SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION

S.F. No. 2374

(SENATE AUTHORS: REST and Klein)

DATE	D-PG	OFFICIAL STATUS
03/10/2025	715	Introduction and first reading
		Referred to Taxes
05/09/2025	4659a	Comm report: To pass as amended
	4858	Rule 21, referred to Rules and Administration
05/12/2025	4938	Comm report: Amend previous comm report
		Referred to Taxes
05/13/2025		Comm report: To pass as amended
		Second reading

A bill for an act

relating to taxation; modifying individual income and corporate franchise taxes, sales and use taxes, excise taxes, gross receipts taxes, local sales and use taxes, property taxes, mining and mineral taxes, local government aids, tax increment financing, and other miscellaneous taxes and tax-related provisions; modifying the political contribution refund; modifying subtractions; modifying credits, assignments, rebates, and transfers; modifying and providing for sales and use tax exemptions; modifying and providing for property tax credits and exemptions; modifying property tax classifications; providing for land bank organizations; providing local government aid penalty forgiveness; modifying aids; providing for and modifying special tax increment financing provisions; modifying provisions related to public finance; modifying provisions related to the Tax Expenditure Review Commission; modifying sustainable aviation fuel provisions; increasing debt issue limits; modifying penalties relating to property tax refunds and certificates of rent paid; modifying payments for the Sustainable Forest Incentive Act; modifying gross proceeds and occupation taxes; extending and modifying the uses of certain local sales and use taxes; repealing the tax on illegal cannabis and controlled substances; making various policy and technical changes; requiring reports; providing transfers of money; appropriating money; amending Minnesota Statutes 2024, sections 3.192; 3.8855, subdivisions 2, 3, 4, 5, 7, 8; 8.31, subdivision 2c; 10A.02, subdivision 11b; 10A.322, subdivision 4; 14.03, subdivision 3; 16A.151, subdivision 2; 37.31, subdivision 1; 41A.30, subdivisions 1, 2, 5, 7; 41B.0391, subdivisions 1, 2, 4, 6; 116U.27, subdivision 2; 126C.13, subdivision 4; 126C.17, by adding a subdivision; 270B.161; 270C.07; 270C.08; 270C.085; 270C.11, subdivision 4; 270C.445, subdivisions 3, 6; 272.01, subdivision 2; 272.02, subdivisions 19, 97, by adding subdivisions; 272.03, subdivision 1; 273.117; 273.12; 273.124, subdivisions 8, 14; 273.128, subdivision 1; 273.13, subdivisions 22, 23, 34; 273.1392; 273.1393; 273.19, subdivision 1; 273.38; 273.41; 275.065, subdivision 3; 276.04, subdivision 2; 279.37, subdivision 2; 289A.02, subdivision 6; 289A.08, subdivision 7a; 289A.12, subdivision 18, by adding a subdivision; 289A.19, subdivision 2; 289A.20, subdivision 4; 289A.31, subdivision 1; 289A.51, subdivisions 1, 3, 4; 289A.60, subdivisions 12, 15; 290.01, subdivision 19; 290.0132, subdivisions 11, 26, 34, by adding subdivisions; 290.0133, subdivision 7; 290.0134, subdivisions 9, 20; 290.0135; 290.033; 290.05, subdivision 1; 290.06, subdivisions 23, 23a, 37; 290.0674, subdivision 1a; 290.0681, subdivisions 3, 4; 290.0686; 290.0693, subdivisions 1, 4, 6, 8; 290.0695, subdivisions 1, 2, 3; 290.091, subdivision 2; 290.095, subdivision 2; 290.20, subdivision 2; 290.92, by adding a subdivision; 290.923, subdivision 1; 290A.03, subdivision 3; 290A.19; 290C.07;

295.54, subdivision 2; 295.81, subdivision 10; 297A.68, subdivisions 5, 42, by adding a subdivision; 297A.70, by adding a subdivision; 297A.71, subdivisions 14, 54; 297A.75, subdivisions 1, 2, 3; 297A.94; 297A.99, subdivisions 1, 1a, 3, 3a, 10, by adding subdivisions; 297A.9915, subdivision 1; 297A.9925, subdivisions 1, 2; 297A.995, subdivisions 2, 10; 297I.20, subdivision 4; 298.001, subdivision 3a, by adding subdivisions; 298.01, subdivisions 3, 3a, 3b, 4a, 4b, 5, 6; 298.015, subdivision 1; 298.016, subdivisions 1, 2, 3, 4, by adding a subdivision; 298.018, subdivisions 1, 1a, by adding subdivisions; 298.17; 299C.76, subdivision 1; 373.40, subdivision 2; 446A.086, subdivisions 1, 2; 449.08; 462C.04, subdivision 2; 469.104; 469.154, subdivision 4; 469.171, subdivisions 1, 4, 6a; 469.1731, subdivision 1; 469.176, subdivision 4n; 469.1812, by adding a subdivision; 469.1813, subdivisions 1, 5, 6, by adding a subdivision; 473.756, by adding a subdivision; 473.757, subdivisions 1, 2, 3, 4, 7, 8, 9, 11, by adding subdivisions; 473.759, subdivision 3; 474A.091, subdivisions 2, 2a; 475.521, subdivision 2; 477A.011, subdivision 34, by adding a subdivision; 477A.013, subdivision 1; 477A.03, subdivisions 2a, 2b; 477A.23, subdivision 6; 609.902, subdivision 4; 641.23; Laws 1996, chapter 471, article 2, section 29, subdivisions 1, as amended, 4, as amended; Laws 2010, chapter 389, article 7, section 22, as amended; Laws 2013, chapter 143, article 9, section 21; Laws 2014, chapter 308, article 6, section 9, as amended; Laws 2017, First Special Session chapter 1, article 6, section 22; Laws 2023, chapter 1, sections 22; 28; Laws 2023, chapter 64, article 4, section 27, by adding a subdivision; article 5, section 25, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 8; 256B; 273; 295; 297A; 477A; repealing Minnesota Statutes 2024, sections 13.4967, subdivisions 2a, 5; 275.065, subdivision 3c; 276.04, subdivision 2a; 290.0679; 297D.01; 297D.02; 297D.03; 297D.04; 297D.05; 297D.06; 297D.07; 297D.08; 297D.085; 297D.09; 297D.10; 297D.11; 297D.12; 297D.13; 477A.30, subdivision 8; 477A.32; Laws 2023, chapter 64, article 15, section 24.

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

ARTICLE 1
INCOME AND CORPORATE FRANCHISE TAXES

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

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

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

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

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

Subd. 4. **Refund ~~receipt forms~~ receipts; 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~~ receipts in an electronic format 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.~~ An official refund receipt must only be issued for a contribution of $10 or more. Each receipt must be in an electronic format and include a unique receipt validation number that allows the commissioner of revenue to verify the information on the receipt with the Campaign Finance Board. A political party or candidate may provide a printed copy of the electronic receipt to the contributor.

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

(1) the date and amount of the contribution;

(2) the name and address of the contributor;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) the owner of the agricultural land; or

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

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

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

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

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

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

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

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

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

(5) notwithstanding section 41B.211, the Rural Finance Authority must share information with the commissioner of revenue to the extent necessary to administer provisions under this subdivision and section 290.06, subdivisions 37 and 38. The Rural Finance Authority must annually notify the commissioner of revenue of approval and certification or recertification of beginning farmers and owners of agricultural assets under this section. ~~For credits under subdivision 2, the notification must include the amount of credit approved by the authority and stated on the credit certificate.~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) the number and amount of credits issued;

(2) the geographic distribution of credits;

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

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

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

Sec. 7. Minnesota Statutes 2024, section 270C.445, subdivision 3, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(16) whether or not acting as a taxpayer representative, engage in any conduct that is disreputable conduct under Minnesota Rules, part 8052.0300, subpart 6;

(17) charge, offer to accept, or accept a fee based upon a percentage of an anticipated refund for tax preparation services;

(18) under any circumstances, withhold or fail to return to a client a document provided by the client for use in preparing the client's return;

(19) take control or ownership of a client's refund by any means, including:

(i) directly or indirectly endorsing or otherwise negotiating a check or other refund instrument, including an electronic version of a check;

(ii) directing an electronic or direct deposit of the refund into an account unless the client's name is on the account; and

(iii) establishing or using an account in the preparer's name to receive a client's refund through a direct deposit or any other instrument unless the client's name is also on the account~~, except that a taxpayer may assign the portion of a refund representing the Minnesota education credit available under section 290.0674 to a bank account without the client's name, as provided under section 290.0679~~;

(20) fail to act in the best interests of the client;

(21) fail to safeguard and account for any money handled for the client;

(22) fail to disclose all material facts of which the preparer has knowledge which might reasonably affect the client's rights and interests;

(23) violate any provision of section 332.37;

(24) include any of the following in any document provided or signed in connection with the provision of tax preparation services:

(i) a hold harmless clause;

(ii) a confession of judgment or a power of attorney to confess judgment against the client or appear as the client in any judicial proceeding;

(iii) a waiver of the right to a jury trial, if applicable, in any action brought by or against a debtor;

(iv) an assignment of or an order for payment of wages or other compensation for services;

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

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

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

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

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

Sec. 8. Minnesota Statutes 2024, section 289A.08, subdivision 7a, is amended to read:

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

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

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

(3) "qualifying owner" means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 9. Minnesota Statutes 2024, section 290.0132, subdivision 11, is amended to read:

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

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

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

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

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

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

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

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

Sec. 10. Minnesota Statutes 2024, section 290.0132, is amended by adding a subdivision to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) The subtraction equals the product of:

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

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

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

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

Sec. 14. Minnesota Statutes 2024, section 290.033, is amended to read:

290.033 NET INVESTMENT INCOME TAX.

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

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

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

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

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

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

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

Sec. 15. Minnesota Statutes 2024, section 290.06, subdivision 23, is amended to read:

Subd. 23. **Refund of contributions to political parties and candidates.** (a) A taxpayer may claim a refund equal to the amount of the taxpayer's contributions made in the calendar year to candidates and to a political party. The maximum total refund per calendar year for an individual must not exceed $75 and for a married couple, filing jointly, must not exceed $150. The commissioner must not issue a refund, whether in one payment or in aggregate, to a taxpayer that exceeds the maximum refund amounts specified in this subdivision. A refund of a contribution is allowed only if the taxpayer files:

(1) 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.~~; or

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

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

(b) 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.~~ A claim must be for a minimum of $10. 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)~~ (c) 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 17. Minnesota Statutes 2024, section 290.06, subdivision 37, is amended to read:

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

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

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

(d) Credits allowed to a partnership, a limited liability company taxed as a partnership, an S corporation, or multiple owners of property are passed through to the partners, members, shareholders, or owners, respectively, pro rata to each based on the partner's, member's, shareholder's, or owner's share of the entity's assets or as specially allocated in the organizational documents or any other executed agreement, as of the last day of the taxable year.

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

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

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

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

Sec. 18. Minnesota Statutes 2024, section 290.0674, subdivision 1a, is amended to read:

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

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

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

(1) qualifying instructional fees or tuition;

(2) expenses for textbooks, including books and other instructional materials and equipment purchased or leased for use in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs;

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

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

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

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

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

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

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

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

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

~~(e)~~ (f) "Qualifying instructional fees or tuition" means fees or tuition for instruction by a qualified instructor outside the regular school day or school year, and that does not include the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, including:

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

(2) tutoring or summer camps that:

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

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

(iii) expand knowledge and skills under:

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

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

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

Sec. 19. Minnesota Statutes 2024, section 290.0681, subdivision 3, is amended to read:

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

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

(1) verify eligibility for the credit or grant;

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

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

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

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

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

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

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

Sec. 20. Minnesota Statutes 2024, section 290.0681, subdivision 4, is amended to read:

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

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

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

(b) The recipient of a credit certificate may assign the certificate to another taxpayer before the first one-fifth payment is claimed, which is then allowed the credit under this section or section 297I.20, subdivision 3. <u>Before the payment is claimed but after the first assignment, the first assignee may assign the credit certificate in whole to a second assignee.</u> An assignment is not valid unless the assignee notifies the commissioner within 30 days of the date that the assignment is made. The commissioner shall prescribe the forms necessary for notifying the commissioner of the assignment of a credit certificate and for claiming a credit by assignment.<u> The original credit certificate recipient and each assignee must file a return with the commissioner for the taxable year that the project is placed in service.</u>

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

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

<u>**EFFECTIVE DATE.**</u> <u>This section is effective for applications for allocation certificates submitted after June 30, 2025.</u>

Sec. 21. Minnesota Statutes 2024, section 290.0686, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 22. Minnesota Statutes 2024, section 290.0693, subdivision 1, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

~~(j)~~ (k) "Rent constituting property taxes" means 17 percent of the gross rent actually paid in cash, or its equivalent, or the portion of rent paid in lieu of property taxes, in any taxable year by a claimant for the right of occupancy of the claimant's Minnesota homestead in the taxable year, and which rent constitutes the basis, in the succeeding taxable year of a claim for a credit under this section by the claimant. If an individual occupies a homestead with another person or persons not related to the individual as the individual's spouse or as dependents, and the other person or persons are residing at the homestead under a rental or lease agreement with the individual, the amount of rent constituting property tax for the individual equals that portion not covered by the rental agreement.

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

Sec. 23. Minnesota Statutes 2024, section 290.0693, subdivision 4, is amended to read:

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

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

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

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

Sec. 24. Minnesota Statutes 2024, section 290.0695, subdivision 1, is amended to read:

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

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

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

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

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

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

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

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

Sec. 25. Minnesota Statutes 2024, section 290.0695, subdivision 3, is amended to read:

Subd. 3. **~~Transferability~~ Credit certificates; written agreement required; ~~credit certificate~~ transferability.** (a) To qualify for a credit under this section, an eligible taxpayer must apply to the commissioner of transportation for a credit certificate. The application for the credit certificate must be in the form and manner prescribed by the commissioner of transportation, in consultation with the commissioner. If the application is approved, the commissioner of transportation must issue the credit certificate to the eligible transferor designated in the application within 30 days of receipt of the application. The credit certificate must state, at a minimum, the number of miles of qualified railroad reconstruction or replacement expenditures in the taxable year and the total amount of credit calculated under the provisions of subdivision 2, paragraph (a). The commissioner of transportation must provide a copy of the credit certificate to the commissioner of revenue. The commissioner of transportation must not issue more than one credit certificate to an eligible transferor in a taxable year.

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

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

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

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

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

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

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

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

Sec. 26. Minnesota Statutes 2024, section 290.091, subdivision 2, is amended to read:

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

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

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

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

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

(ii) the medical expense deduction;

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

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

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

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

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

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

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

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

less the sum of the amounts determined under the following:

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 27. Minnesota Statutes 2024, section 290.095, subdivision 2, is amended to read:

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

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

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

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

Sec. 28. Minnesota Statutes 2024, section 290.92, is amended by adding a subdivision to read:

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

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

Sec. 29. Minnesota Statutes 2024, section 290A.03, subdivision 3, is amended to read:

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

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

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

(i) all nontaxable income;

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

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

(iv) cash public assistance and relief;

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

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

(vii) workers' compensation;

(viii) nontaxable strike benefits;

(ix) the gross amounts of payments received in the nature of disability income or sick pay as a result of accident, sickness, or other disability, whether funded through insurance or otherwise;

(x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1995;

(xi) contributions made by the claimant to an individual retirement account, including a qualified voluntary employee contribution; simplified employee pension plan; self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal Revenue Code, to the extent the sum of amounts exceeds the retirement base amount for the claimant and spouse;

(xii) to the extent not included in federal adjusted gross income, distributions received by the claimant or spouse from a traditional or Roth style retirement account or plan;

(xiii) nontaxable scholarship or fellowship grants;

(xiv) alimony received to the extent not included in the recipient's income;

(xv) the amount of deduction allowed under section 220 or 223 of the Internal Revenue Code;

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

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

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

(b) "Income" does not include:

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

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

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

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

(5) relief granted under this chapter;

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

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

(8) alimony paid; ~~or~~

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

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

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

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

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

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

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

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

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

(6) if the claimant or claimant's spouse had a disability or attained the age of 65 on or before December 31 of the year for which the taxes were levied, the exemption amount.

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

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

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

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

EFFECTIVE DATE. This section is effective for claims based on property taxes payable in 2026 and thereafter.

Sec. 30. **CORRECTION OF ERRORS; CERTAIN RETIREMENT CONTRIBUTIONS.**

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

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

Sec. 31. **REPEALER.**

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

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

ARTICLE 2
PROPERTY TAXES

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

Subd. 2. **Exempt property used by private entity for profit.** (a) When any real or personal property which is exempt from ad valorem taxes, and taxes in lieu thereof, is leased, loaned, or otherwise made available and used by a private individual, association, or corporation in connection with a business conducted for profit, there shall be imposed a tax, for the privilege of so using or possessing such real or personal property, in the same amount and to the same extent as though the lessee or user was the owner of such property.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(f) Property of an airport that is:

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

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

(3) used as a hangar for the storage, repair, or manufacture of aircraft or to provide aviation goods, services, or facilities to the airport or general public, or used as a passenger check-in area or ticket sale counter, boarding area, or luggage claim area, shall have the tax imposed by this subdivision calculated as follows: for property taxes payable in 2026 through 2037, the net tax capacity of such property shall be reduced by 50 percent.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) Property that qualifies for exemption under this subdivision is limited to no more than five parcels.

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

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

273.117 CONSERVATION PROPERTY TAX VALUATION.

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

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

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

(b) This section does not apply to:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) Nonhomestead agricultural property that is owned by a family farm corporation, joint farm venture, limited liability company, or partnership; and located not farther than four townships or cities, or combination thereof, from agricultural land that is owned, and used for the purposes of a homestead by an individual who is a shareholder, member, or partner of the corporation, venture, company, or partnership; is entitled to receive the first tier homestead classification rate on any remaining market value in the first homestead class tier that is in excess of the market value of the shareholder's, member's, or partner's class 2 agricultural homestead property, if the owner, or someone acting on the owner's behalf notifies the county assessor by July 1 that the property may be eligible under this paragraph for the current assessment year, for taxes payable in the following year. As used in this paragraph, "agricultural property" means property classified as 2a under section 273.13, along with any contiguous property classified as 2b under section 273.13, if the contiguous 2a and 2b properties are under the same ownership.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Homestead treatment applies under this paragraph even if:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

~~units to not exceed 30 percent of 60 percent of the greater of area or state median income, adjusted for family size, as determined by the United States Department of Housing and Urban Development.~~

(b) The owner of a property certified as class 4d(1) under this section must use the property tax savings received from the 4d(1) classification for one or more of the following eligible uses: property maintenance, property security, improvements to the property, rent stabilization, or increases to the property's replacement reserve account. To maintain the class 4d(1) classification, the property owner must annually reapply and certify to the Housing Finance Agency that the property tax savings were used for one or more eligible uses.

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

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

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

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

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

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

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

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

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

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

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

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

(c) Class 1c property is commercial use real and personal property that abuts public water as defined in section 103G.005, subdivision 15, or abuts a state trail administered by the Department of Natural Resources, and is devoted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment, and that includes a portion used as a homestead by the owner, which includes a dwelling occupied as a homestead by a shareholder of a corporation that owns the resort, a partner in a partnership that owns the resort, or a member of a limited liability company that owns the resort even if the title to the homestead is held by the corporation, partnership, or limited liability company. For purposes of this paragraph, property is devoted to a commercial purpose on a specific day if any portion of the property, excluding the portion used exclusively as a homestead, is used for residential occupancy and a fee is charged for residential occupancy. Class 1c property must contain three or more rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site equipped with water and electrical hookups for recreational vehicles. Class 1c property must provide recreational activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill or cross-country ski equipment; provide marina services, launch services, or guide services; or sell bait and fishing tackle. Any unit in which the right to use the property is transferred to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies for class 1c even though it may remain available for rent. A camping pad offered for rent by a property that otherwise qualifies for class 1c is also class 1c, regardless of the term of the rental agreement, as long as the use of the camping pad does not exceed 250 days. If the same owner owns two separate parcels that are located in the same township, and one of those properties is classified as a class 1c property and the other would be eligible to be classified as a class 1c property if it was used as the homestead of the owner, both properties will be assessed as a single class 1c property; for purposes of this sentence, properties are deemed to be owned by the same owner if each of them is owned by a limited liability company, and both limited liability companies have the same membership. The portion of the property used as a homestead is class 1a property under paragraph (a). The remainder of the property is classified as follows: the first ~~$600,000~~ $1,500,000 of market value is tier I, the next ~~$1,700,000~~ $3,000,000 of market value is tier II, and any remaining market value is tier III. The classification rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25 percent. Owners of real and personal property devoted to temporary and seasonal residential occupancy for recreation purposes in which all or a portion of the property was devoted to commercial purposes for not more than 250 days in the year preceding the year of assessment desiring classification as class 1c, must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located must be designated as class 1c as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located must be designated as class 3a commercial. The owner of property desiring designation as class 1c property must provide guest registers or other records demonstrating that the units for which class 1c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes does not qualify for class 1c.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Agricultural purposes" as used in this section means the raising, cultivation, drying, or storage of agricultural products for sale, or the storage of machinery or equipment used in support of agricultural production by the same farm entity. For a property to be classified as agricultural based only on the drying or storage of agricultural products, the products being dried or stored must have been produced by the same farm entity as the entity operating the drying or storage facility. "Agricultural purposes" also includes (i) enrollment in a local conservation program or the Reinvest in Minnesota program under sections 103F.501 to 103F.535 or the federal Conservation Reserve Program as contained in Public Law 99-198 or a similar state or federal conservation program if the property was classified as agricultural (A) under this subdivision for taxes payable in 2003 because of its enrollment in a qualifying program and the land remains enrolled or (B) in the year prior to its enrollment, or (ii) use of land, not to exceed three acres, to provide environmental benefits such as buffer strips, old growth forest restoration or retention, or retention ponds to prevent soil erosion. For purposes of this section, a "local conservation program" means a program administered by a town, statutory or home rule charter city, or county, including a watershed district, water management organization, or soil and water conservation district, in which landowners voluntarily enroll land and receive incentive payments equal to at least $50 per acre in exchange for use or other restrictions placed on the land. In order for property to qualify under the local conservation program provision, a taxpayer must apply to the assessor by February 1 of the assessment year and must submit the information required by the assessor, including but not limited to a copy of the program requirements, the specific agreement between the land owner and the local agency, if applicable, and a map of the conservation area. Agricultural classification shall not be based upon the market value of any residential structures on the parcel or contiguous parcels under the same ownership.

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

(f) Agricultural land under this section also includes:

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

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

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

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

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

(3) contiguous acreage that contains a residence and is less than 15 acres in size, if the contiguous acreage inclusive of the house, garage, and surrounding one acre of land was used in the preceding year for market farming and the owner provides the county assessor with the filed federal Schedule F (Form 1040) for the most recent completed tax year that reports gross income of at least $20,000.

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

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

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

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

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

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

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

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

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

(5) game birds and waterfowl bred and raised (i) on a game farm licensed under section 97A.105, provided that the annual licensing report to the Department of Natural Resources, which must be submitted annually by March 30 to the assessor, indicates that at least 500 birds were raised or used for breeding stock on the property during the preceding year and that the owner provides a copy of the owner's most recent schedule F; or (ii) for use on a shooting preserve licensed under section 97A.115;

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

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

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

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

(1) wholesale and retail sales;

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

(3) warehousing or storage of processed goods; and

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

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

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

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

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

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

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

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

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

(1) a legal description of the property;

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

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

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

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

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

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

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

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

Subd. 34. **Homestead of veteran with a disability or family caregiver.** (a) All or a portion of the market value of property owned by a veteran and serving as the veteran's homestead under this section is excluded in determining the property's taxable market value if the veteran has a service-connected disability of 70 percent or more as certified by the United States Department of Veterans Affairs. To qualify for exclusion under this subdivision, the veteran must have been honorably discharged from the United States armed forces, as indicated by United States Government Form DD214 or other official military discharge papers.

(b)(1) For a disability rating of 70 percent or more, ~~$150,000~~ $175,000 of market value is excluded, except as provided in clause (2); and

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

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

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

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

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

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

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

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

(j) For purposes of this subdivision:

(1) "active service" has the meaning given in section 190.05;

(2) "own" means that the person's name is present as an owner on the property deed;

(3) "primary family caregiver" means a person who is approved by the secretary of the United States Department of Veterans Affairs for assistance as the primary provider of personal care services for an eligible veteran under the Program of Comprehensive Assistance for Family Caregivers, codified as United States Code, title 38, section 1720G; and

(4) "veteran" has the meaning given the term in section 197.447.

(k) If a veteran did not apply for or receive the exclusion under paragraph (b), clause (2), before dying, or the exclusion under paragraph (b), clause (2), did not exist at the time of the veterans death, the veteran's spouse is entitled to the benefit under paragraph (b), clause (2), until the spouse remarries or sells, transfers, or otherwise disposes of the property, except as otherwise provided in paragraph (n), if:

(1) the spouse files a first-time application;

(2) upon the death of the veteran, the spouse holds the legal or beneficial title to the homestead and permanently resides there;

(3) the veteran met the honorable discharge requirements of paragraph (a); and

(4) the United States Department of Veterans Affairs certifies that:

(i) the veteran met the total (100 percent) and permanent disability requirement under paragraph (b), clause (2); or

(ii) the spouse has been awarded dependency and indemnity compensation.

(l) The purpose of this provision of law providing a level of homestead property tax relief for veterans with a disability, their primary family caregivers, and their surviving spouses is to help ease the burdens of war for those among our state's citizens who bear those burdens most heavily.

(m) By July 1, the county veterans service officer must certify the disability rating and permanent address of each veteran receiving the benefit under paragraph (b) to the assessor.

(n) A spouse who received the benefit in paragraph (c), (d), or (k) but no longer holds the legal or beneficial title to the property may continue to receive the exclusion for a property other than the property for which the exclusion was initially granted until the spouse remarries or sells, transfers, or otherwise disposes of the property, provided that:

(1) the spouse applies under paragraph (h) for the continuation of the exclusion allowed under this paragraph;

(2) the spouse holds the legal or beneficial title to the property for which the continuation of the exclusion is sought under this paragraph, and permanently resides there;

(3) the estimated market value of the property for which the exclusion is sought under this paragraph is less than or equal to the estimated market value of the property that first received the exclusion, based on the value of each property on the date of the sale of the property that first received the exclusion; and

(4) the spouse has not previously received the benefit under this paragraph for a property other than the property for which the exclusion is sought.

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

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

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

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

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

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

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

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

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

Subd. 3. **Credit reimbursement.** The county auditor must determine the tax reductions allowed under this section within the county for each taxes payable year and must certify that amount to the commissioner of revenue as part of the data required under section 270C.85, subdivision 2. Any prior year adjustments must also be certified as part of the data required under section 270C.85, subdivision 2. The commissioner must review the certifications for accuracy, and may make such changes as are deemed necessary or return the certification to the county auditor for correction. The credit under this section must be used to proportionately reduce the net tax capacity based property tax payable to each local taxing jurisdiction as provided in section 273.1393.

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

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

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

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

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

273.1392 PAYMENT; SCHOOL DISTRICTS.

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

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

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

273.1393 COMPUTATION OF NET PROPERTY TAXES.

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

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

(2) powerline credit as provided in section 273.42;

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

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

(5) disparity reduction credit;

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

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

(8) agricultural credit as provided in section 273.1384;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

273.38 PERCENTAGE OF ASSESSMENTS; EXCEPTIONS.

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

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

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

273.41 AMOUNT OF TAX; DISTRIBUTION.

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

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

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

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

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

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

(d) The notice must state for each parcel:

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

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

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

(ii) the proposed tax amount.

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

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

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

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

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

(1) special assessments;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(3) Metropolitan Mosquito Control Commission under section 473.711.

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

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

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

(2) population growth and decline;

(3) state or federal government action; and

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

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

<u>**EFFECTIVE DATE.** This section is effective beginning with property taxes payable in 2026.</u>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Subd. 2. **Installment payments.** (a) The owner of any such parcel, or any person to whom the right to pay taxes has been given by statute, mortgage, or other agreement, may make and file with the county auditor of the county in which the parcel is located a written offer to pay the current taxes each year before they become delinquent, or to contest the taxes under chapter 278 and agree to confess judgment for the amount provided, as determined by the county auditor. By filing the offer, the owner waives all irregularities in connection with the tax proceedings affecting the parcel and any defense or objection which the owner may have to the proceedings, and also waives the requirements of any notice of default in the payment of any installment or interest to become due pursuant to the composite judgment to be so entered. Unless the property is subject to subdivision 1a, with the offer, the owner shall (i) tender one-tenth of the amount of the delinquent taxes, costs, penalty, and interest, and (ii) tender all current year taxes and penalty due at the time the confession of judgment is entered. In the offer, the owner shall agree to pay the balance in nine equal installments, with interest as provided in section 279.03, payable annually on installments remaining unpaid from time to time, on or before December 31 of each year following the year in which judgment was confessed.

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

For the purposes of this subdivision:

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

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

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

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

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

(f) The offer must be substantially as follows:

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

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

Dated ...., ..."

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

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

449.08 TAX LEVY FOR FREE MUSIC IN THIRD CLASS CITIES.

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

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

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

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

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

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

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

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

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

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

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

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

Subd. 4. **Restriction.** The tax reductions provided by this section shall not apply to (1) ~~a facility the primary purpose of which is one of the following: the provision of recreation or entertainment, or a private or commercial golf course, country club, massage parlor, tennis club, skating facility including roller skating, skateboard, and ice skating, racquet sports facility, including any handball or racquetball court, hot tub facility, suntan facility,~~

~~or racetrack; (2)~~ property of a public utility; ~~(3)~~ (2) property used in the operation of a financial institution; ~~(4)~~ or (3) property owned by a fraternal or veterans' organization~~; or (5) a retail food or beverage facility operating under a franchise agreement that requires the business to be located in this state~~.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) increase or preserve tax base;

(ii) provide employment opportunities in the political subdivision;

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

(iv) help redevelop or renew blighted areas;

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

(vi) finance or provide public infrastructure;

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

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

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

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

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

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

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

(b) A political subdivision proposing to abate taxes for a parcel may request, in writing, that the other political subdivisions in which the parcel is located grant an abatement for the property. If one of the other political subdivisions declines, in writing, to grant an abatement or if 90 days pass after receipt of the request to grant an abatement without a written response from one of the political subdivisions, the duration limit for an abatement for the parcel by the requesting political subdivision and any other participating political subdivision is increased to 20 years. If the political subdivision which declined to grant an abatement later grants an abatement for the parcel, the 20-year duration limit is reduced by one year for each year that the declining political subdivision grants an abatement for the parcel during the period of the abatement granted by the requesting political subdivision. The duration limit may not be reduced below the limit under paragraph (a).

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

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

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

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

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

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

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

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

Sec. 33. **REPEALER.**

Minnesota Statutes 2024, sections 275.065, subdivision 3c; and 276.04, subdivision 2a, are repealed.

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

ARTICLE 3

SALES AND USE, EXCISE, GROSS RECEIPTS, AND LOCAL SALES AND USE TAXES

Section 1. Minnesota Statutes 2024, section 289A.20, subdivision 4, is amended to read:

Subd. 4. **Sales and use tax.** (a) The taxes imposed by chapter 297A are due and payable to the commissioner monthly on or before the 20th day of the month following the month in which the taxable event occurred, or following another reporting period as the commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph (f) or (g), except that use taxes due on an annual use tax return as provided under section 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

(b) A vendor having a liability of $250,000 or more during a fiscal year ending June 30, except a vendor of construction materials as defined in paragraph (e), must remit the June liability for the next year in the following manner:

(1) Two business days before June 30 of calendar year ~~2020 and 2021~~ 2027, the vendor must remit ~~87.5~~ 16.406 percent of the estimated June liability to the commissioner. Two business days before June 30 of calendar year ~~2022 and thereafter~~ 2029, the vendor must remit ~~84.5~~ 15.479 percent~~, or a reduced percentage as certified by the commissioner under section 16A.152, subdivision 2, paragraph (a), clause (6),~~ of the estimated June liability to the commissioner.

(2) On or before August 20 of the year, the vendor must pay any additional amount of tax not remitted in June.

(c) A vendor having a liability of:

(1) $10,000 or more, but less than $250,000, during a fiscal year must remit by electronic means all liabilities on returns due for periods beginning in all subsequent calendar years on or before the 20th day of the month following the month in which the taxable event occurred, or on or before the 20th day of the month following the month in which the sale is reported under section 289A.18, subdivision 4; or

(2) $250,000 or more during a fiscal year must remit by electronic means all liabilities in the manner provided in paragraph (a) on returns due for periods beginning in the subsequent calendar year, except that a vendor subject to the remittance requirements of paragraph (b) must remit the percentage of the estimated June liability, as provided in paragraph (b), clause (1), which is due two business days before June 30. The remaining amount of the June liability is due on August 20.

(d) Notwithstanding paragraph (b) or (c), a person prohibited by the person's religious beliefs from paying electronically shall be allowed to remit the payment by mail. The filer must notify the commissioner of revenue of the intent to pay by mail before doing so on a form prescribed by the commissioner. No extra fee may be charged to a person making payment by mail under this paragraph. The payment must be postmarked at least two business days before the due date for making the payment in order to be considered paid on a timely basis.

(e) For the purposes of paragraph (b), "vendor of construction materials" means a retailer that sells any of the following construction materials, if 50 percent or more of the retailer's sales revenue for the fiscal year ending June 30 is from the sale of those materials:

(1) lumber, veneer, plywood, wood siding, wood roofing;

(2) millwork, including wood trim, wood doors, wood windows, wood flooring; or

(3) concrete, cement, and masonry.

~~(f) Paragraph (b) expires after the percentage of estimated payment is reduced to zero in accordance with section 16A.152, subdivision 2, paragraph (a), clause (6).~~

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2026.

Sec. 2. Minnesota Statutes 2024, section 289A.60, subdivision 15, is amended to read:

Subd. 15. **Accelerated payment of June sales tax liability; penalty for underpayment.** ~~(a) For payments made after December 31, 2019 and before December 31, 2021, if a vendor is required by law to submit an estimation of June sales tax liabilities and~~

~~87.5 percent payment by a certain date, the vendor shall pay a penalty equal to ten percent of the amount of actual June liability required to be paid in June less the amount remitted in June. The penalty must not be imposed, however, if the amount remitted in June equals the lesser of 87.5 percent of the preceding May's liability or 87.5 percent of the average monthly liability for the previous calendar year.~~

~~(b)~~ For payments made after December 31, 2021, the penalty must not be imposed if the amount remitted in June equals the lesser of ~~84.5~~ 10.896 percent~~, or a reduced percentage as certified by the commissioner under section 16A.152, subdivision 2, paragraph (a), clause (6),~~ of the preceding May's liability or ~~84.5~~ 10.896 percent of the average monthly liability for the previous calendar year.

~~(c) This subdivision expires after the percentage of estimated payment is reduced to zero in accordance with section 16A.152, subdivision 2, paragraph (a), clause (6).~~

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2026.

Sec. 3. Minnesota Statutes 2024, section 295.54, subdivision 2, is amended to read:

Subd. 2. **Pharmacy refund.** (a) A pharmacy may claim ~~an annual~~ a quarterly refund ~~against the total amount of tax, if any, the pharmacy owes during that calendar year under section 295.52, subdivision 4. The refund shall~~ equal to the amount paid by the pharmacy to a wholesale drug distributor subject to tax under section 295.52, subdivision 3, for legend drugs delivered by the pharmacy outside of Minnesota, multiplied by the tax percentage specified in section 295.52, subdivision 3. ~~If the amount of the refund exceeds the tax liability of the pharmacy under section 295.52, subdivision 4, the commissioner shall provide the pharmacy with a refund equal to the excess amount.~~

(b) Each qualifying pharmacy must apply for the refund on the ~~annual~~ quarterly return as prescribed by the commissioner~~, on or before March 15 of the year following the calendar year the legend drugs were delivered outside Minnesota.~~ in accordance with the following schedule:

(1) for legend drugs delivered by the pharmacy outside of Minnesota between January 1 and March 31, a pharmacy may file its refund request on or after July 1 of the calendar year in which the legend drugs are delivered by the pharmacy outside of Minnesota;

(2) for legend drugs delivered by the pharmacy outside of Minnesota between April 1 and June 30, a pharmacy may file its refund request on or after July 1 of the calendar year in which the legend drugs are delivered by the pharmacy outside of Minnesota;

(3) for legend drugs delivered by the pharmacy outside of Minnesota between July 1 and September 30, a pharmacy may file its refund request on or after October 1 of the calendar year in which the legend drugs are delivered by the pharmacy outside of Minnesota; and

(4) for legend drugs delivered by the pharmacy outside of Minnesota between October 1 and December 31, a pharmacy may file its refund request on or after January 1 of the calendar year immediately following the calendar year in which the legend drugs are delivered by the pharmacy outside of Minnesota.

~~The refund shall not be~~ (c) No refund is allowed if the ~~initial~~ claim for refund is filed more than one year after the ~~original due date of the return~~ end of the quarter in which the legend drugs were delivered by the pharmacy outside of Minnesota. Interest on refunds paid under this subdivision ~~will begin~~ begins to accrue 60 days after the date a claim for refund is filed. ~~For purposes of this subdivision, the date a claim is filed is the due date of the return if a return is due or the date of the actual claim for refund, whichever is later.~~

EFFECTIVE DATE. This section is effective for legend drugs delivered outside of Minnesota after December 31, 2025.

Sec. 4. **[295.90] SOCIAL MEDIA DATA COLLECTION EXCISE TAX.**

Subdivision 1. **Tax imposed.** A tax is imposed on the collection of consumer data by a social media platform business as provided under this section.

Subd. 2. **Rate of tax.** The tax is imposed on social media platform businesses based on the number of Minnesota social media platform consumers from whom a social media platform business collects data within a month:

Minnesota consumers	Tax
Fewer than or equal to 100,000	Zero
Over 100,000 but not more than 500,000	\$0.10 per month on the number of Minnesota consumers over 100,000 but not more than 500,000;
Over 500,000 but not more than 1,000,000	\$40,000 plus \$0.25 per month on the number of Minnesota consumers over 500,000 but not more than 1,000,000; and
Over 1,000,000	\$165,000 plus \$0.50 per month on the number of Minnesota consumers over 1,000,000.

Subd. 3. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Commissioner" means the commissioner of revenue.

(c) "Consumer" means an individual who establishes an account on an app or website owned by a social media platform business whose consumer data is collected by the social media platform business, regardless of whether the individual is charged for establishing the account.

(d) "Consumer data" means any information that identifies, relates to, describes, is capable of being associated with, or could reasonably be linked with a consumer, whether directly submitted to the social media platform business by the consumer or derived from other sources.

(e) "Minnesota consumer" means a consumer who is a resident of Minnesota.

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

(g) "Social media platform" has the meaning given in section 325M.31, paragraph (j).

