247.28 in the conduct of the trade or business of the qualified business, ~~as defined in section~~  
247.29 ~~116J.8738~~ and the commissioner of employment and economic development certifies to  
247.30 the commissioner of revenue, in a format approved by the commissioner of revenue, that

248.1 the qualified business meets the requirements under section 116J.8738. This exemption  
248.2 applies regardless of whether the purchases are made by the business or a contractor.

248.3 (c) The exemptions under this subdivision apply to a local sales and use tax.

248.4 (d) The tax on purchases imposed under this subdivision must be imposed and collected  
248.5 as if the rate under section 297A.62 applied, and then refunded in the manner provided in  
248.6 section 297A.75. The total amount refunded for a facility over the certification period is  
248.7 limited to the amount listed in the business subsidy agreement. No more than \$7,000,000  
248.8 may be refunded in a fiscal year for all purchases under this subdivision. Refunds must be  
248.9 allocated on a first-come, first-served basis. If more than \$7,000,000 of eligible claims are  
248.10 made in a fiscal year, claims by qualified businesses carry over to the next fiscal year, and  
248.11 the commissioner of revenue must first allocate refunds to qualified businesses eligible for  
248.12 a refund in the preceding fiscal year. Any portion of the balance of funds allocated for  
248.13 refunds under this paragraph does not cancel and shall be carried forward to and available  
248.14 for refunds in subsequent fiscal years. Notwithstanding section 297A.75, subdivision 4, for  
248.15 an eligible refund claim that carries over to a subsequent fiscal year, the interest on the  
248.16 amount carried over must be paid on the refund no sooner than from 90 days after July 1  
248.17 of the fiscal year in which funds are available for the eligible claim.

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

248.19 Sec. 3. Minnesota Statutes 2016, section 297A.71, subdivision 45, is amended to read:

248.20 Subd. 45. **Biopharmaceutical manufacturing facility.** (a) Materials and supplies used  
248.21 or consumed in, capital equipment incorporated into, and privately owned infrastructure in  
248.22 support of the construction, improvement, or expansion of a biopharmaceutical manufacturing  
248.23 facility in the state are exempt if the commissioner of employment and economic  
248.24 development certifies to the commissioner of revenue that the following criteria are met:

248.25 (1) the facility is used for the manufacturing of biologics;

248.26 (2) the total capital investment made at the facility exceeds \$50,000,000; and

248.27 (3) the facility creates and maintains at least 190 full-time equivalent positions at the  
248.28 facility. These positions must be new jobs in Minnesota and not the result of relocating jobs  
248.29 that currently exist in Minnesota.

248.30 (b) The tax must be imposed and collected as if the rate under section 297A.62 applied,  
248.31 and refunded in the manner provided in section 297A.75.



249.1 (c) To be eligible for a refund, the owner of the biopharmaceutical manufacturing facility  
249.2 must:

249.3 (1) initially apply to the ~~Department~~ commissioner of employment and economic  
249.4 development for certification no later than one year from the final completion date of  
249.5 construction, improvement, or expansion of the facility; and

249.6 (2) for each year that the owner of the biopharmaceutical manufacturing facility applies  
249.7 for a refund, the ~~owner~~ commissioner must have received written certification from the  
249.8 ~~Department~~ commissioner of employment and economic development that the facility has  
249.9 met the criteria of paragraph (a).

249.10 (d) The refund is to be paid annually at a rate of 25 percent of the total allowable refund  
249.11 payable to date, with the commissioner making annual payments of the remaining refund  
249.12 until all of the refund has been paid.

249.13 (e) For purposes of this subdivision, "biopharmaceutical" and "biologics" are  
249.14 interchangeable and mean medical drugs or medicinal preparations produced using  
249.15 technology that uses biological systems, living organisms, or derivatives of living organisms  
249.16 to make or modify products or processes for specific use. The medical drugs or medicinal  
249.17 preparations include but are not limited to proteins, antibodies, nucleic acids, and vaccines.

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

249.19 Sec. 4. Minnesota Statutes 2016, section 297A.77, is amended by adding a subdivision to  
249.20 read:

249.21 **Subd. 5. Records must be kept.** Every person liable for any tax imposed by this chapter,  
249.22 or for the collection thereof, shall keep such records, render such statements, make such  
249.23 returns, and comply with such rules, as the commissioner may from time to time prescribe.

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

## 249.25 **ARTICLE 14**

### 249.26 **DEPARTMENT OF REVENUE; TOBACCO TAXES; TECHNICAL CHANGES**

249.27 Section 1. Minnesota Statutes 2016, section 297F.01, subdivision 19, is amended to read:

249.28 Subd. 19. **Tobacco products.** (a) "Tobacco products" means any product containing,  
249.29 made, or derived from tobacco that is intended for human consumption, whether chewed,  
249.30 smoked, absorbed, dissolved, inhaled, snorted, sniffed, or ingested by any other means, or  
249.31 any component, part, or accessory of a tobacco product, including, but not limited to, cigars;

250.1 cheroots; stogies; periques; granulated, plug cut, crimp cut, ready rubbed, and other smoking  
250.2 tobacco; snuff; snuff flour; cavendish; plug and twist tobacco; fine-cut and other chewing  
250.3 tobacco; shorts; refuse scraps, clippings, cuttings and sweepings of tobacco, and other kinds  
250.4 and forms of tobacco; but does not include cigarettes as defined in this section. Tobacco  
250.5 products includes vapor products. Tobacco products excludes any tobacco product that has  
250.6 been approved by the United States Food and Drug Administration for sale as a tobacco  
250.7 cessation product, as a tobacco dependence product, or for other medical purposes, and is  
250.8 being marketed and sold solely for such an approved purpose.

250.9 (b) Except for the imposition of tax under section 297F.05, subdivisions 3 and 4, tobacco  
250.10 products includes a premium cigar, as defined in subdivision 13a.

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

250.12 Sec. 2. Minnesota Statutes 2016, section 297F.01, is amended by adding a subdivision to  
250.13 read:

250.14 Subd. 22b. Vapor products. (a) "Vapor products" means any cartridge, bottle, or other  
250.15 package that contains nicotine made or derived from tobacco, that is in a solution that is  
250.16 consumed, or meant to be consumed, through the use of a heating element, power source,  
250.17 electronic circuit, or other electronic, chemical, or mechanical means that produces vapor  
250.18 from the nicotine. This paragraph expires December 31, 2018.

250.19 (b) Beginning January 1, 2019, "vapor products" means any cartridge, bottle, or other  
250.20 package that contains nicotine, including nicotine produced from sources other than tobacco,  
250.21 that is in a solution that is consumed, or meant to be consumed, through the use of a heating  
250.22 element, power source, electronic circuit, or other electronic, chemical, or mechanical means  
250.23 that produces vapor from the nicotine.

250.24 (c) Vapor products includes any electronic cigarette, electronic cigar, electronic cigarillo,  
250.25 electronic pipe, or similar product or device, and any batteries, heating elements, or other  
250.26 components, parts, or accessories sold with and meant to be used in the consumption of the  
250.27 nicotine solution.

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

250.29 Sec. 3. Minnesota Statutes 2016, section 297F.01, subdivision 23, is amended to read:

250.30 Subd. 23. **Wholesale sales price.** "Wholesale sales price" means the price at which a  
250.31 distributor purchases a tobacco product. Wholesale sales price includes the applicable federal  
250.32 excise tax, freight charges, or packaging costs, regardless of whether they were included in

251.1 the purchase price. Wholesale sales price of a vapor product does not include the cost of a  
251.2 product, device, component, part, or accessory described in subdivision 22b that is sold  
251.3 with a nicotine solution if the distributor sells the cartridge of nicotine solution separately  
251.4 and can isolate the cost of the product, device, component, part, or accessory.

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

## 251.6 **ARTICLE 15**

### 251.7 **DEPARTMENT OF REVENUE; PROPERTY TAXES; TECHNICAL CHANGES**

251.8 Section 1. Minnesota Statutes 2016, section 270C.85, subdivision 2, is amended to read:

251.9 Subd. 2. **Powers and duties.** The commissioner shall have and exercise the following  
251.10 powers and duties in administering the property tax laws:;

251.11 ~~(a)~~ (1) confer with, advise, and give the necessary instructions and directions to local  
251.12 assessors and local boards of review throughout the state as to their duties under the laws  
251.13 of the state;;

251.14 ~~(b)~~ (2) direct proceedings, actions, and prosecutions to be instituted to enforce the laws  
251.15 relating to the liability and punishment of public officers and officers and agents of  
251.16 corporations for failure or negligence to comply with the provisions of the property tax  
251.17 laws, and cause complaints to be made against local assessors, members of boards of  
251.18 equalization, members of boards of review, or any other assessing or taxing officer, to the  
251.19 proper authority, for their removal from office for misconduct or negligence of duty;;

251.20 ~~(c)~~ (3) require county attorneys to assist in the commencement of prosecutions in actions  
251.21 or proceedings for removal, forfeiture, and punishment, for violation of the property tax  
251.22 laws in their respective districts or counties;;

251.23 ~~(d)~~ (4) require town, city, county, and other public officers to report and certify  
251.24 information, at the parcel level or in the aggregate, as to the assessment and taxation of real  
251.25 and personal property, and such other information as may be needful in the work of the  
251.26 commissioner, ~~in such form as the commissioner may prescribe.~~ The commissioner shall  
251.27 prescribe the content, format, manner, and time of filing of all required reports and  
251.28 certifications;

251.29 ~~(e)~~ (5) transmit to the governor, on or before the third Monday in December of each  
251.30 even-numbered year, and to each member of the legislature, on or before November 15 of  
251.31 each even-numbered year, the report of the department for the preceding years, showing all

252.1 the taxable property subject to the property tax laws and the value of the same, in tabulated  
252.2 form;

252.3 ~~(f)~~ (6) inquire into the methods of assessment and taxation and ascertain whether the  
252.4 assessors faithfully discharge their duties; and

252.5 ~~(g)~~ (7) assist local assessors in determining the estimated market value of industrial  
252.6 special-use property. For purposes of this ~~paragraph~~ clause, "industrial special-use property"  
252.7 means property that:

252.8 ~~(1)~~ (i) is designed and equipped for a particular type of industry;

252.9 ~~(2)~~ (ii) is not easily adapted to some other use due to the unique nature of the facilities;

252.10 ~~(3)~~ (iii) has facilities totaling at least 75,000 square feet in size; and

252.11 ~~(4)~~ (iv) has a total estimated market value of \$10,000,000 or greater based on the  
252.12 assessor's preliminary determination.

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

252.14 Sec. 2. Minnesota Statutes 2017 Supplement, section 270C.89, subdivision 1, is amended  
252.15 to read:

252.16 Subdivision 1. **Initial report.** Each county assessor shall file by ~~April 1~~ with the  
252.17 commissioner a copy of ~~the abstract~~ preliminary assessment information that the  
252.18 commissioner may require under section 270C.85, subdivision 2, clause (4), that will be  
252.19 acted upon by the local and county boards of review. ~~The abstract must list the real and~~  
252.20 personal property in the county itemized by assessment districts. The assessor of each county  
252.21 in the state shall file with the commissioner, within ten working days following final action  
252.22 of the local board of review or equalization and within five days following final action of  
252.23 the county board of equalization, any changes made by the local or county board. ~~The~~  
252.24 ~~information must be filed in the manner prescribed by the commissioner.~~

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

252.26 Sec. 3. Minnesota Statutes 2016, section 270C.89, subdivision 2, is amended to read:

252.27 Subd. 2. **Final report.** The final ~~abstract of assessments~~ assessment information after  
252.28 adjustments by the State Board of Equalization and inclusion of any omitted property shall  
252.29 be ~~submitted~~ reported to the commissioner ~~on or before September 1 of each calendar year~~  
252.30 under section 270C.85, subdivision 2, clause (4). ~~The final abstract must separately report~~  
252.31 ~~the captured tax capacity of tax increment financing districts under section 469.177,~~

253.1 ~~subdivision 2, the areawide net tax capacity contribution values determined under sections~~  
 253.2 ~~276A.05, subdivision 1, and 473F.07, subdivision 1, and the value subject to the power line~~  
 253.3 ~~credit under section 273.42.~~

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

253.5 Sec. 4. Minnesota Statutes 2016, section 270C.91, is amended to read:

253.6 **270C.91 RECORD OF PROCEEDINGS CHANGING NET TAX CAPACITY;**  
 253.7 **DUTIES OF COUNTY AUDITOR.**

253.8 A record of all proceedings of the commissioner affecting any change in the net tax  
 253.9 capacity of any property, as revised by the State Board of Equalization, shall be kept by the  
 253.10 commissioner and a copy thereof, duly certified, shall be mailed each year to the auditor of  
 253.11 each county wherein such property is situated, on or before June 30 ~~or 30 days after~~  
 253.12 ~~submission of the abstract required by section 270C.89, whichever is later.~~ This record shall  
 253.13 specify the amounts or amount, or both, added to or deducted from the net tax capacity of  
 253.14 the real property of each of the several towns and cities, and of the real property not in towns  
 253.15 or cities, also the percent or amount of both, added to or deducted from the several classes  
 253.16 of personal property in each of the towns and cities, and also the amount added to or deducted  
 253.17 from the assessment of any person. The county auditor shall add to or deduct from such  
 253.18 tract or lot, or portion thereof, of any real property in the county the required percent or  
 253.19 amount, or both, on the net tax capacity thereof as it stood after equalized by the county  
 253.20 board, adding in each case a fractional sum of 50 cents or more, and deducting in each case  
 253.21 any fractional sum of less than 50 cents, so that no net tax capacity of any separate tract or  
 253.22 lot shall contain any fraction of a dollar; and add to, or deduct from, the several classes of  
 253.23 personal property in the county the required percent or amount, or both, on the net tax  
 253.24 capacity thereof as it stood after equalized by the county board, adding or deducting in  
 253.25 manner aforesaid any fractional sum so that no net tax capacity of any separate class of  
 253.26 personal property shall contain a fraction of a dollar, and add to or deduct from assessment  
 253.27 of any person, as they stood after equalization by the county board, the required amounts  
 253.28 to agree with the assessments as returned by the commissioner.

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

253.30 Sec. 5. Minnesota Statutes 2016, section 273.061, subdivision 9, is amended to read:

253.31 Subd. 9. **Additional general duties.** Additional duties of the county assessor ~~shall be~~  
 253.32 are as follows:

254.1 (1) to make all assessments, based upon the appraised values reported by the local  
254.2 assessors or assistants and the county assessor's own knowledge of the value of the property  
254.3 assessed;

254.4 (2) to personally view and determine the value of any property ~~which~~ that because of  
254.5 its type or character may be difficult for the local assessor to appraise;

254.6 (3) to make all changes ordered by the local boards of review, relative to the net tax  
254.7 capacity of the property of any individual, firm or corporation after notice has been given  
254.8 and hearings held as provided by law;

254.9 (4) to enter all assessments in the assessment books, furnished by the county auditor,  
254.10 with each book and the tabular statements for each book in correct balance;

254.11 (5) to prepare all assessment cards, charts, maps and any other forms prescribed by the  
254.12 commissioner of revenue;

254.13 (6) to attend the meeting of the county board of equalization; to investigate and report  
254.14 on any assessment ordered by said board; to enter all changes made by said board in the  
254.15 assessment books and prepare ~~the abstract of assessments for the commissioner of revenue~~  
254.16 information reported to the commissioner under section 270C.85, subdivision 2, clause (4);  
254.17 to enter all changes made by the State Board of Equalization in the assessment books; to  
254.18 deduct all exemptions authorized by law from each assessment and certify to the county  
254.19 auditor the taxable value of each parcel of land, as described and listed in the assessment  
254.20 books by the county auditor, and the taxable value of the personal property of each person,  
254.21 firm, or corporation assessed;

254.22 (7) to investigate and make recommendations relative to all applications for the abatement  
254.23 of taxes or applications for the reduction of the net tax capacity of any property; and

254.24 (8) to perform all other duties relating to the assessment of property for the purpose of  
254.25 taxation which may be required by the commissioner of revenue.

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

254.27 Sec. 6. Minnesota Statutes 2017 Supplement, section 273.0755, is amended to read:

254.28 **273.0755 TRAINING AND EDUCATION OF PROPERTY TAX PERSONNEL.**

254.29 (a) Beginning with the four-year period starting on July 1, 2000, every person licensed  
254.30 by the state Board of Assessors at the Accredited Minnesota Assessor level or higher, shall  
254.31 successfully complete a weeklong Minnesota laws course sponsored by the Department of

255.1 Revenue at least once in every four-year period. An assessor need not attend the course if  
255.2 they successfully pass the test for the course.

255.3 (b) The commissioner of revenue may require that each county, and each city for which  
255.4 the city assessor performs the duties of county assessor, have ~~(i)~~ (1) a person on the assessor's  
255.5 staff who is certified by the Department of Revenue in sales ratio calculations, ~~(ii)~~ (2) an  
255.6 officer or employee who is certified by the Department of Revenue in tax calculations, and  
255.7 ~~(iii)~~ (3) an officer or employee who is certified by the Department of Revenue in the proper  
255.8 preparation of ~~abstracts of assessment. The commissioner of revenue may require that each~~  
255.9 ~~county have an officer or employee who is certified by the Department of Revenue in the~~  
255.10 ~~proper preparation of abstracts of tax lists~~ information reported to the commissioner under  
255.11 section 270C.85, subdivision 2, clause (4). Certifications under this paragraph expire after  
255.12 four years.

255.13 (c) Beginning with the four-year educational licensing period starting on July 1, 2004,  
255.14 every Minnesota assessor licensed by the State Board of Assessors must attend and participate  
255.15 in a seminar that focuses on ethics, professional conduct and the need for standardized  
255.16 assessment practices developed and presented by the commissioner of revenue. This  
255.17 requirement must be met at least once in every subsequent four-year period. This requirement  
255.18 applies to all assessors licensed for one year or more in the four-year period.

255.19 (d) When the commissioner of revenue determines that an individual or board that  
255.20 performs functions related to property tax administration has performed those functions in  
255.21 a manner that is not uniform or equitable, the commissioner may require that the individual  
255.22 or members of the board complete supplemental training. The commissioner may not require  
255.23 that an individual complete more than 32 hours of supplemental training pursuant to this  
255.24 paragraph. If the individual is required to complete supplemental training due to that  
255.25 individual's membership on a local or county board of appeal and equalization, the  
255.26 commissioner may not require that the individual complete more than two hours of  
255.27 supplemental training.

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

255.29 Sec. 7. Minnesota Statutes 2016, section 273.113, subdivision 3, is amended to read:

255.30 Subd. 3. **Reimbursement for lost revenue.** The county auditor shall certify to the  
255.31 commissioner of revenue, ~~as part of the abstracts of tax lists required to be filed with the~~  
255.32 ~~commissioner~~ under section ~~275.29~~ 270C.85, subdivision 2, clause (4), the amount of tax  
255.33 lost to the county from the property tax credit under subdivision 2. Any prior year adjustments  
255.34 must also be certified ~~in the abstracts of tax lists.~~ The commissioner of revenue shall review

256.1 the certifications to determine their accuracy. The commissioner may make the changes in  
256.2 the certification that are considered necessary or return a certification to the county auditor  
256.3 for corrections. The commissioner shall reimburse each taxing district, other than school  
256.4 districts, for the taxes lost. The payments must be made at the time provided in section  
256.5 473H.10 for payment to taxing jurisdictions in the same proportion that the ad valorem tax  
256.6 is distributed. Reimbursements to school districts must be made as provided in section  
256.7 273.1392. The amount necessary to make the reimbursements under this section is annually  
256.8 appropriated from the general fund to the commissioner of revenue.

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

256.10 Sec. 8. Minnesota Statutes 2016, section 273.119, subdivision 2, is amended to read:

256.11 Subd. 2. **Reimbursement for lost revenue.** The county may transfer money from the  
256.12 county conservation account created in section 40A.152 to the county revenue fund to  
256.13 reimburse the fund for the cost of the property tax credit. The county auditor shall certify  
256.14 to the commissioner of revenue, ~~as part of the abstracts of tax lists required to be filed with~~  
256.15 ~~the commissioner~~ under section ~~275.29~~ 270C.85, subdivision 2, clause (4), the amount of  
256.16 tax lost to the county from the property tax credit under subdivision 1 and the extent that  
256.17 the tax lost exceeds funds available in the county conservation account. Any prior year  
256.18 adjustments must also be certified ~~in the abstracts of tax lists~~. The commissioner of revenue  
256.19 shall review the certifications to determine their accuracy. The commissioner may make  
256.20 the changes in the certification that are considered necessary or return a certification to the  
256.21 county auditor for corrections. The commissioner shall reimburse each taxing district, other  
256.22 than school districts, from the Minnesota conservation fund under section 40A.151 for the  
256.23 taxes lost in excess of the county account. The payments must be made at the time provided  
256.24 in section 473H.10, subdivision 3, for payment to taxing jurisdictions in the same proportion  
256.25 that the ad valorem tax is distributed.

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

256.27 Sec. 9. Minnesota Statutes 2016, section 273.1231, subdivision 3, is amended to read:

256.28 Subd. 3. **Disaster or emergency area.** (a) "Disaster or emergency area" means a  
256.29 geographic area for which:

256.30 (1)(i) the president of the United States, the secretary of agriculture, or the administrator  
256.31 of the Small Business Administration has determined that a disaster exists pursuant to federal  
256.32 law, or



257.1 (ii) a local emergency has been declared pursuant to section 12.29; and

257.2 (2) an application by the local unit of government requesting property tax relief under  
257.3 this section has been received by the governor and approved by the executive council.

257.4 (b) The executive council must not approve an application unless:

257.5 (1) a completed disaster survey is included; and

257.6 (2) within the boundaries of the applicant, (i) the average damage for the buildings that  
257.7 are damaged is at least \$5,000, and (ii) either at least 25 taxable buildings were damaged,  
257.8 or the total dollar amount of damage to all taxable buildings equals or exceeds one percent  
257.9 of the total taxable market value of buildings for the applicant as reported to the commissioner  
257.10 of revenue under section ~~270C.89, subdivision 2~~ 270C.85, subdivision 2, clause (4), for the  
257.11 assessment in the year prior to the year of the damage.

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

257.13 Sec. 10. Minnesota Statutes 2016, section 273.136, subdivision 2, is amended to read:

257.14 Subd. 2. **Reduction amounts submitted to county.** The commissioner of revenue shall  
257.15 determine, not later than April 1 of each year, the amount of reduction resulting from section  
257.16 273.135 in each county containing a tax relief area as defined by section 273.134, paragraph  
257.17 (b), basing determinations on a review of ~~abstracts of tax lists submitted by the county~~  
257.18 ~~auditors pursuant to section 275.29~~ information reported to the commissioner under section  
257.19 270C.85, subdivision 2, clause (4). The commissioner may make changes ~~in the abstracts~~  
257.20 ~~of tax lists~~ as deemed necessary. The commissioner of revenue, after such review, shall  
257.21 submit to the St. Louis County auditor, on or before April 15, the amount of the first half  
257.22 payment payable hereunder and on or before September 15 the amount of the second half  
257.23 payment.

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

257.25 Sec. 11. Minnesota Statutes 2017 Supplement, section 273.1384, subdivision 2, is amended  
257.26 to read:

257.27 Subd. 2. **Agricultural homestead market value credit.** Property classified as agricultural  
257.28 homestead under section 273.13, subdivision 23, paragraph (a), is eligible for an agricultural  
257.29 credit. The credit is computed using the property's agricultural credit market value, defined  
257.30 for this purpose as the property's market value excluding the market value of the house,  
257.31 garage, and immediately surrounding one acre of land. The credit is equal to 0.3 percent of  
257.32 the first \$115,000 of the property's agricultural credit market value plus 0.1 percent of the

258.1 property's agricultural credit market value in excess of \$115,000, subject to a maximum  
258.2 credit of \$490 for a full agricultural homestead. In the case of property that is classified as  
258.3 part homestead and part nonhomestead solely because not all the owners occupy or farm  
258.4 the property, not all the owners have qualifying relatives occupying or farming the property,  
258.5 or solely because not all the spouses of owners occupy the property, the credit is computed  
258.6 on the amount of agricultural credit market value corresponding to the percentage of  
258.7 homestead, and the maximum credit equals \$490 multiplied by the percentage of homestead.  
258.8 The percentage of homestead is equal to 100 divided by the number of owners of the property,  
258.9 or, in the case of a trust, the number of grantors of the trust that owns the property.

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

258.11 Sec. 12. Minnesota Statutes 2016, section 273.1384, subdivision 3, is amended to read:

258.12 Subd. 3. **Credit reimbursements.** The county auditor shall determine the tax reductions  
258.13 allowed under subdivision 2 within the county for each taxes payable year and shall certify  
258.14 that amount to the commissioner of revenue ~~as a part of the abstracts of tax lists submitted~~  
258.15 ~~by the county auditors under section 275.29~~ under section 270C.85, subdivision 2, clause  
258.16 (4). Any prior year adjustments shall also be certified ~~on the abstracts of tax lists~~. The  
258.17 commissioner shall review the certifications for accuracy, and may make such changes as  
258.18 are deemed necessary, or return the certification to the county auditor for correction. The  
258.19 credit under this section must be used to proportionately reduce the net tax capacity-based  
258.20 property tax payable to each local taxing jurisdiction as provided in section 273.1393.

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

258.22 Sec. 13. Minnesota Statutes 2017 Supplement, section 273.1387, subdivision 3, is amended  
258.23 to read:

258.24 Subd. 3. **Credit reimbursements.** The county auditor shall determine the tax reductions  
258.25 allowed under this section within the county for each taxes payable year and shall certify  
258.26 that amount to the commissioner of revenue ~~as a part of the abstracts of tax lists submitted~~  
258.27 ~~under section 275.29~~ under section 270C.85, subdivision 2, clause (4). Any prior year  
258.28 adjustments shall also be certified ~~on the abstracts of tax lists~~. The commissioner shall  
258.29 review the certifications for accuracy, and may make such changes as are deemed necessary,  
258.30 or return the certification to the county auditor for correction. The credit under this section  
258.31 must be used to reduce the school district net tax capacity-based property tax as provided  
258.32 in section 273.1393.

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

259.1 Sec. 14. Minnesota Statutes 2016, section 273.18, is amended to read:

259.2 **273.18 LISTING, VALUATION, AND ASSESSMENT OF EXEMPT PROPERTY**  
259.3 **BY COUNTY AUDITORS.**

259.4 (a) In every sixth year after the year 2010, the county auditor shall enter the description  
259.5 of each tract of real property exempt by law from taxation, with the name of the owner, and  
259.6 the assessor shall value and assess the same in the same manner that other real property is  
259.7 valued and assessed, and shall designate in each case the purpose for which the property is  
259.8 used.

259.9 (b) ~~For purposes of the apportionment of fire state aid under section 69.021, subdivision~~  
259.10 ~~7, The county auditor shall include on the abstract of assessment of exempt real property~~  
259.11 ~~filed under this section~~ in the exempt property information that the commissioner may  
259.12 require under section 270C.85, subdivision 2, clause (4), the total number of acres of all  
259.13 natural resources lands for which in lieu payments are made under sections 477A.11 to  
259.14 477A.14. The assessor shall estimate its market value, provided that if the assessor is not  
259.15 able to estimate the market value of the land on a per parcel basis, the assessor shall furnish  
259.16 the commissioner of revenue with an estimate of the average value per acre of this land  
259.17 within the county.