(h) "Social media platform business" means a for-profit entity that operates a social media platform that engages, collects, maintains, uses, processes, sells, or shares consumer data in support of the entity's business activities and collects consumer data on more than 100,000 individual Minnesota consumers in a month within the calendar year.

Subd. 4. **Consumers.** (a) Until the contrary is established, it is presumed that a consumer whose information on record with or available to a social media platform business indicates a Minnesota home address, a Minnesota mailing address, or an internet protocol address connected with a Minnesota location is a Minnesota consumer for purposes of this section. The burden of proving that a consumer is not a Minnesota resident is on the social media platform business.

(b) A Minnesota consumer must be counted only once in the calculation of the monthly tax imposed on a social media platform business.

(c) Business entities that are part of a controlled group of corporations as defined in section 1563(a) of the Internal Revenue Code shall be treated as a single entity for purposes of meeting the definition of a social media platform business under this section.

(d) The single member of a single member limited liability company must be treated as a consumer under this section.

Subd. 5. **Credit against tax paid to another jurisdiction.** A social media platform business that has paid tax under this section may claim a credit against the tax paid with respect to a Minnesota consumer if another state imposes an excise tax identical to the tax imposed under this section with respect to the same consumer.

Subd. 6. **Record keeping.** A social media platform business shall maintain records as required by the commissioner.

Subd. 7. **Administration.** Unless specifically provided otherwise, the audit, assessment, refund, penalty, interest, enforcement, collection remedies, appeal, and administrative provisions of chapters 270C and 289A that are applicable to taxes imposed under chapter 297A apply to the tax imposed under this section.

Subd. 8. **Returns; payment of tax.** (a) A social media platform business must report the tax on a return prescribed by the commissioner and must remit the tax in a form and manner prescribed by the commissioner. The return and the tax must be filed and paid using the filing cycle and due dates provided for taxes imposed under section 289A.20, subdivision 4, and chapter 297A.

(b) Interest must be paid on an overpayment refunded or credited to the taxpayer from the date of payment of the tax until the date the refund is paid or credited. For purposes of this subdivision, the date of payment is the due date of the return or the date of actual payment of the tax, whichever is later.

Subd. 9. **Deposit of revenues.** The commissioner must deposit the revenues, including penalties and interest, derived from the tax imposed by this section to the general fund.

Subd. 10. **Personal debt.** The tax imposed by this section, and interest and penalties imposed with respect to it, are a personal debt of the person required to file a return from the time that the liability for it arises, irrespective of when the time for payment of the liability occurs. In the case of a fiduciary, the debt must be that of the person in the person's official or fiduciary capacity only, unless the person has voluntarily distributed the assets held in that capacity without reserving sufficient assets to pay the tax, interest, and penalties, in which event the person is personally liable for any deficiency.

EFFECTIVE DATE. This section is effective for consumer data collected after December 31, 2025.

Sec. 5. Minnesota Statutes 2024, section 297A.68, is amended by adding a subdivision to read:

Subd. 9a. **Championship golf tournaments admission and related events.** The granting of the privilege of admission to a world championship golf tournament sponsored by the Professional Golfers' Association of America and to related events sponsored by the Professional Golfers' Association of America is exempt.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2025.

Sec. 6. Minnesota Statutes 2024, section 297A.68, subdivision 42, is amended to read:

Subd. 42. **Qualified data centers.** (a) Purchases of enterprise information technology equipment and computer software for use in a qualified data center, or a qualified refurbished data center, are exempt, except that computer software maintenance agreements are exempt for purchases made after June 30, 2013. The tax on purchases exempt under this paragraph must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied, and then refunded after June 30, 2013, in the manner provided in section 297A.75. This exemption includes enterprise information technology equipment and computer software purchased to replace or upgrade enterprise information technology equipment and computer software in a qualified data center, or a qualified refurbished data center.

(b) Electricity used or consumed in the operation of a qualified data center or qualified refurbished data center is exempt.

(c) For purposes of this subdivision, "qualified data center" means a facility in Minnesota:

(1) that is comprised of one or more buildings that consist in the aggregate of at least 25,000 square feet, and that are located on a single parcel or on contiguous parcels, where the total cost of construction or refurbishment, investment in enterprise information technology equipment, and computer software is at least $30,000,000 within a 48-month period. The 48-month period begins no sooner than July 1, 2012, except that costs for computer software maintenance agreements purchased before July 1, 2013, are not included in determining if the $30,000,000 threshold has been met;

(2) that is constructed or substantially refurbished after June 30, 2012, where "substantially refurbished" means that at least 25,000 square feet have been rebuilt or modified, including:

(i) installation of enterprise information technology equipment; environmental control, computer software, and energy efficiency improvements; and

(ii) building improvements; and

(3) that is used to house enterprise information technology equipment, where the facility has the following characteristics:

(i) uninterruptible power supplies, generator backup power, or both;

(ii) sophisticated fire suppression and prevention systems; and

(iii) enhanced security. A facility will be considered to have enhanced security if it has restricted access to the facility to selected personnel; permanent security guards; video camera surveillance; an electronic system requiring pass codes, keycards, or biometric scans, such as hand scans and retinal or fingerprint recognition; or similar security features.

In determining whether the facility has the required square footage, the square footage of the following spaces shall be included if the spaces support the operation of enterprise information technology equipment: office space, meeting space, and mechanical and other support facilities. For purposes of this subdivision, "computer software" includes, but is not limited to, software utilized or loaded at a qualified data center or qualified refurbished data center, including maintenance, licensing, and software customization.

(d) For purposes of this subdivision, a "qualified refurbished data center" means an existing facility that qualifies as a data center under paragraph (c), clauses (2) and (3), but that is comprised of one or more buildings that consist in the aggregate of at least 25,000 square feet, and that are located on a single parcel or contiguous parcels, where the total cost of construction or refurbishment, investment in enterprise information technology equipment, and computer software is at least $50,000,000 within a 24-month period.

(e) For purposes of this subdivision, "enterprise information technology equipment" means computers and equipment supporting computing, networking, or data storage, including servers and routers. It includes, but is not limited to: cooling systems, cooling towers, and other temperature control infrastructure; power infrastructure for transformation, distribution, or management of electricity used for the maintenance and operation of a qualified data center or qualified refurbished data center, including but not limited to exterior dedicated business-owned substations, backup power generation systems, battery systems, and related infrastructure; and racking systems, cabling, and trays, which are necessary for the maintenance and operation of the qualified data center or qualified refurbished data center.

(f) A qualified data center or qualified refurbished data center may claim the exemptions in this subdivision for purchases made either within 20 years of the date of its first purchase qualifying for the exemption under paragraph (a), or by June 30, ~~2042~~ <u>2062</u>, whichever is earlier.

(g) The purpose of this exemption is to create jobs in the construction and data center industries.

(h) This subdivision is effective for sales and purchases made before July 1, ~~2042~~ <u>2062</u>.

(i) The commissioner of employment and economic development must certify to the commissioner of revenue, in a format approved by the commissioner of revenue, when a qualified data center has met the requirements under paragraph (c) or a qualified refurbished data center has met the requirements under paragraph (d). The certification must provide the following information regarding each qualified data center or qualified refurbished data center:

(1) the total square footage amount;

(2) the total amount of construction or refurbishment costs and the total amount of qualifying investments in enterprise information technology equipment and computer software;

(3) the beginning and ending of the applicable period under either paragraph (c) or (d) in which the qualifying expenditures and purchases under clause (2) were made, but in no case shall the period begin before July 1, 2012; and

(4) the date upon which the qualified data center first met the requirements under paragraph (c) or a qualified refurbished data center first met the requirements under paragraph (d).

(j) Any refund for sales tax paid on qualifying purchases under this subdivision must not be issued unless the commissioner of revenue has received the certification required under paragraph (i) issued by the commissioner of employment and economic development.

(k) The commissioner of employment and economic development must annually notify the commissioner of revenue of the qualified data centers that are projected to meet the requirements under paragraph (c) and the qualified refurbished data centers that are projected to meet the requirements under paragraph (d) in each of the next four years. The notification must provide the information required under paragraph (i), clauses (1) to (4), for each qualified data center or qualified refurbished data center.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2025.

Sec. 7. Minnesota Statutes 2024, section 297A.70, is amended by adding a subdivision to read:

Subd. 11b. **Minnesota intercollegiate sport tickets and admissions.** (a) Tickets and admissions to games and events for an intercollegiate sport sponsored by a public institution of higher education are exempt.

(b) For the purposes of this subdivision:

(1) "intercollegiate sport" means a sport played at the collegiate level for which eligibility requirements for participation by a student athlete are established by a national association that promotes or regulates collegiate athletics; and

(2) "public institution of higher education" means a state university, a state community college, a state technical college, or the University of Minnesota.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2025.

Sec. 8. Minnesota Statutes 2024, section 297A.99, subdivision 3a, is amended to read:

Subd. 3a. **Temporary moratorium.** (a) Notwithstanding subdivisions 1, 2, and 3, until after ~~May 31, 2025~~ June 30, 2026, a political subdivision may not engage in any of the following activities in connection with imposing a new local sales and use tax or modifying an existing local sales and use tax:

(1) any activity described in subdivision 1, paragraph (d);

(2) adopt a resolution; or

(3) seek voter approval.

(b) Paragraph (a) does not apply to new local sales and use taxes or modifications to existing local sales and use taxes authorized in May, 2023.

(c) This subdivision expires ~~June~~ July 1, ~~2025~~ 2026.

EFFECTIVE DATE. This section is effective only if article 5 of this act is not finally enacted in the 2025 regular session or the provisions of article 5 of this act are not finally enacted in a special session prior to July 1, 2025.

Sec. 9. Minnesota Statutes 2024, section 297A.9915, subdivision 1, is amended to read:

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

(b) "Metropolitan area" ~~means the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington~~ has the meaning given in section 473.121, subdivision 2.

(c) "Metropolitan Council" or "council" means the Metropolitan Council established by section 473.123.

(d) "Regional transportation sales tax" means the regional transportation sales and use tax imposed under this section.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2025.

Sec. 10. Minnesota Statutes 2024, section 297A.9925, subdivision 1, is amended to read:

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

(b) "Metropolitan Council" or "council" means the Metropolitan Council established by section 473.123.

(c) "Metropolitan ~~county~~ area" has the meaning given in section 473.121, subdivision ~~4~~ 2.

(d) "Metropolitan sales tax" means the metropolitan region sales and use tax imposed under this section.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2025.

Sec. 11. Minnesota Statutes 2024, section 297A.9925, subdivision 2, is amended to read:

Subd. 2. **Sales tax imposition; rate.** Notwithstanding section 473.123, subdivision 1, the Metropolitan Council must impose a metropolitan region sales and use tax at a rate of 0.25 percent on retail sales made in the metropolitan ~~counties~~ area or to a destination in the metropolitan ~~counties~~ area.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2025.

Sec. 12. Laws 1996, chapter 471, article 2, section 29, subdivision 1, as amended by Laws 2006, chapter 259, article 3, section 3, Laws 2011, First Special Session chapter 7, article 4, section 4, and Laws 2017, First Special Session chapter 1, article 5, section 6, is amended to read:

Subdivision 1. **Sales tax authorized.** (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Hermantown may, by ordinance, impose an additional sales tax of up to one percent on sales transactions taxable pursuant to Minnesota Statutes, chapter 297A, that occur within the city. The proceeds of the tax imposed under this section must be used to meet the costs of:

(1) extending ~~a~~ sewer interceptor ~~line~~ lines;

(2) construction of ~~a~~ booster pump ~~station~~ stations, reservoirs, and related improvements to the water system; and

(3) construction of a building containing a police and fire station and an administrative services facility.

(b) If the city imposed a sales tax of only one-half of one percent under paragraph (a), it may increase the tax to one percent to fund the purposes under paragraph (a) provided it is approved by the voters at a general election held before December 31, 2012.

(c) As approved by the voters at the November 8, 2016, general election, the proceeds under this section may also be used to meet the costs of debt service payments for construction of the Hermantown Wellness Center.

EFFECTIVE DATE. This section is effective the day following final enactment without local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1.

Sec. 13. Laws 1996, chapter 471, article 2, section 29, subdivision 4, as amended by Laws 2006, chapter 259, article 3, section 4, and Laws 2017, First Special Session chapter 1, article 5, section 7, is amended to read:

Subd. 4. **Termination.** The tax authorized under this section terminates at the earlier of (1) December 31, ~~2036~~ 2046, or (2) when the Hermantown City Council first determines that sufficient funds have been received from the tax to fund the costs, including bonds and associated bond costs for the uses specified in subdivision 1. Any funds remaining after completion of the improvements and retirement or redemption of the bonds may be placed in the general fund of the city.

EFFECTIVE DATE. This section is effective the day following final enactment without local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1.

Sec. 14. Laws 2023, chapter 64, article 5, section 25, subdivision 1, is amended to read:

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used or consumed in and equipment incorporated into the construction, reconstruction, upgrade, expansion, renovation, or remodeling of a new water treatment plant and trunk water main improvements in the city of Ramsey are exempt from sales and use tax under Minnesota Statutes, chapter 297A, provided that the materials, supplies, and equipment are purchased after December 31, 2022, and before July 1, 2027.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, ~~subdivision~~ subdivisions 1 and 1a, applied and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible purchases must not be issued until after June 30, 2023~~, and before July 1, 2027~~.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after December 31, 2022, and before July 1, 2027.

Sec. 15. **BROWERVILLE PUBLIC SCHOOLS; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.**

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment incorporated into the following projects in Independent School District No. 787, Browerville Public Schools, are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if the materials, supplies, and equipment are purchased after December 1, 2023, and before January 1, 2026:

(1) renovations to the prekindergarten through grade 12 school building; and

(2) construction of a new gymnasium, classrooms, locker rooms, a wrestling and weight room, offices, and a stage.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivisions 1 and 1a, applied and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible purchases must not be issued until after June 30, 2025.

Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after December 1, 2023, and before January 1, 2026.

Sec. 16. **CITY OF WOODBURY; SALES AND USE TAX EXEMPTION FOR CONSTRUCTION MATERIALS.**

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used or consumed in and equipment incorporated into the construction, reconstruction, upgrade, expansion, renovation, or remodeling of a water treatment facility and water tower, including water pipeline infrastructure and associated improvements funded by the city of Woodbury are exempt from sales and use tax under Minnesota Statutes, chapter 297A, provided that the materials, supplies, and equipment are purchased after January 31, 2024, and before December 1, 2028.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivisions 1 and 1a, applied and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible purchases must not be issued until after June 30, 2025.

Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after January 31, 2024, and before December 1, 2028.

Sec. 17. **REPEALER.**

Minnesota Statutes 2024, sections 297D.01; 297D.02; 297D.03; 297D.04; 297D.05; 297D.06; 297D.07; 297D.08; 297D.085; 297D.09; 297D.10; 297D.11; 297D.12; and 297D.13, are repealed.

EFFECTIVE DATE. This section is effective August 1, 2025.

ARTICLE 4
PROPERTY TAX AIDS

Section 1. Minnesota Statutes 2024, section 126C.13, subdivision 4, is amended to read:

Subd. 4. **General education aid.** ~~For fiscal year 2015 and later,~~ A district's general education aid equals:

(1) general education revenue, excluding operating capital revenue, equity revenue, local optional revenue, and transition revenue; plus

(2) operating capital aid under section 126C.10, subdivision 13b;

(3) equity aid under section 126C.10, subdivision 30; plus

(4) transition aid under section 126C.10, subdivision 33; plus

(5) shared time aid under section 126C.01, subdivision 7; plus

(6) referendum aid under section 126C.17, subdivisions 7 ~~and~~, 7a, and 7c; plus

(7) online learning aid under section 124D.096; plus

(8) local optional aid according to section 126C.10, subdivision 2e, paragraph (f).

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2027 and later.

Sec. 2. Minnesota Statutes 2024, section 126C.17, is amended by adding a subdivision to read:

Subd. 7c. **Seasonal tax base replacement aid.** (a) For purposes of this subdivision, "eligible school district" means a school district for which the seasonal tax base adjustment factor under paragraph (c) is at least equal to 0.15. A school district determined eligible under this paragraph for aid in fiscal year 2027 or any later fiscal year remains an eligible school district for aid in any subsequent fiscal year.

(b) A district's seasonal tax base replacement aid equals the product of (1) the seasonal tax base adjustment factor, and (2) the district's referendum equalization levy calculated under subdivision 6, after any adjustment under subdivisions 7a and 7b.

(c) A district's seasonal tax base adjustment factor equals the lesser of 0.50 or the ratio of (1) the seasonal market value for the district, to (2) the sum of the referendum market value and the seasonal market value for the district. For the purposes of this paragraph, "seasonal market value" means the market value of all taxable property classified as class 4c(12) under section 273.13.

(d) The amount calculated under paragraph (b) must be used to reduce the district's referendum levy determined after the adjustments under subdivisions 7a and 7b.

EFFECTIVE DATE. This section is effective for taxes payable in 2026 and later.

Sec. 3. Minnesota Statutes 2024, section 477A.011, subdivision 34, is amended to read:

Subd. 34. **City revenue need.** (a) For a city with a population equal to or greater than 10,000, "city revenue need" is 1.15 times the sum of (1) 8.572 times the pre-1940 housing percentage; plus (2) 11.494 times the city age index; plus (3) 5.719 times the commercial industrial utility percentage; plus (4) 9.484 times peak population decline; plus (5) 293.056; plus (6) the sparsity adjustment.

(b) For a city with a population equal to or greater than 2,500 and less than 10,000, "city revenue need" is 1.15 times the sum of (1) 497.308; plus (2) 6.667 times the pre-1940 housing percentage; plus (3) 9.215 times the commercial industrial utility percentage; plus (4) 16.081 times peak population decline; plus (5) the sparsity adjustment.

(c) For a city with a population less than 2,500, "city revenue need" is the sum of (1) 196.487; plus (2) 220.877 times the city's transformed population; plus (3) the sparsity adjustment.

(d) For a city with a population of at least 2,500 but less than 3,000, the "city revenue need" equals (1) the transition factor times the city's revenue need calculated in paragraph (b); plus (2) the city's revenue need calculated under the formula in paragraph (c) times the difference between one and the transition factor. For a city with a population of at least 10,000 but less than 11,000, the "city revenue need" equals (1) the transition factor times the city's revenue need calculated in paragraph (a); plus (2) the city's revenue need calculated under the formula in paragraph (b) times the difference between one and the transition factor. For purposes of the first sentence of this paragraph "transition factor" is 0.2 percent times the amount that the city's population exceeds the minimum threshold. For purposes of the second sentence of this paragraph, "transition factor" is 0.1 percent times the amount that the city's population exceeds the minimum threshold.

(e) The city revenue need cannot be less than zero.

(f) For calendar year 2024 and subsequent years, the city revenue need for a city, as determined in paragraphs (a) to (e), is multiplied by the ratio of the annual implicit price deflator for government consumption expenditures and gross investment for state and local governments as prepared by the United States Department of Commerce, for the most recently available year to the 2022 implicit price deflator for state and local government purchases.

EFFECTIVE DATE. This section is effective for aids payable in 2026 and thereafter.

Sec. 4. Minnesota Statutes 2024, section 477A.011, is amended by adding a subdivision to read:

Subd. 48. **Sparsity adjustment.** The sparsity adjustment is 200 for:

(1) a city with a population of 10,000 or more and an average population density of less than 150 per square mile, according to the most recent federal census; and

(2) a city with a population less than 10,000 and an average population density less than 30 per square mile, according to the most recent federal census.

The sparsity adjustment is zero for all other cities.

EFFECTIVE DATE. This section is effective for aids payable in 2026 and thereafter.

Sec. 5. Minnesota Statutes 2024, section 477A.013, subdivision 1, is amended to read:

Subdivision 1. **Towns.** (a) ~~In 2014 and thereafter, each town is eligible for a distribution under this subdivision equal to the product of (i) its agricultural property factor, (ii) its town area factor, (iii) its population factor, and (iv) 0.0045.~~ As used in this subdivision, the following terms have the meanings given them:

(1) "agricultural property factor" means the ratio of the adjusted net tax capacity of agricultural property located in a town, to the adjusted net tax capacity of all other property located in the town. The agricultural property factor cannot exceed eight;

(2) "agricultural property" means property classified under section 273.13, as homestead and nonhomestead agricultural property, rural vacant land, and noncommercial seasonal recreational property;

(3) "town area factor" means the most recent estimate of total acreage, not to exceed 50,000 acres, located in the township available as of July 1 in the aid calculation year, estimated or established by:

(i) the United States Bureau of the Census;

(ii) the ~~State Land Management Information Center~~ Minnesota Geospatial Information Office; or

(iii) the secretary of state; ~~and~~

(4) "population factor" means the square root of the town's population~~.~~; and

(5) "town aid factor" means the product of the town's (i) agricultural property factor, (ii) town area factor, and (iii) population factor.

~~(b) If the sum of the aids payable to all towns under this subdivision exceeds the limit under section 477A.03, subdivision 2c, the distribution to each town must be reduced proportionately so that the total amount of aids distributed under this subdivision does not exceed the limit in section 477A.03, subdivision 2c.~~

(b) Each town is eligible for a distribution under this subdivision equal to the product of (1) the total amount available for town aid under section 477A.03, subdivision 2c, and (2) the ratio of (i) the town's town aid factor, to (ii) the sum of the town aid factors for all towns.

(c) Data used in calculating aids to towns under this subdivision, other than acreage, shall be the most recently available data as of January 1 in the year in which the aid is calculated.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2026 and thereafter.

Sec. 6. Minnesota Statutes 2024, section 477A.03, subdivision 2a, is amended to read:

Subd. 2a. **Cities.** ~~For aids payable in 2021 through 2023, the total aid payable under section 477A.013, subdivision 9, is $564,398,012.~~ For aids payable in ~~2024 and thereafter~~ 2025, the total aid payable under section 477A.013, subdivision 9, is $644,398,012. For aids payable in 2026 and thereafter, the total aid payable under section 477A.013, subdivision 9, is $634,398,012.

EFFECTIVE DATE. This section is effective for aids payable in 2026 and thereafter.

Sec. 7. Minnesota Statutes 2024, section 477A.03, subdivision 2b, is amended to read:

Subd. 2b. **Counties.** (a) ~~For aids payable in 2021 through 2023, the total aid payable under section 477A.0124, subdivision 3, is $118,795,000, of which $3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4, section 6. For aids payable in 2024, the total aid payable under section 477A.0124, subdivision 3, is $154,197,053, of which $3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4, section 6.~~ For aids payable in 2025 ~~and thereafter~~, the total aid payable under section 477A.0124, subdivision 3, is $151,197,053. For aids payable in 2026 and thereafter, the total aid payable under section 477A.0124, subdivision 3, is $146,771,796. On or before the first installment date provided in section 477A.015, paragraph (a), $500,000 of this appropriation shall be transferred each year by the commissioner of revenue to the Board of Public Defense for the payment of services under section 611.27. Any transferred amounts not expended or encumbered in a fiscal year shall be certified by the Board of Public Defense to the commissioner of revenue on or before October 1 and shall be included in the next certification of county need aid.

(b) ~~For aids payable in 2021 through 2023, the total aid under section 477A.0124, subdivision 4, is $145,873,444.~~ For aids payable in ~~2024 and thereafter~~ 2025, the total aid under section 477A.0124, subdivision 4, is $190,471,391. For aids payable in 2026 and thereafter, the total aid under section 477A.0124, subdivision 4, is $184,896,648. The commissioner of revenue shall transfer to the Legislative Budget Office $207,000 annually for the cost of preparation of local impact notes as required by section 3.987, and other local government activities. The commissioner of revenue shall transfer to the commissioner of education $7,000 annually for the cost of preparation of local impact notes for school districts as required by section 3.987. The commissioner of revenue shall deduct the amounts transferred under this paragraph from the appropriation under this paragraph. The amounts transferred are appropriated to the Legislative Coordinating Commission and the commissioner of education respectively.

EFFECTIVE DATE. This section is effective for aids payable in 2026 and thereafter.

Sec. 8. Minnesota Statutes 2024, section 477A.23, subdivision 6, is amended to read:

Subd. 6. **Appropriation.** For aids payable in ~~2023 and 2024~~ 2025 and 2026, ~~$15,000,000~~ $14,251,000 is appropriated in each year from the general fund to the commissioner of revenue to make the payments required under this section. For aids payable in ~~2025~~ 2027 and thereafter, ~~$12,000,000~~ $14,787,000 is annually appropriated from the general fund to the commissioner of revenue to make the payments required under this section.

EFFECTIVE DATE. This section is effective for aids payable in 2025 and thereafter.

Sec. 9. **[477A.41] FIRE PROTECTION AND EMS SPECIAL TAXING DISTRICT AID.**

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

(b) "Commissioner" means the commissioner of revenue.

(c) "Special taxing district" means a special taxing district that was established for the purpose of providing fire or ambulance services, or both, and that was formed under any of the following:

(1) section 144F.01;

(2) Laws 1987, chapter 402, section 2, as amended;

(3) Laws 1993, chapter 375, article 5, section 39; or

(4) Laws 2009, chapter 88, article 2, section 46, as amended.

Subd. 2. **Distribution.** (a) A special taxing district's annual aid amount is equal to 50 percent of the average of the special taxing district's levies certified under section 275.07, subdivision 4, paragraph (b), for the previous five years. If a special taxing district has been established for fewer than six years, the special taxing district's aid amount is equal to 50 percent of the average of all of the special taxing district's levies certified under section 275.07, subdivision 4, paragraph (b), in prior years.

(b) If the sum of the aids payable to all eligible special taxing districts under this section exceeds the limit under subdivision 4, the distribution to each special taxing district must be reduced proportionally so that the total amount of aids distributed under this section does not exceed the limit in subdivision 4.

Subd. 3. **Commissioner responsibilities; payment.** (a) The commissioner must annually calculate and certify the amount of aid payable to each special taxing district on or before August 1 of the year preceding the aid distribution year.

(b) The commissioner shall make the aid payments to affected taxing authorities on July 20 annually.

Subd. 4. **Appropriation.** $1,555,000 is annually appropriated from the general fund to the commissioner of revenue to make payments under this section.

EFFECTIVE DATE. This section is effective beginning with aids payable in 2026 and thereafter.

Sec. 10. Laws 2023, chapter 64, article 4, section 27, is amended by adding a subdivision to read:

Subd. 9. **Report.** (a) By January 15, 2026, each: (1) local unit that receives aid in an amount greater than $10,000; (2) county; and (3) Tribal government must report the following information to the commissioner of public safety in the form and manner approved by that commissioner:

(i) the amount of aid received; and

(ii) the ways in which the aid was used or is intended to be used.

(b) By February 15, 2026, the commissioner of public safety must compile the information received from counties, Tribal governments, or local units pursuant to paragraph (a) and submit the compiled data in a report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over public safety finance and policy and taxes and property taxes. The report must comply with the requirements of Minnesota Statutes, sections 3.195 and 3.197.

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

Sec. 11. **AID PENALTY FORGIVENESS.**

Subdivision 1. **City of Stewart.** Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Stewart must receive its aid payment for calendar year 2023 under

Minnesota Statutes, section 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision 3, provided the state auditor certifies to the commissioner of revenue by June 16, 2025, that the state auditor received the annual financial reporting for 2022 from the city of Stewart by June 1, 2025. Upon certification from the state auditor to the commissioner of revenue, the commissioner of revenue must make a payment of $87,501.50 to the city of Stewart by June 30, 2025.

Subd. 2. **City of Alpha.** Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Alpha must receive its aid payment for calendar year 2023 under Minnesota Statutes, section 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision 3, provided the state auditor certifies to the commissioner of revenue by June 16, 2025, that the state auditor received the annual financial reporting for 2022 from the city of Alpha by June 1, 2025. Upon certification from the state auditor to the commissioner of revenue, the commissioner of revenue must make a payment of $18,472 to the city of Alpha by June 30, 2025.

Subd. 3. **City of Odin.** Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Odin must receive its aid payment for calendar year 2024 under Minnesota Statutes, section 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision 3, and its small city assistance payment for calendar year 2024 under Minnesota Statutes, section 162.145, that was withheld under Minnesota Statutes, section 162.145, subdivision 3, paragraph (c), provided the state auditor certifies to the commissioner of revenue by June 16, 2025, that the state auditor received the annual financial reporting for 2023 from the city of Odin by June 1, 2025. Upon certification from the state auditor to the commissioner of revenue, the commissioner of revenue must make a payment of $39,909 to the city of Odin by June 30, 2025.

Subd. 4. **City of Trosky.** Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Trosky must receive its aid payment for calendar year 2024 under Minnesota Statutes, section 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision 3, and its small city assistance payment for calendar year 2024 under Minnesota Statutes, section 162.145, that was withheld under Minnesota Statutes, section 162.145, subdivision 3, paragraph (c), provided the state auditor certifies to the commissioner of revenue by June 16, 2025, that the state auditor received the annual financial reporting for 2023 from the city of Trosky by June 1, 2025. Upon certification from the state auditor to the commissioner of revenue, the commissioner of revenue must make a payment of $25,003 to the city of Trosky by June 30, 2025.

Subd. 5. **Appropriation.** The amounts necessary to make the payments required under subdivisions 1 and 2 are appropriated in fiscal year 2025 from the general fund to the commissioner of revenue. This is a onetime appropriation.

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

Sec. 12. **LGA PAYMENT ADJUSTMENT.**

(a) For aids payable in 2026 only, notwithstanding Minnesota Statutes, section 477A.03, subdivision 2a, the commissioner of revenue must calculate the aid gap percentage under Minnesota Statutes, section 477A.013, subdivision 8, paragraph (b), as if the total amount available for aids payable in 2026 under Minnesota Statutes, section 477A.03, subdivision 2a, is $644,398,012.

(b) For aids payable in 2026 only, the commissioner of revenue must proportionally reduce each city's aid amount calculated under Minnesota Statutes, section 477A.013, subdivision 9, until the total aid for all cities equals the amount available for aid under Minnesota Statutes, section 477A.03, subdivision 2a.

EFFECTIVE DATE. This section is effective for aids payable in 2026 and thereafter.

Sec. 13. **APPROPRIATION; SEASONAL TAX BASE REPLACEMENT AID.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Additional general education aid.** For additional general education aid under Minnesota Statutes, section 126C.13:

$ 3,422,000 2027

The 2027 appropriation includes $0 for 2026 and $3,422,000 for 2027.

Sec. 14. **REPEALER.**

Minnesota Statutes 2024, section 477A.30, subdivision 8, is repealed.

ARTICLE 5
LOCAL SALES TAX REFORM

Section 1. Minnesota Statutes 2024, section 297A.99, subdivision 1, is amended to read:

Subdivision 1. **Authorization; scope.** (a) A political subdivision of this state may impose a general sales tax: (1) under section 297A.9901, (2) under section 297A.9915, ~~(2)~~ (3) under section 297A.992, ~~(3)~~ (4) under section 297A.9925, ~~(4)~~ (5) under section 297A.993, ~~(5)~~ (6) if permitted by special law, or ~~(6)~~ (7) if the political subdivision enacted and imposed the tax before January 1, 1982, and its predecessor provision.

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

(1) enacted before ~~June 2, 1997,~~ July 1, 2025; or

(2) enacted on or after ~~June 2, 1997~~ July 1, 2025, that does not explicitly exempt the special law provision from this section's rules by reference.

(c) This section does not apply to or preempt a sales tax on motor vehicles. Beginning July 1, 2019, no political subdivision may impose a special excise tax on motor vehicles unless it is imposed under section 297A.993.

(d) A political subdivision may not advertise or expend funds for the promotion of a referendum to support imposing a local sales tax and may only spend funds related to imposing a local sales tax to:

(1) conduct the referendum;

(2) disseminate information included in the resolution adopted under subdivision 2, but only if the disseminated information includes a list of specific projects and the cost of each individual project;

(3) provide notice of, and conduct public forums at which proponents and opponents on the merits of the referendum are given equal time to express their opinions on the merits of the referendum;

(4) provide facts and data on the impact of the proposed local sales tax on consumer purchases; and

(5) provide facts and data related to the individual programs and projects to be funded with the local sales tax.

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

Sec. 2. Minnesota Statutes 2024, section 297A.99, subdivision 1a, is amended to read:

Subd. 1a. **Requirements.** Local sales taxes are to be used instead of traditional local revenues only for construction and rehabilitation of capital projects when a clear regional benefit beyond the taxing jurisdiction can be demonstrated. ~~Use of local sales tax revenues for local projects decreases the benefits to taxpayers of the deductibility of local property taxes and the state assistance provided through the property tax refund system and increases the fiscal inequities between similar communities.~~

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

Sec. 3. Minnesota Statutes 2024, section 297A.99, subdivision 3, is amended to read:

Subd. 3. **Legislative authority required before voter approval; requirements for adoption, use, termination.** (a) A political subdivision must receive legislative authority to impose a local sales tax before submitting the tax for approval by voters of the political subdivision. Imposition of a local sales tax is subject to approval by voters of the political subdivision at a general election. The election must be conducted at a general election within the two-year period after the governing body of the political subdivision has received authority to impose the tax. If the authorizing legislation allows the tax to be imposed for more than one project, there must be a separate question approving the use of the tax revenue for each project. Notwithstanding the authorizing legislation, a project that is not approved by the voters may not be funded with the local sales tax revenue and the ~~termination date of the tax set~~ total amount for all projects allowed in the authorizing legislation must be reduced ~~proportionately based on the share of that project's cost to the total costs of all projects included in the authorizing legislation~~ accordingly.

(b) The proceeds of the tax must be dedicated exclusively to payment of the construction and rehabilitation costs and associated bonding costs related to the specific capital improvement projects that were approved by the voters under paragraph (a). The political subdivision must not commingle revenue from a tax for a project or projects approved by the voters under this section with revenue from a local sales tax authorized under section 297A.9901, or by any special law, ordinance, or city charter, including an extension of or modification to the uses of a local sales tax for a different project.

(c) The political subdivision imposing the tax must notify the commissioner at least 90 days before the date the political subdivision anticipates that revenues raised from the tax are sufficient to fund the projects approved by the voters under paragraph (a). The notification applies to each authorization of a tax and each project approved by the voters under paragraph (a), regardless of whether the legislature has authorized the tax and notwithstanding the requirements of paragraph (d). The tax must terminate after the revenues raised are sufficient to fund the projects approved by the voters under paragraph (a). The political subdivision must notify the commissioner within 30 days of the date that sufficient revenues have been raised to fund the projects approved by the voters under paragraph (a).

(d) After a sales tax imposed by a political subdivision has expired or been terminated, the political subdivision is prohibited from imposing a local sales tax for a period of one year.

~~(e) Notwithstanding paragraph (a), if a political subdivision received voter approval to seek authority for a local sales tax at the November 6, 2018, general election and is granted authority to impose a local sales tax before January 1, 2021, the tax may be imposed without an additional referendum provided that it meets the requirements of subdivision 2 and the list of specific projects contained in the resolution does not conflict with the projects listed in the approving referendum.~~

~~(f)~~ (e) If a tax is terminated because sufficient revenues have been raised, any amount of tax collected under subdivision 9, after sufficient revenues have been raised and before the quarterly termination required under subdivision 12, paragraph (a), that is greater than the average quarterly revenues collected over the immediately preceding 12 calendar months must be retained by the commissioner for deposit in the general fund.

(f) Except as provided in paragraph (g), the total tax rate imposed by a political subdivision under section 297A.9901, or authorized by any special law, ordinance, or city charter must not exceed one-half of one percent. The limit in this paragraph does not apply to taxes authorized by any special law, ordinance, or city charter before June 1, 2023. Upon expiration of a tax authorized by any special law, ordinance, or city charter, the limit in this paragraph applies.

(g) A county may impose a tax authorized by special law at the maximum rate allowed under paragraph (f) and at the maximum rate allowed under section 297A.993.

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

Sec. 4. Minnesota Statutes 2024, section 297A.99, is amended by adding a subdivision to read:

Subd. 11a. **Collection and retention.** (a) For taxes imposed or modified by special law after June 30, 2025, and for taxes imposed or modified under the provisions of section 297A.9901, the commissioner shall remit the proceeds of the tax, less refunds and a proportionate share described in clauses (1) and (2), at least quarterly, to the political subdivision, as defined in section 297A.9901, subdivision 1, paragraph (l). The commissioner shall deduct from the proceeds distributed to a political subdivision an amount that equals:

(1) not more than one percent for the amounts described in subdivision 11, clauses (1), (2), and (3); and

(2) if the political subdivision is a city, the city's contribution share, as defined in section 297A.9903, subdivision 1, paragraph (e), of the amount to be paid under section 297A.9903, pursuant to the requirements of subdivision 11b.

(b) The revenue under paragraph (a), clause (1), must be deposited into the Revenue Department service and recovery special revenue fund established under section 270C.15.

(c) The revenue retained under paragraph (a), clause (2), must be deposited into the local sales tax equalization distribution account established in subdivision 11c.

(d) Taxes described in paragraph (a) are not subject to the requirements of subdivision 11, to the extent inconsistent with this subdivision.

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

Sec. 5. Minnesota Statutes 2024, section 297A.99, is amended by adding a subdivision to read:

Subd. 11b. **Contribution share.** For taxes imposed or modified by special law and section 297A.9901, the amount of tax that the commissioner must retain under subdivision 11a, paragraph (a), clause (2), is equal to:

(1) five percent for a city whose tax is authorized and imposed under section 297A.9901;

(2) five percent for a city that modifies a tax under section 297A.9901 that was authorized and imposed by special law before July 1, 2025; or

(3) eight percent for a city that is authorized by special law to impose a new tax after June 30, 2025.

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

Sec. 6. Minnesota Statutes 2024, section 297A.99, is amended by adding a subdivision to read:

Subd. 11c. **Accounts established; transfer.** The local sales tax equalization distribution account is established in the special revenue fund. Money in the account must be distributed in accordance with section 297A.9903.

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

Sec. 7. **[297A.9901] SPECIFIED CAPITAL PROJECTS; LOCAL AUTHORIZATION ALLOWED; REQUIREMENTS.**

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

(b) "Associated bonding costs" means the cost of issuing bonds to finance a specified capital project, including but not limited to the costs of issuance of the bonds, capitalized interest, and the payment of principal and interest on the bonds.

(c) "City" means a statutory or home rule charter city located in Minnesota.

(d) "Contributor" has the meaning given in section 297A.9903, subdivision 1, paragraph (f).

(e) "Convention center" means a structure:

(1) that has a minimum of 50,000 square feet for exhibit and meeting spaces;

(2) the square footage of which is expressly designed and constructed for the purposes of presenting conventions, public meetings, and exhibitions and includes parking facilities that serve the center; and

(3) if located outside the metropolitan area, is more than 15 miles from the nearest existing convention center.