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

259.19 Sec. 15. Minnesota Statutes 2016, section 274.14, is amended to read:

259.20 **274.14 LENGTH OF SESSION; RECORD.**

259.21 The board must meet after the second Friday in June on at least one meeting day and  
259.22 may meet for up to ten consecutive meeting days. The actual meeting dates must be contained  
259.23 on the valuation notices mailed to each property owner in the county as provided in section  
259.24 273.121. For this purpose, "meeting days" is defined as any day of the week excluding  
259.25 Sunday. At the board's discretion, "meeting days" may include Saturday. No action taken  
259.26 by the county board of review after June 30 is valid, except for corrections permitted in  
259.27 sections 273.01 and 274.01. The county auditor shall keep an accurate record of the  
259.28 proceedings and orders of the board. The record must be published like other proceedings  
259.29 of county commissioners. A copy of the published record must be sent to the commissioner  
259.30 of revenue, ~~with the abstract of assessment required by section 274.16~~ within five days  
259.31 following final action of the county board of equalization.

259.32 For counties that conduct either regular board of review meetings or open book meetings,  
259.33 at least one of the meeting days must include a meeting that does not end before 7:00 p.m.

260.1 For counties that require taxpayer appointments for the board of review, appointments must  
260.2 include some available times that extend until at least 7:00 p.m. The county may have a  
260.3 Saturday meeting in lieu of, or in addition to, the extended meeting times under this  
260.4 paragraph.

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

260.6 Sec. 16. Minnesota Statutes 2016, section 274.16, is amended to read:

260.7 **274.16 CORRECTED LISTS, ~~ABSTRACTS.~~**

260.8 The county assessor or, in Ramsey County, the official designated by the board of county  
260.9 commissioners shall calculate the changes of the assessment lists determined by the county  
260.10 board of equalization, and make corrections accordingly, in the real or personal lists, or  
260.11 both, and shall make ~~duplicate abstracts~~ duplicates of them. One must be filed in the assessor's  
260.12 office, and one must be forwarded to the commissioner of revenue as provided in section  
260.13 270C.89.

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

260.15 Sec. 17. Minnesota Statutes 2017 Supplement, section 275.025, subdivision 1, is amended  
260.16 to read:

260.17 Subdivision 1. **Levy amount.** The state general levy is levied against  
260.18 commercial-industrial property and seasonal residential recreational property, as defined  
260.19 in this section. The state general levy for commercial-industrial property is \$784,590,000  
260.20 for taxes payable in 2018 and thereafter. The state general levy for seasonal-recreational  
260.21 property is \$44,190,000 for taxes payable in 2018 and thereafter. The tax under this section  
260.22 is not treated as a local tax rate under section 469.177 and is not the levy of a governmental  
260.23 unit under chapters 276A and 473F.

260.24 The commissioner shall increase or decrease the preliminary or final rate for a year as  
260.25 necessary to account for errors and tax base changes that affected a preliminary or final rate  
260.26 for either of the two preceding years. Adjustments are allowed to the extent that the necessary  
260.27 information is available to the commissioner at the time the rates for a year must be certified,  
260.28 and for the following reasons:

260.29 (1) an erroneous report of taxable value by a local official;

260.30 (2) an erroneous calculation by the commissioner; and

261.1 (3) an increase or decrease in taxable value for commercial-industrial or seasonal  
261.2 residential recreational property reported ~~on the abstracts of tax lists submitted under section~~  
261.3 ~~275.29 that was not reported on the abstracts of assessment submitted under section 270C.89~~  
261.4 to the commissioner under section 270C.85, subdivision 2, clause (4), for the same year.

261.5 The commissioner may, but need not, make adjustments if the total difference in the tax  
261.6 levied for the year would be less than \$100,000.

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

261.8 Sec. 18. Minnesota Statutes 2016, section 290B.09, subdivision 1, is amended to read:

261.9 Subdivision 1. **Determination; payment.** The county auditor shall determine the total  
261.10 current year's deferred amount of property tax under this chapter in the county, and ~~submit~~  
261.11 report those amounts ~~as part of the abstracts of tax lists submitted by the county auditors~~  
261.12 ~~under section 275.29~~ to the commissioner under section 270C.85, subdivision 2, clause (4).  
261.13 The commissioner may make changes ~~in the abstracts of tax lists~~ as deemed necessary. The  
261.14 commissioner of revenue, after such review, shall pay the deferred amount of property tax  
261.15 to each county treasurer on or before August 31.

261.16 The county treasurer shall distribute as part of the October settlement the funds received  
261.17 as if they had been collected as a part of the property tax.

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

261.19 Sec. 19. Minnesota Statutes 2016, section 469.177, subdivision 1, is amended to read:

261.20 Subdivision 1. **Original net tax capacity.** (a) Upon or after adoption of a tax increment  
261.21 financing plan, the auditor of any county in which the district is situated shall, upon request  
261.22 of the authority, certify the original net tax capacity of the tax increment financing district  
261.23 and that portion of the district overlying any subdistrict as described in the tax increment  
261.24 financing plan and shall certify in each year thereafter the amount by which the original net  
261.25 tax capacity has increased or decreased as a result of a change in tax exempt status of  
261.26 property within the district and any subdistrict, reduction or enlargement of the district or  
261.27 changes pursuant to subdivision 4. The auditor shall certify the amount within 30 days after  
261.28 receipt of the request and sufficient information to identify the parcels included in the district.  
261.29 The certification relates to the taxes payable year as provided in subdivision 6.

261.30 (b) If the classification under section 273.13 of property located in a district changes to  
261.31 a classification that has a different assessment ratio, the original net tax capacity of that

262.1 property must be redetermined at the time when its use is changed as if the property had  
262.2 originally been classified in the same class in which it is classified after its use is changed.

262.3 (c) The amount to be added to the original net tax capacity of the district as a result of  
262.4 previously tax exempt real property within the district becoming taxable equals the net tax  
262.5 capacity of the real property as most recently assessed pursuant to ~~section 273.18~~ information  
262.6 reported to the commissioner under section 270C.85, subdivision 2, clause (4), or, if that  
262.7 assessment was made more than one year prior to the date of title transfer rendering the  
262.8 property taxable, the net tax capacity assessed by the assessor at the time of the transfer. If  
262.9 improvements are made to tax exempt property after the municipality approves the district  
262.10 and before the parcel becomes taxable, the assessor shall, at the request of the authority,  
262.11 separately assess the estimated market value of the improvements. If the property becomes  
262.12 taxable, the county auditor shall add to original net tax capacity, the net tax capacity of the  
262.13 parcel, excluding the separately assessed improvements. If substantial taxable improvements  
262.14 were made to a parcel after certification of the district and if the property later becomes tax  
262.15 exempt, in whole or part, as a result of the authority acquiring the property through  
262.16 foreclosure or exercise of remedies under a lease or other revenue agreement or as a result  
262.17 of tax forfeiture, the amount to be added to the original net tax capacity of the district as a  
262.18 result of the property again becoming taxable is the amount of the parcel's value that was  
262.19 included in original net tax capacity when the parcel was first certified. The amount to be  
262.20 added to the original net tax capacity of the district as a result of enlargements equals the  
262.21 net tax capacity of the added real property as most recently certified by the commissioner  
262.22 of revenue as of the date of modification of the tax increment financing plan pursuant to  
262.23 section 469.175, subdivision 4.

262.24 (d) If the net tax capacity of a property increases because the property no longer qualifies  
262.25 under the Minnesota Agricultural Property Tax Law, section 273.111; the Minnesota Open  
262.26 Space Property Tax Law, section 273.112; or the Metropolitan Agricultural Preserves Act,  
262.27 chapter 473H, the Rural Preserve Property Tax Program under section 273.114, or because  
262.28 platted, unimproved property is improved or market value is increased after approval of the  
262.29 plat under section 273.11, subdivision 14a or 14b, the increase in net tax capacity must be  
262.30 added to the original net tax capacity. If the net tax capacity of a property increases because  
262.31 the property no longer qualifies for the homestead market value exclusion under section  
262.32 273.13, subdivision 35, the increase in net tax capacity must be added to original net tax  
262.33 capacity if the original construction of the affected home was completed before the date the  
262.34 assessor certified the original net tax capacity of the district.

263.1 (e) The amount to be subtracted from the original net tax capacity of the district as a  
263.2 result of previously taxable real property within the district becoming tax exempt or  
263.3 qualifying in whole or part for an exclusion from taxable market value, or a reduction in  
263.4 the geographic area of the district, shall be the amount of original net tax capacity initially  
263.5 attributed to the property becoming tax exempt, being excluded from taxable market value,  
263.6 or being removed from the district. If the net tax capacity of property located within the tax  
263.7 increment financing district is reduced by reason of a court-ordered abatement, stipulation  
263.8 agreement, voluntary abatement made by the assessor or auditor or by order of the  
263.9 commissioner of revenue, the reduction shall be applied to the original net tax capacity of  
263.10 the district when the property upon which the abatement is made has not been improved  
263.11 since the date of certification of the district and to the captured net tax capacity of the district  
263.12 in each year thereafter when the abatement relates to improvements made after the date of  
263.13 certification. The county auditor may specify reasonable form and content of the request  
263.14 for certification of the authority and any modification thereof pursuant to section 469.175,  
263.15 subdivision 4.

263.16 (f) If a parcel of property contained a substandard building or improvements described  
263.17 in section 469.174, subdivision 10, paragraph (e), that were demolished or removed and if  
263.18 the authority elects to treat the parcel as occupied by a substandard building under section  
263.19 469.174, subdivision 10, paragraph (b), or by improvements under section 469.174,  
263.20 subdivision 10, paragraph (e), the auditor shall certify the original net tax capacity of the  
263.21 parcel using the greater of (1) the current net tax capacity of the parcel, or (2) the estimated  
263.22 market value of the parcel for the year in which the building or other improvements were  
263.23 demolished or removed, but applying the classification rates for the current year.

263.24 (g) For a redevelopment district qualifying under section 469.174, subdivision 10,  
263.25 paragraph (a), clause (4), as a qualified disaster area, the auditor shall certify the value of  
263.26 the land as the original tax capacity for any parcel in the district that contains a building  
263.27 that suffered substantial damage as a result of the disaster or emergency.

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

263.29 Sec. 20. **REPEALER.**

263.30 Minnesota Statutes 2016, section 275.29, is repealed.

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

264.1 **ARTICLE 16**264.2 **DEPARTMENT OF REVENUE; MISCELLANEOUS; TECHNICAL CHANGES**

264.3 Section 1. Minnesota Statutes 2016, section 272.02, subdivision 27, is amended to read:

264.4 Subd. 27. **Superior National Forest; recreational property for use by ~~disabled~~**  
264.5 **veterans with a disability**. Real and personal property is exempt if it is located in the  
264.6 Superior National Forest, and owned or leased and operated by a nonprofit organization  
264.7 that is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue  
264.8 Code and primarily used to provide recreational opportunities for ~~disabled~~ veterans with a  
264.9 disability and their families.

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

264.11 Sec. 2. Minnesota Statutes 2016, section 272.02, subdivision 81, is amended to read:

264.12 Subd. 81. **Certain recreational property for ~~disabled~~ veterans with a disability**. Real  
264.13 and personal property is exempt if it is located in a county in the metropolitan area with a  
264.14 population of less than 500,000 according to the 2000 federal census, and owned or leased  
264.15 and operated by a nonprofit organization, and primarily used to provide recreational  
264.16 opportunities for ~~disabled~~ veterans with a disability and their families.

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

264.18 Sec. 3. Minnesota Statutes 2016, section 273.032, is amended to read:

264.19 **273.032 MARKET VALUE DEFINITION.**

264.20 (a) Unless otherwise provided, for the purpose of determining any property tax levy  
264.21 limitation based on market value or any limit on net debt, the issuance of bonds, certificates  
264.22 of indebtedness, or capital notes based on market value, any qualification to receive state  
264.23 aid based on market value, or any state aid amount based on market value, the terms "market  
264.24 value," "estimated market value," and "market valuation," whether equalized or unequalized,  
264.25 mean the estimated market value of taxable property within the local unit of government  
264.26 before any of the following or similar adjustments for:

264.27 (1) the market value exclusions under:

264.28 (i) section 273.11, subdivisions 14a and 14c (vacant platted land);

264.29 (ii) section 273.11, subdivision 16 (certain improvements to homestead property);

264.30 (iii) section 273.11, subdivisions 19 and 20 (certain improvements to business properties);



- 265.1 (iv) section 273.11, subdivision 21 (homestead property damaged by mold);
- 265.2 (v) section 273.13, subdivision 34 (homestead of a ~~disabled~~ veteran with a disability or
- 265.3 family caregiver); or
- 265.4 (vi) section 273.13, subdivision 35 (homestead market value exclusion); or
- 265.5 (2) the deferment of value under:
- 265.6 (i) the Minnesota Agricultural Property Tax Law, section 273.111;
- 265.7 (ii) the Aggregate Resource Preservation Law, section 273.1115;
- 265.8 (iii) the Minnesota Open Space Property Tax Law, section 273.112;
- 265.9 (iv) the rural preserves property tax program, section 273.114; or
- 265.10 (v) the Metropolitan Agricultural Preserves Act, section 473H.10; or
- 265.11 (3) the adjustments to tax capacity for:
- 265.12 (i) tax increment financing under sections 469.174 to 469.1794;
- 265.13 (ii) fiscal disparities under chapter 276A or 473F; or
- 265.14 (iii) powerline credit under section 273.425.
- 265.15 (b) Estimated market value under paragraph (a) also includes the market value of
- 265.16 tax-exempt property if the applicable law specifically provides that the limitation,
- 265.17 qualification, or aid calculation includes tax-exempt property.
- 265.18 (c) Unless otherwise provided, "market value," "estimated market value," and "market
- 265.19 valuation" for purposes of property tax levy limitations and calculation of state aid, refer
- 265.20 to the estimated market value for the previous assessment year and for purposes of limits
- 265.21 on net debt, the issuance of bonds, certificates of indebtedness, or capital notes refer to the
- 265.22 estimated market value as last finally equalized.
- 265.23 (d) For purposes of a provision of a home rule charter or of any special law that is not
- 265.24 codified in the statutes and that imposes a levy limitation based on market value or any limit
- 265.25 on debt, the issuance of bonds, certificates of indebtedness, or capital notes based on market
- 265.26 value, the terms "market value," "taxable market value," and "market valuation," whether
- 265.27 equalized or unequalized, mean "estimated market value" as defined in paragraph (a).
- 265.28 **EFFECTIVE DATE.** This section is effective the day following final enactment.