(f) "Correctional facility" means a public facility licensed and inspected by the commissioner of corrections and established and operated for the detention and confinement of adults or juveniles, including but not limited to programs or facilities operating under chapter 401, secure juvenile detention facilities, municipal holding facilities, juvenile temporary holdover facilities, regional or local jails, lockups, work houses, work farms, and detention facilities.

(g) "District court" means one of the ten judicial district courts in Minnesota subject to chapter 484.

(h) "Law enforcement center" means:

(1) a facility that serves multiple communities and provides public safety functions, including a fire or police station and a facility that provides emergency 911 or emergency medical services and dispatch functions, training facilities, court security and support, emergency operations, evidence and record retention, and other public safety services; and

(2) a facility attached to a city hall that meets the requirements of clause (1).

(i) "Library" means a library that is part of a regional public library system established under section 134.20, excluding a library located within a metropolitan county.

(j) "Metropolitan county" has the meaning given in section 473.121, subdivision 4.

(k) "Park" means a park located entirely outside of a metropolitan county that meets the criteria of regional significance under section 85.536, subdivision 6, as determined by the Greater Minnesota Regional Parks and Trails Commission.

(l) "Political subdivision" means a county located in Minnesota or a statutory or home rule charter city located in Minnesota.

(m) "Regional community center" means a structure that is expressly designed and constructed for the purposes of recreational, cultural, educational, or public group activities or for civic engagement or social support, serving both residents and nonresidents of the community.

(n) "Regional sports complex" means a defined area of sports pavilions, stadiums, gymnasiums, swimming pools, or similar facilities:

(1) where regional tournaments may be hosted;

(2) where members of the public engage in physical exercise, participate in athletic competitions, witness sporting events, and host regional tournaments; and

(3) which, if located outside the metropolitan area, is more than 15 miles from the nearest existing regional sports complex.

(o) "Qualified recipient" has the meaning given in section 297A.9903, subdivision 1, paragraph (j).

(p) "Specified capital project" means a convention center, correctional facility, district court, law enforcement center, library, park, regional community center, regional sports complex, or trail.

(q) "Trail" means a trail of regional significance located entirely outside of a metropolitan county that meets the criteria of regional significance under section 85.536, subdivision 6, as determined by the Greater Minnesota Regional Parks and Trails Commission.

Subd. 2. **Local authorization allowed.** Notwithstanding section 477A.016 or any other law or ordinance, a political subdivision may impose, extend, or modify the uses of a local sales tax to finance a specified capital project without legislative authorization by demonstrating the regional significance of each specified capital project as provided in subdivisions 3 to 5. The authorization under this section applies to an extension to or modification of a local sales tax authorized under special law or the requirements of section 297A.99.

Subd. 3. **Regional community centers; regional sports complexes.** To impose a local sales tax to fund construction or remodeling of or improvements to a regional community center or regional sports complex, a political subdivision must:

(1) demonstrate that the regional community center meets the definition in subdivision 1, paragraph (m); or

(2) demonstrate that the regional sports complex meets the definition in subdivision 1, paragraph (n); and

(3) conduct and present an analysis of the surrounding region to demonstrate that there is no similar facility open to nonresidents at the same cost as to residents.

Subd. 4. **Criminal justice facilities.** (a) To impose a local sales tax to fund construction or remodeling of or improvements to a correctional facility, a political subdivision must demonstrate the need for the facility by providing:

(1) official documentation of the age of the facility; and

(2)(i) official correspondence from the Department of Corrections that includes an analysis of the facility and description of the improvements or updates needed; or

(ii) if the facility is a joint project between two or more counties, the joint powers agreement or other official documentation between at least one other county demonstrating that the facility will serve public safety functions for the region.

(b) To impose a local sales tax to fund construction or remodeling of or improvements to a district court office, a political subdivision must demonstrate the need for the facility by providing the age of the facility and a description of improvements needed.

(c) To impose a local sales tax to fund construction or remodeling of or improvements to a law enforcement center, a political subdivision must provide resolutions from surrounding counties, statutory or home rule charter cities, or townships affirming that the functions of the law enforcement center will meet the needs of the surrounding county, statutory or home rule charter city, or township.

Subd. 5. **Convention centers; libraries.** (a) To impose a local sales tax to finance construction or remodeling of or improvements to a convention center, a political subdivision must demonstrate that the convention center meets the definition in subdivision 1, paragraph (e).

(b) To impose a local sales tax to finance construction of or improvements to a library, a political subdivision must demonstrate that the library meets the definition in subdivision 1, paragraph (i).

Subd. 6. **Demonstration of regional benefit; public hearing.** (a) A political subdivision seeking to impose a local sales tax must conduct at least one public hearing to provide information regarding each specified capital project the political subdivision proposes to fund with the local sales tax. Notice of each hearing must be provided at least 30 days in advance of the hearing and must include:

(1) the tax rate;

(2) a description of each project proposed to be funded by the local sales tax; and

(3) the amount of tax revenue that would be used for each project, inclusive of the contribution share under section 297A.99, subdivision 11b, if applicable, and the estimated time needed to raise that amount of revenue.

(b) The public must be allowed to speak at the hearing required under paragraph (a). The hearing must not be held before 6:00 p.m. The political subdivision must provide a website address and a telephone number for the political subdivision that members of the public may call if they have questions related to the notice and a mailing address where comments are received by mail, except that no notice required under this paragraph shall be interpreted as requiring the printing of a personal telephone number or address as the contact information for a political subdivision. If a political subdivision does not maintain a website or public offices where telephone calls are received by the political subdivision, the notice of the hearing required under paragraph (a) must indicate that the political subdivision does not maintain a website or public offices where telephone calls are received by the political subdivision.

(c) Political subdivisions are required to obtain demonstrations of support for each specified capital project to be funded with revenue from a local sales tax from at least two adjacent political subdivisions or townships. The demonstration of support must be in the form of a resolution. For purposes of this paragraph, a county in which a statutory or home rule charter city or a township is located and a statutory or home rule charter city or township located within a county qualifies as adjacent. If submitting a resolution in support of a capital project to be funded by a local sales tax, a political subdivision must indicate whether the political subdivision is eligible for a distribution under section 297A.9903.

Subd. 7. **Resolution required.** (a) After conducting the public hearing required under subdivision 6 and before the governing body of a political subdivision seeks voter approval to impose a local sales tax, the governing body shall adopt a resolution indicating the political subdivision's approval of the tax. The resolution must include:

(1) the proposed tax rate;

(2) a detailed description of no more than three projects to be funded with revenue from the tax;

(3) documentation of the regional significance of each project, including:

(i) the share of the economic benefit to or use of each project by residents or businesses located outside of the jurisdiction of the political subdivision;

(ii) demonstration that each project meets the requirements of the applicable definitions in subdivision 1; and

(iii) demonstration of support as required under subdivision 6, paragraph (c);

(4) the amount of local sales tax revenue needed for each project and the estimated time needed to raise that amount of revenue, inclusive of, if applicable, the contribution share to qualified recipients under section 297A.99, subdivision 11b; and

(5) the total revenue to be raised for all projects before the tax expires and the estimated length of time that the tax will be in effect if all proposed projects are funded.

(b) The political subdivision seeking authority to impose a local sales tax by special law must submit the resolution and the documentation required under paragraph (a) to the commissioner pursuant to section 297A.9902.

Subd. 8. **Voter approval required.** (a) Imposition of a local sales tax under this section is subject to approval by voters of the political subdivision at a general or special election. The election must be held within two years of the date the political subdivision receives approval from the commissioner under section 297A.9902 or the date the political subdivision receives legislative authorization under special law. A political subdivision may choose to conduct the election at a general or special election held on the first Tuesday after the first Monday in November. There must be a separate question approving the use of the tax revenue for each project. A project that is not approved by the voters may not be funded with the local sales tax revenue. For purposes of this section, "general election" and "special election" have the meanings given in section 200.02, except that a general election or special election held under this section must be held on the first Tuesday after the first Monday in November.

(b) Each ballot question presented to voters must include:

(1) a description of each specified capital project, including acknowledgment of any state mandate for a government service that necessitates the construction of the project, if applicable;

(2) acknowledgment that the political subdivision is seeking authorization from voters to impose the sales tax;

(3) the total cost of each capital project;

(4) the start date of the project and total project cost that may be generated for a period lasting no longer than 30 years;

(5) the tax rate;

(6) acknowledgment that the total project cost may increase by up to three percent and the duration of imposition of the tax may increase by up to ten years, but in no case will the total duration exceed 30 years;

(7) a statement that by voting "yes" the voter is voting for the tax at the rate specified in clause (5) to impose a new local sales tax, increase a local sales tax, or extend a local sales tax that would otherwise expire, whichever is applicable; and

(8) a statement acknowledging that tax revenues will be used or may be used, whichever is applicable, for a contribution share.

(c) The ballot language must not contain any statement that informs voters that by voting "no" the voter acknowledges that the project subject to approval in the question may be funded by increased property taxes.

Subd. 9. **Administration; termination.** (a) The proceeds of the tax must be dedicated exclusively to payment of the construction and rehabilitation costs and associated bonding costs related to the specified capital projects approved by the voters under subdivision 8, paragraph (a), and, if applicable, the contribution share issued to a political subdivision that is a contributor for which no qualified recipient exists for equalization distributions. The political subdivision must not commingle revenue from a tax approved by the voters under this section with revenue from a local sales tax authorized under this section or by any special law, ordinance, or city charter, including an extension of or modification to the uses of a local sales tax for a different project.

(b) The political subdivision imposing the tax must notify the commissioner at least 90 days before the date the political subdivision anticipates that revenues raised from the tax are sufficient to fund the projects approved by the voters under subdivision 8, paragraph (a). The notification applies to each authorization of a tax and each project approved by the voters under subdivision 8, paragraph (a), regardless of whether the legislature has authorized the tax. The tax must terminate after the revenues raised are sufficient to fund the projects approved by the voters under subdivision 8, paragraph (a). The political subdivision must notify the commissioner within 30 days of the date that sufficient revenues have been raised to fund the projects approved by the voters under subdivision 8, paragraph (a).

(c) If a tax is terminated because sufficient revenues have been raised, any amount of tax collected after sufficient revenues have been raised and before the quarterly termination required under section 297A.99, subdivision 12, paragraph (a), that is greater than the average quarterly revenues collected over the immediately preceding 12 calendar months must be retained by the commissioner for deposit in the general fund.

Subd. 10. **Other provisions apply.** (a) The provisions of section 297A.99, subdivisions 1, paragraph (d), and 4 to 13, apply to taxes authorized under this subdivision.

(b) The total tax rate imposed by a political subdivision under this section and any special law, ordinance, or city charter must not exceed one-half of one percent.

(c) A county may impose a tax under this section at the maximum rate allowed under paragraph (b) and at the maximum rate allowed under section 297A.993.

(d) The maximum collection period for a tax imposed under this section is the earlier of the amount of time necessary to collect the revenue equal to the cost of the specified capital projects approved by the voters, including as associated bonding costs, or 30 years.

Subd. 11. **Bonds; authorization.** (a) A political subdivision may issue bonds under chapter 475 to finance all or a portion of the costs of a specified capital project. The aggregate principal amount of bonds issued must not exceed the cost of a qualifying capital project approved by the voters, plus associated bonding costs. The bonds may be paid from or secured by any funds available to the political subdivision, including the tax authorized under this section and approved by the voters. The issuance of bonds under this subdivision is not subject to sections 275.60 and 275.61.

(b) A separate election to approve the bonds under section 475.58 is not required.

Subd. 12. **Filing and imposition requirements.** (a) A political subdivision that has received approval to impose a tax from the commissioner under this section must file a certificate of local approval with the secretary of state within 60 days after receiving voter approval for the tax to be lawfully imposed. If the tax is approved by the voters, the political subdivision must impose the tax within 15 months of receiving the voter approval. If the tax is not imposed within 15 months, the authority to impose the tax under this section expires.

(b) If, after receiving voter approval, a political subdivision cancels a project approved by the voters, the political subdivision must notify the commissioner. The commissioner must proportionately decrease the maximum amount of tax revenue the political subdivision may collect. If the political subdivision has already collected revenue for the canceled project, the political subdivision must return the money to the commissioner for deposit to the general fund. The political subdivision must use any other source of revenue available to pay any outstanding debt on the bonds that were issued for the canceled project.

Subd. 13. **Allowance for inflation.** (a) Before the expiration of the 15-month period under subdivision 12, paragraph (a), a political subdivision may increase the amount approved by the voters to finance the specified capital project, the amount of time the tax may be imposed as approved by the voters to collect revenues sufficient to fund the specified capital project, or both.

(b) The total cost of the specified project as approved by the voters under subdivision 8, paragraph (b), clause (3), may be increased by up to three percent of the amount approved by the voters under subdivision 8, paragraph (a).

(c) The amount of time the tax may be imposed as approved by the voters under subdivision 8, paragraph (a), may be increased by up to ten years, but the total amount of time the tax may be imposed must not exceed 30 years.

(d) A political subdivision exercising the options under paragraph (b), (c), or both, must adopt a resolution documenting the need for the increase in project cost or duration of imposition of the tax, or both. The political subdivision must file the resolution with the commissioner within 30 days of adopting the resolution, but not after the 15-month period under subdivision 12, paragraph (a), has expired.

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

Sec. 8. **[297A.9902] LOCAL SALES TAXES; OVERSIGHT.**

(a) A political subdivision seeking to impose a local sales tax under the provisions of section 297A.9901 must file a copy of the resolution required under section 297A.9901, subdivision 7, paragraph (a), and documentation required under section 297A.9901, subdivision 7, paragraph (a), clause (3), with the commissioner by October 31 of the first year before the political subdivision seeks voter approval of the tax.

(b) The commissioner must verify whether a project included in the submission under paragraph (a) meets the requirements for one of the projects described in section 297A.9901, subdivisions 1, 5, 6, and 7. By January 10 of the first year in which the political subdivision must seek voter approval of a local sales tax authorized under section 297A.9901, subdivision 8, paragraph (a), the commissioner must notify the political subdivision of the commissioner's determination.

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

Sec. 9. **[297A.9903] LOCAL SALES TAX EQUALIZATION DISTRIBUTIONS.**

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

(b) "City" means a statutory or home rule charter city.

(c) "Commissioner" means commissioner of revenue.

(d) "Contribution share" means the percentage of the total local sales taxes that were collected by a city in the previous calendar year pursuant to section 297A.99, subdivision 11b.

(e) "Contributor" means a city that:

(1) authorizes and imposes a local sales tax under section 297A.9901;

(2) amends, extends, or otherwise modifies a local sales tax that was authorized before July 1, 2025; or

(3) is authorized by special law to impose a new local sales tax after June 30, 2025.

(f) "Local sales tax" means:

(1) a local sales tax imposed under section 297A.9901; or

(2) a local sales tax imposed under special law.

(g) "Metropolitan county" has the meaning given in section 473.121, subdivision 4.

(h) "Population" means the population estimated or established as of January 1 in the year distributions under this section are calculated by any of the following, whichever is most recent:

(1) the most recent federal census;

(2) a special census conducted under contract with the United States Bureau of the Census; or

(3) a population estimate of the state demographer made pursuant to section 4A.02.

(i) "Qualified recipient" means a city that is qualified to receive a distribution under this section and:

(1) does not meet the definition of contributor;

(2) did not impose a local sales tax in the prior calendar year; and

(3) is:

(i) contiguous to a city located in a metropolitan county and included in the definition of contributor in the prior calendar year; or

(ii) located at least partially in a county outside of the metropolitan area where at least one city is included in the definition of contributor in the prior calendar year.

(j) "Sharing pool" means the contribution share or portion of a contribution share for a contributor that is distributed among qualified recipients.

Subd. 2. **Contribution share.** The commissioner must annually retain each contributor's contribution share. The commissioner must designate sharing pools for each contributor such that the contributor has a sharing pool for each county in which the contributor is located. The commissioner must allot a contributor's contribution share among each of the contributor's sharing pools in proportion to the contributor's population that resides in each county.

Subd. 3. **Distribution share; requirements.** (a) In order to receive a distribution share, a qualified recipient must adopt a resolution supporting a proposed local sales tax imposed by a contributor to the commissioner by October 31 of the year before the contributor seeks voter approval of the tax.

(b) The commissioner must distribute the contribution share in each sharing pool among qualified recipients such that:

(1) for each contributor's sharing pool for a metropolitan county, the contributor's sharing pool is distributed among all qualified recipients that are contiguous to the contributor proportionally to the share of each qualified recipient's population that resides in the sharing pool; and

(2) for each contributor's sharing pool for a county outside of the metropolitan area, the contributor's sharing pool is distributed among all qualified recipients that are located in the same county outside of the metropolitan area proportionally to the share of each qualified recipient's population that resides in the sharing pool's county.

(c) A qualified recipient's distribution is the sum of the distributions to that qualified recipient calculated under paragraph (b).

Subd. 4. **Certification.** The commissioner must annually calculate and certify each city's contribution share and each qualified recipient's distribution based on local sales taxes collected in the prior calendar year. If no qualified recipients exist for a city that is a contributor, the contribution share retained under subdivision 2 must be paid to that city, and that contribution is subject to the requirements under section 297A.99, subdivisions 1, paragraph (d), and 4 to 13. The commissioner must provide notice of the certification to each city by January 31.

Subd. 5. **Payment.** By March 15 annually, the commissioner of revenue must pay to each qualified recipient the distribution or contribution share certified under subdivision 4.

Subd. 6. **Appropriation.** The amount required to make distributions under this section is appropriated from the local sales tax equalization distribution account established under section 297A.99, subdivision 11c, to the commissioner of revenue.

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

ARTICLE 6
TAX INCREMENT FINANCING

Section 1. Minnesota Statutes 2024, section 469.176, subdivision 4n, is amended to read:

Subd. 4n. **Temporary use of increment authorized.** (a) Notwithstanding any other provision of this section or any other law to the contrary, except the requirements to pay bonds to which increments are pledged, the authority may elect, by resolution, to transfer unobligated increment for one or more of the following purposes:

(1) to provide improvements, loans, interest rate subsidies, or assistance in any form to private development consisting of the construction or substantial rehabilitation of buildings and ancillary facilities, if doing so will create or retain jobs in the state, including construction jobs, and the construction commences before December 31, 2025, and would not have commenced before that date without the assistance; or

(2) to make an equity or similar investment in a corporation, partnership, or limited liability company that the authority determines is necessary to make construction of a development that meets the requirement of clause (1) financially feasible.

(b) For each calendar year for which transfers are permitted under this subdivision, the maximum transfer equals the excess of the district's unobligated increment which includes any increment not required for payments of obligations due during six months following the transfer on outstanding bonds, binding contracts, and other outstanding financial obligations of the district to which the district's increment is pledged.

(c) The authority may transfer increments permitted under this subdivision after creating a written spending plan that authorizes the authority to take the action described in paragraph (a) and details the use of transferred increment. Additionally, the municipality must approve the authority's spending plan after holding a public hearing. The municipality must publish notice of the hearing in a newspaper of general circulation in the municipality and on the municipality's public website at least ten days, but not more than 30 days, prior to the date of the hearing.

(d) Increment that is improperly retained, received, spent, or transferred is not eligible for transfer under this subdivision.

(e) An authority making a transfer under this subdivision must provide to the Office of the State Auditor a copy of the spending plan approved and signed by the municipality.

(f) The authority to transfer increments under this subdivision expires on December 31, 2022. All transferred increments must be spent, loaned, or invested by December 31, 2025. Increment not spent, loaned, or invested by December 31, 2025, must be returned to the district. The requirement to return increment to the district includes any proceeds, principal, and interest received on loans of transferred increment; interest or investment earnings on transferred increment; or other repayments or returns of transferred increment defined as tax increment under section 469.174, subdivision 25, that remain in the funds or accounts of the authority or municipality on December 31, 2025, or that are subsequently received by the authority or municipality. If the district has already been decertified when increment is returned under this paragraph, the increment shall be treated as excess increment and distributed as provided in subdivision 2, paragraph (c), clause (4).

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

Sec. 2. Laws 2010, chapter 389, article 7, section 22, as amended by Laws 2011, chapter 112, article 11, section 16, is amended to read:

Sec. 22. **CITY OF RAMSEY; TAX INCREMENT FINANCING DISTRICT; SPECIAL RULES.**

(a) If the city of Ramsey or an authority of the city elects upon the adoption of a tax increment financing plan for a district, the rules under this section apply to a redevelopment tax increment financing district established by the city or an authority of the city. The redevelopment tax increment district includes parcels within the area bounded on the east by Ramsey Boulevard, on the north by Bunker Lake Boulevard as extended west to Llama Street, on the west by Llama Street, and on the south by a line running parallel to and 600 feet south of the southerly right-of-way for U.S. Highway 10, but including Parcels 28-32-25-43-0007 and 28-32-25-34-0002 in their entirety, and excluding the Anoka County Regional Park property in its entirety. A parcel within this area that is included in a tax increment financing district that was certified before the date of enactment of this act may be included in the district created under this act if the initial district is decertified.

(b) The requirements for qualifying a redevelopment tax increment district under Minnesota Statutes, section 469.174, subdivision 10, do not apply to the parcels located within the district.

(c) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district. Eligible expenditures within the district include but are not limited to (1) the city's share of the costs necessary to provide for the construction of the Northstar Transit Station and related infrastructure, including structured parking, a pedestrian overpass, and roadway improvements, (2) the cost of land acquired by the city or the housing and redevelopment authority in and for the city of Ramsey within the district prior to the establishment of the district, and (3) the cost of public improvements installed within the tax increment financing district prior to the establishment of the district.

(d) The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year period from the date of certification of a tax increment financing district, is considered to be met for the district if the activities were undertaken within ten years from the date of certification of the district.

(e) Except for administrative expenses, the in-district percentage for purposes of the restriction on pooling under Minnesota Statutes, section 469.1763, subdivision 2, for this district is 100 percent.

(f) The requirement of Minnesota Statutes, section 469.177, subdivision 4, does not apply to Parcels 28-32-25-42-0021 and 28-32-25-41-0014, where development occurred after enactment of Laws 2010, chapter 389, article 7, section 22, and prior to adoption of the tax increment financing plan for the district.

(g) The requirement of Minnesota Statutes, section 469.178, subdivision 7, paragraph (b), is considered to be met for the district if the city adopts interfund loan resolutions reflecting the terms and conditions required by Minnesota Statutes, section 469.178, subdivision 7, paragraph (d), by December 31, 2025.

EFFECTIVE DATE. This section is effective the day after the city of Ramsey and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 3. Laws 2013, chapter 143, article 9, section 21, is amended to read:

Sec. 21. **CITY OF MAPLEWOOD; TAX INCREMENT FINANCING DISTRICT; SPECIAL RULES.**

(a) If the city of Maplewood elects, upon the adoption of a tax increment financing plan for a district, the rules under this section apply to one or more redevelopment tax increment financing districts established by the city or the economic development authority of the city. The area within which the redevelopment tax increment districts may be created is parcel 362922240002 (the "parcel") or any replatted parcels constituting a part of the parcel and the adjacent rights-of-way. For purposes of this section, the parcel is the "3M Renovation and Retention Project Area" or "project area."

(b) The requirements for qualifying redevelopment tax increment districts under Minnesota Statutes, section 469.174, subdivision 10, do not apply to the parcel, which is deemed eligible for inclusion in a redevelopment tax increment district.

(c) The 90 percent rule under Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the parcel.

(d) The expenditures outside district rule under Minnesota Statutes, section 469.1763, subdivision 2, does not apply; the five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ten years; and expenditures must only be made within the project area or the area bounded by State Highway 61 to the West, Interstate Highway 694 to the North, White Bear Avenue to the East, and both sides of Beam Avenue to the South.

(e) If, after one year from the date of certification of the original net tax capacity of the tax increment district, no demolition, rehabilitation, or renovation of property has been commenced on a parcel located within the tax increment district, no additional tax increment may be taken from that parcel, and the original net tax capacity of the parcel shall be excluded from the original net tax capacity of the tax increment district. If 3M Company subsequently commences demolition, rehabilitation, or renovation, the authority shall certify to the county auditor that the activity has commenced, and the county auditor shall certify the net tax capacity thereof as most recently certified by the commissioner of revenue and add it to the original net tax capacity of the tax increment district. The authority must submit to the county auditor evidence that the required activity has taken place for each parcel in the district.

(f) The authority to approve a tax increment financing plan and to establish a tax increment financing district under this section expires December 31, 2018.

EFFECTIVE DATE. This section is effective the day after the city of Maplewood and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 4. Laws 2014, chapter 308, article 6, section 9, as amended by Laws 2017, First Special Session chapter 1, article 6, section 12, is amended to read:

Sec. 9. **CITY OF MAPLE GROVE; TAX INCREMENT FINANCING DISTRICT.**

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

(b) "City" means the city of Maple Grove.

(c) "Project area" means all or a portion of the area in the city commencing at a point 130 feet East and 120 feet North of the southwest corner of the Southeast Quarter of Section 23, Township 119, Range 22, Hennepin County, said point being on the easterly right-of-way line of Hemlock Lane; thence northerly along said easterly right-of-way line of Hemlock Lane to a point on the west line of the east one-half of the Southeast Quarter of section 23, thence south along said west line a distance of 1,200 feet; thence easterly to the east line of Section 23, 1,030 feet North from the southeast corner thereof; thence South 74 degrees East 1,285 feet; thence East a distance of 1,000 feet; thence North 59 degrees West a distance of 650 feet; thence northerly to a point on the northerly right-of-way line of 81st Avenue North, 650 feet westerly measured at right angles, from the east line of the Northwest Quarter of Section 24; thence North 13 degrees West a distance of 795 feet; thence West to the west line of the Southeast Quarter of the Northwest Quarter of Section 24; thence North 55 degrees West to the south line of the Northwest Quarter of the Northwest Quarter of Section 24; thence West along said south line to the east right-of-way line of Zachary Lane; thence North along the east right-of-way line of Zachary Lane to the southwest corner of Lot 1, Block 1, Metropolitan Industrial Park 5th Addition; thence East along the south line of said Lot 1 to the northeast corner of Outlot A, Metropolitan Industrial Park 5th Addition; thence South along the east line of said Outlot A and its southerly extension to the south right-of-way line of County State-Aid Highway (CSAH) 109; thence easterly along the south right-of-way line of CSAH 109 to the east line of the Northwest Quarter of the Northeast Quarter of Section 24; thence South along said east line to the north line of the South Half of the Northeast Quarter of Section 24; thence East along said north line to the westerly right-of-way line of Jefferson Highway North; thence southerly along the westerly right-of-way line of Jefferson Highway to the centerline of CSAH 130; thence continuing South along the west right-of-way line of Pilgrim Lane North to the westerly extension of the north line of Outlot A, Park North Fourth Addition; thence easterly along the north line of Outlot A, Park North Fourth Addition to the northeast corner of said Outlot A; thence southerly along the east line of said Outlot A to the southeast corner of said Outlot A; thence easterly along the south line of Lot 1, Block 1, Park North Fourth Addition to the westerly right-of-way line of State Highway 169; thence southerly, southwesterly, westerly, and northwesterly along the westerly right-of-way line of State Highway 169 and the northerly right-of-way line of Interstate 694 to its intersection with the southerly extension of the easterly right-of-way line of Zachary Lane North; thence northerly along the easterly right-of-way line of Zachary Lane North and its northerly extension to the north right-of-way line of CSAH 130; thence westerly, southerly, northerly, southwesterly, and northwesterly to the point of beginning and there terminating, provided that the project area includes the rights-of-way for all present and future highway interchanges abutting the area described in this paragraph, and may include any additional property necessary to cause the property included in the tax increment financing district to consist of complete parcels.

(d) "Soil deficiency district" means a type of tax increment financing district consisting of a portion of the project area in which the city finds by resolution that the following conditions exist:

(1) unusual terrain or soil deficiencies that occurred over 80 percent of the acreage in the district require substantial filling, grading, or other physical preparation for use; and

(2) the estimated cost of the physical preparation under clause (1), but excluding costs directly related to roads as defined in Minnesota Statutes, section 160.01, and local improvements as described in Minnesota Statutes, sections 429.021, subdivision 1, clauses (1) to (7), (11), and (12), and 430.01, exceeds the fair market value of the land before completion of the preparation.

Subd. 2. **Special rules.** (a) If the city elects, upon the adoption of the tax increment financing plan for a district, the rules under this section apply to a redevelopment district, renewal and renovation district, soil condition district, or soil deficiency district established by the city or a development authority of the city in the project area.

(b) Prior to or upon the adoption of the first tax increment plan subject to the special rules under this subdivision, the city must find by resolution that parcels consisting of at least 80 percent of the acreage of the project area, excluding street and railroad rights-of-way, are characterized by one or more of the following conditions:

(1) peat or other soils with geotechnical deficiencies that impair development of commercial buildings or infrastructure;

(2) soils or terrain that require substantial filling in order to permit the development of commercial buildings or infrastructure;

(3) landfills, dumps, or similar deposits of municipal or private waste;

(4) quarries or similar resource extraction sites;

(5) floodway; and

(6) substandard buildings, within the meaning of Minnesota Statutes, section 469.174, subdivision 10.

(c) For the purposes of paragraph (b), clauses (1) to (5), a parcel is characterized by the relevant condition if at least 70 percent of the area of the parcel contains the relevant condition. For the purposes of paragraph (b), clause (6), a parcel is characterized by substandard buildings if substandard buildings occupy at least 30 percent of the area of the parcel.

(d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ~~eight~~ 13 years for any district, and Minnesota Statutes, section 469.1763, subdivision 4, does not apply to any district.

(e) Notwithstanding any provision to the contrary in Minnesota Statutes, section 469.1763, subdivision 2, paragraph (a), not more than 40 percent of the total revenue derived from tax increments paid by properties in any district, measured over the life of the district, may be expended on activities outside the district but within the project area.

(f) For a soil deficiency district:

(1) increments may be collected through ~~20~~ 25 years after the receipt by the authority of the first increment from the district;

(2) increments may be used only to:

(i) acquire parcels on which the improvements described in item (ii) will occur;

(ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the additional cost of installing public improvements directly caused by the deficiencies; and

(iii) pay for the administrative expenses of the authority allocable to the district; and

(3) any parcel acquired with increments from the district must be sold at no less than their fair market value.

(g) Increments spent for any infrastructure costs, whether inside a district or outside a district but within the project area, are deemed to satisfy the requirements of Minnesota Statutes, section 469.176, subdivision 4j.

(h) The authority to approve tax increment financing plans to establish tax increment financing districts under this section expires June 30, 2020.

(i) Notwithstanding the restrictions in paragraph (f), clause (2), the city may use increments from a soil deficiency district to acquire parcels and for other infrastructure costs either inside or outside of the district, but within the project area, if the acquisition or infrastructure is for a qualified development. For purposes of this paragraph, a development is a qualified development only if all of the following requirements are satisfied:

(1) the city finds, by resolution, that the land acquisition and infrastructure are undertaken primarily to serve the development;

(2) the city has a binding, written commitment and adequate financial assurances from the developer that the development will be constructed; and

(3) the development does not consist of retail trade or housing improvements.

EFFECTIVE DATE. <u>(a) The amendment to subdivision 2, paragraph (d), is effective the day after the governing body of the city of Maple Grove and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.</u>

<u>(b) The amendment to subdivision 2, paragraph (f), is effective upon compliance by the city of Maple Grove, Hennepin County, and Independent School District No. 279 with the requirements of Minnesota Statutes, section 469.1782, subdivision 2.</u>

Sec. 5. Laws 2017, First Special Session chapter 1, article 6, section 22, is amended to read:

Sec. 22. **CITY OF ST. PAUL; FORD SITE REDEVELOPMENT TIF DISTRICT.**

(a) For purposes of computing the duration limits under Minnesota Statutes, section 469.176, subdivision 1b, the housing and redevelopment authority of the city of St. Paul may waive receipt of increment for the Ford Site Redevelopment Tax Increment Financing District. This authority is limited to the first four years of increment or increments derived from taxes payable in 2023, whichever occurs first.

(b) If the city elects to waive receipt of increment under paragraph (a), for purposes of applying any limits based on when the district was certified under Minnesota Statutes, section 469.176, subdivision 6, or 469.1763, the date of certification for the district is deemed to be January 2 of the property tax assessment year for which increment is first received under the waiver.

(c) The five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision 4, relating to the use of increment after the expiration of the five-year period, is extended to 11 years for the Ford Site Redevelopment Tax Increment Financing District in the city of St. Paul.

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

Sec. 6. **CITY OF BLOOMINGTON; TEMPORARY USE OF INCREMENT; EXTENSION.**

(a) Notwithstanding Minnesota Statutes, section 469.176, subdivision 4n, the city of Bloomington may elect to spend, loan, or invest transferred increment, including any interest or investment earnings on such transferred increment, as authorized under Minnesota Statutes, section 469.176, subdivision 4n, through December 31, 2027, provided that:

(1) construction commences prior to December 31, 2027;

(2) the transferred increment was collected from and used in TIF District No. 1-C or TIF District No. 1-G, in the city of Bloomington; and

(3) the use of the transferred increment is detailed in the city's written spending plan adopted pursuant to Minnesota Statutes, section 469.176, subdivision 4n, paragraph (c).

(b) Increment not spent, loaned, or invested by December 31, 2027, must be returned to the district. The requirement to return increment to the district includes any proceeds, principal, and interest received on loans of transferred increment; interest or investment earnings on transferred increment; or other repayments or returns of transferred increment defined as tax increment under Minnesota Statutes, section 469.174, subdivision 25, that remain in the funds or accounts of the authority or municipality on December 31, 2027, or that are subsequently received by the authority or municipality.

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

Sec. 7. **CITY OF BROOKLYN CENTER; TIF AUTHORITY.**

Subdivision 1. **Establishment.** Under the special rules established in subdivision 2, the economic development authority of the city of Brooklyn Center or the city of Brooklyn Center may establish not more than two redevelopment tax increment financing districts located wholly within the area in the city identified as the "Opportunity Site," which includes the area bounded by Shingle Creek Parkway from Hennepin County State-Aid Highway 10 to Summit Drive North; Summit Drive North from Shingle Creek Parkway to marked Trunk Highway 100; marked Trunk Highway 100 from Summit Drive North to Hennepin County State-Aid Highway 10; and Hennepin County State-Aid Highway 10 from marked Trunk Highway 100 to Shingle Creek Parkway, together with internal and adjacent roads and rights of way.

Subd. 2. **Special rules.** If the city or the authority establishes a tax increment financing district under this section, the following special rules apply:

(1) the district is deemed to meet all the requirements of Minnesota Statutes, section 469.174, subdivision 10; and

(2) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district.

Subd. 3. **Expiration.** The authority to approve a tax increment financing plan to establish a tax increment financing district under this section expires on December 31, 2031.

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

Sec. 8. **CITY OF BROOKLYN PARK; TIF AUTHORITY; 610/ZANE AREA.**

Subdivision 1. **Establishment of districts.** Under the special rules established in subdivision 2, the economic development authority of the city of Brooklyn Park or the city of Brooklyn Park may establish not more than two redevelopment districts located wholly within the area of the city of Brooklyn Park. The districts may be composed of the following parcels identified by their current parcel identification numbers together with adjacent and internal roads and rights-of-way:

0811921410009	0811921440008	0911921210097	0911921210099	0911921220014
0911921220015	0911921220068	0911921230005	0911921320016	0911921320021
0911921320024	0911921330006	0911921340015	0911921340016	0911921430009
0911921430010	0911921430011	0911921430012	0911921430016	0911921430023
0911921430027	0911921430043	0911921430047	0911921430050	0911921430051
0911921430052	0911921430056	0911921430066	0911921430070	0911921430074
0911921430075	0911921430079	0911921430084	0911921430085	0911921430089
0911921430091	0911921430092	0911921430096	0911921430101	0911921430106
0911921430109	0911921430111	0911921430116	0911921430119	0911921120005
0911921210007	0911921230008	0911921230049	0911921240006	0911921240009
0911921320018	0911921330009	0911921430006	0911921430014	0911921430015
0911921430019	0911921430020	0911921430028	0911921430030	0911921430033
0911921430037	0911921430038	0911921430040	0911921430048	0911921430054
0911921430055	0911921430059	0911921430069	0911921430071	0911921430072
0911921430076	0911921430080	0911921430081	0911921430082	0911921430083
0911921430086	0911921430087	0911921430088	0911921430094	0911921430095
0911921430099	0911921430104	0911921430114	0911921210006	0911921210096
0911921210100	0911921210101	0911921220008	0911921220017	0911921230014
0911921230015	0911921240004	0911921240007	0911921310010	0911921310011
0911921310012	0911921330010	0911921330012	0911921340009	0911921430013
0911921430017	0911921430021	0911921430022	0911921430026	0911921430031
0911921430032	0911921430036	0911921430041	0911921430042	0911921430046
0911921430053	0911921430057	0911921430064	0911921430065	0911921430073
0911921430077	0911921430078	0911921430100	0911921430105	0911921430107
0911921430108	0911921430110	0911921430115	0911921430117	0911921430118
0811921140050	0811921140051	0911921210005	0911921210095	0911921220070
0911921220071	0911921230009	0911921230010	0911921230011	0911921230012
0911921230013	0911921240005	0911921240008	0911921310007	0911921310009
0911921320023	0911921330008	0911921330011	0911921340008	0911921340014
0911921340017	0911921430018	0911921430024	0911921430025	0911921430029

0911921430034	0911921430035	0911921430039	0911921430044	0911921430045
0911921430049	0911921430058	0911921430060	0911921430061	0911921430062
0911921430063	0911921430067	0911921430068	0911921430090	0911921430093
0911921430097	0911921430098	0911921430102	0911921430103	0911921430112
0911921430113	0911921430120	1011921330022		

Subd. 2. **Special rules.** If the city or the authority establishes a tax increment financing district under subdivision 1, the following special rules apply:

(1) the districts are deemed to meet all the requirements of Minnesota Statutes, section 469.174, subdivision 10; and

(2) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district.

Subd. 3. **Expiration.** The authority to approve a tax increment financing plan to establish a tax increment finance district under this section expires on December 31, 2031.

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

Sec. 9. **CITY OF BROOKLYN PARK; TIF AUTHORITY; BIOTECH AREA.**

Subdivision 1. **Establishment of districts.** Under the special rules established in subdivision 2, the economic development authority of the city of Brooklyn Park or the city of Brooklyn Park may establish not more than two redevelopment districts located wholly within the area of the city of Brooklyn Park. The districts may be composed of the following parcels identified by their current parcel identification numbers together with adjacent and internal roads and rights-of-way:

0711921110003	0711921120006	0711921110007	0711921140001	0711921140002
0711921140007	0711921240002	0711921240004	0711921110004	0711921110006
0711921110008	0711921120005	0711921130005	0711921140005	0711921140006
0711921210003	0811921230002	0811921230004	0711921110005	0711921120009
0711921220003	0711921230001	0711921230002	0811921220002	

Subd. 2. **Special rules.** If the city or the authority establishes a tax increment financing district under subdivision 1, the following special rules apply:

(1) the districts are deemed to meet all the requirements of Minnesota Statutes, section 469.174, subdivision 10; and

(2) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district.

Subd. 3. **Expiration.** The authority to approve a tax increment financing plan to establish a tax increment finance district under this section expires on December 31, 2031.

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

Sec. 10. **CITY OF BROOKLYN PARK; TIF AUTHORITY; BROOKLYN BOULEVARD/WEST BROADWAY AREA.**

Subdivision 1. **Establishment of districts.** Under the special rules established in subdivision 2, the economic development authority of the city of Brooklyn Park or the city of Brooklyn Park may establish not more than two redevelopment tax increment financing districts located wholly within the area of the city of Brooklyn Park. The districts may be composed of the following parcels identified by their current parcel identification numbers together with adjacent and internal roads and rights-of-way:

2011921430092	2011921430099	2011921440089	2011921430101	2011921440088
2911921120001	2911921120004	2911921120032	2911921110004	2911921120005
2011921430093	2011921430100	2011921430102	2011921430103	2911921110118
2911921120006	2911921120043	2011921340022	2011921340027	2011921340036
2011921340038	2011921340042	2011921340047	2011921340048	2011921340070
2011921340071	2011921340026	2011921340037	2011921340046	2011921340050
2011921340069	2011921340075	2011921340079	2011921340080	2011921330004
2011921330005	2011921330006	2011921330012	2011921340024	2011921340025
2011921340029	2011921340044	2011921340066	2011921340068	2011921340073
2011921340076	2011921340078	2911921210023	2911921210030	2911921210040
2911921210042	2911921210051	2911921210052	2911921210054	2911921210056
2911921210057	2911921210063	2911921210074	2911921210077	2911921210078
2911921210079	2911921210090	2911921220010	2911921220012	2911921220021
2911921220023	2911921220025	2911921240102	2911921240117	2911921240132
2911921210021	2911921210024	2911921210025	2911921210026	2911921210027
2911921210028	2911921210029	2911921210034	2911921210035	2911921210037
2911921210038	2911921210039	2911921210053	2911921210061	2911921210062
2911921210066	2911921210070	2911921210073	2911921210081	2911921210082
2911921210086	2911921210094	2911921210105	2911921210106	2911921220011
2911921220020	2911921220022	2911921220028	2911921240101	2911921240104
2911921240105	2911921240106	2911921240109	2911921240134	2911921210007
2911921210050	2911921210055	2911921210058	2911921210059	2911921210071

2911921210083	2911921210104	2911921240095	2911921240099	2911921240118
2011921320010	2011921330003	2011921330007	2011921340023	2011921340028
2011921340034	2011921340035	2011921340039	2011921340040	2011921340043
2011921340045	2011921340049	2011921340077	2911921210022	2911921210031
2911921210032	2911921210033	2911921210036	2911921210041	2911921210060
2911921210064	2911921210065	2911921210067	2911921210068	2911921210069
2911921210080	2911921210084	2911921210085	2911921210087	2911921210088
2911921210089	2911921210091	2911921210092	2911921210093	2911921210096
2911921210103	2911921210111	2911921220024	2911921220026	2911921220029
2911921240100	2911921240103	2911921240107	2911921240133	2911921240135
3011921110009	3011921110007			

and the following roadways within the city of Brooklyn Park: Brooklyn Boulevard (from and including the intersection at Highway 169 to and including the intersection at Kentucky Avenue North) and West Broadway Avenue (from and including the intersection at 75th Avenue and to and including the intersection at 78th Avenue).

Subd. 2. **Special rules.** If the city or the authority establishes a tax increment financing district under subdivision 1, the following special rules apply:

(1) the districts are deemed to meet all the requirements of Minnesota Statutes, section 469.174, subdivision 10; and

(2) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district.

Subd. 3. **Expiration.** The authority to approve a tax increment financing plan to establish a tax increment finance district under this section expires on December 31, 2031.

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

Sec. 11. **CITY OF EDEN PRAIRIE; TAX INCREMENT FINANCING AUTHORITY; EDEN PRAIRIE CENTER.**

Subdivision 1. **Establishment.** Pursuant to the special rules established in subdivision 2, the economic development authority of the city of Eden Prairie or the city of Eden Prairie may establish not more than two redevelopment districts located within the area of the city of Eden Prairie consisting of parcels, together with adjacent roads and rights-of-way, within the area surrounded by Flying Cloud Drive, West 78th Street, and Prairie Center Drive.

Subd. 2. **Special rules.** If the city or authority establishes a tax increment financing district under this section, the following special rules apply:

(1) the districts are deemed to meet the requirements of Minnesota Statutes, section 469.174, subdivision 10; and

(2) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district.

Subd. 3. **Expiration.** The authority to approve a tax increment financing plan to establish a tax increment financing district under this section expires December 31, 2026.

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

Sec. 12. **CITY OF EDINA; 70TH & FRANCE TIF DISTRICT; FIVE-YEAR RULE EXTENSION; DURATION EXTENSION.**

(a) The five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision 4, relating to the use of increment after the expiration of the five-year period, is extended to 11 years for Tax Increment Financing District 70th & France in the city of Edina.

(b) Notwithstanding Minnesota Statutes, section 469.176, subdivisions 1b and 1d, the city of Edina or its housing and redevelopment authority may elect to extend the duration of the district by ten years for Tax Increment Financing District 70th & France.

EFFECTIVE DATE. Paragraph (a) is effective the day after the governing body of the city of Edina and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3. Paragraph (b) is effective upon compliance by the governing bodies of the city of Edina, Hennepin County, and Independent School District No. 273 with the requirements of Minnesota Statutes, section 469.1782, subdivision 2.

Sec. 13. **CITY OF EDINA; 72ND & FRANCE 2 TIF DISTRICT; FIVE-YEAR RULE EXTENSION; DURATION EXTENSION.**

(a) The five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision 4, relating to the use of increment after the expiration of the five-year period, is extended to 11 years for Tax Increment Financing District 72nd & France 2 in the city of Edina.

(b) Notwithstanding Minnesota Statutes, section 469.176, subdivisions 1b and 1d, the city of Edina or its housing and redevelopment authority may elect to extend the duration of the district by five years for Tax Increment Financing District 72nd & France 2.

EFFECTIVE DATE. Paragraph (a) is effective the day after the governing body of the city of Edina and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3. Paragraph (b) is effective upon compliance by the governing bodies of the city of Edina, Hennepin County, and Independent School District No. 273 with the requirements of Minnesota Statutes, section 469.1782, subdivision 2.

Sec. 14. **CITY OF MARSHALL; TEMPORARY USE OF INCREMENT; EXTENSION.**

(a) Notwithstanding Minnesota Statutes, section 469.176, subdivision 4n, paragraph (f), the city of Marshall may elect to spend, loan, or invest transferred increment, including any interest or investment earnings on such transferred increment, as authorized under Minnesota Statutes, section 469.176, subdivision 4n, through December 31, 2027, provided that the transferred increment was collected from TIF District No. 1-1, TIF District No. 1-7, or TIF District No. 2-1, in the city of Marshall, and the use of the transferred increment is detailed in the city's written spending plan adopted pursuant to Minnesota Statutes, section 469.176, subdivision 4n, paragraph (c).

(b) Increment not spent, loaned, or invested by December 31, 2027, must be returned to the district. The requirement to return increment to the district includes any proceeds, principal, and interest received on loans of transferred increment; interest or investment earnings on transferred increment; or other repayments or returns of transferred increment defined as tax increment under Minnesota Statutes, section 469.174, subdivision 25, that remain in the funds or accounts of the authority or municipality on December 31, 2027, or that are subsequently received by the authority or municipality.

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

Sec. 15. **CITY OF MINNETONKA; OPUS TIF DISTRICT; FIVE-YEAR RULE EXTENSION.**

(a) The five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision

4, relating to the use of increment after the expiration of the five-year period, is extended to 11 years for the Opus tax increment financing district established in 2021 by the economic development authority in the city of Minnetonka.

(b) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district.

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

Sec. 16. **CITY OF MOORHEAD; TAX INCREMENT FINANCING DISTRICT NO. 31; FIVE-YEAR RULE EXTENSION.**

The five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision 4, relating to the use of increment after the expiration of the five-year period, is extended to 11 years for Tax Increment Financing District No. 31 in the city of Moorhead.

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

Sec. 17. **CITY OF OAKDALE; TEMPORARY USE OF INCREMENT; EXTENSION.**

(a) Notwithstanding Minnesota Statutes, section 469.176, subdivision 4n, paragraph (f), the city of Oakdale may elect to spend, loan, or invest transferred increment, including any interest or investment earnings on such transferred increment, as authorized under Minnesota Statutes, section 469.176, subdivision 4n, through December 31, 2027, provided that the transferred increment was collected from TIF District No. 1-4 or TIF District No. 1-6, in the city of Oakdale, and the use of the transferred increment is detailed in the city's written spending plan adopted pursuant to Minnesota Statutes, section 469.176, subdivision 4n, paragraph (c).

(b) Increment not spent, loaned, or invested by December 31, 2027, must be returned to the district. The requirement to return increment to the district includes any proceeds, principal, and interest received on loans of transferred increment; interest or investment earnings on transferred increment; or other repayments or returns of transferred increment defined as tax increment under Minnesota Statutes, section 469.174, subdivision 25, that remain in the funds or accounts of the authority or municipality on December 31, 2027, or that are subsequently received by the authority or municipality.

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

Sec. 18. **CITY OF PLYMOUTH; TAX INCREMENT FINANCING; ESTABLISHMENT.**

Subdivision 1. **Establishment.** Under the special rules established in subdivision 2, the city of Plymouth may establish not more than two redevelopment districts located wholly within the city of Plymouth, Hennepin County, Minnesota, limited to the area identified as the city center district in the Plymouth, Minnesota Zoning Map in effect on January 1, 2024, and adopted pursuant to section 21000.12 of the Plymouth Zoning Code of Ordinances.

Subd. 2. **Special rules.** If the city establishes a tax increment financing district under this section, the following special rules apply:

(1) the district is deemed to meet the requirements of Minnesota Statutes, section 469.174, subdivision 10;

(2) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district; and

(3) the five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ten years, and the period under Minnesota Statutes, section 469.1763, subdivision 4, relating to the use of increment after the expiration of the five-year period, is extended to 11 years.

Subd. 3. **Expiration.** The authority to approve a tax increment financing plan to establish a tax increment financing district under this section expires December 31, 2031.

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

Sec. 19. **CITY OF ST. CLOUD; TAX INCREMENT FINANCING; ESTABLISHMENT.**

Subdivision 1. **Establishment.** Under the special rules established in subdivision 2, the economic development authority of the city of St. Cloud or the city of St. Cloud may establish not more than two redevelopment districts adjacent to the Division Street corridor or within the Central Business District or Fringe Central District, limited to the following parcels identified by tax identification numbers, together with the adjacent roads and rights-of-way:

(1) in Stearns County: 82517020000 (Lady Slipper Catalyst Site); 82515440001 (North Riverfront Catalyst Site); 82515470000; 82515480000 (Empire Catalyst Site); 82518760015 (Swan Lot Catalyst Site); 82528850020 (Riverboat Lot Catalyst Site); 82528850001 (Former Herberger's); 82528850065 (Former Herberger's); 82528850005 (Former Herberger's); 82528850053; 82528850050; 82528850048 (Former Press Bar/Cowboy Jacks Lots); and

(2) in Benton County: 170037810 (Transit Oriented Development Catalyst Site); 170058101 (Ace Block Catalyst Site); 170042000; 170041600; 170041100; 170041601; 170041200; 170041800; 170059600 (Star Bank Catalyst Site); 170059300 (Riverfront South Catalyst Site); 170058300; 170059200; 170058600; 170058800; 170059100; 170058900; 1700113900 (Transit Oriented Development Catalyst Site); 170060600; 170060700; and 170060800 (EDA Parking Lot & adjacent sites).

Subd. 2. **Special rules.** If the city or authority establishes a tax increment financing district under this section, the following special rules apply:

(1) the districts are deemed to meet all the requirements of Minnesota Statutes, section 469.174, subdivision 10;

(2) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district; and

(3) increments generated from the districts may be expended for the reconstruction, expansion, or new construction of adjacent public infrastructure, including but not limited to public parking, streets, and utilities necessary to serve the development, and all expenditures under this clause are deemed expended on activities within the district for purposes of Minnesota Statutes, section 469.1763.

Subd. 3. **Expiration.** The authority to approve a tax increment financing plan to establish a tax increment financing district under this section expires on December 31, 2031.

EFFECTIVE DATE. This section is effective the day after the city of St. Cloud and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

ARTICLE 7
PUBLIC FINANCE

Section 1. Minnesota Statutes 2024, section 373.40, subdivision 2, is amended to read:

Subd. 2. **Application of election requirement.** (a) Bonds issued by a county to finance capital improvements under an approved capital improvement plan are not subject to the election requirements of section 375.18 or 475.58. The bonds must be approved by vote of at least three-fifths of the members of the county board. In the case of a metropolitan county, the bonds must be approved by vote of at least two-thirds of the members of the county board.

(b) Before issuance of bonds qualifying under this section, the county must publish a notice of its intention to issue the bonds and the date and time of a hearing to obtain public comment on the matter. The notice must be published in the official newspaper of the county or in a newspaper of general circulation in the county. The notice must be published at least ~~14~~ ten, but not more than 28, days before the date of the hearing.

(c) A county may issue the bonds only upon obtaining the approval of a majority of the voters voting on the question of issuing the obligations, if a petition requesting a vote on the issuance is signed by voters equal to five percent of the votes cast in the county in the last county general election and is filed with the county auditor within 30 days after the public hearing. If the county elects not to submit the question to the voters, the county shall not propose the issuance of bonds under this section for the same purpose and in the same amount for a period of 365 days from the date of receipt of the petition. If the question of issuing the bonds is submitted and not approved by the voters, the provisions of section 475.58, subdivision 1a, shall apply.

Sec. 2. Minnesota Statutes 2024, section 446A.086, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) As used in this section, the following terms have the meanings given.

(b) "Authority" means the Minnesota Public Facilities Authority.

(c) "Commissioner" means the commissioner of management and budget.

(d) "Debt obligation" means:

(1) a general obligation bond or note issued by a county, a bond or note to which the general obligation of a county is pledged under section 469.034, subdivision 2, or a bond or note payable from a county lease obligation under section 641.24, to provide funds for the construction of:

(i) jails;

(ii) correctional facilities;

(iii) law enforcement facilities;

(iv) a courthouse or justice center, if connected to a jail, correctional facility, or other law enforcement facility;

~~(iv)~~ (v) social services and human services facilities;

~~(v)~~ (vi) solid waste facilities; or

~~(vi)~~ (vii) qualified housing development projects as defined in section 469.034, subdivision 2; or

(2) a general obligation bond or note issued by a governmental unit to provide funds for the construction, improvement, or rehabilitation of:

(i) wastewater facilities;

(ii) drinking water facilities;

(iii) stormwater facilities; or

(iv) any publicly owned building or infrastructure improvement that has received partial funding from grants awarded by the commissioner of employment and economic development related to redevelopment, contaminated site cleanup, bioscience, small cities development programs, and rural business infrastructure programs, for which bonds are issued by the authority under section 446A.087.

(e) "Governmental unit" means a county or a statutory or home rule charter city.

Sec. 3. Minnesota Statutes 2024, section 446A.086, subdivision 2, is amended to read:

Subd. 2. **Application.** (a) This section provides a state guarantee of the payment of principal and interest on debt obligations if:

(1) the obligations are issued for new projects or the refunding at a net present value savings of debt service costs of obligations that are currently guaranteed pursuant to this section and are not issued for the purposes of refunding previous obligations other than as described in this sentence;

(2) application to the Public Facilities Authority is made before issuance; and

(3) the obligations are covered by an agreement meeting the requirements of subdivision 3.

(b) Applications to be covered by the provisions of this section must be made in a form and contain the information prescribed by the authority. Applications are subject to either a fee of $500 for each bond issue requested by a county or governmental unit or the applicable fees under section 446A.087.

(c) Application fees paid under this section must be deposited in a separate credit enhancement bond guarantee account in the special revenue fund. Money in the credit enhancement bond guarantee account is appropriated to the authority for purposes of administering this section.

(d) Neither the authority nor the commissioner is required to promulgate administrative rules under this section and the procedures and requirements established by the authority or commissioner under this section are not subject to chapter 14.

Sec. 4. Minnesota Statutes 2024, section 462C.04, subdivision 2, is amended to read:

Subd. 2. **Program review.** A public hearing shall be held on each program after one publication of notice in a newspaper circulating generally in the city, at least ~~15~~ ten days before the hearing. On or before the day on which notice of the public hearing is published, the city shall submit the program to the Metropolitan Council, if the city is located in the metropolitan area as defined in section 473.121, subdivision 2, or to the regional development commission for the area in which the city is located, if any, for review and comment. The appropriate reviewing agency shall comment on:

(a) whether the program furthers local and regional housing policies and is consistent with the Metropolitan Development Guide, if the city is located in the metropolitan area, or adopted policies of the regional development commission; and

(b) the compatibility of the program with the housing portion of the comprehensive plan of the city, if any.

Review of the program may be conducted either by the board of the reviewing agency or by the staff of the agency. Any comment submitted by the reviewing agency to the city must be presented to the body considering the proposed program at the public hearing held on the program.

A member or employee of the reviewing agency shall be permitted to present the comments of the reviewing agency at the public hearing. After conducting the public hearing, the program may be adopted with or without amendment, provided that any amendments must not be inconsistent with the comments, if any, of the reviewing agency and must not contain any material changes from the program submitted to the reviewing agency other than changes in the financial aspects of any proposed issue of bonds or obligations. If any material change other than a change in the financial aspects of a proposed issue of bonds or obligations, or any change which is inconsistent with the comments of the reviewing agency is adopted, the amended program shall be resubmitted to the appropriate reviewing agency for review and comment, and a public hearing shall be held on the amended program after one publication of notice in a newspaper circulating generally in the city at least ~~15~~ ten days before the hearing. The amended program shall be considered after the public hearing in the same manner as consideration of the initial program.

Sec. 5. Minnesota Statutes 2024, section 469.104, is amended to read:

469.104 SECTIONS THAT APPLY IF FEDERAL LIMIT APPLIES.

Sections 474A.01 to 474A.21 apply to obligations issued under sections 469.090 to 469.108 that are ~~limited~~ required by federal tax law as defined in section 474A.02, subdivision 8, to obtain an allocation of volume cap.

Sec. 6. Minnesota Statutes 2024, section 469.154, subdivision 4, is amended to read:

Subd. 4. **Hearing.** Prior to submitting an application to the department requesting approval of a project pursuant to subdivision 3, the governing body or a committee of the governing body of the municipality or redevelopment agency shall conduct a public hearing on the proposal to undertake and finance the project. Notice of the time and place of hearing, and stating the general nature of the project and an estimate of the principal amount of bonds or other obligations to be issued to finance the project, shall be published at least once not less than ~~14~~ ten days nor more than 30 days prior to the date fixed for the hearing, in the official newspaper and a newspaper of general circulation of the municipality or redevelopment agency. The notice shall state that a draft copy of the proposed application to the department, together with all attachments and exhibits, shall be available for public inspection following the publication of the notice and shall specify the place and times where and when it will be so available. The governing body of the municipality or the redevelopment agency shall give all parties who appear at the hearing an opportunity to express their views with respect to the proposal to undertake and finance the project. Following the completion of the public hearing, the governing body of the municipality or redevelopment agency shall adopt a resolution determining whether or not to proceed with the project and its financing; it may thereafter apply to the department for approval of the project.

Sec. 7. Minnesota Statutes 2024, section 469.1813, subdivision 5, is amended to read:

Subd. 5. **Notice and public hearing.** (a) The governing body of the political subdivision may approve an abatement under sections 469.1812 to 469.1815 only after holding a public hearing on the abatement.

(b) Notice of the hearing must be published in a newspaper of general circulation in the political subdivision at least once ~~more than~~ at least ten days but less than 30 days before the hearing. The newspaper must be one of general interest and readership in the community, and not one of limited subject matter. The newspaper must be published at least once per week. The notice must indicate that the governing body will consider granting a property tax abatement, identify the property or properties for which an abatement is under consideration, and the total estimated amount of the abatement.

Sec. 8. Minnesota Statutes 2024, section 474A.091, subdivision 2, is amended to read:

Subd. 2. **Application for residential rental projects.** (a) Issuers may apply for an allocation for residential rental bonds under this section by submitting to the department an application on forms provided by the department accompanied by:

(1) a preliminary resolution;

(2) a statement of bond counsel that the proposed issue of obligations requires an allocation under this chapter and the Internal Revenue Code;

(3) an application deposit in the amount of two percent of the requested allocation;

(4) a sworn statement from the applicant identifying the project as a preservation project, 30 percent AMI residential rental project, 50 percent AMI residential rental project, 100 percent LIHTC project, 20 percent LIHTC project, or any other residential rental project; and

(5) a certification from the applicant or its accountant stating that the requested allocation does not exceed the aggregate bond limitation.

The issuer must pay the application deposit to the Department of Management and Budget. An entitlement issuer may not apply for an allocation for residential rental project bonds under this section unless it has either permanently issued bonds equal to the amount of its entitlement allocation for the current year plus any amount carried forward from previous years or returned for reallocation all of its unused entitlement allocation. For purposes of this subdivision, its entitlement allocation includes an amount obtained under section 474A.04, subdivision 6.

(b) An issuer that receives an allocation under this subdivision must permanently issue obligations equal to all or a portion of the allocation received on or before the earlier of: (1) 180 days of the allocation; or (2) the last business day of December. If an issuer that receives an allocation under this subdivision does not permanently issue obligations equal to all or a portion of the allocation received within the time period provided in this paragraph or returns the allocation to the commissioner, the amount of the allocation is canceled and returned for reallocation through the unified pool.

(c) The Minnesota Housing Finance Agency may apply for and receive an allocation under this section without submitting an application deposit.

Sec. 9. Minnesota Statutes 2024, section 474A.091, subdivision 2a, is amended to read:

Subd. 2a. **Application for all other types of qualified bonds.** (a) Issuers may apply for an allocation for all types of qualified bonds other than residential rental bonds under this section by submitting to the department an application on forms provided by the department accompanied by:

(1) a preliminary resolution;

(2) a statement of bond counsel that the proposed issue of obligations requires an allocation under this chapter and the Internal Revenue Code;

(3) the type of qualified bonds to be issued;

(4) an application deposit in the amount of two percent of the requested allocation; and

(5) a public purpose scoring worksheet for manufacturing and enterprise zone applications.

The issuer must pay the application deposit to the Department of Management and Budget. An entitlement issuer may not apply for an allocation for public facility bonds or mortgage bonds under this section unless it has either permanently issued bonds equal to the amount of its entitlement allocation for the current year plus any amount carried forward from previous years or returned for reallocation all of its unused entitlement allocation. For purposes of this subdivision, an entitlement allocation includes an amount obtained under section 474A.04, subdivision 6.

(b) An issuer that receives an allocation under this subdivision must permanently issue obligations equal to all or a portion of the allocation received on or before the earlier of: (1) 120 days of the allocation; or (2) the last business day of December. If an issuer that receives an allocation under this subdivision does not permanently issue obligations equal to all or a portion of the allocation received within the time period provided in this paragraph or returns the allocation to the commissioner, the amount of the allocation is canceled and returned for reallocation through the unified pool.

(c) Notwithstanding the restrictions imposed on entitlement issuers under this subdivision, the Minnesota Housing Finance Agency may not receive an allocation for mortgage bonds under this section prior to the first Monday in October, but may be awarded allocations for mortgage bonds from the unified pool on or after the first Monday in October. The Minnesota Housing Finance Agency, the Minnesota Office of Higher Education, and the Minnesota Rural Finance Authority may apply for and receive an allocation under this section without submitting an application deposit.

Sec. 10. Minnesota Statutes 2024, section 475.521, subdivision 2, is amended to read:

Subd. 2. **Election requirement.** (a) Bonds issued by a municipality to finance capital improvements under an approved capital improvements plan are not subject to the election requirements of section 475.58. The bonds must be approved by an affirmative vote of three-fifths of the members of a five-member governing body. In the case of a governing body having more or less than five members, the bonds must be approved by a vote of at least two-thirds of the members of the governing body.

(b) Before the issuance of bonds qualifying under this section, the municipality must publish a notice of its intention to issue the bonds and the date and time of the hearing to obtain public comment on the matter. The notice must be published in the official newspaper of the municipality or in a newspaper of general circulation in the municipality. Additionally, the notice may be posted on the official website, if any, of the municipality. The notice must be published at least ~~14~~ ten but not more than 28 days before the date of the hearing.

(c) A municipality may issue the bonds only after obtaining the approval of a majority of the voters voting on the question of issuing the obligations, if a petition requesting a vote on the issuance is signed by voters equal to five percent of the votes cast in the municipality in the last municipal general election and is filed with the clerk within 30 days after the public hearing. If the municipality elects not to submit the question to the voters, the municipality shall not propose the issuance of bonds under this section for the same purpose and in the same amount for a period of 365 days from the date of receipt of the petition. If the question of issuing the bonds is submitted and not approved by the voters, the provisions of section 475.58, subdivision 1a, shall apply.

Sec. 11. Minnesota Statutes 2024, section 641.23, is amended to read:

641.23 FUNDS; HOW PROVIDED.

Before any contract is made for the erection of a county jail, sheriff's residence, ~~or both~~ sheriff's offices, law enforcement center, or courthouse or justice center attached to a county jail, the county board shall either levy a sufficient tax to provide the necessary funds, or issue county bonds therefor in accordance with the provisions of chapter 475, provided that no election is required if the amount of all bonds issued for this purpose and interest on them which are due and payable in any year does not exceed an amount equal to 0.09671 percent of estimated market value of taxable property within the county, as last determined before the bonds are issued.

ARTICLE 8
SUSTAINABLE AVIATION FUEL

Section 1. Minnesota Statutes 2024, section 41A.30, subdivision 1, is amended to read:

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

(b) "Aircraft" has the meaning given in section 296A.01, subdivision 3.

(c) "Aviation gasoline" has the meaning given in section 296A.01, subdivision 7.

(d) "Commissioner" means the commissioner of agriculture.

(e) "Jet fuel" has the meaning given in section 296A.01, subdivision 8.

(f) "Qualifying taxpayer" means a taxpayer, as defined in section 290.01, subdivision 6, that is engaged in the business of:

(1) producing sustainable aviation fuel; or

(2) blending sustainable aviation fuel with aviation gasoline or jet fuel.

(g) "Sustainable aviation fuel" means liquid fuel that:

(1) is derived from: (i) biomass, as defined in section 41A.15, subdivision 2e, that is produced in the United States, provided that any agricultural feedstocks are from planted crops and crop residue harvested from agricultural land cleared or cultivated any time prior to December 19, 2007, that is either actively managed or fallow; (ii) gaseous carbon oxides; or (iii) hydrogen that has a carbon intensity not greater than four kilograms of carbon dioxide equivalent per kilogram of hydrogen produced;

(2) is not derived from palm fatty acid distillates; and

(3) achieves at least a 50 percent life cycle greenhouse gas emissions reduction in comparison with petroleum-based aviation gasoline, aviation turbine fuel, and jet fuel as determined by a test that shows:

(i) that the fuel production pathway achieves at least a 50 percent life cycle greenhouse gas emissions reduction in comparison with petroleum-based aviation gasoline, aviation turbine fuel, and jet fuel utilizing the most recent version of Argonne National Laboratory's Greenhouse Gases, Regulated Emissions, and Energy Use in Technologies (GREET) model that accounts for reduced emissions throughout the fuel production process; or

(ii) that the fuel production pathway achieves at least a 50 percent reduction of the aggregate attributional core life cycle emissions and the positive induced land use change values under the life cycle methodology for sustainable aviation fuels adopted by the International Civil Aviation Organization with the agreement of the United States.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2023, for sustainable aviation fuel sold after June 30, 2024.

Sec. 2. Minnesota Statutes 2024, section 41A.30, subdivision 2, is amended to read:

Subd. 2. **Tax credit establishment.** (a) A qualifying taxpayer may claim a tax credit against the tax due under chapter 290 equal to $1.50 for each gallon of sustainable aviation fuel that is:

(1) produced in Minnesota or blended with aviation or gasoline or jet fuel in Minnesota, provided that carbon oxides sequestered as part of the production process are not used as a tertiary injectant in a qualified enhanced oil recovery project; and

(2) sold in Minnesota to a purchaser who certifies that the sustainable aviation fuel is for use as fuel in an aircraft departing from an airport in Minnesota.

(b) The credit may be claimed only after approval and certification by the commissioner and is limited to the amount stated on the credit certificate issued under subdivision 3. A qualifying taxpayer must apply to the commissioner for certification and allocation of a credit in a form and manner prescribed by the commissioner.

(c) A qualifying taxpayer may claim a credit for blending or producing sustainable aviation fuel, but not both. If sustainable aviation fuel is blended with aviation gasoline or jet fuel, the credit is allowed only for the portion of sustainable aviation fuel that is included in the blended fuel.

(d) If the amount of credit that the taxpayer is eligible to receive under this section exceeds the liability for tax under chapter 290, the commissioner of revenue must refund the excess to the taxpayer.

(e) A qualifying taxpayer may claim a supplemental tax credit against the tax due under chapter 290 equal to the rate of $0.02 per gallon for each additional whole percentage carbon intensity reduction beyond 50 percent, but capped at $0.50 per gallon.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2023, for sustainable aviation fuel sold after June 30, 2024.

Sec. 3. Minnesota Statutes 2024, section 41A.30, subdivision 5, is amended to read:

Subd. 5. **Allocation limits.** (a) For tax credits allowed under subdivision 2, the commissioner must not issue credit certificates for more than:

(1) $7,400,000 for each of fiscal ~~year~~ years 2025 to 2027; and

(2) $2,100,000 for each of fiscal years ~~2026 and 2027~~ 2028 to 2035.

(b) If the entire amount authorized under paragraph (a) is not allocated in that fiscal year ~~2025 or 2026~~, any remaining amount is carried forward into the next fiscal year and is available for allocation through fiscal year ~~2030~~ 2035 until the entire allocation has been made. The commissioner must not issue any credit certificates for fiscal years beginning after June 30, ~~2030~~ 2035, and any unallocated amounts cancel on that date.

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

Sec. 4. Minnesota Statutes 2024, section 41A.30, subdivision 7, is amended to read:

Subd. 7. **Expiration.** This section expires for taxable years beginning after December 31, ~~2030~~ 2035.

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

ARTICLE 9
TAXATION OF GAS PRODUCTION

Section 1. Minnesota Statutes 2024, section 270B.161, is amended to read:

270B.161 DATA AND INFORMATION ON MINE VALUE OF ORE AND WELL VALUE OF GAS.

Data collected from taxpayers and maintained by the commissioner for the purpose of determining the mine value of ore and the well value of gas under section 298.01 are nonpublic data as defined in section 13.02, subdivision 9.

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

Sec. 2. Minnesota Statutes 2024, section 272.02, subdivision 97, is amended to read:

Subd. 97. **Property used in business of mining subject to gross proceeds tax.** The following property used in the business of mining that is subject to the gross proceeds tax under section 298.015 is exempt:

(1) deposits of ores, metals, ~~and~~ minerals, gas, and the lands in which they are contained;

(2) all real and personal property used in mining, quarrying, producing, or refining ores, minerals, ~~or~~ metals, or gas, including lands occupied by or used in connection with the mining, quarrying, production, or ore refining facilities; and

(3) concentrate.

This exemption applies for each year that a person subject to tax under section 298.015 uses the property for mining, quarrying, producing, or refining ores, metals, ~~or~~ minerals, or gas.

EFFECTIVE DATE. This section is effective for assessment year 2025 and thereafter.

Sec. 3. Minnesota Statutes 2024, section 272.03, subdivision 1, is amended to read:

Subdivision 1. **Real property.** (a) For the purposes of taxation, but not for chapter 297A, "real property" includes the land itself, rails, ties, and other track materials annexed to the land, and all buildings, structures, and improvements or other fixtures on it, bridges of bridge companies, and all rights and privileges belonging or appertaining to the land, and all mines, iron ore and taconite minerals not otherwise exempt, quarries, fossils, and trees on or under it.

(b) A building or structure shall include the building or structure itself, together with all improvements or fixtures annexed to the building or structure, which are integrated with and of permanent benefit to the building or structure, regardless of the present use of the building, and which cannot be removed without substantial damage to itself or to the building or structure.

(c)(i) Real property does not include tools, implements, machinery, and equipment attached to or installed in real property for use in the business or production activity conducted thereon, regardless of size, weight or method of attachment, and mine shafts, tunnels, and other underground openings used to extract ores ~~and~~, minerals, metals, or gas taxed under chapter 298 together with steel, concrete, and other materials used to support such openings.

(ii) The exclusion provided in clause (i) shall not apply to machinery and equipment includable as real estate by paragraphs (a) and (b) even though such machinery and equipment is used in the business or production activity conducted on the real property if and to the extent such business or production activity consists of furnishing services or products to other buildings or structures which are subject to taxation under this chapter.

(iii) The exclusion provided in clause (i) does not apply to the exterior shell of a structure which constitutes walls, ceilings, roofs, or floors if the shell of the structure has structural, insulation, or temperature control functions or provides protection from the elements, unless the structure is primarily used in the production of biofuels, wine, beer, distilled beverages, or dairy products. Such an exterior shell is included in the definition of real property even if it also has special functions distinct from that of a building, or if such an exterior shell is primarily used for the storage of ingredients or materials used in the production of biofuels, wine, beer, distilled beverages, or dairy products, or for the storage of finished biofuels, wine, beer, distilled beverages, or dairy products.

(d) The term real property does not include tools, implements, machinery, equipment, poles, lines, cables, wires, conduit, and station connections which are part of a telephone communications system, regardless of attachment to or installation in real property and regardless of size, weight, or method of attachment or installation.

EFFECTIVE DATE. This section is effective for assessment year 2025 and thereafter.

Sec. 4. Minnesota Statutes 2024, section 273.12, is amended to read:

273.12 ASSESSMENT OF REAL PROPERTY.

It shall be the duty of every assessor and board, in estimating and determining the value of lands for the purpose of taxation, to consider and give due weight to every element and factor affecting the market value thereof, including its location with reference to roads and streets and the location of roads and streets thereon or over the same, and to take into consideration a reduction in the acreage of each tract or lot sufficient to cover the amount of land actually used for any improved public highway and the reduction in area of land caused thereby. It shall be the duty of every assessor and board, in estimating and determining the value of lands for the purpose of taxation, to consider and give due weight to lands which are comparable in character, quality, and location, to the end that all lands similarly located and improved will be assessed upon a uniform basis and without discrimination and, for agricultural lands, to consider and give recognition to its earning potential as measured by its free market rental rate.

When mineral, clay, or gravel deposits exist on a property, and their extent, quality, and costs of extraction are sufficiently well known so as to influence market value, such deposits shall be recognized in valuing the property; except for mineral and energy-resource deposits, metals, and gas, which are subject to taxation under section 298.015, and except for taconite and iron-sulphide deposits which are exempt from the general property tax under section 298.25.

EFFECTIVE DATE. This section is effective for assessment year 2025 and thereafter.

Sec. 5. **[273.1343] HELIUM RELIEF AREAS.**

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

(b) "City" means a statutory or home rule charter city located in Minnesota.

(c) "Commissioner" means the commissioner of revenue.

(d) "County" means a county located in Minnesota.

(e) "Gas" has the meaning given in section 298.001, subdivision 14.

(f) "Helium relief area" means a geographic area within the state of Minnesota that falls within the boundaries of any school district located at least partially within 17 miles of a well, mine, structure, or building used for gas production that was subject to the tax under sections 298.015 and 298.016 during the preceding calendar year.

(g) "Producing" has the meaning given in section 298.001, subdivision 10a.

(h) "Structure" or "building" means a structure or building used directly for drilling, extracting, separating, or beneficiating gas.

(i) "Town" means a township located in Minnesota.

Subd. 2. **Establishment.** (a) By August 1 of each year, the commissioner must establish helium relief areas as defined in subdivision 1, paragraph (f).

(b) Each subsequent helium relief area established that is overlapping or contiguous with an existing helium relief area is added to the existing helium relief area. Each subsequent helium relief area established that is not overlapping and not contiguous with an existing helium relief area is established as a separate helium relief area.

(c) By September 1 each year, the commissioner must make publicly available:

(1) the geographic boundaries of the helium relief area or helium relief areas;

(2) a list of the school districts located entirely in a helium relief area, for each helium relief area; and

(3) a list of all towns, cities, and counties that have a boundary within a helium relief area, for each helium relief area.

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

Sec. 6. **[273.1361] HELIUM HOMESTEAD CREDIT.**

Subdivision 1. **Eligibility.** Class 1a property under section 273.13, subdivision 22; class 1b property under section 273.13, subdivision 22; class 2a property under section 273.13, subdivision 23; and class 4d(2) property under section 273.13, subdivision 25, are eligible to receive the credit under this section provided the property is located within a helium relief area under section 273.1343.

Subd. 2. **Credit amount.** For each qualifying property, the helium homestead credit equals $50.

Subd. 3. **Credit certification.** Upon notification from the commissioner of revenue under subdivision 6, each county auditor having jurisdiction over a helium relief area must determine the tax reductions allowed under this section within the county for each taxes payable year and must certify that amount to the commissioner of revenue as part of the data required under section 270C.85, subdivision 2, clause (4). Any prior year adjustments must also be certified as part of the data required under section 270C.85, subdivision 2, clause (4). The commissioner of revenue must review the certifications for accuracy and may make necessary changes or return the certification to the county auditor for correction. The credit under this section must be used to proportionately reduce the net tax capacity-based property tax payable to each local taxing jurisdiction as provided in section 273.1393.

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

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

Subd. 5. **Appropriation.** An amount sufficient to make the payments required by this section to taxing jurisdictions other than school districts is annually appropriated from the helium property tax relief account under section 273.1362 to the commissioner of revenue. An amount sufficient to make the payments required by this section for school districts is annually appropriated from the helium property tax relief account under section 273.1362 to the commissioner of education.

Subd. 6. **Determination.** The credit under this section shall not be applied as provided in subdivision 3 unless the commissioner of revenue determines on or before October 1 that sufficient funds exist in the helium property tax relief account under section 273.1362, as of September 1, to make payments as required under this section and provides notification to each county auditor on or before October 10.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2027.

Sec. 7. **[273.1362] HELIUM PROPERTY TAX RELIEF ACCOUNT.**

The helium property tax relief account is created in the special revenue fund in the state treasury. Earnings, including interest, dividends, and any other earnings arising from the assets of the account, are credited to the account. Money remaining in the account at the end of a fiscal year is not canceled to the general fund but remains available until expended.