266.1 Sec. 4. Minnesota Statutes 2017 Supplement, section 273.13, subdivision 22, is amended  
266.2 to read:

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

266.8 The first \$500,000 of market value of class 1a property has a net classification rate of  
266.9 one percent of its market value; and the market value of class 1a property that exceeds  
266.10 \$500,000 has a classification rate of 1.25 percent of its market value.

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

266.13 (1) any person who is blind as defined in section 256D.35, or the ~~blind~~ person who is  
266.14 blind and the ~~blind person's~~ spouse of the person who is blind;

266.15 (2) any person who is permanently and totally disabled or by the ~~disabled~~ person with  
266.16 a disability and the ~~disabled person's~~ spouse of the person with a disability; or

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

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

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

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

266.32 (c) Class 1c property is commercial use real and personal property that abuts public  
266.33 water as defined in section 103G.005, subdivision 15, or abuts a state trail administered by

267.1 the Department of Natural Resources, and is devoted to temporary and seasonal residential  
267.2 occupancy for recreational purposes but not devoted to commercial purposes for more than  
267.3 250 days in the year preceding the year of assessment, and that includes a portion used as  
267.4 a homestead by the owner, which includes a dwelling occupied as a homestead by a  
267.5 shareholder of a corporation that owns the resort, a partner in a partnership that owns the  
267.6 resort, or a member of a limited liability company that owns the resort even if the title to  
267.7 the homestead is held by the corporation, partnership, or limited liability company. For  
267.8 purposes of this paragraph, property is devoted to a commercial purpose on a specific day  
267.9 if any portion of the property, excluding the portion used exclusively as a homestead, is  
267.10 used for residential occupancy and a fee is charged for residential occupancy. Class 1c  
267.11 property must contain three or more rental units. A "rental unit" is defined as a cabin,  
267.12 condominium, townhouse, sleeping room, or individual camping site equipped with water  
267.13 and electrical hookups for recreational vehicles. Class 1c property must provide recreational  
267.14 activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill  
267.15 or cross-country ski equipment; provide marina services, launch services, or guide services;  
267.16 or sell bait and fishing tackle. Any unit in which the right to use the property is transferred  
267.17 to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies  
267.18 for class 1c even though it may remain available for rent. A camping pad offered for rent  
267.19 by a property that otherwise qualifies for class 1c is also class 1c, regardless of the term of  
267.20 the rental agreement, as long as the use of the camping pad does not exceed 250 days. If  
267.21 the same owner owns two separate parcels that are located in the same township, and one  
267.22 of those properties is classified as a class 1c property and the other would be eligible to be  
267.23 classified as a class 1c property if it was used as the homestead of the owner, both properties  
267.24 will be assessed as a single class 1c property; for purposes of this sentence, properties are  
267.25 deemed to be owned by the same owner if each of them is owned by a limited liability  
267.26 company, and both limited liability companies have the same membership. The portion of  
267.27 the property used as a homestead is class 1a property under paragraph (a). The remainder  
267.28 of the property is classified as follows: the first \$600,000 of market value is tier I, the next  
267.29 \$1,700,000 of market value is tier II, and any remaining market value is tier III. The  
267.30 classification rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25  
267.31 percent. Owners of real and personal property devoted to temporary and seasonal residential  
267.32 occupancy for recreation purposes in which all or a portion of the property was devoted to  
267.33 commercial purposes for not more than 250 days in the year preceding the year of assessment  
267.34 desiring classification as class 1c, must submit a declaration to the assessor designating the  
267.35 cabins or units occupied for 250 days or less in the year preceding the year of assessment  
267.36 by January 15 of the assessment year. Those cabins or units and a proportionate share of

268.1 the land on which they are located must be designated as class 1c as otherwise provided.

268.2 The remainder of the cabins or units and a proportionate share of the land on which they

268.3 are located must be designated as class 3a commercial. The owner of property desiring

268.4 designation as class 1c property must provide guest registers or other records demonstrating

268.5 that the units for which class 1c designation is sought were not occupied for more than 250

268.6 days in the year preceding the assessment if so requested. The portion of a property operated

268.7 as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5)

268.8 other nonresidential facility operated on a commercial basis not directly related to temporary

268.9 and seasonal residential occupancy for recreation purposes does not qualify for class 1c.

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

268.11 (1) the structure is located on property that is classified as agricultural property under

268.12 section 273.13, subdivision 23;

268.13 (2) the structure is occupied exclusively by seasonal farm workers during the time when

268.14 they work on that farm, and the occupants are not charged rent for the privilege of occupying

268.15 the property, provided that use of the structure for storage of farm equipment and produce

268.16 does not disqualify the property from classification under this paragraph;

268.17 (3) the structure meets all applicable health and safety requirements for the appropriate

268.18 season; and

268.19 (4) the structure is not salable as residential property because it does not comply with

268.20 local ordinances relating to location in relation to streets or roads.

268.21 The market value of class 1d property has the same classification rates as class 1a property

268.22 under paragraph (a).

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

268.24 Sec. 5. Minnesota Statutes 2017 Supplement, section 273.13, subdivision 34, is amended

268.25 to read:

268.26 Subd. 34. **Homestead of ~~disabled~~ veteran with a disability or family caregiver.** (a)

268.27 All or a portion of the market value of property owned by a veteran and serving as the

268.28 veteran's homestead under this section is excluded in determining the property's taxable

268.29 market value if the veteran has a service-connected disability of 70 percent or more as

268.30 certified by the United States Department of Veterans Affairs. To qualify for exclusion

268.31 under this subdivision, the veteran must have been honorably discharged from the United

268.32 States armed forces, as indicated by United States Government Form DD214 or other official

268.33 military discharge papers.

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

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

269.5 (c) If a ~~disabled~~ veteran with a disability qualifying for a valuation exclusion under  
269.6 paragraph (b), clause (2), predeceases the veteran's spouse, and if upon the death of the  
269.7 veteran the spouse holds the legal or beneficial title to the homestead and permanently  
269.8 resides there, the exclusion shall carry over to the benefit of the veteran's spouse for the  
269.9 current taxes payable year and for eight additional taxes payable years or until such time  
269.10 as the spouse remarries, or sells, transfers, or otherwise disposes of the property, whichever  
269.11 comes first. Qualification under this paragraph requires an application under paragraph (h),  
269.12 and a spouse must notify the assessor if there is a change in the spouse's marital status,  
269.13 ownership of the property, or use of the property as a permanent residence.

269.14 (d) If the spouse of a member of any branch or unit of the United States armed forces  
269.15 who dies due to a service-connected cause while serving honorably in active service, as  
269.16 indicated on United States Government Form DD1300 or DD2064, holds the legal or  
269.17 beneficial title to a homestead and permanently resides there, the spouse is entitled to the  
269.18 benefit described in paragraph (b), clause (2), for eight taxes payable years, or until such  
269.19 time as the spouse remarries or sells, transfers, or otherwise disposes of the property,  
269.20 whichever comes first.

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

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

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

269.31 (h) To qualify for a valuation exclusion under this subdivision a property owner must  
269.32 apply to the assessor by July 1 of the first assessment year for which the exclusion is sought.  
269.33 For an application received after July 1, the exclusion shall become effective for the following  
269.34 assessment year. Except as provided in paragraph (c), the owner of a property that has been

270.1 accepted for a valuation exclusion must notify the assessor if there is a change in ownership  
270.2 of the property or in the use of the property as a homestead.

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

270.5 (j) For purposes of this subdivision:

270.6 (1) "active service" has the meaning given in section 190.05;

270.7 (2) "own" means that the person's name is present as an owner on the property deed;

270.8 (3) "primary family caregiver" means a person who is approved by the secretary of the  
270.9 United States Department of Veterans Affairs for assistance as the primary provider of  
270.10 personal care services for an eligible veteran under the Program of Comprehensive Assistance  
270.11 for Family Caregivers, codified as United States Code, title 38, section 1720G; and

270.12 (4) "veteran" has the meaning given the term in section 197.447.

270.13 (k) If a veteran dying after December 31, 2011, did not apply for or receive the exclusion  
270.14 under paragraph (b), clause (2), before dying, the veteran's spouse is entitled to the benefit  
270.15 under paragraph (b), clause (2), for eight tax payable years or until the spouse remarries  
270.16 or sells, transfers, or otherwise disposes of the property if:

270.17 (1) the spouse files a first-time application within two years of the death of the service  
270.18 member or by June 1, 2019, whichever is later;

270.19 (2) upon the death of the veteran, the spouse holds the legal or beneficial title to the  
270.20 homestead and permanently resides there;

270.21 (3) the veteran met the honorable discharge requirements of paragraph (a); and

270.22 (4) the United States Department of Veterans Affairs certifies that:

270.23 (i) the veteran met the total (100 percent) and permanent disability requirement under  
270.24 paragraph (b), clause (2); or

270.25 (ii) the spouse has been awarded dependency and indemnity compensation.

270.26 (l) The purpose of this provision of law providing a level of homestead property tax  
270.27 relief for ~~gravely disabled~~ veterans with a disability, their primary family caregivers, and  
270.28 their surviving spouses is to help ease the burdens of war for those among our state's citizens  
270.29 who bear those burdens most heavily.

270.30 (m) By July 1, the county veterans service officer must certify the disability rating and  
270.31 permanent address of each veteran receiving the benefit under paragraph (b) to the assessor.

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

271.2 Sec. 6. Minnesota Statutes 2016, section 289A.08, subdivision 6, is amended to read:

271.3 Subd. 6. **Returns of married persons.** ~~A husband and wife~~ Individuals who are married  
271.4 to each other must file a joint Minnesota income tax return if they filed a joint federal income  
271.5 tax return. If the ~~husband and wife~~ spouses have elected to file separate federal income tax  
271.6 returns, they must file separate Minnesota income tax returns. This election to file a joint  
271.7 or separate return must be changed if they change their election for federal purposes. In the  
271.8 event taxpayers desire to change their election, the change must be done in the manner and  
271.9 on the form prescribed by the commissioner.

271.10 The determination of whether an individual is married shall be made under the provisions  
271.11 of section 7703 of the Internal Revenue Code.

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

271.13 Sec. 7. Minnesota Statutes 2016, section 289A.25, subdivision 1, is amended to read:

271.14 Subdivision 1. **Requirements to pay.** An individual, trust, S corporation, or partnership  
271.15 must, when prescribed in subdivision 3, paragraph (b), make payments of estimated tax.  
271.16 For individuals, the term "estimated tax" means the amount the taxpayer estimates is the  
271.17 sum of the taxes imposed by chapter 290 for the taxable year. For trusts, S corporations,  
271.18 and partnerships, the term estimated tax means the amount the taxpayer estimates is the  
271.19 sum of the taxes for the taxable year imposed by chapter 290 and the composite income tax  
271.20 imposed by section 289A.08, subdivision 7. If the individual is an infant or incompetent  
271.21 person, the payments must be made by the individual's guardian. If joint payments on  
271.22 estimated tax are made but a joint return is not made for the taxable year, the estimated tax  
271.23 for that year may be treated as the estimated tax of either ~~the husband or the wife~~ spouse or  
271.24 may be divided between them.

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

271.26 Sec. 8. Minnesota Statutes 2016, section 289A.31, subdivision 2, is amended to read:

271.27 Subd. 2. **Joint income tax returns.** (a) If a joint income tax return is made by ~~a husband~~  
271.28 ~~and wife~~ spouses, the liability for the tax is joint and several. A spouse who qualifies for  
271.29 relief from a liability attributable to an underpayment under section 6015(b) of the Internal  
271.30 Revenue Code is relieved of the state income tax liability on the underpayment.

272.1 (b) In the case of individuals who were ~~a husband and wife~~ married as determined in  
272.2 section 7703 of the Internal Revenue Code prior to the dissolution of their marriage or their  
272.3 legal separation, or prior to the death of one of the individuals, for tax liabilities reported  
272.4 on a joint or combined return, the liability of each person is limited to the proportion of the  
272.5 tax due on the return that equals that person's proportion of the total tax due if ~~the husband~~  
272.6 ~~and wife~~ each spouse filed separate returns for the taxable year. This provision is effective  
272.7 only when the commissioner receives written notice of the marriage dissolution, legal  
272.8 separation, or death of a spouse from the ~~husband or wife~~ surviving spouse. No refund may  
272.9 be claimed by an ex-spouse, legally separated or widowed spouse for any taxes paid more  
272.10 than 60 days before receipt by the commissioner of the written notice.

272.11 (c) A request for calculation of separate liability pursuant to paragraph (b) for taxes  
272.12 reported on a return must be made within six years after the due date of the return. For  
272.13 calculation of separate liability for taxes assessed by the commissioner under section 289A.35  
272.14 or 289A.37, the request must be made within six years after the date of assessment. The  
272.15 commissioner is not required to calculate separate liability if the remaining unpaid liability  
272.16 for which recalculation is requested is \$100 or less.