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

Sec. 8. Minnesota Statutes 2024, section 273.1392, is amended to read:

273.1392 PAYMENT; SCHOOL DISTRICTS.

The amounts of bovine tuberculosis credit reimbursements under section 273.113; conservation tax credits under section 273.119; disaster or emergency reimbursement under sections 273.1231 to 273.1235; helium homestead credit under section 273.1361; agricultural credits under sections 273.1384 and 273.1387; aids and credits under section 273.1398; enterprise zone property credit payments under section 469.171; metropolitan agricultural preserve reduction under section 473H.10; and electric generation transition aid under section 477A.24 for school districts, shall be certified to the Department of Education by the Department of Revenue. The amounts so certified shall be paid according to section 127A.45, subdivisions 9, 10, and 13.

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

Sec. 9. Minnesota Statutes 2024, section 273.1393, is amended to read:

273.1393 COMPUTATION OF NET PROPERTY TAXES.

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

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

(2) powerline credit as provided in section 273.42;

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

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

(5) disparity reduction credit;

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

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

(8) agricultural credit as provided in section 273.1384;

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

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

(11) helium homestead credit as provided in section 273.1361; and

(12) the bovine tuberculosis zone credit, as provided in section 273.113.

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

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2027.

Sec. 10. Minnesota Statutes 2024, section 276.04, subdivision 2, is amended to read:

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

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

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

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

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

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

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

(5) for agricultural properties, the credits under sections 273.1384 and 273.1387;

(6) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135; 273.1361; 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of credit received under section 273.135 must be separately stated and identified as "taconite tax relief" and the amount of the credit received under section 273.1361 must be separately stated and identified as "helium tax relief"; and

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

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

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2027.

Sec. 11. Minnesota Statutes 2024, section 289A.02, subdivision 6, is amended to read:

Subd. 6. **Mining company.** "Mining company" means a person engaged in the business of mining or producing ores, minerals, metals, or gas in Minnesota subject to the taxes imposed by section 298.01 or 298.015.

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

Sec. 12. Minnesota Statutes 2024, section 289A.12, is amended by adding a subdivision to read:

Subd. 19. **Informational report by mining companies.** (a) A mining company required to file an annual return under section 289A.08, subdivision 15, for the payment of taxes imposed under section 298.015 must also file an annual informational report with the commissioner that contains the following information:

(1) sales used to compute gross proceeds under section 298.016;

(2) the location of the mine or well where the ore, mineral, metal, or gas product is mined, extracted, refined or produced that is used to compute gross proceeds under section 298.016; and

(3) other information necessary to collect tax under section 298.015 and to distribute the tax proceeds under section 298.018.

(b) The commissioner must prescribe the format and manner of the annual informational report. A mining company must file the report on or before May 1 following the close of the calendar year.

(c) The extension of time provided in section 289A.19, subdivision 2, for the filing of the annual return required under section 289A.08, subdivision 15, does not apply to the filing of the annual informational report.

EFFECTIVE DATE. This section is effective for annual informational reports due after December 31, 2024.

Sec. 13. Minnesota Statutes 2024, section 289A.19, subdivision 2, is amended to read:

Subd. 2. **Corporate franchise and mining company taxes.** (a) Except as provided in paragraph (b), corporations or mining companies shall receive an extension of seven months or the amount of time granted by the Internal Revenue Service, whichever is longer, for filing the return of a corporation subject to tax under chapter 290 or for filing the return of a mining company subject to tax under sections 298.01 and 298.015. Interest on any balance of tax not paid when the regularly required return is due must be paid at the rate specified in section 270C.40, from the date such payment should have been made if no extension was granted, until the date of payment of such tax.

If a corporation or mining company does not:

(1) pay at least 90 percent of the amount of tax shown on the return on or before the regular due date of the return, the penalty prescribed by section 289A.60, subdivision 1, shall be imposed on the unpaid balance of tax; or

(2) pay the balance due shown on the regularly required return on or before the extended due date of the return, the penalty prescribed by section 289A.60, subdivision 1, shall be imposed on the unpaid balance of tax from the original due date of the return.

(b) If a mining company does not file the annual informational report required under section 289A.12, subdivision 19, by May 1 following the close of the calendar year, then the mining company subject to tax under section 298.015 must not receive the extension of time for filing its annual tax return.

EFFECTIVE DATE. This section is effective for annual informational reports due after December 31, 2024.

Sec. 14. Minnesota Statutes 2024, section 290.0133, subdivision 7, is amended to read:

Subd. 7. **Nontaxable mining and production losses.** Losses from the business of mining or the production of gas, as defined in section 290.05, subdivision 1, ~~clause~~ paragraph (a), that are not subject to Minnesota franchise tax are an addition.

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

Sec. 15. Minnesota Statutes 2024, section 290.0134, subdivision 9, is amended to read:

Subd. 9. **Exempt mining and production income.** Income or gains from the business of mining or the production of gas as defined in section 290.05, subdivision 1, ~~clause~~ paragraph (a), that are not subject to Minnesota franchise tax are a subtraction.

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

Sec. 16. Minnesota Statutes 2024, section 290.0135, is amended to read:

290.0135 BASIS MODIFICATIONS AFFECTING GAIN OR LOSS ON DISPOSITION OF PROPERTY.

(a) For individuals, estates, and trusts, the basis of property is its adjusted basis for federal income tax purposes except as set forth in paragraphs (e) and (f). For corporations, the basis of property is its adjusted basis for federal income tax purposes, without regard to the time when the property became subject to tax under this chapter or to whether out-of-state losses or items of tax preference with respect to the property were not deductible under this chapter, except that the modifications to the basis for federal income tax purposes set forth in paragraphs (b) to (i) are allowed to corporations, and the resulting modifications to federal taxable income must be made in the year in which gain or loss on the sale or other disposition of property is recognized.

(b) The basis of property shall not be reduced to reflect federal investment tax credit.

(c) For property acquired before January 1, 1933, the basis for computing a gain is the fair market value of the property as of that date. The basis for determining a loss is the cost of the property to the taxpayer less any depreciation, amortization, or depletion, actually sustained before that date. If the adjusted cost exceeds the fair market value of the property, then the basis is the adjusted cost regardless of whether there is a gain or loss.

(d) The basis is reduced by the allowance for amortization of bond premium if an election to amortize was made pursuant to Minnesota Statutes 1986, section 290.09, subdivision 13, and the allowance could have been deducted by the taxpayer under this chapter during the period of the taxpayer's ownership of the property.

(e) For assets placed in service before January 1, 1987, corporations, partnerships, or individuals engaged in the business of mining or producing minerals, metals, gas, or ores other than iron ore or taconite concentrates subject to the occupation tax under chapter 298 must use the occupation tax basis of property used in that business.

(f) For assets placed in service before January 1, 1990, corporations, partnerships, or individuals engaged in the business of mining iron ore or taconite concentrates subject to the occupation tax under chapter 298 must use the occupation tax basis of property used in that business.

(g) In applying the provisions of sections 301(c)(3)(B), 312(f) and (g), and 316(a)(1) of the Internal Revenue Code, the dates December 31, 1932, and January 1, 1933, shall be substituted for February 28, 1913, and March 1, 1913, respectively.

(h) In applying the provisions of section 362(a) and (c) of the Internal Revenue Code, the date December 31, 1956, shall be substituted for June 22, 1954.

(i) The basis of property shall be increased by the amount of intangible drilling costs not previously allowed due to differences between this chapter and the Internal Revenue Code.

(j) The adjusted basis of any corporate partner's interest in a partnership is the same as the adjusted basis for federal income tax purposes modified as required to reflect the basis modifications set forth in paragraphs (b) to (i). The adjusted basis of a partnership in which the partner is an individual, estate, or trust is the same as the adjusted basis for federal income tax purposes modified as required to reflect the basis modifications set forth in paragraphs (e) and (f).

(k) The modifications contained in paragraphs (b) to (i) also apply to the basis of property that is determined by reference to the basis of the same property in the hands of a different taxpayer or by reference to the basis of different property.

<u>**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2024.</u>

Sec. 17. Minnesota Statutes 2024, section 290.05, subdivision 1, is amended to read:

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

(a) corporations, individuals, estates, and trusts engaged in the business of mining or producing iron ore ~~and~~<u>;</u> mining, producing, or refining other ores, metals, and minerals~~,~~<u>; or</u>

producing gas, the mining, production, or refining of which is subject to the occupation tax imposed by section 298.01; but if any such corporation, individual, estate, or trust engages in any other business or activity or has income from any property not used in such business it shall be subject to this tax computed on the net income from such property or such other business or activity. Royalty shall not be considered as income from the business of mining or producing iron ore; mining, producing, or refining other ores, metals, and minerals; or producing gas, within the meaning of this section;

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

(c) any insurance company, other than a disqualified captive insurance company.

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

Sec. 18. Minnesota Statutes 2024, section 290.20, subdivision 2, is amended to read:

Subd. 2. **Nonapplication of statutory methods.** The methods prescribed by subdivision 1 shall not be applicable wherever and insofar as the taxpayer's business consists of the mining~~,~~ or producing~~, smelting, refining, or any combination of these activities of copper and nickel ores~~ subject to the occupation tax imposed by section 298.01.

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

Sec. 19. Minnesota Statutes 2024, section 290.923, subdivision 1, is amended to read:

Subdivision 1. **Definition.** In this section, "royalty" means the amount in money or value of property received by any person having any right, title, or interest in any tract of land in this state for permission to explore, mine, take out, and remove ore, mineral, metal, or gas from the land.

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

Sec. 20. Minnesota Statutes 2024, section 297A.68, subdivision 5, is amended to read:

Subd. 5. **Capital equipment.** (a) Capital equipment is exempt.

"Capital equipment" means machinery and equipment purchased or leased, and used in this state by the purchaser or lessee primarily for manufacturing, fabricating, mining, or refining tangible personal property to be sold ultimately at retail if the machinery and equipment are essential to the integrated production process of manufacturing, fabricating, mining, or refining. Capital equipment also includes machinery and equipment used primarily to electronically transmit results retrieved by a customer of an online computerized data retrieval system.

(b) Capital equipment includes, but is not limited to:

(1) machinery and equipment used to operate, control, or regulate the production equipment;

(2) machinery and equipment used for research and development, design, quality control, and testing activities;

(3) environmental control devices that are used to maintain conditions such as temperature, humidity, light, or air pressure when those conditions are essential to and are part of the production process;

(4) materials and supplies used to construct and install machinery or equipment;

(5) repair and replacement parts, including accessories, whether purchased as spare parts, repair parts, or as upgrades or modifications to machinery or equipment;

(6) materials used for foundations that support machinery or equipment;

(7) materials used to construct and install special purpose buildings used in the production process;

(8) ready-mixed concrete equipment in which the ready-mixed concrete is mixed as part of the delivery process regardless if mounted on a chassis, repair parts for ready-mixed concrete trucks, and leases of ready-mixed concrete trucks; and

(9) machinery or equipment used for research, development, design, or production of computer software.

(c) Capital equipment does not include the following:

(1) motor vehicles taxed under chapter 297B;

(2) machinery or equipment used to receive or store raw materials;

(3) building materials, except for materials included in paragraph (b), clauses (6) and (7);

(4) machinery or equipment used for nonproduction purposes, including, but not limited to, the following: plant security, fire prevention, first aid, and hospital stations; support

operations or administration; pollution control; and plant cleaning, disposal of scrap and waste, plant communications, space heating, cooling, lighting, or safety;

(5) farm machinery and aquaculture production equipment as defined by section 297A.61, subdivisions 12 and 13;

(6) machinery or equipment purchased and installed by a contractor as part of an improvement to real property;

(7) machinery and equipment used by restaurants in the furnishing, preparing, or serving of prepared foods as defined in section 297A.61, subdivision 31;

(8) machinery and equipment used to furnish the services listed in section 297A.61, subdivision 3, paragraph (g), clause (6), items (i) to (vi) and (viii);

(9) machinery or equipment used in the transportation, transmission, or distribution of petroleum, liquefied gas, natural gas, water, or steam, in, by, or through pipes, lines, tanks, mains, or other means of transporting those products. This clause does not apply to machinery or equipment used to blend petroleum or biodiesel fuel as defined in section 239.77; or

(10) any other item that is not essential to the integrated process of manufacturing, fabricating, mining, or refining.

(d) For purposes of this subdivision:

(1) "Equipment" means independent devices or tools separate from machinery but essential to an integrated production process, including computers and computer software, used in operating, controlling, or regulating machinery and equipment; and any subunit or assembly comprising a component of any machinery or accessory or attachment parts of machinery, such as tools, dies, jigs, patterns, and molds.

(2) "Fabricating" means to make, build, create, produce, or assemble components or property to work in a new or different manner.

(3) "Integrated production process" means a process or series of operations through which tangible personal property is manufactured, fabricated, mined, or refined. For purposes of this clause, (i) manufacturing begins with the removal of raw materials from inventory and ends when the last process prior to loading for shipment has been completed; (ii) fabricating begins with the removal from storage or inventory of the property to be assembled, processed, altered, or modified and ends with the creation or production of the new or changed product; (iii) mining begins with the removal of overburden from the site of the ores, minerals, stone, peat deposit, metals, gas, or surface materials and ends when the last process before stockpiling is completed; and (iv) refining begins with the removal from

inventory or storage of a natural resource and ends with the conversion of the item to its completed form.

(4) "Machinery" means mechanical, electronic, or electrical devices, including computers and computer software, that are purchased or constructed to be used for the activities set forth in paragraph (a), beginning with the removal of raw materials from inventory through completion of the product, including packaging of the product.

(5) "Machinery and equipment used for pollution control" means machinery and equipment used solely to eliminate, prevent, or reduce pollution resulting from an activity described in paragraph (a).

(6) "Manufacturing" means an operation or series of operations where raw materials are changed in form, composition, or condition by machinery and equipment and which results in the production of a new article of tangible personal property. For purposes of this subdivision, "manufacturing" includes the generation of electricity or steam to be sold at retail.

(7) "Mining" means the extraction of minerals, ores, stone, ~~or~~ peat, metals, or gas. "Gas" has the meaning given in section 298.001, subdivision 14.

(8) "Online data retrieval system" means a system whose cumulation of information is equally available and accessible to all its customers.

(9) "Primarily" means machinery and equipment used 50 percent or more of the time in an activity described in paragraph (a).

(10) "Refining" means the process of converting a natural resource to an intermediate or finished product, including the treatment of water to be sold at retail.

(11) This subdivision does not apply to telecommunications equipment as provided in subdivision 35a, and does not apply to wire, cable, or poles for telecommunications services.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after December 31, 2024.

Sec. 21. Minnesota Statutes 2024, section 297A.71, subdivision 14, is amended to read:

Subd. 14. **Mineral production facilities.** Building materials, equipment, and supplies used for the construction of the following mineral production facilities are exempt.

The mineral production facilities that qualify for this exemption are:

(1) a value added iron products plant, which may be either a new plant or a facility incorporated into an existing plant that produces iron upgraded to a minimum of 75 percent iron content or any iron alloy with a total minimum metallic content of 90 percent;

(2) a facility used for the manufacture of fluxed taconite pellets as defined in section 298.24;

(3) a new capital project that has a total cost of over $40,000,000 that is directly related to production, cost, or quality at an existing taconite facility that does not qualify under clause (1) or (2); and

(4) a new mine or minerals processing plant for any mineral, ore, metal, or gas subject to the gross proceeds tax imposed under section 298.015.

The tax must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied, and then refunded in the manner provided in section 297A.75.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after December 31, 2024.

Sec. 22. Minnesota Statutes 2024, section 298.001, subdivision 3a, is amended to read:

Subd. 3a. **Producer.** "Producer" means a person engaged in the business of mining or producing iron ore, taconite concentrate, ~~or~~ direct reduced ore, other ore, minerals, metals, or gas in this state.

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

Sec. 23. Minnesota Statutes 2024, section 298.001, is amended by adding a subdivision to read:

Subd. 10a. **Producing.** "Producing" means and is limited to producing:

(1) gas products, the drilling, extracting, separating, or beneficiating of which are subject to tax under section 298.015; and

(2) carried out by the entity or affiliated entity that drilled, extracted, separated, or beneficiated the gas products.

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

Sec. 24. Minnesota Statutes 2024, section 298.001, is amended by adding a subdivision to read:

Subd. 14. **Gas.** "Gas" means all gases, both hydrocarbon and nonhydrocarbon, that occur naturally beneath the earth surface in Minnesota. Gas includes but is not limited to natural gas, hydrogen, carbon dioxide, nitrogen, hydrogen sulfide, helium, methane, and a mixture of some or all of these gases.

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

Sec. 25. Minnesota Statutes 2024, section 298.001, is amended by adding a subdivision to read:

Subd. 15. **Gas production.** "Gas production," "the production of gas," and "producing gas" mean the action of taking gas in its natural state out from beneath the earth surface in Minnesota and includes drilling, extracting, separating, or beneficiating that gas in Minnesota.

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

Sec. 26. Minnesota Statutes 2024, section 298.01, subdivision 3, is amended to read:

Subd. 3. **Occupation tax; other ores; gas.** Every person engaged in the business of mining, refining, or producing ores, metals, or minerals or producing gas in this state, when these resources are extracted in their natural state from beneath the earth surface in Minnesota, except iron ore or taconite concentrates, shall pay an occupation tax to the state of Minnesota as provided in this subdivision. For purposes of this subdivision, mining includes the application of hydrometallurgical processes. Hydrometallurgical processes are processes that extract the ores, metals, or minerals, by use of aqueous solutions that leach, concentrate, and recover the ore, metal, or mineral. The tax is determined in the same manner as the tax imposed by section 290.02, except that sections 290.05, subdivision 1, clause (a), 290.17, subdivision 4, and 290.191, subdivision 2, do not apply, and the occupation tax must be computed by applying to taxable income the rate of 2.45 percent.

The tax is in addition to all other taxes.

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

Sec. 27. Minnesota Statutes 2024, section 298.01, subdivision 3a, is amended to read:

Subd. 3a. **Gross income.** (a) For purposes of determining a person's taxable income under subdivision 3, gross income is determined by the amount of gross proceeds from mining, refining, or producing ores, metals, or minerals or producing gas in ~~this state~~ Minnesota under section 298.016 and includes any gain or loss recognized from the sale or disposition of assets used in the business in this state. If more than one ore, mineral, ~~or~~ metal, or gas referred to in section 298.016 is mined ~~and processed~~ or produced at the same mine, well, and plant, a gross income for each ore, mineral, ~~or~~ metal, and gas must be determined separately. The gross incomes may be combined on one occupation tax return to arrive at the gross income of all production.

(b) In applying section 290.191, subdivision 5, transfers of ores, metals, ~~or~~ minerals, or gas that are subject to tax under this chapter are deemed to be sales in this state.

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

Sec. 28. Minnesota Statutes 2024, section 298.01, subdivision 3b, is amended to read:

Subd. 3b. **Deductions.** (a) For purposes of determining taxable income under subdivision 3, the deductions from gross income include only those expenses necessary to convert raw ores, metals, minerals, or gas to marketable quality. Such expenses include costs associated with refinement but do not include expenses such as transportation, stockpiling, marketing, or marine insurance that are incurred after marketable ores, metals, minerals, or gas are produced, unless the expenses are included in gross income. The allowable deductions from a mine, well, or plant that mines and produces more than one ore, mineral, metal, ~~or~~ energy resource, or gas must be determined separately for the purposes of computing the deduction in section 290.0133, subdivision 9. These deductions may be combined on one occupation tax return to arrive at the deduction from gross income for all production.

(b) The provisions of sections 290.0133, subdivisions 7 and 9, and 290.0134, subdivisions 7 and 9, are not used to determine taxable income.

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

Sec. 29. Minnesota Statutes 2024, section 298.01, subdivision 4a, is amended to read:

Subd. 4a. **Gross income.** (a) For purposes of determining a person's taxable income under subdivision 4, gross income is determined by the mine value of the ore mined in

Minnesota and includes any gain or loss recognized from the sale or disposition of assets used in the business in this state.

(b) Mine value is the value, or selling price, of iron ore or taconite concentrates, f.o.b. mine. The mine value is calculated by multiplying the iron unit price for the period, as determined by the commissioner, by the tons produced and the weighted average analysis.

(c) In applying section 290.191, subdivision 5, transfers of iron ore and taconite concentrates are deemed to be sales in this state.

(d) If iron ore ~~or~~, taconite, and ~~a~~ any other ore, mineral, metal, ~~or~~ energy resource, or gas referred to in section 298.016 is mined ~~and processed~~ or produced at the same mine, well, and plant, a gross income for each other ore, mineral, metal, ~~or~~ energy resource, or gas must be determined separately from the mine value for the iron ore or taconite. The gross income may be combined on one occupation tax return to arrive at the gross income from all production.

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

Sec. 30. Minnesota Statutes 2024, section 298.01, subdivision 4b, is amended to read:

Subd. 4b. **Deductions.** For purposes of determining taxable income under subdivision 4, the deductions from gross income include only those expenses necessary to convert raw iron ore or taconite concentrates to marketable quality. Such expenses include costs associated with beneficiation and refinement but do not include expenses such as transportation, stockpiling, marketing, or marine insurance that are incurred after marketable iron ore or taconite pellets are produced. The allowable deductions from a mine, well, or plant that mines and produces iron ore or taconite and one or more mineral ~~or~~, metal, or gas referred to in section 298.016 must be determined separately for the purposes of computing the deduction in section 290.0133, subdivision 9. These deductions may be combined on one occupation tax return to arrive at the deduction from gross income for all production.

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

Sec. 31. Minnesota Statutes 2024, section 298.01, subdivision 5, is amended to read:

Subd. 5. **If declared unconstitutional.** If the taxes imposed in subdivisions 3 and 4 are found unconstitutional by any court of last resort, then persons engaged in the business of mining or producing iron ore or other ores, metals, minerals, or gas shall pay the occupation taxes imposed in Minnesota Statutes 1986, chapter 298. For purposes of applying Minnesota Statutes 1986, chapter 298, the term "other ores" as used in that chapter includes ores other than iron ore as well as minerals, metals, or gas.

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

Sec. 32. Minnesota Statutes 2024, section 298.01, subdivision 6, is amended to read:

Subd. 6. **Deductions applicable to mining both taconite and other ores or gas; ratio applied.** If a person is engaged in the business of mining or producing both iron ores, taconite concentrates, or direct reduced ore, and other ores, minerals, metals, or gas from the same mine or facility, that person must separately determine the mine value of (1) the iron ore, taconite concentrates, and direct reduced ore, and (2) the amount of gross proceeds from mining other ores, minerals, metals, or gas in Minnesota. The ratio of mine value from iron ore, taconite concentrates, and direct reduced ore to gross proceeds from mining other ores, minerals, metals, or gas must be applied to deductions common to both processes to determine taxable income for tax paid pursuant to subdivisions 3 and 4.

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

Sec. 33. Minnesota Statutes 2024, section 298.015, subdivision 1, is amended to read:

Subdivision 1. **Tax imposed.** (a) Except as provided in paragraph (b), a person engaged in the business of mining shall pay to the state of Minnesota for distribution as provided in section 298.018 a gross proceeds tax equal to 0.4 percent of the gross proceeds from mining in Minnesota. The tax applies to all ores, metals, ~~and~~ minerals, or gas mined, extracted, produced, or refined within ~~the state of~~ Minnesota, when the resources are extracted in their natural state from beneath the earth surface in Minnesota, except for sand, silica sand, gravel, building stone, crushed rock, limestone, granite, dimension granite, dimension stone, horticultural peat, clay, soil, iron ore, and taconite concentrates. The tax is in addition to all other taxes provided for by law.

(b) A person engaged in the business of producing gas in Minnesota is subject to the following tax rates for carbon dioxide products, helium products, and hydrogen products:

(1) for the calendar year in which gas is first extracted and for the following two calendar years, a gross proceeds tax equal to seven percent of the gross proceeds; and

(2) after the calendar year in which gas is first extracted and after the following two calendar years, a gross proceeds tax equal to nine percent of the gross proceeds.

(c) A person engaged in the business of producing gas in Minnesota is not subject to the minimum payment under subdivision 3.

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

Sec. 34. Minnesota Statutes 2024, section 298.016, subdivision 1, is amended to read:

Subdivision 1. **Computation; arm's-length transactions.** When a metal ~~or~~, mineral, or gas product is sold by the producer in an arm's-length transaction, the gross proceeds are equal to the proceeds from the sale of the product. This subdivision applies to sales realized on all metal ~~or~~, mineral, or gas products produced from mining or production, including reduction, beneficiation, or any treatment or process used by a producer to obtain a metal ~~or~~, mineral, or gas product ~~which~~ that is commercially marketable.

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

Sec. 35. Minnesota Statutes 2024, section 298.016, subdivision 2, is amended to read:

Subd. 2. **Other transactions.** When a metal ~~or~~, mineral, or gas product is used by the producer or disposed of in a non-arm's-length transaction, the gross proceeds must be determined using the alternative computation in subdivision 3. Transactions subject to this subdivision include, but are not limited to, shipments to a wholly owned smelter, transactions with associated or affiliated companies, and any other transactions which are not at arm's length.

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

Sec. 36. Minnesota Statutes 2024, section 298.016, subdivision 3, is amended to read:

Subd. 3. **Alternative computation.** (a) Except as provided in paragraphs (c) and (d), the commissioner of revenue shall determine the alternative computation of gross proceeds using the following procedure:

(1) Metal and mineral prices shall be determined by using the average annual market price as published in the Engineering and Mining Journal;

(2) For metals or mineral products with a monthly or weekly price quotation in the Engineering and Mining Journal, but for which no average annual price has been published, an arithmetic average of the monthly or weekly prices published in the Engineering and Mining Journal shall be used; and

(3) If the price of a particular metal or mineral product is not published in the Engineering and Mining Journal, another recognized published price, as established by the commissioner of revenue will be used.

(b) The quantity of each particular metal or mineral product recovered and paid or credited for by the smelter will be multiplied by the average annual market price as determined in ~~clause~~ paragraph (a). Special smelter charges for particular metals will be allowed as a deduction from this price. The resulting amount will be the gross proceeds for calculating the tax in section 298.015.

(c) A recognized published price, as established by the commissioner of revenue, must be used to determine the alternative computation of gross proceeds for gas products.

(d) If a recognized published price is not currently available, the commissioner must use either a recognized price published historically or an arm's length transaction price paid by other parties for gas products of like quantity to determine the greatest market value of the gas product. If the commissioner uses a historical published price, it must be adjusted for inflation, as provided in section 270C.22, using the year in which the most recent historical price is published as the statutory year. If the commissioner uses an arm's length transaction price, the commissioner may adjust the arm's length transaction price to account for differences in quality, recency, inflation, terms and conditions, and other relevant circumstances under which the arm's length transaction price was paid in relation to the non-arm's-length transaction price computed under this subdivision.

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

Sec. 37. Minnesota Statutes 2024, section 298.016, subdivision 4, is amended to read:

Subd. 4. **Metal ~~or~~, mineral, or gas products; definition.** For ~~the~~ purposes of this section, "metal ~~or~~, mineral, or gas products" means all those ores, metals, ~~and~~ minerals, or gases subject to the tax provided in section 298.015.

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

Sec. 38. Minnesota Statutes 2024, section 298.016, is amended by adding a subdivision to read:

Subd. 4a. **Gas products; definition.** For purposes of this section, "gas products" means all gases subject to the tax imposed in section 298.015.

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

Sec. 39. Minnesota Statutes 2024, section 298.018, subdivision 1, is amended to read:

Subdivision 1. **Within taconite assistance area.** (a) The proceeds of the tax paid under sections 298.015 and 298.016 on ores, metals, or minerals mined or extracted within the taconite assistance area defined in section 273.1341, shall be allocated as follows:

(1) except as provided under paragraph (b), five percent to the city or town within which the ores, metals, minerals, or energy resources are mined or extracted, or within which the concentrate was produced. If the mining and concentration, or different steps in either process, are carried on in more than one taxing district, the commissioner shall apportion equitably the proceeds among the cities and towns by attributing 50 percent of the proceeds of the tax to the operation of mining or extraction, and the remainder to the concentrating plant and to the processes of concentration, and with respect to each thereof giving due consideration to the relative extent of the respective operations performed in each taxing district;

(2) ten percent to the taconite municipal aid account to be distributed as provided in section 298.282, subdivisions 1 and 2, on the dates provided under this section;

(3) ten percent to the school district within which the ores, metals, minerals, or energy resources are mined or extracted, or within which the concentrate was produced. If the mining and concentration, or different steps in either process, are carried on in more than one school district, distribution among the school districts must be based on the apportionment formula prescribed in clause (1);

(4) 20 percent to a group of school districts comprised of those school districts wherein the ore, metal, mineral, or energy resource was mined or extracted or in which there is a qualifying municipality as defined by section 273.134, paragraph (b), in direct proportion to school district indexes as follows: for each school district, its pupil units determined under section 126C.05 for the prior school year shall be multiplied by the ratio of the average adjusted net tax capacity per pupil unit for school districts receiving aid under this clause as calculated pursuant to chapters 122A, 126C, and 127A for the school year ending prior

to distribution to the adjusted net tax capacity per pupil unit of the district. Each district shall receive that portion of the distribution which its index bears to the sum of the indices for all school districts that receive the distributions;

(5) ten percent to the county within which the ores, metals, minerals, or energy resources are mined or extracted, or within which the concentrate was produced. If the mining and concentration, or different steps in either process, are carried on in more than one county, distribution among the counties must be based on the apportionment formula prescribed in clause (1), provided that any county receiving distributions under this clause shall pay one percent of its proceeds to the Range Association of Municipalities and Schools;

(6) five percent to St. Louis County acting as the counties' fiscal agent to be distributed as provided in sections 273.134 to 273.136;

(7) 20 percent to the commissioner of Iron Range resources and rehabilitation for the purposes of section 298.22;

(8) three percent to the Douglas J. Johnson economic protection trust fund;

(9) seven percent to the taconite environmental protection fund; and

(10) ten percent to the commissioner of Iron Range resources and rehabilitation for capital improvements to Giants Ridge Recreation Area.

(b) If the ~~materials~~ ores, metals, minerals, or energy resources are mined, extracted, or concentrated in School District No. 2711, Mesabi East, then the amount under paragraph (a), clause (1), must instead be distributed pursuant to this paragraph. The cities of Aurora, Babbitt, Ely, and Hoyt Lakes must each receive 20 percent of the amount. The city of Biwabik and Embarrass Township must each receive ten percent of the amount.

(c) For the first five years that tax paid under section 298.015, subdivisions 1 and 2, is distributed under this subdivision, ten percent of the total proceeds distributed in each year must first be distributed pursuant to this paragraph. The remaining 90 percent of the total proceeds distributed in each of those years must be distributed as outlined in paragraph (a). Of the amount available under this paragraph, the cities of Aurora, Babbitt, Ely, and Hoyt Lakes must each receive 20 percent. Of the amount available under this paragraph, the city of Biwabik and Embarrass Township must each receive ten percent. This paragraph applies only to tax paid by a person engaged in the business of mining within the area described in section 273.1341, clauses (1) and (2).

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

Sec. 40. Minnesota Statutes 2024, section 298.018, subdivision 1a, is amended to read:

Subd. 1a. **Distribution date.** The proceeds of the tax allocated under ~~subdivision~~ subdivisions 1, 1b, and 3 shall be distributed ~~on December 15 each year~~ annually by January 15 following the return due date. Any payment of proceeds received after ~~December 15~~ January 15 following the return due date shall be distributed on the next gross proceeds tax distribution date.

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

Sec. 41. Minnesota Statutes 2024, section 298.018, is amended by adding a subdivision to read:

Subd. 1b. **Gas produced within taconite assistance area.** Ten percent of the proceeds of the tax paid under sections 298.015 and 298.016 on gas produced within the taconite assistance area defined in section 273.1341 during the preceding calendar year is allocated to the commissioner of Iron Range resources and rehabilitation for the purposes of section 298.22.

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

Sec. 42. Minnesota Statutes 2024, section 298.018, is amended by adding a subdivision to read:

Subd. 3. **Within a helium relief area.** (a) For a helium relief area established under section 273.1343, subdivision 2, the proceeds of the tax paid under sections 298.015 and 298.016 on gas produced within the helium relief area, and that are not allocated under subdivision 1b, are allocated as follows:

(1) 8.33 percent to school districts that have a boundary within Lake County, distributed to each school district in proportion to the school district's pupil units determined under section 126C.05, subdivision 1, for the prior school year relative to the total pupil units determined under section 126C.05, subdivision 1, for all school districts within Lake County. If Lake County does not have a boundary within the helium relief area, the funds allocated to this clause must be distributed under clause (2);

(2) 16.67 percent to school districts located entirely within the helium relief area, distributed to each school district in proportion to the school district's pupil units determined under section 126C.05, subdivision 1, for the prior school year relative to the total pupil

units determined under section 126C.05, subdivision 1, for all school districts in the helium relief area;

(3) 4.25 percent distributed to counties located at least partially within the helium relief area, distributed in equal amounts to each county;

(4) 8.25 percent to counties are both: (i) located at least partially within the helium relief area and (ii) within which gas products subject to the tax under sections 298.015 and 298.016 are produced within the helium relief area in the preceding calendar year. If production occurs in more than one county, the commissioner must attribute 50 percent of the proceeds of the tax to the drilling and extraction, and the remainder to the processes of separating and beneficiating. If neither drilling nor extraction occurs within the helium relief area, all proceeds must be attributable to the processes of separating and beneficiating. If neither separating nor beneficiating occurs within the helium relief area, all proceeds must be attributable to the processes of drilling and extraction. The commissioner must distribute amounts to each county proportionally to the relative extent of respective operations performed within the helium relief area in each county. The proportionate distribution for drilling and extraction must be based on volume of gas measured over the preceding calendar year. The proportionate distribution for separating and beneficiating must be based on man hours measured over the preceding calendar year;

(5) 2.875 percent to cities located at least partially within the helium relief area, distributed in equal amounts to each city;

(6) 5.875 percent to cities that: (i) are located at least partially within the helium relief area; and (ii) have a boundary within 25 miles of a mine, well, structure, or building located entirely within the helium relief area where gas products subject to the tax under sections 298.015 and 298.016 are produced in the preceding calendar year. If more than one city is located at least partially within the helium relief area and has a boundary within 25 miles of a mine, well, structure, or building located entirely within the helium relief area where gas products subject to the tax under sections 298.015 and 298.016 are produced in the preceding calendar year, the commissioner must attribute 50 percent of the proceeds of the tax to drilling and extraction, and the remainder to the processes of separating and beneficiating. If neither drilling nor extraction occurs within the helium relief area within 25 miles of a boundary of a city located at least partially within the helium relief area, all proceeds must be attributable to the processes of separating and beneficiating. If neither separating nor beneficiating occurs within the helium relief area within 25 miles of any city located at least partially within the helium relief area, all proceeds must be attributable to the processes of drilling and extraction. The commissioner must distribute amounts to each

city proportionally to the relative extent of respective operations performed within the helium relief area within 25 miles of a boundary of each city. The proportionate distribution for drilling and extraction must be based on volume of gas measured over the preceding calendar year. The proportionate distribution for separating and beneficiating must be based on man-hours measured over the preceding calendar year. If there are no eligible recipients for distributions under this clause, the funds allocated to this clause must be distributed under clause (5). If there are no eligible recipients under this clause and under clause (5), the funds allocated to this clause must be distributed under paragraph (b);

(7) 1.375 percent to towns located at least partially within the helium relief area, distributed in equal amounts to each town;

(8) 2.375 percent to towns that: (i) are located at least partially within the helium relief area and (ii) have a boundary within 25 miles of a mine, well, structure, or building located entirely within the helium relief area where gas products subject to the tax under sections 298.015 and 298.016 are produced in the preceding calendar year. If more than one town is located at least partially within the helium relief area and has a boundary within 25 miles of a mine, well, structure, or building located entirely within the helium relief area where gas products subject to the tax under sections 298.015 and 298.016 are produced in the preceding calendar year, the commissioner must attribute 50 percent of the proceeds of the tax to the drilling and extraction, and the remainder to the processes of separating and beneficiating. If neither drilling nor extraction occurs within the helium relief area within 25 miles of a boundary of a town located at least partially within the helium relief area, all proceeds must be attributable to the processes of separating and beneficiating. If neither separating nor beneficiating occurs within the helium relief area within 25 miles of any town located at least partially within the helium relief area, all proceeds must be attributable to the processes of drilling and extraction. The commissioner must distribute amounts to each town proportionally to the relative extent of respective operations performed within the helium relief area within 25 miles of a boundary of each town. The proportionate distribution for drilling and extraction must be based on volume of gas measured over the preceding calendar year. The proportionate distribution for separating and beneficiating must be based on man-hours measured over the preceding calendar year. If there are no eligible recipients for distributions under this clause, the money allocated to this clause must be distributed under clause (7). If there are no eligible recipients under this clause and under clause (7), the money allocated to this clause must be distributed under paragraph (b); and

(9) 50 percent to the helium property tax relief account under section 273.1362.

(b) If there are no eligible recipients for distributions of an allocation under a clause under paragraph (a), the money allocated to that clause must be distributed among other clauses for which there are eligible distribution recipients, in proportion to each clause's percentage of total allocations for which there are eligible recipients under paragraph (a).

(c) For purposes of this subdivision, "structure" or "building" means a structure or building used directly for drilling, extracting, separating, or beneficiating gas.

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

Sec. 43. Minnesota Statutes 2024, section 298.17, is amended to read:

298.17 OCCUPATION TAXES TO BE APPORTIONED.

(a) All occupation taxes paid by persons, copartnerships, companies, joint stock companies, corporations, and associations, however or for whatever purpose organized, engaged in the business of mining or producing iron ore ~~or~~, other ores, metals, minerals, or gas, when collected shall be apportioned and distributed in accordance with the Constitution of the state of Minnesota, article X, section 3, in the manner following: 90 percent shall be deposited in the state treasury and credited to the general fund of which four-ninths shall be used for the support of elementary and secondary schools; and ten percent of the proceeds of the tax imposed by this section shall be deposited in the state treasury and credited to the general fund for the general support of the university.

(b) Except as provided in paragraph (e), of the money apportioned to the general fund by this section: (1) there is annually appropriated and credited to the mining environmental and regulatory account in the special revenue fund an amount equal to that which would have been generated by a 2-1/2 cent tax imposed by section 298.24 on each taxable ton produced in the preceding calendar year. Money in the mining environmental and regulatory account is appropriated annually to the commissioner of natural resources to fund agency staff to work on environmental issues and provide regulatory services for ferrous and nonferrous mining and production operations in ~~this state~~ Minnesota. Payment to the mining environmental and regulatory account shall be made by July 1 annually. The commissioner of natural resources shall execute an interagency agreement with the Pollution Control Agency to assist with the provision of environmental regulatory services such as monitoring and permitting required for ferrous and nonferrous mining and production operations; (2) there is annually appropriated and credited to the Iron Range resources and rehabilitation account in the special revenue fund an amount equal to that which would have been generated by a 1.5 cent tax imposed by section 298.24 on each taxable ton produced in the preceding calendar year, to be expended for the purposes of section 298.22; and (3) there is annually appropriated and credited to the Iron Range resources and rehabilitation account in the special revenue fund for transfer to the Iron Range schools and community development account under section 298.28, subdivision 7a, an amount equal to that which would have been generated by a six cent tax imposed by section 298.24 on each taxable ton produced in the preceding calendar year. Payment to the Iron Range resources and rehabilitation account shall be made by May 15 annually.

(c) The money appropriated pursuant to paragraph (b), clause (2), shall be used (i) to provide environmental development grants to local governments located within any county in region 3 as defined in governor's executive order number 60, issued on June 12, 1970, which does not contain a municipality qualifying pursuant to section 273.134, paragraph (b), or (ii) to provide economic development loans or grants to businesses located within any such county, provided that the county board or an advisory group appointed by the county board to provide recommendations on economic development shall make recommendations to the commissioner of Iron Range resources and rehabilitation regarding the loans. Payment to the Iron Range resources and rehabilitation account shall be made by May 15 annually.

(d) Of the money allocated to Koochiching County, one-third must be paid to the Koochiching County Economic Development Commission.

(e) Of the money apportioned to the general fund under this section, the proceeds of the tax paid under section 298.01, subdivision 3, on gas produced must be allocated as follows:

(1) 50 percent must be distributed in equal amounts to counties located at least partially within a helium relief area established under section 273.1343, subdivision 2. Payment must be made annually by the March 15 following the return due date; and

(2) 50 percent must be distributed in equal amounts to Tribal Nations located in Minnesota as follows:

(i) the proceeds of the tax generated from a well operated on land ceded by a Tribal Nation under the Treaty of 1854, as described in section 97A.157, must be distributed in equal shares to each Tribal Nation that ceded land under that treaty. The tax generated from a well operated on ceded land is equal to the total tax paid by each taxpayer multiplied by a fraction, the numerator of which is the total volume of gas extracted by each taxpayer from wells operated on the ceded land and the denominator is the total volume of gas extracted by each taxpayer from wells in Minnesota;

(ii) the proceeds of the tax generated from a well operated on land ceded by a Tribal Nation under the Treaty of 1855, as described in section 626.90, subdivision 2, paragraph (c), must be distributed in equal shares to each Tribal Nation that is a constituent member of the Minnesota Chippewa Tribe, other than those Tribal Nations covered under item (i). The tax generated from a well operated on ceded land is equal to the total tax paid by each taxpayer multiplied by a fraction, the numerator of which is the total volume of gas extracted by each taxpayer from wells operated on ceded land and the denominator is the total volume of gas extracted by each taxpayer from wells in Minnesota; and

(iii) the remainder of the proceeds of the tax, other than proceeds of the tax from a well operated on ceded land that is distributed under items (i) and (ii), must be distributed in equal shares to each Tribal Nation.

For purposes of this paragraph, "Tribal Nation" means one of the 11 Tribes described in section 3.922, subdivision 1.

The payments under clause (2) shall be made annually to the Tribal Nations by the March 15 following the return due date.

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

ARTICLE 10
MISCELLANEOUS

Section 1. Minnesota Statutes 2024, section 3.192, is amended to read:

3.192 REQUIREMENTS FOR NEW OR RENEWED TAX EXPENDITURES.

~~(a) Any bill that creates, renews, or continues a tax expenditure must include a statement of intent that clearly provides the purpose of the tax expenditure and a standard or goal against which its effectiveness may be measured.~~

~~(b) For purposes of this section, "tax expenditure" has the meaning given in section 270C.11, subdivision 6.~~

~~(c)~~ Any bill that creates a new tax expenditure or continues an expiring tax expenditure must include an expiration date for the tax expenditure that is no more than eight years from the day the provision takes effect. For purposes of this section, "tax expenditure" has the meaning given in section 270C.11, subdivision 6.

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

Sec. 2. Minnesota Statutes 2024, section 3.8855, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For the purposes of this section~~,~~:

(1) "commissioner" means the commissioner of revenue; and

(2) "significant tax expenditure," "tax," and "tax expenditure" have the meanings given in section 270C.11, subdivision 6.

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

Sec. 3. Minnesota Statutes 2024, section 3.8855, subdivision 3, is amended to read:

Subd. 3. **Membership.** (a) The commission consists of:

(1) two senators appointed by the senate majority leader;

(2) two senators appointed by the senate minority leader;

(3) two representatives appointed by the speaker of the house;

(4) two representatives appointed by the minority leader of the house of representatives; and

(5) the commissioner ~~of revenue~~ or the commissioner's designee.

(b) Each appointing authority must make appointments by January 31 of the regular legislative session in the odd-numbered year.

(c) If the chair of the house or senate committee with primary jurisdiction over taxes is not an appointed member, the chair is an ex officio, nonvoting member of the commission.

(d) The commissioner may designate another individual to represent the commissioner or the commissioner's designee at any meeting of the commission.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 4. Minnesota Statutes 2024, section 3.8855, subdivision 4, is amended to read:

Subd. 4. **Duties.** (a) For not more than three years after the commission is established, the commission must complete an initial review of the state's tax expenditures. The initial review must identify the ~~purpose~~ objective of each of the state's tax expenditures~~, if none was identified in the enacting legislation in accordance with section 3.192~~. The commission may also identify metrics for evaluating the effectiveness of an expenditure.

(b) The commission must review and evaluate Minnesota's tax expenditures on a regular, rotating basis. The commission must establish a review schedule that ensures each tax expenditure will be reviewed by the commission at least once every ten years. The commission may review expenditures affecting similar constituencies or policy areas in the same year, but the commission must review a subset of the tax expenditures within each tax type each year. To the extent possible, the commission must review a similar number of tax expenditures within each tax type each year. The commission may decide not to review a tax expenditure that is adopted by reference to federal law.

(c) Before ~~December~~ February 1 of the year a tax expenditure is included in a commission report, the commission must hold a public hearing on the expenditure, including but not limited to a presentation of the review components in subdivision 5.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 5. Minnesota Statutes 2024, section 3.8855, subdivision 5, is amended to read:

Subd. 5. **Components of review.** (a) When reviewing a tax expenditure, the commission must at a minimum:

(1) provide an estimate of the annual revenue lost as a result of the expenditure;

(2) identify the ~~purpose~~ objective of the tax expenditure ~~if none was identified in the enacting legislation in accordance with section 3.192~~;

(3) estimate the measurable impacts and efficiency of the tax expenditure in accomplishing the ~~purpose~~ objective of the expenditure;

(4) compare the effectiveness of the tax expenditure and a direct expenditure with the same ~~purpose~~ objective;

(5) identify potential modifications to the tax expenditure to increase its efficiency or effectiveness;

(6) estimate the amount by which the tax rate for the relevant tax could be reduced if the revenue lost due to the tax expenditure were applied to a rate reduction;

(7) if the tax expenditure is a significant tax expenditure, estimate the incidence of the tax expenditure and the effect of the expenditure on the incidence of the state's tax system;

(8) consider the cumulative fiscal impacts of other state and federal taxes providing benefits to taxpayers for similar activities; and

(9) recommend whether the expenditure be continued, repealed, or modified.

(b) The commission may omit a component in paragraph (a) if the commission determines it is not feasible due to the lack of available data, third-party research, staff resources, or lack of a majority support for a recommendation.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 6. Minnesota Statutes 2024, section 3.8855, subdivision 7, is amended to read:

Subd. 7. **Report to legislature.** (a) By ~~December~~ February 15 of each year, the commission must submit a written report to the legislative committees with jurisdiction over tax policy. The report must detail the results of the commission's review of tax expenditures for the year, including the review components detailed in subdivision 5.

(b) Notwithstanding paragraph (a), during the period of initial review under subdivision 4, the report may be limited to the ~~purpose~~ objective statements and metrics for evaluating the effectiveness of expenditures, as identified by the commission. The report may also include relevant publicly available data on an expenditure.

(c) The report may include any additional information the commission deems relevant to the review of an expenditure.

(d) The legislative committees with jurisdiction over tax policy must hold a public hearing on the report during the regular legislative session in the year following the year in which the report was submitted.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 7. Minnesota Statutes 2024, section 3.8855, subdivision 8, is amended to read:

Subd. 8. **Terms; vacancies; meetings.** (a) Members of the commission serve a term beginning upon appointment and ending at the beginning of the regular legislative session in the next odd-numbered year. The appropriate appointing authority must fill a vacancy for a seat of a current legislator for the remainder of the unexpired term. Members may be removed or replaced at the pleasure of the appointing authority.

(b) If a commission member ceases to be a member of the legislative body from which the member was appointed, the member vacates membership on the commission.

(c) The commissioner of revenue must convene the first meeting of each year required under subdivision 4, paragraph (c).

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 8. Minnesota Statutes 2024, section 8.31, subdivision 2c, is amended to read:

Subd. 2c. **Undistributed money to ~~general fund~~ consumer protection restitution account.** If a court of competent jurisdiction finds that a sum recovered under this section for the benefit of injured persons cannot reasonably be distributed to the victims, because the victims cannot readily be located or identified, or because the cost of distributing the money would outweigh the benefit to the victims, then the court ~~may order that the money be paid into the general fund. All sums recovered must be deposited into the state treasury and credited to the general fund~~ or attorney general must deposit the money in the consumer protection restitution account under section 8.37. Consumer enforcement public compensation that the attorney general attempts to distribute to an eligible consumer, but that is not redeemed by the consumer within 120 days, may be redeposited in the account. For purposes of this subdivision, "consumer enforcement public compensation" and "eligible consumer" have the meanings given in section 8.37, subdivision 2.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 9. **[8.37] CONSUMER PROTECTION RESTITUTION ACCOUNT.**

Subdivision 1. **Creation of account.** The consumer protection restitution account is established in the special revenue fund. Money in the account is appropriated annually to the attorney general for the purposes provided under subdivision 4.

Subd. 2. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Account" means the consumer protection restitution account established under this section.

(c) "Account administrator" means a person appointed by the attorney general as an account administrator under this section.

(d) "Consumer enforcement action" means litigation in any forum, or settlement of a matter that could have resulted in litigation, by the attorney general in whole or in part under (1) the authority of the attorney general provided in section 8.31, or (2) other authority granted to the attorney general by law to obtain the remedies provided in section 8.31.

(e) "Consumer enforcement public compensation" means money awarded or recovered in a consumer enforcement action to vindicate public interests by providing restitution or other compensation to persons directly impacted by unlawful acts and practices that are the subject of the consumer enforcement action.

(f) "Court-appointed administrator" means an administrator appointed by a court under section 8.31, subdivision 3c.

(g) "Eligible consumer" means a person who was directly impacted by unlawful acts and practices that are the subject of a consumer enforcement action and, as a result, is eligible to receive consumer enforcement public compensation under a final order.

(h) "Final order" means a judgment, assurance of discontinuance, consent order, settlement, stipulation, or other order or settlement that is no longer appealable and for which no appeals are pending. A final order does not include any judgment, assurance of discontinuance, consent order, settlement, stipulation, or other order or settlement entered into before October 15, 2023.

(i) "Identified amount of unpaid consumer enforcement public compensation" means a specific amount of consumer enforcement public compensation that the attorney general, court-appointed administrator, or fund administrator has determined a specific eligible consumer is entitled to receive following a final order in a consumer enforcement action and that has not been distributed to the specific eligible consumer.

Subd. 3. **Money deposited in the account.** 50 percent of all money recovered by the attorney general in a consumer enforcement action that is payable to the state and not designated as consumer enforcement public compensation or for another specific purpose up to the first $1,000,000 each fiscal year must be deposited into the account. The remaining 50 percent of money recovered by the attorney general in a consumer enforcement action that is payable to the state and not designated as consumer enforcement public compensation or for another specific purpose must be deposited into the general fund. For purposes of this subdivision, the amount of money recovered in a consumer enforcement action that must be deposited into the fund is determined at the time when the money otherwise would have been deposited into the general fund.

Subd. 4. **Permissible use of account.** Money in the account must be used only to distribute consumer enforcement action public compensation to eligible consumers under subdivision 5 and for costs to administer the account. The costs to administer the account may include the cost to retain for any permissible purpose an account administrator or court-appointed administrator but must not exceed three percent of the total amount of money available. The attorney general may pay an account administrator from the account if the account contains excess money.

Subd. 5. **Distributions to eligible consumers.** (a) Money in the account may be distributed to any eligible consumer with an identified amount of unpaid consumer enforcement public compensation. If the amount of money in the account is insufficient to pay all distributions to eligible consumers with an identified amount of unpaid consumer enforcement public compensation, the money must be distributed first to consumers eligible for unpaid consumer enforcement public compensation based on a consumer enforcement action with a final order of the oldest date.

(b) If the attorney general projects that there will be insufficient funding to pay all eligible consumers from the funds available on an ongoing basis, the attorney general may recommend to the legislature that the legislature prescribe a formula for prorating or capping payments to eligible consumers so that more eligible consumers will receive payment from the fund.

Subd. 6. **Impractical payments and unreasonable effort as to unpaid compensation.** (a) The attorney general may deem a distribution to an eligible consumer with an identified amount of unpaid consumer enforcement public compensation impractical if:

(1) the distribution to the eligible consumer is too small to justify the cost to locate the eligible consumer or make the payment;

(2) the eligible consumer does not redeem a payment within a reasonable time; or

(3) other circumstances make distributing the unpaid consumer enforcement compensation to the eligible consumer unreasonable.

(b) The attorney general may deem an attempt to determine an identified amount of unpaid consumer enforcement public compensation for some or all eligible consumers relating to a consumer enforcement action is unreasonable when the judgment, assurance of discontinuance, consent order, settlement, stipulation, or other order or settlement does not identify specific amounts of consumer enforcement public compensation for specific consumers if:

(1) the number of likely eligible consumers and the amount of likely unpaid consumer enforcement public compensation is too small to justify the cost to determine an identified amount of unpaid consumer enforcement public compensation;

(2) the information needed to identify an amount of unpaid consumer enforcement public compensation is unavailable or too costly to obtain; or

(3) other circumstances make an attempt to determine an identified amount of unpaid consumer enforcement public compensation unreasonable.

Subd. 7. **Concluded distributions.** The attorney general must stop providing distributions of unpaid consumer enforcement public compensation relating to a consumer enforcement action when the attorney general determines:

(1) all eligible consumers with an identified amount of unpaid consumer enforcement public compensation for the consumer enforcement action have received a distribution through the account or the distribution has been deemed impractical under subdivision 6, paragraph (a); and

(2) no additional eligible consumers with unpaid consumer enforcement public compensation for the consumer enforcement action exist or the attorney general has deemed identifying unpaid compensation under subdivision 6, paragraph (b), unreasonable.

Subd. 8. **Annual report.** (a) The attorney general must publish on the attorney general's website an annual report identifying the following information for the annual period:

(1) the consumer enforcement actions resulting in payment of money to the account and the amount of money paid to the account for each consumer enforcement action;

(2) the consumer enforcement actions for which distributions were made to eligible consumers, the amount of money distributed for each consumer enforcement action, and the amount of money distributed to each eligible consumer;

(3) the consumer enforcement actions for which there are eligible consumers awaiting distribution from the account and the amount of money for which those eligible consumers are awaiting distribution for each consumer enforcement action;

(4) the consumer enforcement actions for which the attorney general has concluded account distribution;

(5) the consumer enforcement actions in which the attorney general determined that some or all eligible compensation was impractical to distribute or unreasonable to determine under subdivision 6;

(6) a summary of the unlawful acts and practices that directly impacted an eligible consumer and a description of the public interests vindicated by a distribution from the account;

(7) all administrative policies that apply to the account, including any policies that determine priorities for distribution of money;

(8) the number of employees working on the account; and

(9) the cost incurred to administer the account.

(b) The attorney general must provide the report to the chairs and ranking minority members of the legislative committees with jurisdiction over state government, commerce, and judiciary.

Subd. 9. **Account administrator.** (a) The attorney general may appoint an administrator for any of the following purposes:

(1) determining identified amounts of unpaid consumer enforcement public compensation for eligible consumers;

(2) collecting money that can be deposited, in whole or in part, to the account;

(3) distributing money to eligible consumers; or

(4) any other costs to administer the account.

(b) The attorney general may appoint more than one account administrator.

Subd. 10. **No private right of action.** A person does not have a private right of action with respect to a payment from the account or administration of the account.

Subd. 11. **Collection efforts unaffected.** The distribution of money from the account to eligible consumers does not affect the attorney general's authority to collect, satisfy, or enforce final orders against persons ordered to pay consumer enforcement public compensation to eligible consumers in the final order. To the extent the attorney general collects consumer enforcement public compensation pursuant to a final order after money has been distributed from the account to eligible consumers that are the subject of that final order, the collected consumer enforcement public compensation must be deposited in the account in an amount equal to the prior account distribution.

Subd. 12. **Data classification.** Notwithstanding section 13.65, informal or formal policies relating to the account are public data on individuals, as defined in section 13.02, subdivision 15, and public data not on individuals, as defined by section 13.02, subdivision 14.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 10. Minnesota Statutes 2024, section 14.03, subdivision 3, is amended to read:

Subd. 3. **Rulemaking procedures.** (a) The definition of a rule in section 14.02, subdivision 4, does not include:

(1) rules concerning only the internal management of the agency or other agencies that do not directly affect the rights of or procedures available to the public;

(2) an application deadline on a form; and the remainder of a form and instructions for use of the form to the extent that they do not impose substantive requirements other than requirements contained in statute or rule;

(3) the curriculum adopted by an agency to implement a statute or rule permitting or mandating minimum educational requirements for persons regulated by an agency, provided the topic areas to be covered by the minimum educational requirements are specified in statute or rule;

(4) procedures for sharing data among government agencies, provided these procedures are consistent with chapter 13 and other law governing data practices.

(b) The definition of a rule in section 14.02, subdivision 4, does not include:

(1) rules of the commissioner of corrections relating to the release, placement, term, and supervision of inmates serving a supervised release or conditional release term, the internal management of institutions under the commissioner's control, and rules adopted under section 609.105 governing the inmates of those institutions;

(2) rules relating to weight limitations on the use of highways when the substance of the rules is indicated to the public by means of signs;

(3) opinions of the attorney general;

(4) the data element dictionary and the annual data acquisition calendar of the Department of Education to the extent provided by section 125B.07;

(5) the occupational safety and health standards provided in section 182.655;

(6) revenue ~~notices~~ rulings and tax information bulletins of the commissioner of revenue;

(7) uniform conveyancing forms adopted by the commissioner of commerce under section 507.09;

(8) standards adopted by the Electronic Real Estate Recording Commission established under section 507.0945; or

(9) the interpretive guidelines developed by the commissioner of human services to the extent provided in chapter 245A.

EFFECTIVE DATE. This section is effective beginning July 1, 2025.

Sec. 11. Minnesota Statutes 2024, section 16A.151, subdivision 2, is amended to read:

Subd. 2. **Exceptions.** (a) If a state official litigates or settles a matter on behalf of specific injured persons or entities, this section does not prohibit distribution of money to the specific injured persons or entities on whose behalf the litigation or settlement efforts were initiated. If money recovered on behalf of injured persons or entities cannot reasonably be distributed to those persons or entities because they cannot readily be located or identified or because the cost of distributing the money would outweigh the benefit to the persons or entities, the money must be paid into the general fund.

(b) Money recovered on behalf of a fund in the state treasury other than the general fund may be deposited in that fund.

(c) This section does not prohibit a state official from distributing money to a person or entity other than the state in litigation or potential litigation in which the state is a defendant or potential defendant.

(d) State agencies may accept funds as directed by a federal court for any restitution or monetary penalty under United States Code, title 18, section 3663(a)(3), or United States Code, title 18, section 3663A(a)(3). Funds received must be deposited in a special revenue account and are appropriated to the commissioner of the agency for the purpose as directed by the federal court.

~~(e) Tobacco settlement revenues as defined in section 16A.98, subdivision 1, paragraph (t), may be deposited as provided in section 16A.98, subdivision 12.~~

~~(f)~~ <u>(e)</u> Any money received by the state resulting from a settlement agreement or an assurance of discontinuance entered into by the attorney general of the state, or a court order in litigation brought by the attorney general of the state, on behalf of the state or a state agency, related to alleged violations of consumer fraud laws in the marketing, sale, or distribution of opioids in this state or other alleged illegal actions that contributed to the excessive use of opioids, must be deposited in the settlement account established in the opiate epidemic response fund under section 256.043, subdivision 1. This paragraph does not apply to attorney fees and costs awarded to the state or the Attorney General's Office, to contract attorneys hired by the state or Attorney General's Office, or to other state agency attorneys.

~~(g)~~ <u>(f)</u> Notwithstanding paragraph ~~(f)~~ <u>(e)</u>, if money is received from a settlement agreement or an assurance of discontinuance entered into by the attorney general of the state or a court order in litigation brought by the attorney general of the state on behalf of the state or a state agency against a consulting firm working for an opioid manufacturer or opioid wholesale drug distributor, the commissioner shall deposit any money received into the settlement account established within the opiate epidemic response fund under section 256.042, subdivision 1. Notwithstanding section 256.043, subdivision 3a, paragraph (a), any amount deposited into the settlement account in accordance with this paragraph shall be appropriated to the commissioner of human services to award as grants as specified by the opiate epidemic response advisory council in accordance with section 256.043, subdivision 3a, paragraph (e).

~~(h)~~ (g) If the Minnesota Pollution Control Agency, through litigation or settlement of a matter that could have resulted in litigation, recovers $250,000 or more in a civil penalty from violations of a permit issued by the agency, then 40 percent of the money recovered must be distributed to the community health board, as defined in section 145A.02, where the permitted facility is located. Within 30 days of a final court order in the litigation or the effective date of the settlement agreement, the commissioner of the Minnesota Pollution Control Agency must notify the applicable community health board that the litigation has concluded or a settlement has been reached. The commissioner must collect the money and transfer it to the applicable community health board. The community health board must meet directly with the residents potentially affected by the pollution that was the subject of the litigation or settlement to identify the residents' concerns and incorporate those concerns into a project that benefits the residents. The project must be implemented by the community health board and funded as directed in this paragraph. The community health board may recover the reasonable costs it incurs to administer this paragraph from the funds transferred to the board under this paragraph. This paragraph directs the transfer and use of money only and does not create a right of intervention in the litigation or settlement of the enforcement action for any person or entity. A supplemental environmental project funded as part of a settlement agreement is not part of a civil penalty and must not be included in calculating the amount of funds required to be distributed to a community health board under this paragraph. For the purposes of this paragraph, "supplemental environmental project" means a project that benefits the environment or public health that a regulated facility agrees to undertake, though not legally required to do so, as part of a settlement with respect to an enforcement action taken by the Minnesota Pollution Control Agency to resolve noncompliance.

~~(i)~~ (h) A community health board receiving a transfer of funds under paragraph ~~(h)~~ (g) must, no later than one year after receiving the funds, submit a report to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over environment policy and natural resources that describes:

(1) the process of community engagement employed to solicit community input regarding the use of the funds;

(2) the purposes and activities for which the funds were used; and

(3) an account of expenditures.

~~(j)~~ (i) The commissioner of the Minnesota Pollution Control Agency must submit a report in September each even-numbered year, beginning in 2024, to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over environmental policy and natural resources that includes:

(1) the amount transferred under paragraph ~~(h)~~ (g) to each community health board during the previous two years; and

(2) any agency services provided to the community health board or community residents during the duration of the project funded by the transfer, and the cost of those agency services, for consideration by the legislature for future appropriations that address reimbursement of the amount of the transfers and the cost of services provided by the agency.

~~(k)~~ (j) Any money received by the state resulting from a settlement agreement or an assurance of discontinuance entered into by the attorney general of the state, or a court order in litigation brought by the attorney general of the state on behalf of the state or a state agency related to alleged violations of consumer fraud laws in the marketing, sale, or distribution of electronic nicotine delivery systems in this state or other alleged illegal actions that contributed to the exacerbation of youth nicotine use, must be deposited in the tobacco use prevention account under section 144.398. This paragraph does not apply to: (1) attorney fees and costs awarded or paid to the state or the Attorney General's Office; (2) contract attorneys hired by the state or Attorney General's Office; or (3) other state agency attorneys. The commissioner of management and budget must transfer to the tobacco use prevention account, any money subject to this paragraph that is received by the state before May 24, 2023.

(k) This section does not apply to money deposited in the consumer protection restitution account under section 8.37.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 12. Minnesota Statutes 2024, section 37.31, subdivision 1, is amended to read:

Subdivision 1. **Bonding authority.** The society may issue negotiable bonds in a principal amount that the society determines necessary to provide sufficient money for achieving its purposes, including the payment of interest on bonds of the society, the establishment of reserves to secure its bonds, the payment of fees to a third party providing credit enhancement, and the payment of all other expenditures of the society incident to and necessary or convenient to carry out its corporate purposes and powers. Bonds of the society may be issued as bonds or notes or in any other form authorized by law. The principal amount of bonds issued and outstanding under this section at any time may not exceed ~~$30,000,000~~ $50,000,000, excluding bonds for which refunding bonds or crossover refunding bonds have been issued.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 13. **[256B.1975] DIRECTED PAYMENT ARRANGEMENTS; PRIVATE HOSPITALS.**

Subdivision 1. **Definition.** For the purposes of this section, "billing professionals" means physicians, nurse practitioners, nurse midwives, clinical nurse specialists, physician assistants, anesthesiologists, and certified registered nurse anesthetists, and may include dentists, individually enrolled dental hygienists, and dental therapists.

Subd. 2. **Directed payment arrangements for private hospitals.** The commissioner must develop and implement beginning January 1, 2026, a voluntary program to increase medical assistance funding for the eligible provider through a directed payment arrangement.

Subd. 3. **Eligible provider.** The eligible provider under this section is a private, nonprofit acute care hospital located in Hennepin County designated by the commissioner of health as a level I trauma hospital according to section 144.605, subdivision 3, and providing statewide ground and air emergency medical transportation services, and all of such hospital's owned or affiliated billing professionals, ambulance services, sites, and clinics.

Subd. 4. **Arrangement requirements.** (a) In developing the voluntary program, the commissioner must create a directed payment, as allowed under Code of Federal Regulations, title 42, section 438.6, utilizing an intergovernmental transfer as allowed under Code of Federal Regulations, title 42, section 433.51.

(b) The program must supplement, and not supplant or replace, any existing medical assistance funding provided to the eligible provider.

(c) Managed care plans and county-based purchasing plans must pay the directed payment under this section to the eligible provider. If, for any contract year, federal approval is not received for the directed payment arrangement, the commissioner must adjust the capitation rates paid to managed care plans and county-based purchasing plans for that contract year. Contracts between the eligible provider and managed care plans and county-based purchasing plans must allow recovery of payments from the eligible provider if capitation rates are adjusted in accordance with this paragraph. Payment recoveries must not exceed the amount equal to any change in rates that results from this paragraph.

Subd. 5. **State quality goals.** The directed payment arrangement must align with state quality goals for medical assistance patients, including those with higher levels of social and clinical risk, people with limited English proficiency, adults with serious chronic conditions, and individuals of color. The directed payment arrangement must be aimed at maintaining quality and access to the full range of health care delivery mechanisms for these patients that may include behavioral health, emergent care, preventive care, hospitalization, transportation, interpreter services, and pharmaceutical services. The commissioner, in consultation with the eligible provider, shall submit to the Centers for Medicare and Medicaid Services a methodology to measure access to care and the achievement of state quality goals.

Subd. 6. **Federal approval.** The commissioner must implement the program beginning January 1, 2026, and maintain the directed payment arrangement thereafter, unless annual federal approval has not been received.

Subd. 7. **Change of control.** The intergovernmental transfer that funds the nonfederal share of the directed payment arrangement ends if the ownership, corporate governance structure, or majority control of either hospital operated by the eligible provider is sold or transferred to an entity that is organized for profit. The eligible provider shall provide notice to the commissioner of a sale or transfer described in this subdivision at least 90 days in advance of the sale or transfer.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 14. Minnesota Statutes 2024, section 270C.07, is amended to read:

270C.07 REVENUE ~~NOTICES~~ RULINGS.

Subdivision 1. **Authority.** The commissioner may make, adopt, and publish interpretive revenue ~~notices~~ rulings. A "revenue ~~notice~~ ruling" is a policy statement that has been published pursuant to subdivision 5 and that provides interpretation, details, or supplementary information concerning the application of state revenue laws or rules promulgated by the commissioner. Revenue ~~notices~~ rulings are published for the information and guidance of taxpayers, local government officials, the department, and others concerned.

Subd. 2. **Effect.** Revenue ~~notices~~ rulings do not have the force and effect of law and have no precedential effect, but may be relied on by taxpayers unless and until revoked or modified. ~~A notice may be expressly revoked or modified by the commissioner, by the issuance of a revenue notice, but may not be revoked or modified retroactively to the detriment of the taxpayers. A change in the law or an interpretation of the law occurring~~

~~after the revenue notice is issued, whether in the form of a statute, court decision, administrative rule, or revenue notice, results in revocation or modification of the notice to the extent that the change affects the notice.~~

Subd. 2a. **Revocation or modification.** A revenue ruling may be expressly revoked or modified by the commissioner, by the issuance of a revenue ruling, but may not be revoked or modified retroactively to the detriment of taxpayers. A change in the law or an interpretation of the law occurring after the revenue ruling is issued, whether in the form of a statute, court decision, administrative rule, or revenue ruling, results in revocation or modification of the ruling to the extent that the change affects the ruling.

Subd. 3. **Retroactivity.** Revenue ~~notices~~ rulings are generally interpretive of existing law and therefore are retroactive to the effective date of the applicable law provision unless otherwise stated in the ~~notice~~ ruling.

Subd. 4. **Issuance.** The issuance of revenue ~~notices~~ rulings is at the discretion of the commissioner. The commissioner shall establish procedures governing the issuance of revenue ~~notices~~ rulings and tax information bulletins. ~~At least one week before publication of a revenue notice in the State Register, the commissioner shall provide a copy of the notice to the chairs of the Taxes Committee of the house of representatives and the Taxes and Tax Laws Committee of the senate.~~

Subd. 4a. **Request.** (a) Any person may submit a revenue ruling request to the commissioner. The request must contain the following:

(1) tax type;

(2) the name and characteristics of the taxpayer submitting the request;

(3) description of the issue to be addressed;

(4) information demonstrating the frequency of the issue;

(5) any supporting materials and documents that provide background information on the issue; and

(6) any other relevant information and documents identified by the commissioner.

(b) The commissioner must acknowledge all submitted requests within 21 days of receipt. The person making the request must provide additional information and documents as requested by the commissioner within 60 days of request. Failure to timely provide the requested information and documents may result in the request being denied. Upon the commissioner's receipt of all requested additional information and documents, the person's request is considered complete.

(c) The commissioner must respond to all requests for revenue rulings either by issuance of a ruling or by letter explaining why the commissioner declined to issue a ruling. If the commissioner declines the request, the commissioner shall provide the person making the request with a letter explaining the reasons for declining to do so within 45 days of receipt of the completed request. If the commissioner does not decline the completed request, the commissioner shall complete the revenue ruling and submit it for feedback under subdivision 5 within 210 days of the commissioner's receipt of the completed request.

(d) The commissioner's revenue rulings, decisions to decline to issue revenue rulings, and other determinations made under this section may not be appealed.

Subd. 5. **Review and publication.** The commissioner shall seek feedback from the tax section of the Minnesota State Bar Association and the Minnesota Society of Certified Public Accountants prior to publication of a revenue ruling. The commissioner shall publish the revenue ~~notices~~ rulings in the State Register and in any other manner that makes them accessible to the general public. ~~The commissioner may charge a reasonable fee for publications.~~ At least two weeks before publication of a revenue ruling in the State Register, the commissioner shall provide a copy of the ruling to the chairs and ranking minority members of the legislative committees with jurisdiction over taxes.

Subd. 6. **Confidentiality.** Prior to publication or other public dissemination, the commissioner shall redact certain information from a revenue ruling or proposed ruling, including the name and address of the taxpayer and taxpayer's representative.

Subd. 7. **Effect of determination.** A determination of any kind made by the commissioner pursuant to this section is not a rule and is not subject to the Administrative Procedure Act contained in chapter 14.

Subd. 8. **Legislative report.** (a) On or before January 31, 2027, and on or before January 31 each year thereafter, the commissioner shall report in writing to the legislature the following information for the immediately preceding calendar year:

(1) the number of revenue ruling requests submitted and the number of those rulings subsequently issued;

(2) the tax types for which rulings were requested;

(3) the types and characteristics of taxpayers requesting rulings; and

(4) any other information that the commissioner considers relevant to legislative oversight of revenue rulings.

(b) The report must be filed as provided in sections 3.195 and 3.197 and copies must be provided to the chairs and ranking minority members of the legislative committees with jurisdiction over taxes.

EFFECTIVE DATE. This section is effective beginning July 1, 2025, except that the first legislative report under subdivision 8 is due January 31, 2027.

Sec. 15. Minnesota Statutes 2024, section 270C.08, is amended to read:

270C.08 TAX INFORMATION BULLETINS.

The commissioner may issue tax information bulletins. "Tax information bulletins" are informational guides to enable taxpayers and local governmental officials to become more familiar with state revenue laws and their rights and responsibilities under these laws. Nothing contained in the tax information bulletins supersedes, alters, or otherwise changes any provisions of the state revenue laws, administrative rules, court decisions, or revenue ~~notices~~ rulings.

EFFECTIVE DATE. This section is effective beginning July 1, 2025.

Sec. 16. Minnesota Statutes 2024, section 270C.085, is amended to read:

270C.085 NOTIFICATION REQUIREMENTS; SALES AND USE TAXES.

The commissioner of revenue shall establish a means of electronically notifying persons holding a sales tax permit under section 297A.84 of any statutory change in chapter 297A and any issuance or change in any administrative rule, revenue ~~notice~~ ruling, or sales tax fact sheet or other written information provided by the department explaining the interpretation or administration of the tax imposed under that chapter. The notification must indicate the basic subject of the statute, rule, fact sheet, or other material and provide an electronic link to the material. Any person holding a sales tax permit that provides an electronic address to the department must receive these notifications unless they specifically request electronically, or in writing, to be removed from the notification list. This requirement does not replace traditional means of notifying the general public or persons without access to electronic communications of changes in the sales tax law.

EFFECTIVE DATE. This section is effective beginning July 1, 2025.

Sec. 17. Minnesota Statutes 2024, section 270C.11, subdivision 4, is amended to read:

Subd. 4. **Contents.** (a) The report shall detail for each tax expenditure item:

(1) the amount of tax revenue forgone;

(2) a citation of the statutory or other legal authority for the expenditure;

(3) the year in which it was enacted or the tax year in which it became effective;

(4) the ~~purpose~~ objective of the expenditure, as identified ~~in the enacting legislation in accordance with section 3.192 or~~ by the Tax Expenditure Review Commission;

(5) the incidence of the expenditure, if it is a significant sales or income tax expenditure; and

(6) the revenue-neutral amount by which the relevant tax rate could be reduced if the expenditure were repealed.

(b) The report may contain additional information which the commissioner considers relevant to the legislature's consideration and review of individual tax expenditure items. This may include but is not limited to analysis of whether the expenditure is achieving that objective and the effect of the expenditure on the administration of the tax system.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 18. Minnesota Statutes 2024, section 289A.51, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Electric-assisted bicycle" has the meaning given in section 169.011, subdivision 27, except that the term is limited to a new electric-assisted bicycle purchased from an eligible retailer.

(c) "Eligible expenses" means the amount paid for an electric-assisted bicycle and any qualifying accessories purchased at the same time as the electric-assisted bicycle, inclusive of sales tax but exclusive of any other related charges, including charges for a warranty, service, or delivery.

(d) "Eligible individual" means an individual who:

(1) is at least 15 years old;

(2) is a resident individual taxpayer at the time of application for a rebate certificate and in the two previous calendar ~~year~~ years;

(3) has filed an income tax return for the two taxable years immediately preceding the calendar year in which the individual applies for a rebate certificate; and

~~(3)~~ (4) was not claimed as a dependent on another return in the taxable year described in subdivision 3, paragraph (c).

(e) "Eligible retailer" means a person who has engaged in the business of retail sales of new electric-assisted bicycles for at least six months prior to receiving the approval of the commissioner under subdivision 5.

(f) "Person with a disability" means a person who:

(1) receives social security disability insurance benefits under United States Code, title 42, sections 401 to 434;

(2) is under the age of 65 and receives supplemental security income benefits under United States Code, title 42, sections 1381 to 1385; or

(3) receives home and community-based disability waiver services under section 256B.092 or 256B.49.

(g) "Qualifying accessories" means a bicycle helmet, lights, lock, luggage rack, basket, bag or backpack, fenders, or reflective clothing.

EFFECTIVE DATE. This section is effective for rebates after December 31, 2024.

Sec. 19. Minnesota Statutes 2024, section 289A.51, subdivision 3, is amended to read:

Subd. 3. **Amount of rebate.** (a) The amount of a rebate under this section equals the lesser of:

(1) ~~the applicable percentage, multiplied by the amount~~ 75 percent of eligible expenses paid by an eligible individual; or

(2) ~~$1,500~~ $750.

~~(b) The applicable percentage equals 75 percent, but is reduced by one percentage point until the percentage equals 50 percent, for each $4,000 of the eligible individual's adjusted gross income in excess of:~~

~~(1) $50,000 for a married taxpayer filing a joint return; and~~

~~(2) $25,000 for all other filers.~~

(b) Eligibility for a rebate under this section is limited to eligible individuals who either:

(1) meet the income limitation for an eligible individual specified in paragraph (c); or

(2) are a person with a disability.

(c) The income limitation for an eligible individual under paragraph (b), clause (1), must not exceed:

(1) $78,000 in the case of a married eligible individual who filed a joint return;

(2) $62,000 for an individual who filed a return as a head of household; or

(3) $41,000 for all other individuals.

~~(c)~~ (d) For the purposes of determining the ~~applicable percentage~~ income limit under paragraph ~~(b)~~ (c) ~~and subdivision 4, paragraph (a)~~, the commissioner must use the eligible individual's adjusted gross income for the taxable year ending in the calendar year prior to the year in which the individual applied for a rebate certificate.

EFFECTIVE DATE. This section is effective for rebates after December 31, 2024.

Sec. 20. Minnesota Statutes 2024, section 289A.51, subdivision 4, is amended to read:

Subd. 4. **Commissioner to issue rebate certificates.** (a) To qualify for a rebate under this section, an eligible individual must apply to the commissioner for a rebate certificate in the manner specified by the commissioner prior to purchasing an electric-assisted bicycle. As part of the application, the eligible individual must include proof of the individual's adjusted gross income for the taxable year specified in subdivision 3, paragraph (c). The commissioner must issue a rebate certificate to an eligible individual stating the issuance date, the applicable percentage, and the maximum rebate for which the taxpayer is eligible. For a married taxpayer filing a joint return, each spouse may apply to the commissioner separately, and the commissioner must issue each spouse a separate rebate certificate.