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

272.18 Sec. 9. Minnesota Statutes 2016, section 289A.37, subdivision 6, is amended to read:

272.19 Subd. 6. **Order of assessment if joint income tax return.** If a joint income tax return  
272.20 is filed by ~~a husband and wife~~ spouses, an order of assessment may be a single joint notice.  
272.21 If the commissioner has been notified by either spouse that that spouse's address has changed  
272.22 and if that spouse requests it, then, instead of the single joint notice mailed to the last known  
272.23 address of the ~~husband and wife~~ spouses, a duplicate or original of the joint notice must be  
272.24 sent to the requesting spouse at the address designated by the requesting spouse. The other  
272.25 joint notice must be mailed to the other spouse at that spouse's last known address. An  
272.26 assessment is not invalid for failure to send it to a spouse if the spouse actually receives the  
272.27 notice in the same period as if it had been mailed to that spouse at the correct address or if  
272.28 the spouse has failed to provide an address to the commissioner other than the last known  
272.29 address.

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

272.31 Sec. 10. Minnesota Statutes 2016, section 290.0802, subdivision 2, is amended to read:

272.32 Subd. 2. **Subtraction.** (a) A qualified individual is allowed a subtraction from federal  
272.33 taxable income of the individual's subtraction base amount. The excess of the subtraction



273.1 base amount over the taxable net income computed without regard to the subtraction for  
273.2 the elderly or ~~disabled~~ a person with a disability under section 290.0132, subdivision 5,  
273.3 may be used to reduce the amount of a lump sum distribution subject to tax under section  
273.4 290.032.

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

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

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

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

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

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

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

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

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

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

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

273.21 Sec. 11. Minnesota Statutes 2016, section 290.0802, subdivision 3, is amended to read:

273.22 Subd. 3. **Restrictions; married couples.** Except in the case of ~~a husband and wife~~  
273.23 spouses who live apart at all times during the taxable year, if the taxpayer is married at the  
273.24 close of the taxable year, the subtraction under subdivision 2 is allowable only if the taxpayers  
273.25 file joint federal and state income tax returns for the taxable year.

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

273.27 Sec. 12. Minnesota Statutes 2017 Supplement, section 290.091, subdivision 2, is amended  
273.28 to read:

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

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

274.3 (1) the taxpayer's federal alternative minimum taxable income as defined in section  
274.4 55(b)(2) of the Internal Revenue Code;

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

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

274.8 (ii) the medical expense deduction;

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

274.10 (iv) the impairment-related work expenses of a ~~disabled~~ person with a disability;

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

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

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

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

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

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

274.25 (ii) an overpayment of state income tax as provided by section 290.0132, subdivision  
274.26 3, to the extent included in federal alternative minimum taxable income;

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

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

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

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

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

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

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

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

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

275.16 Sec. 13. Minnesota Statutes 2017 Supplement, section 290A.03, subdivision 3, is amended  
275.17 to read:

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

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

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

275.21 (i) all nontaxable income;

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

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

275.28 (iv) cash public assistance and relief;

275.29 (v) any pension or annuity (including railroad retirement benefits, all payments received  
275.30 under the federal Social Security Act, Supplemental Security Income, and veterans benefits),

276.1 which was not exclusively funded by the claimant or spouse, or which was funded exclusively  
276.2 by the claimant or spouse and which funding payments were excluded from federal adjusted  
276.3 gross income in the years when the payments were made;

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

276.6 (vii) workers' compensation;

276.7 (viii) nontaxable strike benefits;

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

276.11 (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of  
276.12 1986, as amended through December 31, 1995;

276.13 (xi) contributions made by the claimant to an individual retirement account, including  
276.14 a qualified voluntary employee contribution; simplified employee pension plan;  
276.15 self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of  
276.16 the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal  
276.17 Revenue Code, to the extent the sum of amounts exceeds the retirement base amount for  
276.18 the claimant and spouse;

276.19 (xii) to the extent not included in federal adjusted gross income, distributions received  
276.20 by the claimant or spouse from a traditional or Roth style retirement account or plan;

276.21 (xiii) nontaxable scholarship or fellowship grants;

276.22 (xiv) the amount of deduction allowed under section 199 of the Internal Revenue Code;

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

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

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

276.29 In the case of an individual who files an income tax return on a fiscal year basis, the  
276.30 term "federal adjusted gross income" shall mean federal adjusted gross income reflected in  
276.31 the fiscal year ending in the calendar year. Federal adjusted gross income shall not be reduced

277.1 by the amount of a net operating loss carryback or carryforward or a capital loss carryback  
277.2 or carryforward allowed for the year.

277.3 (b) "Income" does not include:

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

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

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

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

277.13 (5) relief granted under this chapter;

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

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

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

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

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

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

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

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

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

277.28 (d) For purposes of this subdivision, the "exemption amount" means the exemption  
277.29 amount under section 151(d) of the Internal Revenue Code for the taxable year for which  
277.30 the income is reported; "retirement base amount" means the deductible amount for the  
277.31 taxable year for the claimant and spouse under section 219(b)(5)(A) of the Internal Revenue

278.1 Code, adjusted for inflation as provided in section 219(b)(5)(C) of the Internal Revenue  
278.2 Code, without regard to whether the claimant or spouse claimed a deduction; and "traditional  
278.3 or Roth style retirement account or plan" means retirement plans under sections 401, 403,  
278.4 408, 408A, and 457 of the Internal Revenue Code.

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

278.6 Sec. 14. Minnesota Statutes 2016, section 290A.03, subdivision 4, is amended to read:

278.7 Subd. 4. **Household.** "Household" means a claimant and an individual related to the  
278.8 claimant as ~~husband or wife~~ the claimant's spouse who are domiciled in the same homestead.

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

278.10 Sec. 15. Minnesota Statutes 2017 Supplement, section 290A.03, subdivision 8, is amended  
278.11 to read:

278.12 Subd. 8. **Claimant.** (a) "Claimant" means a person, other than a dependent, as defined  
278.13 under sections 151 and 152 of the Internal Revenue Code disregarding section 152(b)(3)  
278.14 of the Internal Revenue Code, who filed a claim authorized by this chapter and who was a  
278.15 resident of this state as provided in chapter 290 during the calendar year for which the claim  
278.16 for relief was filed.

278.17 (b) In the case of a claim relating to rent constituting property taxes, the claimant shall  
278.18 have resided in a rented or leased unit on which ad valorem taxes or payments made in lieu  
278.19 of ad valorem taxes, including payments of special assessments imposed in lieu of ad valorem  
278.20 taxes, are payable at some time during the calendar year covered by the claim.

278.21 (c) "Claimant" shall not include a resident of a nursing home, intermediate care facility,  
278.22 long-term residential facility, or a facility that accepts housing support payments whose  
278.23 rent constituting property taxes is paid pursuant to the Supplemental Security Income  
278.24 program under title XVI of the Social Security Act, the Minnesota supplemental aid program  
278.25 under sections 256D.35 to 256D.54, the medical assistance program pursuant to title XIX  
278.26 of the Social Security Act, or the housing support program under chapter 256I.

278.27 If only a portion of the rent constituting property taxes is paid by these programs, the  
278.28 resident shall be a claimant for purposes of this chapter, but the refund calculated pursuant  
278.29 to section 290A.04 shall be multiplied by a fraction, the numerator of which is income as  
278.30 defined in subdivision 3, paragraphs (a) and (b), reduced by the total amount of income  
278.31 from the above sources other than vendor payments under the medical assistance program  
278.32 and the denominator of which is income as defined in subdivision 3, paragraphs (a) and (b),

279.1 plus vendor payments under the medical assistance program, to determine the allowable  
279.2 refund pursuant to this chapter.

279.3 (d) Notwithstanding paragraph (c), if the claimant was a resident of the nursing home,  
279.4 intermediate care facility, long-term residential facility, or facility for which the rent was  
279.5 paid for the claimant by the housing support program for only a portion of the calendar year  
279.6 covered by the claim, the claimant may compute rent constituting property taxes by  
279.7 disregarding the rent constituting property taxes from the nursing home or facility and use  
279.8 only that amount of rent constituting property taxes or property taxes payable relating to  
279.9 that portion of the year when the claimant was not in the facility. The claimant's household  
279.10 income is the income for the entire calendar year covered by the claim.

279.11 (e) In the case of a claim for rent constituting property taxes of a part-year Minnesota  
279.12 resident, the income and rental reflected in this computation shall be for the period of  
279.13 Minnesota residency only. Any rental expenses paid which may be reflected in arriving at  
279.14 federal adjusted gross income cannot be utilized for this computation. When two individuals  
279.15 of a household are able to meet the qualifications for a claimant, they may determine among  
279.16 them as to who the claimant shall be. If they are unable to agree, the matter shall be referred  
279.17 to the commissioner of revenue whose decision shall be final. If a homestead property owner  
279.18 was a part-year Minnesota resident, the income reflected in the computation made pursuant  
279.19 to section 290A.04 shall be for the entire calendar year, including income not assignable to  
279.20 Minnesota.

279.21 (f) If a homestead is occupied by two or more renters, who are not ~~husband and wife~~  
279.22 married to each other, the rent shall be deemed to be paid equally by each, and separate  
279.23 claims shall be filed by each. The income of each shall be each renter's household income  
279.24 for purposes of computing the amount of credit to be allowed.

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

279.26 Sec. 16. Minnesota Statutes 2016, section 290A.05, is amended to read:

279.27 **290A.05 COMBINED HOUSEHOLD INCOME.**

279.28 If a person occupies a homestead with another person ~~or persons~~ not related to the person  
279.29 as ~~husband and wife~~ the person's spouse, excluding dependents, roomers or boarders on  
279.30 contract, and has property tax payable with respect to the homestead, the household income  
279.31 of the claimant or claimants for the purpose of computing the refund allowed by section  
279.32 290A.04 shall include the total income received by the other persons residing in the  
279.33 homestead. For purposes of this section, "dependent" includes a parent of the claimant or

280.1 spouse who lives in the claimant's homestead and does not have an ownership interest in  
280.2 the homestead. If a person occupies a homestead with another person or persons not related  
280.3 to the person as ~~husband and wife~~ the person's spouse or as dependents, the property tax  
280.4 payable or rent constituting property tax shall be reduced as follows.

280.5 If the other person or persons are residing at the homestead under rental or lease  
280.6 agreement, the amount of property tax payable or rent constituting property tax shall be that  
280.7 portion not covered by the rental agreement.

280.8 **EFFECTIVE DATE.** This section is effective the day following final enactment.

280.9 Sec. 17. Minnesota Statutes 2016, section 290A.08, is amended to read:

280.10 **290A.08 ONE CLAIMANT PER HOUSEHOLD.**

280.11 Only one claimant per household per year is entitled to relief under this chapter. Payment  
280.12 of the claim for relief may be made payable to the ~~husband and wife~~ spouses as one claimant.  
280.13 The commissioner, upon written request, may issue separate checks, to the ~~husband and~~  
280.14 ~~wife~~ spouses for one-half of the relief provided the original check has not been issued or  
280.15 has been returned. Individuals related as ~~husband and wife~~ spouses who were married during  
280.16 the year may elect to file a joint claim which shall include each spouse's income, rent  
280.17 constituting property taxes, and property taxes payable. ~~Husbands and wives~~ Spouses who  
280.18 were married for the entire year and were domiciled in the same household for the entire  
280.19 year must file a joint claim. The maximum dollar amount allowable for a joint claim shall  
280.20 not exceed the amount that one person could receive.

280.21 **EFFECTIVE DATE.** This section is effective the day following final enactment.

280.22 Sec. 18. Minnesota Statutes 2016, section 290A.09, is amended to read:

280.23 **290A.09 PROOF OF CLAIM.**

280.24 Every claimant shall supply to the commissioner of revenue, in support of the claim,  
280.25 proof of eligibility under this chapter, including but not limited to amount of rent paid or  
280.26 property taxes accrued, name and address of owner or managing agent of property rented,  
280.27 changes in homestead, household membership, household income, size and nature of property  
280.28 claimed as a homestead.

280.29 ~~Disabled~~ Persons with a disability filing claims shall submit proof of disability in the  
280.30 form and manner as the commissioner may prescribe. The department may require  
280.31 examination and certification by the claimant's physician or by a physician designated by  
280.32 the commissioner. The cost of any examination shall be borne by the claimant, unless the



281.1 examination proves the disability, in which case the cost of the examination shall be borne  
281.2 by the commissioner.

281.3 A determination of disability of a claimant by the Social Security Administration under  
281.4 Title II or Title XVI of the Social Security Act shall constitute presumptive proof of disability.

281.5 **EFFECTIVE DATE.** This section is effective the day following final enactment.

281.6 Sec. 19. Minnesota Statutes 2016, section 297A.61, subdivision 18, is amended to read:

281.7 Subd. 18. ~~Disabled Person with a disability.~~ "Disabled Person with a disability" means  
281.8 an individual who has a permanent and total disability as defined in section 273.13,  
281.9 subdivision 22.

281.10 **EFFECTIVE DATE.** This section is effective the day following final enactment.

281.11 Sec. 20. Minnesota Statutes 2017 Supplement, section 297A.67, subdivision 6, is amended  
281.12 to read:

281.13 Subd. 6. **Other exempt meals.** (a) Prepared food, candy, and soft drinks purchased for  
281.14 and served exclusively to individuals who are 60 years of age or over and their spouses or  
281.15 to ~~disabled~~ persons with a disability and their spouses by governmental agencies, nonprofit  
281.16 organizations, or churches, or pursuant to any program funded in whole or in part through  
281.17 United States Code, title 42, sections 3001 through 3045, wherever delivered, prepared, or  
281.18 served, are exempt. Taxable food sold through vending machines is not exempt.

281.19 (b) Prepared food, candy, and soft drinks purchased for and served exclusively to children  
281.20 who are less than 14 years of age or ~~disabled~~ children with a disability who are less than  
281.21 16 years of age and who are attending a child care or early childhood education program,  
281.22 are exempt if they are:

281.23 (1) purchased by a nonprofit child care facility that is exempt under section 297A.70,  
281.24 subdivision 4, and that primarily serves families with income of 250 percent or less of  
281.25 federal poverty guidelines; and

281.26 (2) prepared at the site of the child care facility.

281.27 **EFFECTIVE DATE.** This section is effective the day following final enactment.

282.1 Sec. 21. Minnesota Statutes 2016, section 297A.67, subdivision 12, is amended to read:

282.2 Subd. 12. **Parts and accessories used to make a motor vehicle disabled accessible**  
282.3 **to a person with a disability.** Parts, accessories, and labor charges that are used solely to  
282.4 modify a motor vehicle to make it ~~disabled~~ accessible to persons with a disability are exempt.

282.5 **EFFECTIVE DATE.** This section is effective the day following final enactment.

282.6 Sec. 22. Minnesota Statutes 2016, section 297A.70, subdivision 3, is amended to read:

282.7 Subd. 3. **Sales of certain goods and services to government.** (a) The following sales  
282.8 to or use by the specified governments and political subdivisions of the state are exempt:

282.9 (1) repair and replacement parts for emergency rescue vehicles, fire trucks, and fire  
282.10 apparatus to a political subdivision;

282.11 (2) machinery and equipment, except for motor vehicles, used directly for mixed  
282.12 municipal solid waste management services at a solid waste disposal facility as defined in  
282.13 section 115A.03, subdivision 10;

282.14 (3) chore and homemaking services to a political subdivision of the state to be provided  
282.15 to elderly individuals or ~~disabled individuals~~ persons with a disability;

282.16 (4) telephone services to the Office of MN.IT Services that are used to provide  
282.17 telecommunications services through the MN.IT services revolving fund;

282.18 (5) firefighter personal protective equipment as defined in paragraph (b), if purchased  
282.19 or authorized by and for the use of an organized fire department, fire protection district, or  
282.20 fire company regularly charged with the responsibility of providing fire protection to the  
282.21 state or a political subdivision;

282.22 (6) bullet-resistant body armor that provides the wearer with ballistic and trauma  
282.23 protection, if purchased by a law enforcement agency of the state or a political subdivision  
282.24 of the state, or a licensed peace officer, as defined in section 626.84, subdivision 1;

282.25 (7) motor vehicles purchased or leased by political subdivisions of the state if the vehicles  
282.26 are exempt from registration under section 168.012, subdivision 1, paragraph (b), exempt  
282.27 from taxation under section 473.448, or exempt from the motor vehicle sales tax under  
282.28 section 297B.03, clause (12);

282.29 (8) equipment designed to process, dewater, and recycle biosolids for wastewater  
282.30 treatment facilities of political subdivisions, and materials incidental to installation of that  
282.31 equipment;

283.1 (9) the removal of trees, bushes, or shrubs for the construction and maintenance of roads,  
283.2 trails, or firebreaks when purchased by an agency of the state or a political subdivision of  
283.3 the state;

283.4 (10) purchases by the Metropolitan Council or the Department of Transportation of  
283.5 vehicles and repair parts to equip operations provided for in section 174.90, including, but  
283.6 not limited to, the Northstar Corridor Rail project; and

283.7 (11) purchases of water used directly in providing public safety services by an organized  
283.8 fire department, fire protection district, or fire company regularly charged with the  
283.9 responsibility of providing fire protection to the state or a political subdivision.

283.10 (b) For purposes of this subdivision, "firefighters personal protective equipment" means  
283.11 helmets, including face shields, chin straps, and neck liners; bunker coats and pants, including  
283.12 pant suspenders; boots; gloves; head covers or hoods; wildfire jackets; protective coveralls;  
283.13 goggles; self-contained breathing apparatus; canister filter masks; personal alert safety  
283.14 systems; spanner belts; optical or thermal imaging search devices; and all safety equipment  
283.15 required by the Occupational Safety and Health Administration.

283.16 (c) For purchases of items listed in paragraph (a), clause (10), the tax must be imposed  
283.17 and collected as if the rate under section 297A.62, subdivision 1, applied and then refunded  
283.18 in the manner provided in section 297A.75.

283.19 **EFFECTIVE DATE.** This section is effective the day following final enactment.

283.20 Sec. 23. Minnesota Statutes 2017 Supplement, section 297A.70, subdivision 4, is amended  
283.21 to read:

283.22 Subd. 4. **Sales to nonprofit groups.** (a) All sales, except those listed in paragraph (b),  
283.23 to the following "nonprofit organizations" are exempt:

283.24 (1) a corporation, society, association, foundation, or institution organized and operated  
283.25 exclusively for charitable, religious, or educational purposes if the item purchased is used  
283.26 in the performance of charitable, religious, or educational functions;

283.27 (2) any senior citizen group or association of groups that:

283.28 (i) in general limits membership to persons who are either age 55 or older, or ~~physically~~  
283.29 ~~disabled~~ persons with a physical disability;

283.30 (ii) is organized and operated exclusively for pleasure, recreation, and other nonprofit  
283.31 purposes, not including housing, no part of the net earnings of which inures to the benefit  
283.32 of any private shareholders; and

284.1 (iii) is an exempt organization under section 501(c) of the Internal Revenue Code; and

284.2 (3) an organization that qualifies for an exemption for memberships under subdivision  
284.3 12 if the item is purchased and used in the performance of the organization's mission.

284.4 For purposes of this subdivision, charitable purpose includes the maintenance of a cemetery  
284.5 owned by a religious organization.

284.6 (b) This exemption does not apply to the following sales:

284.7 (1) building, construction, or reconstruction materials purchased by a contractor or a  
284.8 subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed  
284.9 maximum price covering both labor and materials for use in the construction, alteration, or  
284.10 repair of a building or facility;

284.11 (2) construction materials purchased by tax-exempt entities or their contractors to be  
284.12 used in constructing buildings or facilities that will not be used principally by the tax-exempt  
284.13 entities;

284.14 (3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause (2),  
284.15 and prepared food, candy, soft drinks, and alcoholic beverages as defined in section 297A.67,  
284.16 subdivision 2, except wine purchased by an established religious organization for sacramental  
284.17 purposes or as allowed under subdivision 9a; and

284.18 (4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except as  
284.19 provided in paragraph (c).

284.20 (c) This exemption applies to the leasing of a motor vehicle as defined in section 297B.01,  
284.21 subdivision 11, only if the vehicle is:

284.22 (1) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a  
284.23 passenger automobile, as defined in section 168.002, if the automobile is designed and used  
284.24 for carrying more than nine persons including the driver; and

284.25 (2) intended to be used primarily to transport tangible personal property or individuals,  
284.26 other than employees, to whom the organization provides service in performing its charitable,  
284.27 religious, or educational purpose.

284.28 (d) A limited liability company also qualifies for exemption under this subdivision if  
284.29 (1) it consists of a sole member that would qualify for the exemption, and (2) the items  
284.30 purchased qualify for the exemption.

284.31 **EFFECTIVE DATE.** This section is effective the day following final enactment.

285.1 Sec. 24. Minnesota Statutes 2016, section 297A.70, subdivision 16, is amended to read:

285.2 Subd. 16. **Camp fees.** Fees to camps or other recreation facilities are exempt for:

285.3 (1) services primarily for children, adults accompanying children, or persons with  
285.4 ~~disabilities~~ a disability; or

285.5 (2) educational or religious activities;

285.6 ~~and~~ if the camp or facilities are owned and operated by an exempt organization under section  
285.7 501(c)(3) of the Internal Revenue Code.

285.8 **EFFECTIVE DATE.** This section is effective the day following final enactment.

285.9 Sec. 25. Minnesota Statutes 2016, section 297A.71, subdivision 22, is amended to read:

285.10 Subd. 22. **Materials used to make residential property ~~disabled~~ accessible to persons**  
285.11 **with a disability.** Building materials and equipment sold to, or stored, used, or consumed  
285.12 by, a nonprofit organization are exempt if:

285.13 (1) the materials and equipment are used or incorporated into modifying an existing  
285.14 residential structure to make it ~~disabled~~ accessible to persons with a disability; and

285.15 (2) the materials and equipment used in the modification would qualify for an exemption  
285.16 under either subdivision 11 or 12 if made by the current owner of the residence.

285.17 For purposes of this subdivision, "nonprofit organization" means any nonprofit  
285.18 corporation, society, association, foundation, or institution organized and operated exclusively  
285.19 for charitable, religious, educational, or civic purposes; or a veterans' group exempt from  
285.20 federal taxation under section 501(c), clause (19), of the Internal Revenue Code.

285.21 **EFFECTIVE DATE.** This section is effective the day following final enactment.

285.22 Sec. 26. Minnesota Statutes 2017 Supplement, section 297A.75, subdivision 1, is amended  
285.23 to read:

285.24 Subdivision 1. **Tax collected.** The tax on the gross receipts from the sale of the following  
285.25 exempt items must be imposed and collected as if the sale were taxable and the rate under  
285.26 section 297A.62, subdivision 1, applied. The exempt items include:

285.27 (1) building materials for an agricultural processing facility exempt under section  
285.28 297A.71, subdivision 13;

285.29 (2) building materials for mineral production facilities exempt under section 297A.71,  
285.30 subdivision 14;

- 286.1 (3) building materials for correctional facilities under section 297A.71, subdivision 3;
- 286.2 (4) building materials used in a residence for ~~disabled~~ veterans with a disability exempt  
286.3 under section 297A.71, subdivision 11;
- 286.4 (5) elevators and building materials exempt under section 297A.71, subdivision 12;
- 286.5 (6) materials and supplies for qualified low-income housing under section 297A.71,  
286.6 subdivision 23;
- 286.7 (7) materials, supplies, and equipment for municipal electric utility facilities under  
286.8 section 297A.71, subdivision 35;
- 286.9 (8) equipment and materials used for the generation, transmission, and distribution of  
286.10 electrical energy and an aerial camera package exempt under section 297A.68, subdivision  
286.11 37;
- 286.12 (9) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, paragraph  
286.13 (a), clause (10);
- 286.14 (10) materials, supplies, and equipment for construction or improvement of projects and  
286.15 facilities under section 297A.71, subdivision 40;
- 286.16 (11) materials, supplies, and equipment for construction, improvement, or expansion  
286.17 of:
- 286.18 (i) an aerospace defense manufacturing facility exempt under Minnesota Statutes 2014,  
286.19 section 297A.71, subdivision 42;
- 286.20 (ii) a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision  
286.21 45;
- 286.22 (iii) a research and development facility exempt under Minnesota Statutes 2014, section  
286.23 297A.71, subdivision 46; and
- 286.24 (iv) an industrial measurement manufacturing and controls facility exempt under  
286.25 Minnesota Statutes 2014, section 297A.71, subdivision 47;
- 286.26 (12) enterprise information technology equipment and computer software for use in a  
286.27 qualified data center exempt under section 297A.68, subdivision 42;
- 286.28 (13) materials, supplies, and equipment for qualifying capital projects under section  
286.29 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);
- 286.30 (14) items purchased for use in providing critical access dental services exempt under  
286.31 section 297A.70, subdivision 7, paragraph (c);

287.1 (15) items and services purchased under a business subsidy agreement for use or  
287.2 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision  
287.3 44;

287.4 (16) building materials, equipment, and supplies for constructing or replacing real  
287.5 property exempt under section 297A.71, subdivision 49; and

287.6 (17) building materials, equipment, and supplies for constructing or replacing real  
287.7 property exempt under section 297A.71, subdivision 50, paragraph (b).

287.8 **EFFECTIVE DATE.** This section is effective the day following final enactment.

287.9 Sec. 27. Minnesota Statutes 2016, section 297B.01, subdivision 14, is amended to read:

287.10 Subd. 14. **Purchase price.** (a) "Purchase price" means the total consideration valued  
287.11 in money for a sale, whether paid in money or otherwise. The purchase price excludes the  
287.12 amount of a manufacturer's rebate paid or payable to the purchaser. If a motor vehicle is  
287.13 taken in trade as a credit or as part payment on a motor vehicle taxable under this chapter,  
287.14 the credit or trade-in value allowed by the person selling the motor vehicle shall be deducted  
287.15 from the total selling price to establish the purchase price of the vehicle being sold and the  
287.16 trade-in allowance allowed by the seller shall constitute the purchase price of the motor  
287.17 vehicle accepted as a trade-in. The purchase price in those instances where the motor vehicle  
287.18 is acquired by gift or by any other transfer for a nominal or no monetary consideration shall  
287.19 also include the average value of similar motor vehicles, established by standards and guides  
287.20 as determined by the motor vehicle registrar. The purchase price in those instances where  
287.21 a motor vehicle is manufactured by a person who registers it under the laws of this state  
287.22 shall mean the manufactured cost of such motor vehicle and manufactured cost shall mean  
287.23 the amount expended for materials, labor, and other properly allocable costs of manufacture,  
287.24 except that in the absence of actual expenditures for the manufacture of a part or all of the  
287.25 motor vehicle, manufactured costs shall mean the reasonable value of the completed motor  
287.26 vehicle.

287.27 (b) The term "purchase price" shall not include the portion of the value of a motor vehicle  
287.28 due solely to modifications necessary to make the motor vehicle ~~disability~~ accessible to  
287.29 persons with a disability.

287.30 (c) The term "purchase price" shall not include the transfer of a motor vehicle by way  
287.31 of gift between a ~~husband and wife~~ spouses or parent and child, or to a nonprofit organization  
287.32 as provided under subdivision 16, paragraph (c), clause (6), nor shall it include the transfer  
287.33 of a motor vehicle by a guardian to a ward when there is no monetary consideration and the

288.1 title to such vehicle was registered in the name of the guardian, as guardian, only because  
288.2 the ward was a minor.

288.3 (d) The term "purchase price" shall not include the transfer of a motor vehicle as a gift  
288.4 between a foster parent and foster child. For purposes of this subdivision, a foster relationship  
288.5 exists, regardless of the age of the child, if (1) a foster parent's home is or was licensed as  
288.6 a foster family home under Minnesota Rules, parts 2960.3000 to 2960.3340, and (2) the  
288.7 county verifies that the child was a state ward or in permanent foster care.