(b) The commissioner of revenue may determine the date on which to open applications for a rebate certificate, and applications must not be submitted before the date determined by the commissioner. Beginning July 1, 2024, and July 1 of each subsequent calendar year for which there is an allocation of rebate certificates, the commissioner must allocate rebate certificates ~~on a first-come, first-served basis. The commissioner must reserve 40 percent of the certificates for a married taxpayer filing a joint return with an adjusted gross income of less than $78,000 or any other filer with an adjusted gross income of less than $41,000. Any portion of the reserved amount under this paragraph that is not allocated by September 30 is available for allocation to other rebate certificate applications beginning on October 1.~~ to eligible individuals. If the number of total applicants exceeds the available allocation of rebate certificates, the commissioner must allocate certificates through a random lottery.

(c) If a random lottery is used to allocate certificates as provided in paragraph (b), the commissioner must, by August 1, 2025, determine a suitable randomized method to allocate the certificates to eligible individuals and must:

(1) detail the department's anticipated timeline for the lottery, including when applications for the lottery by an eligible individual must be made and when the commissioner anticipates distributing the certificates;

(2) establish a method for an eligible individual to apply for placement into the lottery; and

(3) provide the amount of certificates available to be distributed by the department.

(d) The commissioner must not issue rebate certificates totaling more than $2,000,000 in each of calendar years 2024 and 2025, except any amount authorized but not allocated in any calendar year does not cancel and is added to the allocation for the next calendar year. When calculating the amount of remaining allocations, the commissioner must assume that each allocated but unclaimed certificate reduces the available allocations by ~~$1,500~~ $750.

~~(d)~~ (e) A rebate certificate that is not assigned to a retailer expires two months after the date the certificate was issued and may not be assigned to a retailer after expiration. The amount of any expired rebate certificates is added to the available allocation under paragraph ~~(c)~~ (d).

EFFECTIVE DATE. This section is effective for rebates after December 31, 2024.

Sec. 21. Minnesota Statutes 2024, section 289A.60, subdivision 12, is amended to read:

Subd. 12. **Penalties relating to property tax refunds and certificates of rent paid.** (a) If it is determined that a property tax refund claim is excessive and was negligently prepared, a claimant is liable for a penalty of ten percent of the disallowed claim. If the claim has been paid, the amount disallowed must be recovered by assessment and collection.

(b) An owner who ~~without reasonable cause~~ fails to give a certificate of rent paid to a renter, as required by sections 290.0693, subdivision 4, paragraph (a), and 290A.19, paragraph (a), is liable to the commissioner for a penalty of ~~$100~~ $50 for each failure. The commissioner may abate the penalty using the abatement authority in section 270C.34.

(c) An owner who fails to file a certificate of rent paid with the commissioner, as required by sections 290.0693, subdivision 4, paragraph (b), and 290A.19, paragraph (b), is liable to the commissioner for a penalty of $50 for each failure. The commissioner may abate the penalty using the abatement authority in section 270C.34.

~~(c)~~ (d) If the owner or managing agent knowingly gives rent certificates that report total rent constituting property taxes in excess of the amount of actual rent constituting property taxes paid on the rented part of a property, the owner or managing agent is liable for a penalty equal to the greater of (1) $100 or (2) 50 percent of the excess that is reported. An overstatement of rent constituting property taxes is presumed to be knowingly made if it exceeds by ten percent or more the actual rent constituting property taxes.

EFFECTIVE DATE. This section is effective for rent paid after December 31, 2025.

Sec. 22. Minnesota Statutes 2024, section 290A.19, is amended to read:

290A.19 PARK OWNER TO FURNISH RENT CERTIFICATE.

(a) The park owner of a property for which rent is paid for occupancy as a homestead must furnish a certificate of rent paid to a person who is a renter on December 31, in the form prescribed by the commissioner. If the renter moves before December 31, the park owner may give the certificate to the renter at the time of moving, or mail the certificate to the forwarding address if an address has been provided by the renter. The certificate must be made available to the renter before February 1 of the year following the year in which the rent was paid. The park owner must retain a duplicate of each certificate or an equivalent record showing the same information for a period of three years. The duplicate or other record must be made available to the commissioner upon request.

(b) The ~~commissioner may require the~~ park owner~~, through a simple process, to~~ must furnish to the commissioner on or before March 1 a copy of each certificate of rent paid furnished to a renter for rent paid in the prior year. The commissioner shall prescribe the content, format, and manner of the form pursuant to section 270C.30. The commissioner may require the Social Security number, individual taxpayer identification number, federal employer identification number, or Minnesota taxpayer identification number of the park owner who is required to furnish a certificate of rent paid under this paragraph. Prior to implementation, the commissioner, after consulting with representatives of park owners, shall develop an implementation and administration plan for the requirements of this paragraph that attempts to minimize financial burdens, administration and compliance costs, and takes into consideration existing systems of park owners.

(c) For the purposes of this section, "park owner" means a park owner as defined under section 327C.015, subdivision 9, and "property" includes a lot as defined under section 327C.015, subdivision 6.

(d) A park owner who fails to furnish the certificate of rent paid to the renter or to the commissioner, as required under this section, is subject to the penalty imposed under section 289A.60, subdivision 12.

EFFECTIVE DATE. This section is effective for rent paid after December 31, 2025.

Sec. 23. Minnesota Statutes 2024, section 290C.07, is amended to read:

290C.07 CALCULATION OF INCENTIVE PAYMENT.

(a) An approved claimant under the sustainable forest incentive program is eligible to receive an annual payment for each acre of enrolled land, excluding any acre improved with a paved trail under easement, lease, or terminable license to the state of Minnesota or a political subdivision. The payment shall equal a percentage of the property tax that would be paid on the land determined by using the previous year's statewide average total tax rate for all taxes levied within townships and unorganized territories, the estimated market value per acre as calculated in section 290C.06, and a class rate of one percent as follows: (1) for claimants enrolling land that is subject to a conservation easement funded under section 97A.056 or a comparable permanent easement conveyed to a governmental or nonprofit entity before May 31, 2013, ~~25~~ 22.5 percent; (2) for claimants enrolling land that is not subject to a conservation easement under an eight-year covenant, ~~65~~ 58.5 percent; (3) for claimants enrolling land that is not subject to a conservation easement under a 20-year covenant, ~~90~~ 81 percent; and (4) for claimants enrolling land that is not subject to a conservation easement under a 50-year covenant, ~~115~~ 103.5 percent.

(b) The calculated payment must not increase ~~or decrease~~ by more than ten percent relative to the payment received for the previous year. In no case may the payment be less than 90 percent of the amount paid to the claimant for the land enrolled in the program in 2017. ~~If an eligible claimant elects to change the length of the covenant on enrolled land on or before May 15, 2019, the limits under this paragraph do not apply and the claimant must receive payment in the amount corresponding to the new covenant length as calculated under paragraph (a).~~

(c) In addition to the payments provided under this section, a claimant enrolling more than 1,920 acres shall be allowed an additional payment per acre equal to the amount prescribed in paragraph (a), clause (1), for all acres of enrolled land on which public access is allowed, as required under section 290C.03, paragraph (a), clause (6), excluding any land subject to a conservation easement funded under section 97A.056, or a permanent easement conveyed to a governmental or nonprofit entity that is required to allow for public access under section 290C.03, paragraph (a), clause (6).

EFFECTIVE DATE. This section is effective beginning for payments in calendar year 2026.

Sec. 24. Minnesota Statutes 2024, section 295.81, subdivision 10, is amended to read:

Subd. 10. **Deposit of revenues; account established.** ~~(a)~~ The commissioner must deposit the revenues, including penalties and interest, derived from the tax imposed by this section ~~as follows:~~

~~(1) 80 percent to~~ in the general fund~~; and~~.

~~(2) 20 percent to the local government cannabis aid account in the special revenue fund.~~

~~(b) The local government cannabis aid account is established in the special revenue fund.~~

EFFECTIVE DATE. The amendment to paragraph (a) is effective for revenues received after June 30, 2025. The amendment to paragraph (b) is effective January 2, 2026.

Sec. 25. Minnesota Statutes 2024, section 299C.76, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For the purposes of this section, the following definitions apply.

(b) "Federal tax information" means federal tax returns and return information or information derived or created from federal tax returns, in possession of or control by the requesting agency, that is covered by the safeguarding provisions of section 6103(p)(4) of the Internal Revenue Code.

(c) "IRS Publication 1075" means Internal Revenue Service Publication 1075 that provides guidance and requirements for the protection and confidentiality of federal tax information as required in section 6103(p)(4) of the Internal Revenue Code.

(d) "National criminal history record information" means the Federal Bureau of Investigation identification records as defined in Code of Federal Regulations, title 28, section 20.3(d).

(e) "Requesting agency" means the Department of Revenue, Department of Employment and Economic Development, Department of Children, Youth, and Families, board of directors of MNsure, Department of Information Technology Services, attorney general, Office of the Legislative Auditor, and counties.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 26. Minnesota Statutes 2024, section 473.756, is amended by adding a subdivision to read:

Subd. 15. **Authority deemed qualifying government.** The authority shall be deemed a qualifying government for purposes of section 118A.09, subdivision 1. Whenever the authority's investments are managed by the county, the authority's additional long-term equity investment limitations as provided in section 118A.09, subdivision 3, are calculated based on the county's most recent audited statement of net position instead of the authority's most recent audited statement of net position.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 27. Minnesota Statutes 2024, section 473.757, subdivision 1, is amended to read:

Subdivision 1. **Ballpark grants.** The county may authorize, by resolution, and make one or more grants to the authority for ballpark development and construction, public infrastructure, capital improvement of the ballpark or public infrastructure within the development area, reserves for capital improvements, and other purposes related to the ballpark on the terms and conditions agreed to by the county and the authority.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 28. Minnesota Statutes 2024, section 473.757, is amended by adding a subdivision to read:

Subd. 1a. **Hennepin County health care facilities.** (a) To the extent funds are available from collections of the tax authorized by subdivision 10 after payment each year of debt service on the bonds authorized and issued under subdivision 9, paragraph (a), and payments for the purposes described in subdivisions 1 and 2:

(1) subject to paragraphs (b), (c), and (d), the county shall distribute 50 percent to fund the intergovernmental transfer that funds the nonfederal share of the directed payment arrangement as described in section 256B.1975, or, if federal approval is not received for the directed payment arrangement, to support the provision of medical care to the indigent of the county by the eligible provider as defined in section 256B.1975, subdivision 3. If federal approval is received for the directed payment arrangement, but the 50 percent exceeds

the necessary nonfederal share for the directed payment arrangement, the county shall distribute the first part of the 50 percent to fund the intergovernmental transfer that funds the necessary nonfederal share and shall distribute the remainder of the 50 percent to support the provision of medical care to the indigent of the county by the eligible provider; and

(2) the county may authorize 50 percent, by resolution, appropriations to fund:

(i) the development, construction, improvement, and equipping of county-owned or county-operated health care facilities;

(ii) public infrastructure determined by the county to facilitate the development and use of facilities described in item (i);

(iii) reserves for county-owned or county-operated health care facilities capital improvements;

(iv) uncompensated or undercompensated care provided in county-owned or county-operated health care facilities; and

(v) other purposes related to county-owned or county-operated health care facilities.

(b) If the ownership, corporate governance structure, or majority control of either hospital operated by the eligible provider is sold or transferred to an entity that is organized for profit, the county need not distribute any funds under paragraph (a), clause (1), and the county may distribute all funds under paragraph (a), clause (1), for the purposes described in paragraph (a), clause (2). The eligible provider shall provide notice to the county of a proposed sale or transfer to an entity that is organized for profit at least 90 days in advance of the sale or transfer.

(c) If federal approval is not received for the directed payment arrangement, then the eligible provider must maintain threshold service levels to the indigent of the county in order to receive funding under paragraph (a), clause (1). "Threshold service levels to the indigent of the county" means at least 125,000 total annual claims by the hospitals operated by the eligible provider for patients who are uninsured, Medicare- or Medicaid-eligible, MinnesotaCare enrollees, or otherwise indigent. The county and eligible provider may, by mutual agreement, modify the threshold service levels to the indigent of the county. If the eligible provider does not meet the applicable threshold service level, the eligible provider shall notify the county immediately. If the eligible provider does not alter its operations so that it meets the applicable threshold service level within 90 days, the county need not distribute any funds to the eligible provider under paragraph (a), clause (1), and the county may distribute the funds that would have otherwise been distributed under paragraph (a), clause (1), for the purposes described in paragraph (a), clause (2).

(d) The county shall not be required to pay any amount hereunder to the eligible provider or to fund the intergovernmental transfer that funds the nonfederal share of the directed payment arrangement as described in section 256B.1975 prior to the time the county is in possession of funds from the collections of the tax authorized by subdivision 10 or by using funds other than those available under paragraph (a), clause (1).

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 29. Minnesota Statutes 2024, section 473.757, subdivision 2, is amended to read:

Subd. 2. **Youth sports; library.** To the extent funds are available from collections of the tax authorized by subdivision 10 after payment each year of debt service on the bonds authorized and issued under subdivision 9, paragraph (a), and payments for the purposes described in subdivision 1, the county may also authorize, by resolution, ~~and expend or make~~ grants to the authority and to other governmental units and nonprofit organizations in an aggregate amount of up to ~~$4,000,000~~ $5,000,000 annually, increased by up to 1.5 percent annually to fund equally: (1) youth activities and youth and amateur sports within Hennepin County; and (2) the cost of extending the hours of operation of Hennepin County libraries ~~and Minneapolis public libraries~~. Funds authorized pursuant to this paragraph may be expended consistent with the terms of each grant.

The money provided under this subdivision is intended to supplement and not supplant county expenditures for these purposes as of May 27, 2006.

Hennepin County must provide reports to the chairs of the committees and budget divisions in the senate and the house of representatives that have jurisdiction over education policy and funding, describing the uses of the money provided under this subdivision. The first report must be made by January 15, 2009, and subsequent reports must be made on January 15 of each subsequent odd-numbered year.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 30. Minnesota Statutes 2024, section 473.757, subdivision 3, is amended to read:

Subd. 3. **Initial expenditure limitations.** The amount that the county may grant or expend for ballpark costs shall not exceed $260,000,000. ~~The amount of any grant for capital improvement reserves shall not exceed $1,000,000 annually, subject to the agreement under section 473.759, subdivision 3, and to annual increases according to an inflation index~~

~~acceptable to the county.~~ The amount of grants or expenditures for land, site improvements, and public infrastructure shall not exceed $90,000,000, excluding capital improvement reserves, bond reserves, capitalized interest, and financing costs. The authority to spend money for land, site improvements, and public infrastructure is limited to payment of amounts incurred or for construction contracts entered into during the period ending five years after the date of the issuance of the initial series of bonds under Laws 2006, chapter 257. Such grant agreements are valid and enforceable notwithstanding that they involve payments in future years and they do not constitute a debt of the county within the meaning of any constitutional or statutory limitation or for which a referendum is required.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 31. Minnesota Statutes 2024, section 473.757, is amended by adding a subdivision to read:

Subd. 3a. **Capital improvement grants.** Notwithstanding the limitations in subdivision 3, the county may make grants to the authority for capital improvement expenditures. The amount of any grant to the authority for capital improvement expenditures must not exceed $9,000,000 annually. The grants are subject to agreement under section 473.759, subdivision 3, and to annual increases according to an inflation index acceptable to the county. Grant agreements are valid and enforceable notwithstanding the fact that they involve payments in future years. The grants do not constitute a debt of the county within the meaning of any constitutional or statutory limitation or for which a referendum is required.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 32. Minnesota Statutes 2024, section 473.757, subdivision 4, is amended to read:

Subd. 4. **Property acquisition and disposition.** (a) The county may acquire by purchase, eminent domain, or gift, land, air rights, and other property interests within the development area for the ballpark site and public infrastructure and convey it to the authority with or without consideration, prepare a site for development as a ballpark, and acquire and construct any related public infrastructure. The purchase of property and development of public infrastructure financed with revenues under this section is limited to infrastructure within the development area or within 1,000 feet of the border of the development area. The public infrastructure may include the construction and operation of parking facilities within the development area notwithstanding any law imposing limits on county parking facilities in the city of Minneapolis. The county may acquire and construct property, facilities, and improvements within the stated geographical limits for the purpose of drainage and environmental remediation for property within the development area, walkways and a pedestrian bridge to link the ballpark to Third Avenue distributor ramps, street and road improvements and access easements for the purpose of providing access to the ballpark, streetscapes, connections to transit facilities and bicycle trails, and any utility modifications which are incidental to any utility modifications within the development area.

(b) The county or any of its subsidiaries may acquire by purchase, eminent domain, or gift, land, air rights, and other property interests within the county for health care facilities and related infrastructure.

(c) To the extent property parcels or interests acquired are more extensive than the public infrastructure requirements, the county may sell or otherwise dispose of the excess. The proceeds from sales of excess property must be deposited in the debt service reserve fund.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 33. Minnesota Statutes 2024, section 473.757, subdivision 7, is amended to read:

Subd. 7. **Local government expenditures.** The county may make expenditures or grants for other costs incidental and necessary to further the purposes of Laws 2006, chapter 257, and this act, and may by agreement, reimburse in whole or in part, any entity that has granted, loaned, or advanced funds to the county to further the purposes of Laws 2006, chapter 257, and this act. The county shall reimburse a local governmental entity within its jurisdiction or make a grant to such a governmental unit for site acquisition, preparation of the site for ballpark development, and public infrastructure. Amounts expended by a local governmental unit with the proceeds of a grant or under an agreement that provides for reimbursement by the county shall not be deemed an expenditure or other use of local governmental resources by the governmental unit within the meaning of any law or charter limitation. Exercise by the county of its powers under this section shall not affect the amounts that the county is otherwise eligible to spend, borrow, tax, or receive under any law.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 34. Minnesota Statutes 2024, section 473.757, subdivision 8, is amended to read:

Subd. 8. **County authority.** It is the intent of the legislature that, except as expressly limited herein, the county has the authority to acquire and develop a site for the ballpark and public infrastructure, to enter into contracts with the authority and other governmental or nongovernmental entities, to appropriate funds, to fund capital reserves and make capital improvements, and to make employees, consultants, and other revenues available for those purposes.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 35. Minnesota Statutes 2024, section 473.757, subdivision 9, is amended to read:

Subd. 9. **County revenue bonds.** (a) The county may, by resolution, authorize, sell, and issue revenue bonds to provide funds to make a grant or grants to the authority and to finance all or a portion of the costs of site acquisition, site improvements, and other activities necessary to prepare a site for development of a ballpark, to construct, improve, and maintain the ballpark and to establish and fund any capital improvement reserves, and to acquire and construct any related parking facilities and other public infrastructure and for other costs incidental and necessary to further the purposes of Laws 2006, chapter 257. The county may also, by resolution, issue bonds to refund the bonds issued pursuant to this section. The bonds must be limited obligations, payable solely from or secured by taxes levied under subdivision 10, and any other revenues to become available under Laws 2006, chapter 257. The bonds may be issued in one or more series and sold without an election. The bonds shall be sold in the manner provided by section 475.60. The bonds shall be secured, bear the interest rate or rates or a variable rate, have the rank or priority, be executed in the manner, be payable in the manner, mature, and be subject to the defaults, redemptions, repurchases, tender options, or other terms, as the county may determine. The county may enter into and perform all contracts deemed necessary or desirable by it to issue and secure the bonds, including an indenture of trust with a trustee within or without the state. The debt represented by the bonds shall not be included in computing any debt limitation applicable to the county. Subject to this subdivision, the bonds must be issued and sold in the manner provided in chapter 475. The bonds shall recite that they are issued under Laws 2006, chapter 257, and the recital shall be conclusive as to the validity of the bonds and the imposition and pledge of the taxes levied for their payment. In anticipation of the issuance of the bonds authorized under this subdivision and the collection of taxes levied under subdivision 10, the county may provide funds for the purposes authorized by Laws 2006, chapter 257, through temporary interfund loans from other available funds of the county which shall be repaid with interest.

(b) The county may, by resolution, authorize, sell, and issue revenue bonds to provide funds to finance all or a portion of the costs of county-owned or county-operated health care facilities, including but not limited to site acquisition, site improvements, and other activities necessary to prepare a site for development of health care facilities, and construct, maintain, and improve health care facilities and to establish and fund any capital improvement reserves, and to acquire and construct any related parking facilities and related infrastructure and for other costs incidental and necessary to further the purposes of this act. The county may also, by resolution, issue bonds to refund the bonds issued pursuant to this section. The bonds may be limited obligations, payable solely from or secured by taxes levied under subdivision 10, and any other revenues to become available under this act, and the county may also pledge its full faith, credit, and taxing power as additional security for the bonds. The bonds may be issued in one or more series and sold without an election. The bonds shall be sold in the manner provided by section 475.60. The bonds shall be secured, bear the interest rate or rates or a variable rate, have the rank or priority, be executed in the manner, be payable in the manner, mature, and be subject to the defaults, redemptions, repurchases, tender options, or other terms, as the county may determine. The county may enter into and perform all contracts deemed necessary or desirable by the county to issue and secure the bonds, including an indenture of trust with a trustee within or without the state. The debt represented by the bonds shall not be included in computing any debt limitation applicable to the county. Subject to this subdivision, the bonds must be issued and sold in the manner provided in chapter 475. The bonds shall recite that they are issued under this act, and the recital shall be conclusive as to the validity of the bonds and the imposition and pledge of the taxes levied for their payment. In anticipation of the issuance of the bonds authorized under this subdivision and the collection of taxes levied under subdivision 10, the county may provide funds for the purposes authorized by this act, through temporary interfund loans from other available funds of the county which shall be repaid with interest.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 36. Minnesota Statutes 2024, section 473.757, subdivision 11, is amended to read:

Subd. 11. **Uses of tax.** (a) Revenues received from the tax imposed under subdivision 10 may be used:

(1) to pay costs of collection;

(2) to pay or reimburse or secure the payment of any principal of, premium, or interest on bonds issued in accordance with Laws 2006, chapter 257, section 12, and this act;

(3) to pay costs and make expenditures and grants described in ~~this section~~ subdivisions 1 and 1a, including financing costs related to them;

(4) to maintain reserves for the foregoing purposes deemed reasonable and appropriate by the county;

(5) to pay for operating costs of the ballpark authority other than the cost of operating or maintaining the ballpark; and

(6) to make expenditures and grants for youth activities and amateur sports and extension of library hours as described in subdivision 2;

and for no other purpose.

(b) Revenues from the tax designated for use under paragraph (a), clause (5), must be deposited in the operating fund of the ballpark authority.

(c) After completion of the ballpark and public infrastructure, the tax revenues not required for current payments of the expenditures described in paragraph (a), clauses (1) to (6), shall be used to (i) redeem or defease the bonds and (ii) prepay or establish a fund for payment of future obligations under grants or other commitments for future expenditures which are permitted by this section. Upon the redemption or defeasance of the bonds and the establishment of reserves adequate to meet such future obligations, the taxes shall terminate and shall not be reimposed. For purposes of this subdivision, "reserves adequate to meet such future obligations" means a reserve that does not exceed the net present value of the county's obligation to make grants under paragraph (a), clauses (5) and (6), and to fund the reserve for capital improvements required under section 473.759, subdivision 3, for the later of (i) the 30-year period beginning on the date of the original issuance of the bonds, the latest-issued series of bonds issued pursuant to subdivision 9, less those obligations that the county has already paid, or (ii) the period extending through the final term of the agreement in section 473.759, subdivision 4, as the agreement may be modified or extended from time to time.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 37. Minnesota Statutes 2024, section 473.759, subdivision 3, is amended to read:

Subd. 3. **Reserve for capital improvements.** The authority shall require that a reserve fund for capital improvements to the ballpark be established and funded with annual payments of ~~$2,000,000~~ $13,500,000, with the team's share of those payments to be approximately ~~$1,000,000~~ $4,500,000, as determined by agreement of the team and county. The annual payments shall increase according to an inflation index determined by the ~~authority, provided that any portion of the team's contribution that has already been reduced to present value shall not increase according to an inflation index~~ county. The authority may accept contributions from the county or other source for the portion of the funding not required to be provided by the team.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 38. Minnesota Statutes 2024, section 609.902, subdivision 4, is amended to read:

Subd. 4. **Criminal act.** "Criminal act" means conduct constituting, or a conspiracy or attempt to commit, a felony violation of chapter 152, or a felony violation of section ~~297D.09;~~ 299F.79; 299F.80; 299F.82; 609.185; 609.19; 609.195; 609.20; 609.205; 609.221; 609.222; 609.223; 609.2231; 609.228; 609.235; 609.245; 609.25; 609.27; 609.322; 609.342; 609.343; 609.344; 609.345; 609.42; 609.48; 609.485; 609.495; 609.496; 609.497; 609.498; 609.52, subdivision 2, if the offense is punishable under subdivision 3, clause (1), if the property is a firearm, clause (3)(b), or clause (3)(d)(v); section 609.52, subdivision 2, paragraph (a), clause (1) or (4); 609.527, if the crime is punishable under subdivision 3, clause (4); 609.528, if the crime is punishable under subdivision 3, clause (4); 609.53; 609.561; 609.562; 609.582, subdivision 1 or 2; 609.668, subdivision 6, paragraph (a); 609.67; 609.687; 609.713; 609.86; 609.894, subdivision 3 or 4; 609.895; 624.713; 624.7191; or 626A.02, subdivision 1, if the offense is punishable under section 626A.02, subdivision 4, paragraph (a). "Criminal act" also includes conduct constituting, or a conspiracy or attempt to commit, a felony violation of section 609.52, subdivision 2, clause (3), (4), (15), or (16), if the violation involves an insurance company as defined in section 60A.02, subdivision 4, a nonprofit health service plan corporation regulated under chapter 62C, a health maintenance organization regulated under chapter 62D, or a fraternal benefit society regulated under chapter 64B.

EFFECTIVE DATE. This section is effective August 1, 2025.

Sec. 39. **CANCELLATION OF AMOUNTS IN LOCAL GOVERNMENT CANNABIS AID ACCOUNT.**

On January 2, 2026, any balance within the local government cannabis aid account in the special revenue fund is canceled to the general fund.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 40. **CANCELLATIONS.**

(a) Any money in the tax filing modernization account established under Laws 2023, chapter 64, article 15, section 24, is canceled to the general fund.

(b) The appropriation from the general fund in Laws 2023, chapter 64, article 15, section 30, is canceled.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 41. **EFFECT OF REVENUE NOTICES.**

A revenue notice published by the commissioner of revenue on or before July 1, 2025, shall have the full force and effect of revenue rulings under Minnesota Statutes, section 270C.07. If the commissioner of revenue modifies a revenue notice after June 30, 2025, the commissioner of revenue must publish the modification as a revenue ruling pursuant to Minnesota Statutes, section 270C.07.

EFFECTIVE DATE. This section is effective the day after final enactment.

Sec. 42. **APPROPRIATION; CITY OF SOUTH ST. PAUL; GRANT.**

(a) $250,000 in fiscal year 2025 is appropriated from the general fund to the commissioner of revenue for a grant to the city of South St. Paul. This is a onetime appropriation. The grant must be paid by June 30, 2025. The grant under this section is not subject to retention of administrative costs under Minnesota Statutes, section 16B.98, subdivision 14.

(b) The grant under this section must be used by the city of South St. Paul to pay for planning and development costs within the city.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 43. **APPROPRIATION; DEPARTMENT OF REVENUE; PASS-THROUGH AUDIT UNIT.**

$692,000 in fiscal year 2026 and $1,432,000 in fiscal year 2027 are appropriated from the general fund to the commissioner of revenue to establish an additional unit dedicated to auditing pass-through entities. Money appropriated under this section must be used to support the creation and operation of the extra audit unit.

Sec. 44. **APPROPRIATION CANCELLATION; ELECTRIC-ASSISTED BICYCLE REBATE PROGRAM.**

On June 30, 2026, any unencumbered and unexpended amount of the fiscal year 2024 appropriation in Minnesota Statutes, section 289A.51, subdivision 8, is canceled.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 45. **STUDY; SALES TAX REMITTANCE FOR PROFESSIONAL ATHLETIC EVENTS.**

Subdivision 1. **Study; report required.** (a) The commissioner, in consultation with representatives of professional sports teams and members of legislative committees with jurisdiction over taxation, must study, evaluate, and provide recommendations regarding:

(1) the use of and legal basis for the accrual method of accounting for purposes of remitting sales taxes for the sale of the privilege of admission to professional athletic events; and

(2) whether interest and penalties must apply to professional sports teams that have remitted sales taxes for the sale of the privilege of admission to professional athletic events using the accrual method since December 31, 2014.

(b) The commissioner must report the recommendations required under paragraph (a) to the chairs and ranking minority members of the legislative committees with jurisdiction over taxes no later than March 15, 2026. The report may include any additional information determined relevant by the commissioner and representatives of professional sports teams, and the members of legislative committees with jurisdiction over taxation who participated in the study. The report must be filed as provided in Minnesota Statutes, sections 3.195 and 3.197.

Subd. 2. **Definitions.** (a) "Commissioner" means the commissioner of revenue.

(b) "Professional athletic event" means a sports game, match, activity, or series of games, matches, activities, or tournaments organized by a professional sports organization competing in Major League Baseball, Major League Soccer, the National Basketball Association, the Women's National Basketball Association, the National Football League, the National Hockey League, or the Professional Women's Hockey League; and

(c) "Professional sports team" means a team that competes in Major League Baseball, Major League Soccer, the National Basketball Association, the Women's National Basketball Association, the National Football League, the National Hockey League, or the Professional Women's Hockey League.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 46. **STUDY; FUNDING THE STATE GRANT PROGRAM.**

(a) Members of the legislative committees with jurisdiction over higher education finance and policy, in consultation with members of the legislative committees with jurisdiction over taxation, the commissioner of higher education, and representatives of eligible institutions, must study, evaluate, and provide recommendations regarding alternatives to funding the state grant program governed under Minnesota Statutes, section 136A.121. The report must include:

(1) a comparison of current and past funding sources of the state grant program in Minnesota with current and past funding sources of similar programs in other states; and

(2) options for funding the state grant program, including an excise tax on assets not used in carrying out an eligible institution's exempt purpose, as provided in Code of Federal Regulations, title 26, section 53.4968-1(b)(5) (2020), and options for the calculation of the excise tax.

(b) The members of the legislative committees with jurisdiction over higher education finance and policy who participated in the study required under paragraph (a) must report the recommendations to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education finance and policy and taxes no later than March 15, 2026. The report may include any additional information determined relevant by the members of legislative committees with jurisdiction over higher education finance and policy and taxation, the commissioner of higher education, and representatives of eligible institutions who participated in the study. The report must be filed as provided in Minnesota Statutes, sections 3.195 and 3.197.

(c) For purposes of this section, "eligible institution" means an institution meeting the requirements of Minnesota Statutes, section 136A.103.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 47. **STUDY; ST. PAUL LOCAL SALES TAX.**

(a) The mayor of the city of St. Paul, in consultation with the chairs and ranking minority members of the legislative committees with jurisdiction over taxes and the director of city council operations for the city of St. Paul, must study, evaluate, and provide the following recommendations regarding the St. Paul local sales tax first enacted in Laws 1993, chapter 375, article 9, section 46, as amended:

(1) whether the taxing authority should be extended, and if so, the proposed date of expiration;

(2) whether the bonding authority for the purposes authorized in Laws 1993, chapter 375, article 9, section 46, subdivision 2, paragraph (a), should be increased, and if so, the amount of increase; and

(3) any other provisions pertaining to the tax.

(b) The mayor of the city of St. Paul must report the recommendations required under paragraph (a) to the chairs and ranking minority members of the legislative committees with jurisdiction over taxes no later than March 15, 2026. The report may include any additional information determined relevant by the mayor, the director of city council operations for the city of St. Paul, and the members of the legislative committees with jurisdiction over taxes who participated in the study. The report must be filed as provided in Minnesota Statutes, sections 3.195 and 3.197.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 48. **STUDY; FUNDING CAPITAL IMPROVEMENTS TO THE U.S. BANK STADIUM.**

(a) Members of the legislative committees with jurisdiction over taxes and finance must study, evaluate, and provide recommendations regarding options for funding capital improvements to the U.S. Bank Stadium for the stadium to meet the requirements of Minnesota Statutes, section 473J.13, subdivision 4, in consultation with the following:

(1) commissioners of the Minnesota Sports Facilities Authority;

(2) representatives of the city of Minneapolis;

(3) representatives of the Minnesota Vikings; and

(4) representatives of any other entity or organization the members of the legislative committees with jurisdiction over taxes and finance deem necessary.

(b) The recommendations required under paragraph (a) must be filed in a report as provided in Minnesota Statutes, sections 3.195 and 3.197. The report must be provided to the chairs and ranking minority members of the legislative committees with jurisdiction over taxes and finance no later than March 15, 2026. The report may include any additional information determined relevant by the parties listed in paragraph (a).

(c) For purposes of this section, "Minnesota Sports Facilities Authority" has the meaning given in Minnesota Statutes, section 473J.03, subdivision 3.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 49. **SPECIAL WITHDRAWAL AND RELEASE PROCEDURES FOR THE SUSTAINABLE FOREST INCENTIVE ACT.**

For lands enrolled in the Sustainable Forest Incentive Act on or before the day following final enactment of section 23, the claimant may elect by July 1, 2026, and without penalty, to withdraw land subject to the covenant without regard to the limitations under Minnesota Statutes, section 290C.055. The claimant of the enrolled land making an election to withdraw land must provide written notice to the commissioner of revenue of its intent to withdraw land from the program. The commissioner must issue a document releasing the land from the covenant to each claimant electing to withdraw land from the program, effective retroactively from the date of the election.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 50. **FEDERAL APPROVAL FOR PRIVATE HOSPITAL DIRECTED PAYMENT ARRANGEMENT.**

The commissioner of human services shall seek federal approval to establish a directed payment arrangement as provided under Minnesota Statutes, section 256B.1975, for a private, nonprofit hospital meeting the criteria in Minnesota Statutes, section 256B.1975, subdivision 3, and all of such hospital's owned or affiliated billing professionals, ambulance services, sites, and clinics.

Sec. 51. **REPEALER.**

(a) Minnesota Statutes 2024, section 477A.32, is repealed.

(b) Laws 2023, chapter 64, article 15, section 24, is repealed.

(c) Minnesota Statutes 2024, section 13.4967, subdivision 5, is repealed.

EFFECTIVE DATE. Paragraph (a) is effective for aids payable in 2026 and thereafter. Paragraph (b) is effective the day following final enactment. Paragraph (c) is effective August 1, 2025.

ARTICLE 11

DEPARTMENT OF REVENUE; INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES

Section 1. Minnesota Statutes 2024, section 116U.27, subdivision 2, is amended to read:

Subd. 2. **Credit allowed.** A taxpayer is eligible for a credit up to 25 percent of eligible production costs paid in ~~a taxable year~~ any consecutive 12-month period as described in subdivision 1, paragraph (h). A taxpayer may only claim a credit if the taxpayer was issued a credit certificate under subdivision 4.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2022.

Sec. 2. Minnesota Statutes 2024, section 289A.31, subdivision 1, is amended to read:

Subdivision 1. **Individual income, fiduciary income, mining company, corporate franchise, and entertainment taxes.** (a) Individual income, fiduciary income, mining company, and corporate franchise taxes, and interest and penalties, must be paid by the taxpayer upon whom the tax is imposed, except in the following cases:

(1) the tax due from a decedent for that part of the taxable year in which the decedent died during which the decedent was alive and the taxes, interest, and penalty due for the prior years must be paid by the decedent's personal representative, if any. If there is no personal representative, the taxes, interest, and penalty must be paid by the transferees, as defined in section 270C.58, subdivision 3, to the extent they receive property from the decedent;

(2) the tax due from an infant or other incompetent person must be paid by the person's guardian or other person authorized or permitted by law to act for the person;

(3) the tax due from the estate of a decedent must be paid by the estate's personal representative;

(4) the tax due from a trust, including those within the definition of a corporation, as defined in section 290.01, subdivision 4, must be paid by a trustee; and

(5) the tax due from a taxpayer whose business or property is in charge of a receiver, trustee in bankruptcy, assignee, or other conservator, must be paid by the person in charge of the business or property so far as the tax is due to the income from the business or property.

(b) Entertainment taxes are the joint and several liability of the entertainer and the entertainment entity. The payor is liable to the state for the payment of the tax required to be deducted and withheld under section 290.9201, subdivision 7, and is not liable to the entertainer for the amount of the payment.

(c) The taxes imposed under sections 289A.08, subdivision 7a; 289A.35, paragraph (b)~~,~~; 289A.382, subdivision 3~~,~~; and 290.0922 on partnerships are the joint and several liability of the partnership and the general partners.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2020.

Sec. 3. Minnesota Statutes 2024, section 290.01, subdivision 19, is amended to read:

Subd. 19. **Net income.** (a) For a trust or estate taxable under section 290.03, and a corporation taxable under section 290.02, the term "net income" means the federal taxable income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through the date named in this subdivision, incorporating the federal effective dates of changes to the Internal Revenue Code and any elections made by the taxpayer in accordance with the Internal Revenue Code in determining federal taxable income for federal income tax purposes, and with the modifications provided in sections 290.0131 to 290.0136.

(b) For an individual, the term "net income" means federal adjusted gross income with the modifications provided in sections 290.0131, 290.0132, and 290.0135 to 290.0137.

(c) In the case of a regulated investment company or a fund thereof, as defined in section 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment company taxable income as defined in section 852(b)(2) of the Internal Revenue Code, except that:

(1) the exclusion of net capital gain provided in section 852(b)(2)(A) of the Internal Revenue Code does not apply;

(2) the deduction for dividends paid under section 852(b)(2)(D) of the Internal Revenue Code must be applied by allowing a deduction for capital gain dividends and exempt-interest dividends as defined in sections 852(b)(3)(C) and 852(b)(5) of the Internal Revenue Code; and

(3) the deduction for dividends paid must also be applied in the amount of any undistributed capital gains which the regulated investment company elects to have treated as provided in section 852(b)(3)(D) of the Internal Revenue Code.

(d) The net income of a real estate investment trust as defined and limited by section 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

(e) The net income of a designated settlement fund as defined in section 468B(d) of the Internal Revenue Code means the gross income as defined in section 468B(b) of the Internal Revenue Code.

(f) The Internal Revenue Code of 1986, as amended through May 1, 2023, applies for taxable years beginning after December 31, 1996.

(g) Except as otherwise provided, references to the Internal Revenue Code in this subdivision and sections 290.0131 to 290.0136 mean the code in effect for purposes of determining net income for the applicable year.