288.8 (e) There shall not be included in "purchase price" the amount of any tax imposed by  
288.9 the United States upon or with respect to retail sales whether imposed upon the retailer or  
288.10 the consumer.

288.11 **EFFECTIVE DATE.** This section is effective the day following final enactment.

288.12 Sec. 28. Minnesota Statutes 2017 Supplement, section 297B.01, subdivision 16, is amended  
288.13 to read:

288.14 Subd. 16. **Sale, sells, selling, purchase, purchased, or acquired.** (a) "Sale," "sells,"  
288.15 "selling," "purchase," "purchased," or "acquired" means any transfer of title of any motor  
288.16 vehicle, whether absolutely or conditionally, for a consideration in money or by exchange  
288.17 or barter for any purpose other than resale in the regular course of business.

288.18 (b) Any motor vehicle utilized by the owner only by leasing such vehicle to others or  
288.19 by holding it in an effort to so lease it, and which is put to no other use by the owner other  
288.20 than resale after such lease or effort to lease, shall be considered property purchased for  
288.21 resale.

288.22 (c) The terms also shall include any transfer of title or ownership of a motor vehicle by  
288.23 other means, for or without consideration, except that these terms shall not include:

288.24 (1) the acquisition of a motor vehicle by inheritance from or by bequest of, or  
288.25 transfer-on-death of title by, a decedent who owned it;

288.26 (2) the transfer of a motor vehicle which was previously licensed in the names of two  
288.27 or more joint tenants and subsequently transferred without monetary consideration to one  
288.28 or more of the joint tenants;

288.29 (3) the transfer of a motor vehicle by way of gift from a limited used vehicle dealer  
288.30 licensed under section 168.27, subdivision 4a, to an individual, when the transfer is with  
288.31 no monetary or other consideration or expectation of consideration and the parties to the  
288.32 transfer submit an affidavit to that effect at the time the title transfer is recorded;



289.1 (4) the transfer of a motor vehicle by gift between:

289.2 (i) spouses;

289.3 (ii) parents and a child; or

289.4 (iii) grandparents and a grandchild;

289.5 (5) the voluntary or involuntary transfer of a motor vehicle between ~~a husband and wife~~

289.6 spouses in a divorce proceeding; or

289.7 (6) the transfer of a motor vehicle by way of a gift to an organization that is exempt from

289.8 federal income taxation under section 501(c)(3) of the Internal Revenue Code when the

289.9 motor vehicle will be used exclusively for religious, charitable, or educational purposes.

289.10 **EFFECTIVE DATE.** This section is effective the day following final enactment.

289.11 Sec. 29. Laws 2017, First Special Session chapter 1, article 8, section 3, the effective date,

289.12 is amended to read:

289.13 **EFFECTIVE DATE.** This section is effective for (1) petitions and appeals filed after

289.14 June 30, 2017, for which notices of entry of order are mailed before July 1, 2018, and (2)

289.15 notices of entry of order mailed after June 30, 2018.

289.16 **EFFECTIVE DATE.** This section is effective the day following final enactment.

APPENDIX  
Article locations in HF4385-1

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ARTICLE 2	INDIVIDUAL INCOME, CORPORATE FRANCHISE, AND ESTATE TAXES.....	Page.Ln 60.3
ARTICLE 3	SALES AND USE TAXES.....	Page.Ln 79.1
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ARTICLE 9	DEPARTMENT OF REVENUE; PROPERTY TAX; POLICY CHANGES.....	Page.Ln 219.22
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ARTICLE 12	DEPARTMENT OF REVENUE; INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES; TECHNICAL CHANGES.....	Page.Ln 241.22
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ARTICLE 14	DEPARTMENT OF REVENUE; TOBACCO TAXES; TECHNICAL CHANGES.....	Page.Ln 249.25
ARTICLE 15	DEPARTMENT OF REVENUE; PROPERTY TAXES; TECHNICAL CHANGES.....	Page.Ln 251.6
ARTICLE 16	DEPARTMENT OF REVENUE; MISCELLANEOUS; TECHNICAL CHANGES.....	Page.Ln 264.1

**10A.322 SPENDING LIMIT AGREEMENTS.**

Subd. 4. **Refund receipt forms; penalty.** (a) The board must make available to a political party on request and to any candidate for whom an agreement under this section is effective, a supply of official refund receipt forms that state in boldface type that:

(1) a contributor who is given a receipt form is eligible to claim a refund as provided in section 290.06, subdivision 23; and

(2) if the contribution is to a candidate, that the candidate has signed an agreement to limit campaign expenditures as provided in this section.

The forms must provide duplicate copies of the receipt to be attached to the contributor's claim.

(b) The willful issuance of an official refund receipt form or a facsimile of one to any of the candidate's contributors by a candidate or treasurer of a candidate who did not sign an agreement under this section is subject to a civil penalty of up to \$3,000 imposed by the board.

(c) The willful issuance of an official refund receipt form or a facsimile to an individual not eligible to claim a refund under section 290.06, subdivision 23, is subject to a civil penalty of up to \$3,000 imposed by the board.

(d) A violation of paragraph (b) or (c) is a misdemeanor.

**13.4967 OTHER TAX DATA CODED ELSEWHERE.**

Subd. 2. **Political contribution refund.** Certain political contribution refund data in the Revenue Department are classified under section 290.06, subdivision 23.

**273.1315 CERTIFICATION OF CLASS 1B PROPERTY.**

Subdivision 1. **Class 1b homestead declaration before 2009.** Any property owner seeking classification and assessment of the owner's homestead as class 1b property pursuant to section 273.13, subdivision 22, paragraph (b), on or before October 1, 2008, shall file with the commissioner of revenue a 1b homestead declaration, on a form prescribed by the commissioner. The declaration shall contain the following information:

(1) the information necessary to verify that on or before June 30 of the filing year, the property owner or the owner's spouse satisfies the requirements of section 273.13, subdivision 22, paragraph (b), for 1b classification; and

(2) any additional information prescribed by the commissioner.

The declaration must be filed on or before October 1 to be effective for property taxes payable during the succeeding calendar year. The declaration and any supplementary information received from the property owner pursuant to this subdivision shall be subject to chapter 270B. If approved by the commissioner, the declaration remains in effect until the property no longer qualifies under section 273.13, subdivision 22, paragraph (b). Failure to notify the commissioner within 30 days that the property no longer qualifies under that paragraph because of a sale, change in occupancy, or change in the status or condition of an occupant shall result in the penalty provided in section 273.124, subdivision 13b, computed on the basis of the class 1b benefits for the property, and the property shall lose its current class 1b classification.

The commissioner shall provide to the assessor on or before November 1 a listing of the parcels of property qualifying for 1b classification.

Subd. 2. **Class 1b homestead declaration 2009 and thereafter.** (a) Any property owner seeking classification and assessment of the owner's homestead as class 1b property pursuant to section 273.13, subdivision 22, paragraph (b), after October 1, 2008, shall file with the county assessor a class 1b homestead declaration, on a form prescribed by the commissioner of revenue. The declaration must contain the following information:

(1) the information necessary to verify that, on or before June 30 of the filing year, the property owner or the owner's spouse satisfies the requirements of section 273.13, subdivision 22, paragraph (b), for class 1b classification; and

(2) any additional information prescribed by the commissioner.

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(b) The declaration must be filed on or before October 1 to be effective for property taxes payable during the succeeding calendar year. The Social Security numbers and income and medical information received from the property owner pursuant to this subdivision are private data on individuals as defined in section 13.02. If approved by the assessor, the declaration remains in effect until the property no longer qualifies under section 273.13, subdivision 22, paragraph (b). Failure to notify the assessor within 30 days that the property no longer qualifies under that paragraph because of a sale, change in occupancy, or change in the status or condition of an occupant shall result in the penalty provided in section 273.124, subdivision 13b, computed on the basis of the class 1b benefits for the property, and the property shall lose its current class 1b classification.

**275.29 ABSTRACTS TO COMMISSIONER OF REVENUE.**

Not later than March 31, in each year, the county auditor shall make and transmit to the commissioner of revenue, in such form as may be prescribed by the commissioner of revenue, complete abstracts of the tax lists of the county, showing the number of acres of land assessed; its value, including the structures thereon; the value of town and city lots, including structures; the total value of all taxable personal property in the several assessment districts; the aggregate amount of all taxable property in the county, and the total amount of taxes levied therein for state, county, town, and all other purposes for that year.

**289A.38 LIMITATIONS ON TIME FOR ASSESSMENT OF TAX.**

Subd. 7. **Federal tax changes.** If the amount of income, items of tax preference, deductions, or credits for any year of a taxpayer, or the wages paid by a taxpayer for any period, as reported to the Internal Revenue Service is changed or corrected by the commissioner of Internal Revenue or other officer of the United States or other competent authority, or where a renegotiation of a contract or subcontract with the United States results in a change in income, items of tax preference, deductions, credits, or withholding tax, or, in the case of estate tax, where there are adjustments to the taxable estate, the taxpayer shall report the change or correction or renegotiation results in writing to the commissioner. The report must be submitted within 180 days after the final determination and must be in the form of either an amended Minnesota estate, withholding tax, corporate franchise tax, or income tax return conceding the accuracy of the federal determination or a letter detailing how the federal determination is incorrect or does not change the Minnesota tax. An amended Minnesota income tax return must be accompanied by an amended property tax refund return, if necessary. A taxpayer filing an amended federal tax return must also file a copy of the amended return with the commissioner of revenue within 180 days after filing the amended return.

Subd. 8. **Failure to report change or correction of federal return.** If a taxpayer fails to make a report as required by subdivision 7, the commissioner may recompute the tax, including a refund, based on information available to the commissioner. The tax may be recomputed within six years after the report should have been filed, notwithstanding any period of limitations to the contrary.

Subd. 9. **Report made of change or correction of federal return.** If a taxpayer is required to make a report under subdivision 7, and does report the change or files a copy of the amended return, the commissioner may recompute and reassess the tax due, including a refund (1) within one year after the report or amended return is filed with the commissioner, notwithstanding any period of limitations to the contrary, or (2) within any other applicable period stated in this section, whichever period is longer. The period provided for the carryback of any amount of loss or credit is also extended as provided in this subdivision, notwithstanding any law to the contrary. If the commissioner has completed a field audit of the taxpayer, and, but for this subdivision, the commissioner's time period to adjust the tax has expired, the additional tax due or refund is limited to only those changes that are required to be made to the return which relate to the changes made on the federal return. This subdivision does not apply to sales and use tax.

For purposes of this subdivision and section 289A.42, subdivision 2, a "field audit" is the physical presence of examiners in the taxpayer's or taxpayer's representative's office conducting an examination of the taxpayer with the intention of issuing an assessment or notice of change in tax or which results in the issuing of an assessment or notice of change in tax. The examination may include inspecting a taxpayer's place of business, tangible personal property, equipment, computer systems and facilities, pertinent books, records, papers, vouchers, computer printouts, accounts, and documents.

## 290.01 DEFINITIONS.

Subd. 29a. **State itemized deduction.** "State itemized deduction" means federal itemized deductions, as defined in section 63(d) of the Internal Revenue Code, disregarding any limitation under section 68 of the Internal Revenue Code, and reduced by the amount of the addition required under section 290.0131, subdivision 13.

## 290.0131 INDIVIDUALS; ADDITIONS TO FEDERAL TAXABLE INCOME.

Subd. 7. **Fines, fees, and penalties.** The amount of expenses disallowed under section 290.10, subdivision 2, is an addition.

Subd. 11. **Income attributable to domestic production activities.** The amount of the deduction allowable under section 199 of the Internal Revenue Code is an addition.

Subd. 12. **Disallowed itemized deductions.** (a) The amount of disallowed itemized deductions is an addition. The amount of disallowed itemized deductions, plus the addition required under subdivision 3, may not be more than the amount by which the itemized deductions, as allowed under section 63(d) of the Internal Revenue Code, exceeds the amount of the standard deduction as defined in section 63(c) of the Internal Revenue Code.

(b) The amount of disallowed itemized deductions is equal to the lesser of:

(1) three percent of the excess of the taxpayer's federal adjusted gross income over the applicable amount; or

(2) 80 percent of the amount of the itemized deductions otherwise allowable to the taxpayer under the Internal Revenue Code for the taxable year.

(c) "Applicable amount" means \$100,000, or \$50,000 for a married individual filing a separate return. Each dollar amount is increased by an amount equal to:

(1) that dollar amount, multiplied by

(2) the cost-of-living adjustment determined under section 1(f)(3) of the Internal Revenue Code for the calendar year in which the taxable year begins, by substituting "calendar year 1990" for "calendar year 1992" in subparagraph (B) of section 1(f)(3).

(d) "Itemized deductions" excludes:

(1) the deduction for medical expenses under section 213 of the Internal Revenue Code;

(2) any deduction for investment interest as defined in section 163(d) of the Internal Revenue Code; and

(3) the deduction under section 165(a) of the Internal Revenue Code for casualty or theft losses described in paragraph (2) or (3) of section 165(c) of the Internal Revenue Code or for losses described in section 165(d) of the Internal Revenue Code.

Subd. 13. **Disallowed personal exemption amount.** (a) The amount of disallowed personal exemptions for taxpayers with federal adjusted gross income over the threshold amount is an addition.

(b) The disallowed personal exemption amount is equal to the number of personal exemptions allowed under section 151(b) and (c) of the Internal Revenue Code multiplied by the dollar amount for personal exemptions under section 151(d)(1) and (2) of the Internal Revenue Code, as adjusted for inflation by section 151(d)(4) of the Internal Revenue Code, and by the applicable percentage.

(c) For a married individual filing a separate return, "applicable percentage" means two percentage points for each \$1,250, or fraction of that amount, by which the taxpayer's federal adjusted gross income for the taxable year exceeds the threshold amount. For all other filers, applicable percentage means two percentage points for each \$2,500, or fraction of that amount, by which the taxpayer's federal adjusted gross income for the taxable year exceeds the threshold amount. The applicable percentage must not exceed 100 percent.

(d) "Threshold amount" means:

(1) \$150,000 for a joint return or a surviving spouse;

(2) \$125,000 for a head of a household;

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(3) \$100,000 for an individual who is not married and who is not a surviving spouse or head of a household; and

(4) \$75,000 for a married individual filing a separate return.

(e) The thresholds must be increased by an amount equal to:

(1) the threshold dollar amount, multiplied by

(2) the cost-of-living adjustment determined under section 1(f)(3) of the Internal Revenue Code for the calendar year in which the taxable year begins, by substituting "calendar year 1990" for "calendar year 1992" in subparagraph (B) of section 1(f)(3).

**290.0132 INDIVIDUALS; SUBTRACTIONS FROM FEDERAL TAXABLE INCOME.**

Subd. 8. **Subnational foreign taxes.** (a) For individuals who are allowed a federal foreign tax credit for taxes that do not qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover of subnational foreign taxes for the taxable year is a subtraction, but not to exceed the total subnational foreign taxes reported in claiming the foreign tax credit.

(b) For purposes of this subdivision, "federal foreign tax credit" means the credit allowed under section 27 of the Internal Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed under section 904(c) of the Internal Revenue Code minus national level foreign taxes to the extent they exceed the federal foreign tax credit.

Subd. 19. **Disallowed itemized deductions.** The amount of the limitation on itemized deductions under section 68(b) of the Internal Revenue Code is a subtraction.

Subd. 20. **Disallowed personal exemption.** The amount of the phaseout of personal exemptions under section 151(d) of the Internal Revenue Code is a subtraction.

**290.0133 CORPORATIONS; ADDITIONS TO FEDERAL TAXABLE INCOME.**

Subd. 13. **Income attributable to domestic production activities.** The amount of the deduction allowable under section 199 of the Internal Revenue Code is an addition.

Subd. 14. **Fines, fees, and penalties.** The amount of expenses disallowed under section 290.10, subdivision 2, is an addition.

**290.06 RATES OF TAX; CREDITS.**

Subd. 23. **Refund of contributions to political parties and candidates.** (a) A taxpayer may claim a refund equal to the amount of the taxpayer's contributions made in the calendar year to candidates and to a political party. The maximum refund for an individual must not exceed \$50 and for a married couple, filing jointly, must not exceed \$100. A refund of a contribution is allowed only if the taxpayer files a form required by the commissioner and attaches to the form a copy of an official refund receipt form issued by the candidate or party and signed by the candidate, the treasurer of the candidate's principal campaign committee, or the chair or treasurer of the party unit, after the contribution was received. The receipt forms must be numbered, and the data on the receipt that are not public must be made available to the campaign finance and public disclosure board upon its request. A claim must be filed with the commissioner no sooner than January 1 of the calendar year in which the contribution was made and no later than April 15 of the calendar year following the calendar year in which the contribution was made. A taxpayer may file only one claim per calendar year. Amounts paid by the commissioner after June 15 of the calendar year following the calendar year in which the contribution was made must include interest at the rate specified in section 270C.405.

(b) No refund is allowed under this subdivision for a contribution to a candidate unless the candidate:

(1) has signed an agreement to limit campaign expenditures as provided in section 10A.322;

(2) is seeking an office for which voluntary spending limits are specified in section 10A.25; and

(3) has designated a principal campaign committee.

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This subdivision does not limit the campaign expenditures of a candidate who does not sign an agreement but accepts a contribution for which the contributor improperly claims a refund.

(c) For purposes of this subdivision, "political party" means a major political party as defined in section 200.02, subdivision 7, or a minor political party qualifying for inclusion on the income tax or property tax refund form under section 10A.31, subdivision 3a.

A "major party" or "minor party" includes the aggregate of that party's organization within each house of the legislature, the state party organization, and the party organization within congressional districts, counties, legislative districts, municipalities, and precincts.

"Candidate" means a candidate as defined in section 10A.01, subdivision 10, except a candidate for judicial office.

"Contribution" means a gift of money.

(d) The commissioner shall make copies of the form available to the public and candidates upon request.

(e) The following data collected or maintained by the commissioner under this subdivision are private: the identities of individuals claiming a refund, the identities of candidates to whom those individuals have made contributions, and the amount of each contribution.

(f) The commissioner shall report to the campaign finance and public disclosure board by each August 1 a summary showing the total number and aggregate amount of political contribution refunds made on behalf of each candidate and each political party. These data are public.

(g) The amount necessary to pay claims for the refund provided in this section is appropriated from the general fund to the commissioner of revenue.

(h) For a taxpayer who files a claim for refund via the Internet or other electronic means, the commissioner may accept the number on the official receipt as documentation that a contribution was made rather than the actual receipt as required by paragraph (a).

**290.0921 CORPORATE ALTERNATIVE MINIMUM TAX AFTER 1989.**

Subdivision 1. **Tax imposed.** In addition to the taxes computed under this chapter without regard to this section, the franchise tax imposed on corporations includes a tax equal to the excess, if any, for the taxable year of:

- (1) 5.8 percent of Minnesota alternative minimum taxable income; over
- (2) the tax imposed under section 290.06, subdivision 1, without regard to this section.

Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the meanings given them.

- (b) "Alternative minimum taxable net income" is alternative minimum taxable income,
- (1) less the exemption amount, and

- (2) apportioned or allocated to Minnesota under section 290.17, 290.191, or 290.20.

(c) The "exemption amount" is \$40,000, reduced, but not below zero, by 25 percent of the excess of alternative minimum taxable income over \$150,000.

(d) "Minnesota alternative minimum taxable income" is alternative minimum taxable net income, less the deductions for alternative tax net operating loss under subdivision 4; and dividends received under subdivision 6. The sum of the deductions under this paragraph may not exceed 90 percent of alternative minimum taxable net income. This limitation does not apply to:

- (1) a deduction for dividends paid to or received from a corporation which is subject to tax under section 290.36 and which is a member of an affiliated group of corporations as defined by the Internal Revenue Code; or

- (2) a deduction for dividends received from a property and casualty insurer as defined under section 60A.60, subdivision 8, which is a member of an affiliated group of corporations as defined by the Internal Revenue Code and either: (i) the dividend is eliminated in consolidation under Treasury Regulation 1.1502-14(a), as amended through December 31, 1989; or (ii) the dividend is deducted under an election under section 243(b) of the Internal Revenue Code.

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Subd. 3a. **Exemptions.** The following entities are exempt from the tax imposed by this section:

(1) cooperatives taxable under subchapter T of the Internal Revenue Code or organized under chapter 308 or a similar law of another state;

(2) corporations subject to tax under section 297I.05, subdivisions 1 to 5;

(3) real estate investment trusts;

(4) regulated investment companies or a fund thereof;

(5) entities having a valid election in effect under section 860D(b) of the Internal Revenue Code; and

(6) small corporations exempt from the federal alternative minimum tax under section 55(e) of the Internal Revenue Code.

Subd. 4. **Alternative tax net operating loss.** (a) An alternative tax net operating loss deduction is allowed from alternative minimum taxable net income equal to the net operating loss deduction allowable for the taxable year under section 290.095 with the following modifications:

(1) The amount of the net operating loss deduction must not exceed 90 percent of alternative minimum taxable net income.

(2) In determining the amount of the net operating loss deduction (i) the net operating loss under section 290.095 must be adjusted as provided in paragraph (b), and (ii) for taxable years beginning after December 31, 1989, section 290.095, subdivision 3, must be applied by substituting "90 percent of alternative minimum taxable net income" for "taxable net income."

(b) The following adjustments must be made to the alternative tax net operating loss deduction under paragraph (a):

(1) For a loss year beginning after December 31, 1989, the net operating loss for each year under section 290.095 must be (i) determined with the adjustments provided in sections 56 and 58 of the Internal Revenue Code, as modified by subdivision 3 and (ii) reduced by the items of tax preference for the year determined under section 57 of the Internal Revenue Code, as modified by subdivision 3.

(2) For a loss year beginning before January 1, 1990, the amount of the net operating loss that may be carried over to taxable years beginning after December 31, 1989, equals the amount which may be carried from the loss year to the first taxable year of the taxpayer beginning after December 31, 1989.

Subd. 6. **Dividends received.** (a) A deduction is allowed from alternative minimum taxable net income equal to the deduction for dividends received under section 290.21, subdivision 4, for purposes of calculating taxable income under section 290.01, subdivision 29.

(b) The amount of the deduction must not exceed 90 percent of alternative minimum taxable net income.

This limitation does not apply to:

(1) dividends paid to or received from a corporation which is subject to tax under section 290.36 and which is a member of an affiliated group of corporations as defined by the Internal Revenue Code; or

(2) dividends received from a property and casualty insurer as defined under section 60A.60, subdivision 8, which is a member of an affiliated group of corporations as defined by the Internal Revenue Code and either: (i) the dividend is eliminated in consolidation under Treasury Regulation 1.1502-14(a), as amended through December 31, 1989; or (ii) the dividend is deducted under an election under section 243(b) of the Internal Revenue Code.

## **290.10 NONDEDUCTIBLE ITEMS.**

Subd. 2. **Fines, fees, and penalties.** (a) Except as provided in this subdivision, no deduction from taxable income for a trade or business expense under section 162(a) of the Internal Revenue Code shall be allowed for any amount paid or incurred, whether by suit, agreement, or otherwise, to, or at the direction of, a government or entity described in paragraph (d) in relation to the violation of any law or the investigation or inquiry by such government or entity into the potential violation of any law.



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(b) Exception for amounts constituting restitution or paid to come into compliance with the law. Paragraph (a) does not apply to any amount which:

(1) the taxpayer establishes:

(i) constitutes restitution, including remediation of property for damage or harm caused by or which may be caused by the violation of any law or the potential violation of any law; or

(ii) is paid to come into compliance with any law which was violated or involved in the investigation or inquiry; and

(2) is identified as restitution or as an amount paid to come into compliance with the law, as the case may be, in the court order or settlement agreement.

This paragraph does not apply to any amount paid or incurred as reimbursement to the government or entity for the costs of any investigation or litigation.

(c) Paragraph (a) does not apply to any amount paid or incurred by order of a court in a suit in which no government or entity described in paragraph (d) is a party.

(d) An entity is described in this paragraph if it is:

(1) a nongovernmental entity which exercises self-regulatory powers, including imposing sanctions, in connection with a qualified board or exchange, as defined in section 1256(g)(7) of the Internal Revenue Code, or;

(2) to the extent provided in federal regulations, a nongovernmental entity which exercises self-regulatory powers, including imposing sanctions, as part of performing an essential governmental function.

(e) Paragraph (a) does not apply to any amount paid or incurred as taxes due.

### **327C.01 DEFINITIONS.**

Subd. 13. **Class I manufactured home park.** A "class I manufactured home park" means a park that complies with the provisions of section 327C.16.

### **327C.16 CLASS I MANUFACTURED HOME PARK.**

Subdivision 1. **Qualifications.** (a) To qualify as a class I manufactured home park, as defined in section 327C.01, subdivision 13, a park owner, or on-site attendant as an employee of the manufactured home park, must satisfy 12 hours of qualifying education courses every three years, as prescribed in this subdivision. Park owners or on-site attendants may begin accumulating qualifying hours to qualify as a class I manufactured home park beginning in 2017.

(b) The qualifying education courses required for classification under this subdivision must be continuing education courses approved by the Department of Labor and Industry or the Department of Commerce for:

(1) continuing education in real estate; or

(2) continuing education for residential contractors and manufactured home installers.

(c) The qualifying education courses must include:

(1) two hours on fair housing, approved for real estate licensure or residential contractor licensure;

(2) one hour on the Americans with Disabilities Act, approved for real estate licensure or residential contractor licensure;

(3) four hours on legal compliance related to any of the following: landlord/tenant, licensing requirements, or home financing under chapters 58, 327, 327B, 327C, and 504B, and Minnesota Rules, chapter 1350 or 4630;

(4) three hours of general education approved for real estate, residential contractors, or manufactured home installers; and

(5) two hours of HUD-specific manufactured home installer courses as required under section 327B.041.

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(d) If the qualifying owner or employee attendant is no longer the person meeting the requirements under this subdivision, but did qualify during the current assessment year, then the manufactured home park shall still qualify for the class rate provided for class 4c property classified under section 273.13, subdivision 25, paragraph (d), clause (5), item (iii).

Subd. 2. **Proof of compliance.** (a) A park owner that has met the requirements of subdivision 1 shall provide an affidavit to the park owner's county assessor certifying that the park owner, corporate officer, or on-site attendant has complied with subdivision 1 and that the park meets the definition of a class I manufactured home park as defined in this section, and is entitled to the property tax classification rate for class I manufactured home parks in section 273.13, subdivision 25. The park owner shall retain the original course completion certificates issued by the course sponsor under this section for three years and, upon written request for verification, provide these to the county assessor within 30 days.

(b) A park owner must provide the county assessor written notice of any change in compliance status of the manufactured home park no later than December 15 of the assessment year.

**477A.085 DEBT SERVICE AID; CITY OF MINNEAPOLIS.**

On or before November 1, 2016, and the first day of each November thereafter, the commissioner shall pay to the city of Minneapolis an amount equal to 40 percent of the city's otherwise required levy to pay its general obligation library referendum bonds for the following calendar year. The levy excludes any amount to pay bonds, other than refunding bonds, issued after May 1, 2013. An amount sufficient to pay the aid under this section is appropriated from the general fund to the commissioner of revenue.

**4503.1400 PUBLIC SUBSIDY AGREEMENTS.**

Subp. 4. **Effect on right to participate in political contribution refund program.** The right to issue receipts under the political contribution refund program established in Minnesota Statutes, section 290.06, subdivision 23, arises only when the public subsidy agreement is actually signed.