(h) In the case of a partnership electing to file a composite return under section 289A.08, subdivision 7, "net income" means the partner's share of federal adjusted gross income from the partnership modified by the additions provided in section 290.0131, subdivisions 8 to 10, 16, and 17, and the subtractions provided in: (1) section 290.0132, subdivisions 9, 27, ~~and~~ 28, and 31, to the extent the amount is assignable or allocable to Minnesota under section 290.17; and (2) section 290.0132, subdivision 14. The subtraction allowed under section 290.0132, subdivision 9, is only allowed on the composite tax computation to the extent the electing partner would have been allowed the subtraction.

(i) In the case of a qualifying entity electing to pay the pass-through entity tax under section 289A.08, subdivision 7a, "net income" means the qualifying owner's share of federal adjusted gross income from the qualifying entity modified by the additions provided in section 290.0131, subdivisions 5, 8 to 10, 16, and 17, and the subtractions provided in: (1) section 290.0132, subdivisions 3, 9, 27, ~~and~~ 28, and 31, to the extent the amount is assignable or allocable to Minnesota under section 290.17; and (2) section 290.0132, subdivision 14. The subtraction allowed under section 290.0132, subdivision 9, is only allowed on the pass-through entity tax computation to the extent the qualifying owners would have been allowed the subtraction. ~~The income of both a resident and nonresident qualifying owner is allocated and assigned to this state as provided for nonresident partners and shareholders under sections 290.17, 290.191, and 290.20.~~

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2022.

Sec. 4. Minnesota Statutes 2024, section 290.0132, subdivision 26, is amended to read:

Subd. 26. **Social Security benefits.** (a) A taxpayer is allowed a subtraction equal to the greater of the simplified subtraction allowed under paragraph (b) or the alternate subtraction determined under paragraph (e).

(b) A taxpayer's simplified subtraction equals the amount of taxable social security benefits, as reduced under paragraphs (c) and (d).

(c) For a taxpayer other than a married taxpayer filing a separate return with adjusted gross income above the phaseout threshold, the simplified subtraction is reduced by ten percent for each $4,000 of adjusted gross income, or fraction thereof, in excess of the phaseout threshold. The phaseout threshold equals:

(1) $100,000 for a married taxpayer filing a joint return or surviving spouse;

(2) $78,000 for a single or head of household taxpayer; and

(3) for a married taxpayer filing a separate return, half the amount for a married taxpayer filing a joint return.

(d) For a married taxpayer filing a separate return, the simplified subtraction is reduced by ten percent for each $2,000 of adjusted gross income, or fraction thereof, in excess of the phaseout threshold.

(e) A taxpayer's alternate subtraction equals the lesser of taxable Social Security benefits or a maximum subtraction subject to the limits under paragraphs (f), (g), and (h).

(f) For married taxpayers filing a joint return and surviving spouses, the maximum subtraction under paragraph ~~(c)~~ (e) equals $5,840. The maximum subtraction is reduced by 20 percent of provisional income over $88,630. In no case is the subtraction less than zero.

(g) For single or head-of-household taxpayers, the maximum subtraction under paragraph ~~(c)~~ (e) equals $4,560. The maximum subtraction is reduced by 20 percent of provisional income over $69,250. In no case is the subtraction less than zero.

(h) For married taxpayers filing separate returns, the maximum subtraction under paragraph ~~(c)~~ (e) equals one-half the maximum subtraction for joint returns under paragraph (f). The maximum subtraction is reduced by 20 percent of provisional income over one-half the threshold amount specified in paragraph (d). In no case is the subtraction less than zero.

(i) For purposes of this subdivision, "provisional income" means modified adjusted gross income as defined in section 86(b)(2) of the Internal Revenue Code, plus one-half of the taxable Social Security benefits received during the taxable year, and "Social Security benefits" has the meaning given in section 86(d)(1) of the Internal Revenue Code.

(j) The commissioner shall adjust the phaseout threshold amounts in ~~paragraphs~~ paragraph (c) ~~and (d)~~, clauses (1) and (2), as provided in section 270C.22. The statutory year is taxable year 2023. The maximum subtraction and threshold amounts as adjusted must be rounded to the nearest $10 amount. If the amount ends in $5, the amount is rounded up to the nearest $10 amount.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2022.

Sec. 5. Minnesota Statutes 2024, section 290.0132, subdivision 34, is amended to read:

Subd. 34. **Qualified retirement benefits.** (a) The amount of qualified public pension income is a subtraction. The subtraction in this section is limited to:

(1) $25,000 for a married taxpayer filing a joint return or surviving spouse; or

(2) $12,500 for all other filers.

(b) For a taxpayer with adjusted gross income above the phaseout threshold, the subtraction is reduced by ten percent for each $2,000 of adjusted gross income, or fraction thereof, in excess of the threshold. The phaseout threshold equals:

(1) $100,000 for a married taxpayer filing a joint return or surviving spouse;

(2) $78,000 for a single or head of household taxpayer; or

(3) for a married taxpayer filing a separate return, half the amount for a married taxpayer filing a joint return.

(c) For the purposes of this section, "qualified public pension income" means any amount received:

(1) by a former basic member or the survivor of a former basic member, as an annuity or survivor benefit, from a pension plan governed by chapter 353, 353E, 354, or 354A, provided that the annuity or benefit is based on service for which the member or survivor ~~is not also receiving~~ did not earn Social Security benefits;

(2) as an annuity or survivor benefit from the legislators plan under chapter 3A, the State Patrol retirement plan under chapter 352B, or the public employees police and fire plan under sections 353.63 to 353.666, provided that the annuity or benefit is based on service for which the member or survivor ~~is not also receiving~~ did not earn Social Security benefits;

(3) from any retirement system administered by the federal government that is based on service for which the recipient or the recipient's survivor ~~is not also receiving~~ did not earn Social Security benefits; or

(4) from a public retirement system of or created by another state or any of its political subdivisions, or the District of Columbia, if the income tax laws of the other state or district permit a similar deduction or exemption or a reciprocal deduction or exemption of a

retirement or pension benefit received from a public retirement system of or created by this state or any political subdivision of this state.

(d) The commissioner must annually adjust the subtraction limits in paragraph (a) and the phaseout thresholds in paragraph (b), as provided in section 270C.22. The statutory year is taxable year 2023.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 6. Minnesota Statutes 2024, section 290.0134, subdivision 20, is amended to read:

Subd. 20. **Delayed business interest.** (a) For each taxable year an addition is required under section ~~290.0131, subdivision 19~~ 290.0133, subdivision 15, the amount of the addition, less the sum of all amounts subtracted under this paragraph in all prior taxable years, that does not exceed the limitation on business interest in section 163(j) of the Internal Revenue Code of 1986, as amended through December 15, 2022, notwithstanding the special rule in section 163(j)(10) of the Internal Revenue Code, is a subtraction. Any excess is a delayed business interest carryforward, the entire amount of which must be carried to the earliest taxable year. No subtraction is allowed under this paragraph for taxable years beginning after December 31, 2022.

(b) For each of the five taxable years beginning after December 31, 2022, there is allowed a subtraction equal to one-fifth of the sum of all carryforward amounts that remain after the expiration of paragraph (a).

(c) Entities that are part of a combined reporting group under the unitary rules of section 290.17, subdivision 4, must compute deductions and additions as required under section 290.34, subdivision 5.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2019.

Sec. 7. Minnesota Statutes 2024, section 290.0693, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given.

(b) "Dependent" means any individual who is considered a dependent under sections 151 and 152 of the Internal Revenue Code and was claimed by the taxpayer as a dependent.

(c) "Disability" has the meaning given in section 290A.03, subdivision 10.

(d) "Exemption amount" means the exemption amount under section 290.0121, subdivision 1, paragraph (b).

(e) "Gross rent" means rent paid for the right of occupancy, at arm's length, of a homestead, exclusive of charges for any medical services furnished by the landlord as a part of the rental agreement, whether expressly set out in the rental agreement or not. The gross rent of a resident of a nursing home or intermediate care facility is $600 per month. The gross rent of a resident of an adult foster care home is $930 per month. The commissioner shall annually adjust the amounts in this paragraph as provided in section 270C.22. The statutory year is 2023. If the landlord and tenant have not dealt with each other at arm's length and the commissioner determines that the gross rent charged was excessive, the commissioner may adjust the gross rent to a reasonable amount for purposes of this section.

(f) "Homestead" has the meaning given in section 290A.03, subdivision 6.

(g) "Household" has the meaning given in section 290A.03, subdivision 4.

(h) "Household income" means all income received by all persons of a household in a taxable year while members of the household, other than income of a dependent.

(i) "Income" means adjusted gross income, minus:

(1) for the taxpayer's first dependent, the exemption amount multiplied by 1.4;

(2) for the taxpayer's second dependent, the exemption amount multiplied by 1.3;

(3) for the taxpayer's third dependent, the exemption amount multiplied by 1.2;

(4) for the taxpayer's fourth dependent, the exemption amount multiplied by 1.1;

(5) for the taxpayer's fifth dependent, the exemption amount; and

(6) if the taxpayer or taxpayer's spouse had a disability or attained the age of 65 on or before the close of the taxable year, the exemption amount.

(j) "Rent constituting property taxes" means 17 percent of the gross rent actually paid in cash, or its equivalent, or the portion of rent paid in lieu of property taxes, in any taxable year by a claimant for the right of occupancy of the claimant's Minnesota homestead in the taxable year, and which rent constitutes the basis, in the succeeding taxable year of a claim for a credit under this section by the claimant. If an individual occupies a homestead with another person or persons not related to the individual as the individual's spouse or as dependents, and the other person or persons are residing at the homestead under a rental or lease agreement with the individual, the amount of rent constituting property tax for the individual equals that portion not covered by the rental agreement.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

Sec. 8. Minnesota Statutes 2024, section 290.0693, subdivision 6, is amended to read:

Subd. 6. **Residents of nursing homes, intermediate care facilities, long-term care facilities, or facilities accepting housing support payments.** (a) A taxpayer must not claim a credit under this section if the taxpayer is a resident of a nursing home, intermediate care facility, long-term residential facility, or a facility that accepts housing support payments whose rent constituting property taxes is paid pursuant to the Supplemental Security Income program under title XVI of the Social Security Act, the Minnesota supplemental aid program under sections 256D.35 to 256D.54, the medical assistance program pursuant to title XIX of the Social Security Act, or the housing support program under chapter 256I.

(b) If only a portion of the rent constituting property taxes is paid by these programs, the resident is eligible for a credit, but the credit calculated must be multiplied by a fraction, the numerator of which is adjusted gross income, ~~reduced by the total amount of income from the above sources other than vendor payments under the medical assistance program~~ and the denominator of which is adjusted gross income, plus vendor payments under the medical assistance program, to determine the allowable credit.

(c) Notwithstanding paragraphs (a) and (b), if the taxpayer was a resident of the nursing home, intermediate care facility, long-term residential facility, or facility for which the rent was paid for the claimant by the housing support program for only a portion of the taxable year covered by the claim, the taxpayer may compute rent constituting property taxes by disregarding the rent constituting property taxes from the nursing home or facility and may use only that amount of rent constituting property taxes or property taxes payable relating to that portion of the year when the taxpayer was not in the facility. The taxpayer's household income is the income for the entire taxable year covered by the claim.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

Sec. 9. Minnesota Statutes 2024, section 290.0693, subdivision 8, is amended to read:

Subd. 8. **One claimant per household.** Only one taxpayer per household per year is entitled to claim a credit under this section. In the case of a married couple filing a joint return, the couple may claim a credit under this section based on the total amount of both spouses' gross rent. In the case of a married taxpayer filing a separate return, only one spouse may claim the credit under this section. The credit amount for the spouse that claims the credit must be calculated based on household income and both spouses' share of the gross rent and not solely on the income of the spouse.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

Sec. 10. Minnesota Statutes 2024, section 290.0695, subdivision 2, is amended to read:

Subd. 2. **Credit allowed; limitation; carryover.** (a) An eligible taxpayer is allowed a credit against tax due under this chapter equal to 50 percent of ~~eligible expenses, not to exceed $3,000 per mile, multiplied by the number of miles of railroad track owned or leased within the state by the eligible taxpayer for which the taxpayer made~~ the qualified railroad reconstruction or replacement expenditures ~~as of the close of the taxable year for which the credit is claimed~~ made by an eligible taxpayer within this state during the taxable year for which the credit is claimed.

(b) The credit allowed under paragraph (a) for any taxable year must not exceed the product of:

(1) $3,000, multiplied by;

(2) the number of miles of railroad track owned or leased by the eligible taxpayer within this state as of the close of the taxable year for which the taxpayer made qualified railroad reconstruction or replacement expenditures for which the credit is claimed.

~~(b)~~ (c) If the amount of the credit determined under this section for any taxable year exceeds the liability for tax under this chapter, the excess is a credit carryover to each of the five succeeding taxable years. The entire amount of the excess unused credit for the taxable year must be carried first to the earliest of the taxable years to which the credit may be carried and then to each successive year to which the credit may be carried. The amount of the unused credit that may be added under this paragraph must not exceed the taxpayer's liability for tax less the credit for the taxable year.

~~(c)~~ (d) An eligible taxpayer claiming a credit under this section may not also claim the credit under section 297I.20, subdivision 6, for the same qualified railroad reconstruction or replacement expenditures.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2022.

Sec. 11. Laws 2023, chapter 1, section 22, is amended to read:

Sec. 22. **TEMPORARY ADDITIONS AND SUBTRACTIONS; INDIVIDUALS, ESTATES, AND TRUSTS.**

(a) For the purposes of this section:

(1) "subtraction" has the meaning given in Minnesota Statutes, section 290.0132, subdivision 1, and the rules in that subdivision apply to this section;

(2) "addition" has the meaning given in Minnesota Statutes, section 290.0131, subdivision 1, and the rules in that subdivision apply to this section; and

(3) the definitions in Minnesota Statutes, section 290.01, apply to this section.

(b) The following amounts are subtractions:

(1) the amount of wages used for the calculation of the employee retention credit for employers affected by qualified disasters, to the extent not deducted from income, under Public Law 116-94, division Q, section 203, or Public Law 116-260, division EE, section 303;

(2) the amount of wages used for the calculation of the payroll credit for required paid sick leave, to the extent not deducted from income, under Public Law 116-127, section 7001, as amended by section 9641 of Public Law 117-2;

(3) the amount of wages or expenses used for the calculation of the payroll credit for required paid family leave, to the extent not deducted from income, under Public Law 116-127, section 7003, as amended by section 9641 of Public Law 117-2;

(4) the amount of wages used for the calculation of the employee retention credit for employers subject to closure due to COVID-19, to the extent not deducted from income, under Public Law 116-136, section 2301, as amended by Public Law 116-260, division EE, section 207, and Public Law 117-2, section 9651; and

(5) the amount required to be added to gross income to claim the credit in section 6432 of the Internal Revenue Code.

(c) The following amounts are additions:

(1) the amount subtracted for qualified tuition expenses under section 222 of the Internal Revenue Code, as amended by Public Law 116-94, division Q, section 104;

(2) the amount of above the line charitable contributions deducted under section 2204 of Public Law 116-136;

(3) the amount of meal expenses in excess of the 50 percent limitation under section 274(n)(1) of the Internal Revenue Code allowed under subsection (n), paragraph (2), subparagraph (D), of that section; and

(4) the amount of charitable contributions deducted from federal taxable income by a trust for taxable year 2020 under Public Law 116-136, section 2205(a).

(d) The commissioner of revenue must apply the subtractions in paragraph (b) and the additions in paragraph (c), when calculating the following:

(1) the percentage under Minnesota Statutes, section 290.06, subdivision 2c, paragraph (e);

(2) a taxpayer's alternative minimum taxable income under Minnesota Statutes, section 290.091; and

(3) "income" ~~as defined in Minnesota Statutes, section 289A.08, subdivision 7, paragraph (j),~~ for the purposes of determining the tax for composite filers and the pass-through entity tax, means the partner's share of federal adjusted gross income from the partnership modified by the additions provided in Minnesota Statutes, section 290.0131, subdivisions 8 to 10, 16, 17, and 19, and the subtractions provided in (i) Minnesota Statutes, section 290.0132, subdivisions 9, 27, and 28, to the extent the amount is assignable or allocable to Minnesota under Minnesota Statutes, section 290.17; and (ii) Minnesota Statutes, section 290.0132, subdivision 14. The subtraction allowed under Minnesota Statutes, section 290.0132, subdivision 9, is only allowed on the composite tax computation to the extent the electing partner would have been allowed the subtraction.

(e) For the purpose of calculating property tax refunds under Minnesota Statutes, chapter 290A, any amounts allowed as a subtraction in paragraph (b) are excluded from "income," as defined in Minnesota Statutes, section 290A.03, subdivision 3.

EFFECTIVE DATE. This section is effective retroactively at the same time the changes in Laws 2023, chapter 1, section 22, were effective for federal purposes.

ARTICLE 12
DEPARTMENT OF REVENUE; SALES AND USE TAXES

Section 1. Minnesota Statutes 2024, section 297A.71, subdivision 54, is amended to read:

Subd. 54. **Sustainable aviation fuel facilities.** (a) Materials and supplies used or consumed in and equipment incorporated into the construction, reconstruction, or improvement of a facility located in Minnesota that produces or blends sustainable aviation fuel, as defined in section 41A.30, subdivision 1, ~~is~~ if materials, supplies, and equipment are purchased after June 30, 2027, and before July 1, 2034, are exempt.

(b) The tax must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied and then refunded in the manner as provided for projects under section 297A.75, subdivision 1~~, clause (1)~~.

(c) For a project, a portion of which is not used to produce or blend sustainable aviation fuel, the amount of purchases that are exempt under this subdivision must be determined by multiplying the total purchases, as specified in paragraph (a), by the ratio of:

(1) the capacity to generate sustainable aviation fuel either through production or blending; and

(2) the capacity to generate all fuels.

(d) This subdivision expires July 1, 2034. The expiration does not affect refunds due for sales and purchases made prior to July 1, 2034.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 2. Minnesota Statutes 2024, section 297A.75, subdivision 1, is amended to read:

Subdivision 1. **Tax collected.** The tax on the gross receipts from the sale of the following exempt items must be imposed and collected as if the sale were taxable and the rate under section 297A.62, subdivision 1, applied. The exempt items include:

(1) building materials for an agricultural processing facility exempt under section 297A.71, subdivision 13;

(2) building materials for mineral production facilities exempt under section 297A.71, subdivision 14;

(3) building materials for correctional facilities under section 297A.71, subdivision 3;

(4) building materials used in a residence for veterans with a disability exempt under section 297A.71, subdivision 11;

(5) elevators and building materials exempt under section 297A.71, subdivision 12;

(6) materials and supplies for qualified low-income housing under section 297A.71, subdivision 23;

(7) materials, supplies, and equipment for municipal electric utility facilities under section 297A.71, subdivision 35;

(8) equipment and materials used for the generation, transmission, and distribution of electrical energy and an aerial camera package exempt under section 297A.68, subdivision 37;

(9) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, paragraph (a), clause (10);

(10) materials, supplies, and equipment for construction or improvement of projects and facilities under section 297A.71, subdivision 40;

(11) enterprise information technology equipment and computer software for use in a qualified data center exempt under section 297A.68, subdivision 42;

(12) materials, supplies, and equipment for qualifying capital projects under section 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);

(13) items purchased for use in providing critical access dental services exempt under section 297A.70, subdivision 7, paragraph (c);

(14) items and services purchased under a business subsidy agreement for use or consumption primarily in greater Minnesota exempt under section 297A.68, subdivision 44;

(15) building materials, equipment, and supplies for constructing or replacing real property exempt under section 297A.71, subdivisions 49; 50, paragraph (b); and 51;

(16) building materials, equipment, and supplies for qualifying capital projects under section 297A.71, subdivision 52; ~~and~~

(17) building materials, equipment, and supplies for constructing, remodeling, expanding, or improving a fire station, police station, or related facilities exempt under section 297A.71, subdivision 53~~.~~; and

(18) building materials, equipment, and supplies for constructing, remodeling, or improving a sustainable aviation fuel facility exempt under section 297A.71, subdivision 54.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 3. Minnesota Statutes 2024, section 297A.75, subdivision 2, is amended to read:

Subd. 2. **Refund; eligible persons.** Upon application on forms prescribed by the commissioner, a refund equal to the tax paid on the gross receipts of the exempt items must be paid to the applicant. Only the following persons may apply for the refund:

(1) for subdivision 1, clauses (1), (2), and (13), the applicant must be the purchaser;

(2) for subdivision 1, clause (3), the applicant must be the governmental subdivision;

(3) for subdivision 1, clause (4), the applicant must be the recipient of the benefits provided in United States Code, title 38, chapter 21;

(4) for subdivision 1, clause (5), the applicant must be the owner of the homestead property;

(5) for subdivision 1, clause (6), the owner of the qualified low-income housing project;

(6) for subdivision 1, clause (7), the applicant must be a municipal electric utility or a joint venture of municipal electric utilities;

(7) for subdivision 1, clauses (8), (11), and (14), the owner of the qualifying business;

(8) for subdivision 1, clauses (9), (10), (12), (16), and (17), the applicant must be the governmental entity that owns or contracts for the project or facility; ~~and~~

(9) for subdivision 1, clause (15), the applicant must be the owner or developer of the building or project~~.~~; and

(10) for subdivision 1, clause (18), the applicant must be the owner or developer of the sustainable aviation fuel facility.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 4. Minnesota Statutes 2024, section 297A.75, subdivision 3, is amended to read:

Subd. 3. **Application.** (a) The application must include sufficient information to permit the commissioner to verify the tax paid. If the tax was paid by a contractor, subcontractor, or builder, under subdivision 1, clauses (3) to (12) or (14) to ~~(17)~~ (18), the contractor, subcontractor, or builder must furnish to the refund applicant a statement including the cost of the exempt items and the taxes paid on the items unless otherwise specifically provided by this subdivision. The provisions of sections 289A.40 and 289A.50 apply to refunds under this section.

(b) An applicant may not file more than two applications per calendar year for refunds for taxes paid on capital equipment exempt under section 297A.68, subdivision 5.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 5. Minnesota Statutes 2024, section 297A.94, is amended to read:

297A.94 DEPOSIT OF REVENUES.

(a) Except as provided in this section, the commissioner shall deposit the revenues, including interest and penalties, derived from the taxes imposed by this chapter in the state treasury and credit them to the general fund.

(b) The commissioner shall deposit taxes in the Minnesota agricultural and economic account in the special revenue fund if:

(1) the taxes are derived from sales and use of property and services purchased for the construction and operation of an agricultural resource project; and

(2) the purchase was made on or after the date on which a conditional commitment was made for a loan guaranty for the project under section 41A.04, subdivision 3.

The commissioner of management and budget shall certify to the commissioner the date on which the project received the conditional commitment. The amount deposited in the loan guaranty account must be reduced by any refunds and by the costs incurred by the Department of Revenue to administer and enforce the assessment and collection of the taxes.

(c) The commissioner shall deposit the revenues, including interest and penalties, derived from the taxes imposed on sales and purchases included in section 297A.61, subdivision 3, paragraph (g), clauses (1) and (4), in the state treasury, and credit them as follows:

(1) first to the general obligation special tax bond debt service account in each fiscal year the amount required by section 16A.661, subdivision 3, paragraph (b); and

(2) after the requirements of clause (1) have been met, the balance to the general fund.

(d) Beginning with sales taxes remitted after July 1, 2017, the commissioner shall deposit in the state treasury the revenues collected under section 297A.64, subdivision 1, including interest and penalties and minus refunds, and credit them to the highway user tax distribution fund.

(e) The commissioner shall deposit the revenues, including interest and penalties, collected under section 297A.64, subdivision 5, in the state treasury and credit them to the general fund. By July 15 of each year the commissioner shall transfer to the highway user tax distribution fund an amount equal to the excess fees collected under section 297A.64, subdivision 5, for the previous calendar year.

(f) Beginning with sales taxes remitted after July 1, 2017, in conjunction with the deposit of revenues under paragraph (d), the commissioner shall deposit into the state treasury and credit to the highway user tax distribution fund an amount equal to the estimated revenues derived from the tax rate imposed under section 297A.62, subdivision 1, on the lease or rental for not more than 28 days of rental motor vehicles subject to section 297A.64. The commissioner shall estimate the amount of sales tax revenue deposited under this paragraph based on the amount of revenue deposited under paragraph (d).

(g) Each month the commissioner must deposit ~~the~~ an amount equal to the estimated revenues derived from the taxes imposed under section 297A.62, subdivision 1, on the sale and purchase of motor vehicle repair and replacement parts in the state treasury and credit:

(1) 43.5 percent in each fiscal year to the highway user tax distribution fund;

(2) a percentage to the transportation advancement account under section 174.49 as follows:

(i) 3.5 percent in fiscal year 2024;

(ii) 4.5 percent in fiscal year 2025;

(iii) 5.5 percent in fiscal year 2026;

(iv) 7.5 percent in fiscal year 2027;

(v) 14.5 percent in fiscal year 2028;

(vi) 21.5 percent in fiscal year 2029;

(vii) 28.5 percent in fiscal year 2030;

(viii) 36.5 percent in fiscal year 2031;

(ix) 44.5 percent in fiscal year 2032; and

(x) 56.5 percent in fiscal year 2033 and thereafter; and

(3) the remainder in each fiscal year to the general fund.

After each February forecast, and prior to the following April 15, the commissioner shall estimate the monthly deposit amount for use in the following fiscal year based on the estimate of average revenue derived from the taxes imposed under section 297A.62, subdivision 1, on the sale and purchase of motor vehicle repair and replacement parts from the department's three most recent consumption tax models. For purposes of this paragraph, "motor vehicle" has the meaning given in section 297B.01, subdivision 11, and "motor vehicle repair and replacement parts" includes (i) all parts, tires, accessories, and equipment incorporated into or affixed to the motor vehicle as part of the motor vehicle maintenance and repair, and (ii) paint, oil, and other fluids that remain on or in the motor vehicle as part of the motor vehicle maintenance or repair. For purposes of this paragraph, "tire" means any tire of the type used on highway vehicles, if wholly or partially made of rubber and if marked according to federal regulations for highway use.

(h) 81.56 percent of the revenues, including interest and penalties, transmitted to the commissioner under section 297A.65, must be deposited by the commissioner in the state treasury as follows:

(1) 47.5 percent of the receipts must be deposited in the heritage enhancement account in the game and fish fund, and may be spent only on activities that improve, enhance, or protect fish and wildlife resources, including conservation, restoration, and enhancement of land, water, and other natural resources of the state;

(2) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only for state parks and trails;

(3) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only on metropolitan park and trail grants;

(4) three percent of the receipts must be deposited in the natural resources fund, and may be spent only on local trail grants;

(5) two percent of the receipts must be deposited in the natural resources fund, and may be spent only for the Minnesota Zoological Garden, the Como Park Zoo and Conservatory, and the Duluth Zoo; and

(6) 2.5 percent of the receipts must be deposited in the pollinator account established in section 103B.101, subdivision 19.

(i) 1.5 percent of the revenues, including interest and penalties, transmitted to the commissioner under section 297A.65 must be deposited in a regional parks and trails account in the natural resources fund and may only be spent for parks and trails of regional significance outside of the seven-county metropolitan area under section 85.535, based on recommendations from the Greater Minnesota Regional Parks and Trails Commission under section 85.536.

(j) 1.5 percent of the revenues, including interest and penalties, transmitted to the commissioner under section 297A.65 must be deposited in an outdoor recreational opportunities for underserved communities account in the natural resources fund and may only be spent on projects and activities that connect diverse and underserved Minnesotans through expanding cultural environmental experiences, exploration of their environment, and outdoor recreational activities.

(k) The revenue dedicated under paragraph (h) may not be used as a substitute for traditional sources of funding for the purposes specified, but the dedicated revenue shall supplement traditional sources of funding for those purposes. Land acquired with money deposited in the game and fish fund under paragraph (h) must be open to public hunting and fishing during the open season, except that in aquatic management areas or on lands where angling easements have been acquired, fishing may be prohibited during certain times of the year and hunting may be prohibited. At least 87 percent of the money deposited in the game and fish fund for improvement, enhancement, or protection of fish and wildlife resources under paragraph (h) must be allocated for field operations.

(l) The commissioner must deposit the revenues, including interest and penalties minus any refunds, derived from the sale of items regulated under section 624.20, subdivision 1, that may be sold to persons 18 years old or older and that are not prohibited from use by the general public under section 624.21, in the state treasury and credit:

(1) 25 percent to the volunteer fire assistance grant account established under section 88.068;

(2) 25 percent to the fire safety account established under section 297I.06, subdivision 3; and

(3) the remainder to the general fund.

For purposes of this paragraph, the percentage of total sales and use tax revenue derived from the sale of items regulated under section 624.20, subdivision 1, that are allowed to be sold to persons 18 years old or older and are not prohibited from use by the general public under section 624.21, is a set percentage of the total sales and use tax revenues collected in the state, with the percentage determined under Laws 2017, First Special Session chapter 1, article 3, section 39.

(m) The revenues deposited under paragraphs (a) to (l) do not include the revenues, including interest and penalties, generated by the sales tax imposed under section 297A.62, subdivision 1a, which must be deposited as provided under the Minnesota Constitution, article XI, section 15.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 6. Minnesota Statutes 2024, section 297A.99, subdivision 10, is amended to read:

Subd. 10. **Use of zip code in determining location of sale.** (a) The lowest combined tax rate imposed in the zip code area applies if the area includes more than one tax rate in any level of taxing jurisdictions.

(b) If a nine-digit zip code designation is not available for a street address or if a seller is unable to determine the nine-digit zip code designation of a purchaser after exercising due diligence to determine the designation, the seller may apply the rate for the five-digit zip code area.

(c) For the purposes of this subdivision, there is a rebuttable presumption that a seller has exercised due diligence for a sale that requires a full street address to be completed if the seller has attempted to determine the nine-digit zip code designation by utilizing (1) the look-up application form the United States Postal Service; (2) software certified by the Coding Accuracy Support System; or (3) other software approved by the governing board that makes this designation from the street address and the five-digit zip code of the purchaser. For a sale that does not require a full street address to be completed, a seller has not exercised due diligence unless the seller has obtained or requested from the purchaser (1) the complete street address, including the five-digit zip code; or (2) the nine-digit zip code. A seller that has not exercised due diligence is not relieved from any additional liability that may be due as a result of incorrect sourcing.

(d) Notwithstanding subdivision 13, this subdivision applies to all local sales taxes without regard to the date of authorization. This subdivision does not apply when the purchased product is received by the purchaser at the business location of the seller.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2025.

Sec. 7. Minnesota Statutes 2024, section 297A.995, subdivision 2, is amended to read:

Subd. 2. **Definitions.** As used in this section:

(a) "Agreement" means the Streamlined Sales and Use Tax Agreement.

(b) "Certified automated system" means software certified jointly by the states that are signatories to the agreement to calculate the tax imposed by each jurisdiction on a transaction, determine the amount of tax to remit to the appropriate state, and maintain a record of the transaction.

(c) "Certified service provider" means an agent certified ~~jointly by the states that are signatories to the agreement to perform all of the seller's sales tax functions~~ under the Agreement to perform the seller's sales and use tax functions as outlined in the contract between the Streamlined Sales Tax Governing Board and the certified service providers, except that sellers retain the obligation to remit tax on their own purchases.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2025.

Sec. 8. Minnesota Statutes 2024, section 297A.995, subdivision 10, is amended to read:

Subd. 10. **Relief from certain liability.** (a) Notwithstanding subdivision 9, sellers and certified service providers are relieved from liability to the state for having charged and collected the incorrect amount of sales or use tax resulting from the seller or certified service provider (1) relying on erroneous data provided by the commissioner in the database files on tax rates, boundaries, or taxing jurisdiction assignments, or (2) relying on erroneous data provided by the state in its taxability matrix concerning the taxability of products and services.

(b) Notwithstanding subdivision 9, sellers and certified service providers are relieved from liability to the state for having charged and collected the incorrect amount of sales or use tax resulting from the seller or certified service provider relying on the certification by the commissioner as to the accuracy of a certified automated system as to the taxability of product categories. The relief from liability provided by this paragraph does not apply when the sellers or certified service providers have incorrectly classified an item or transaction into a product category, unless the item or transaction within a product category was approved by the commissioner or approved jointly by the states that are signatories to the agreement. The sellers and certified service providers must revise a classification within ten days after receipt of notice from the commissioner that an item or transaction within a product category is incorrectly classified as to its taxability, or they are not relieved from liability for the incorrect classification following the notification.

(c) Notwithstanding subdivision 9, if there are not at least 30 days between the enactment of a new tax rate and the effective date of the new rate, sellers and certified service providers shall be relieved from liability for failing to collect tax at the new rate during the first 30 days of the rate change, beginning on the day after the date of enactment of the rate change, provided the seller or certified service provider continued to impose and collect the tax at the immediately preceding tax rate during this period. Relief from liability provided by this paragraph shall not apply if the failure to collect at the newly effective rate extends beyond 30 days after the enactment of the new rate. The relief provided by this paragraph shall not apply if the commissioner determines that the seller or certified service provider fraudulently failed to collect at the new rate or that the seller or certified service provider solicited purchasers based on the immediately preceding tax rate.

(d) Certified service providers are relieved from liability to the state when a seller fails to remit all or a portion of the seller's taxes prior to the due date of the remittance if the certified service provider has provided notification as outlined in the contract between the Streamlined Sales Tax Governing Board and the certified service provider.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2025.

ARTICLE 13

DEPARTMENT OF REVENUE; MISCELLANEOUS

Section 1. Minnesota Statutes 2024, section 270C.445, subdivision 3, is amended to read:

Subd. 3. **Standards of conduct.** No tax preparer shall:

(1) without good cause fail to promptly, diligently, and without unreasonable delay complete a client's return;

(2) obtain the signature of a client to a return or authorizing document that contains blank spaces to be filled in after it has been signed;

(3) fail to sign a client's return when compensation for services rendered has been made;

(4) fail to provide on a client's return the preparer tax identification number when required under section 6109(a)(4) of the Internal Revenue Code or section 289A.60, subdivision 28;

(5) fail or refuse to give a client a copy of any document requiring the client's signature within a reasonable time after the client signs the document;

(6) fail to retain for at least four years a copy of a client's returns;

(7) fail to maintain a confidential relationship with clients or former clients;

(8) fail to take commercially reasonable measures to safeguard a client's nonpublic personal information;

(9) make, authorize, publish, disseminate, circulate, or cause to make, either directly or indirectly, any false, deceptive, or misleading statement or representation relating to or in connection with the offering or provision of tax preparation services;

(10) require a client to enter into a loan arrangement in order to complete a client's return;

(11) claim credits or deductions on a client's return for which the tax preparer knows or reasonably should know the client does not qualify;

(12) report a household income on a client's claim filed under chapter 290A that the tax preparer knows or reasonably should know is not accurate;

(13) engage in any conduct that is subject to a penalty under section 289A.60, subdivision 13, 20, 20a, 26, or 28;

(14) whether or not acting as a taxpayer representative, fail to conform to the standards of conduct required by Minnesota Rules, part 8052.0300, subpart 4;

(15) whether or not acting as a taxpayer representative, engage in any conduct that is incompetent conduct under Minnesota Rules, part 8052.0300, subpart 5;

(16) whether or not acting as a taxpayer representative, engage in any conduct that is disreputable conduct under Minnesota Rules, part 8052.0300, subpart 6;

(17) charge, offer to accept, or accept a fee based upon a percentage of an anticipated refund for tax preparation services;

(18) under any circumstances, withhold or fail to return to a client a document provided by the client for use in preparing the client's return;

(19) take control or ownership of a client's refund or department payment by any means, including:

(i) directly or indirectly endorsing or otherwise negotiating a check or other refund instrument, including an electronic version of a check;

(ii) directing an electronic or direct deposit of the refund or department payment into an account unless the client's name is on the account; and

(iii) establishing or using an account in the preparer's name to receive a client's refund or department payment through a direct deposit or any other instrument unless the client's name is also on the account, except that a taxpayer may assign the portion of a refund representing the Minnesota education credit available under section 290.0674 to a bank account without the client's name, as provided under section 290.0679;

(20) fail to act in the best interests of the client;

(21) fail to safeguard and account for any money handled for the client;

(22) fail to disclose all material facts of which the preparer has knowledge which might reasonably affect the client's rights and interests;

(23) violate any provision of section 332.37;

(24) include any of the following in any document provided or signed in connection with the provision of tax preparation services:

(i) a hold harmless clause;

(ii) a confession of judgment or a power of attorney to confess judgment against the client or appear as the client in any judicial proceeding;

(iii) a waiver of the right to a jury trial, if applicable, in any action brought by or against a debtor;

(iv) an assignment of or an order for payment of wages or other compensation for services;

(v) a provision in which the client agrees not to assert any claim or defense otherwise available;

(vi) a waiver of any provision of this section or a release of any obligation required to be performed on the part of the tax preparer; or

(vii) a waiver of the right to injunctive, declaratory, or other equitable relief or relief on a class basis; or

(25) if making, providing, or facilitating a refund anticipation loan, fail to provide all disclosures required by the federal Truth in Lending Act, United States Code, title 15, in a form that may be retained by the client.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

Sec. 2. Minnesota Statutes 2024, section 270C.445, subdivision 6, is amended to read:

Subd. 6. **Enforcement; administrative order; penalties; cease and desist.** (a) The commissioner may impose an administrative penalty of not more than $1,000 per violation of subdivision 3 or 5, or section 270C.4451, provided that a penalty may not be imposed for any conduct for which a tax preparer penalty is imposed under section 289A.60, subdivision 13. The commissioner may terminate a tax preparer's authority to transmit returns electronically to the state, if the commissioner determines the tax preparer engaged in a pattern and practice of violating this section. Imposition of a penalty under this paragraph is subject to the contested case procedure under chapter 14. The commissioner shall collect the penalty in the same manner as the income tax. There is no right to make a claim for refund under section 289A.50 of the penalty imposed under this paragraph. Penalties imposed under this paragraph are public data.

(b) In addition to the penalty under paragraph (a), if the commissioner determines that a tax preparer has violated subdivision 3 or 5, or section 270C.4451, the commissioner may issue an administrative order to the tax preparer requiring the tax preparer to cease and desist from committing the violation. The administrative order may include an administrative penalty provided in paragraph (a).

(c) If the commissioner issues an administrative order under paragraph (b), the commissioner must send the order to the tax preparer addressed to the last known address of the tax preparer.

(d) A cease and desist order under paragraph (b) must:

(1) describe the act, conduct, or practice committed and include a reference to the law that the act, conduct, or practice violates; and

(2) provide notice that the tax preparer may request a hearing as provided in this subdivision.

(e) Within 30 days after the commissioner issues an administrative order under paragraph (b), the tax preparer may request a hearing to review the commissioner's action. The request for hearing must be made in writing and must be served on the commissioner at the address specified in the order. The hearing request must specifically state the reasons for seeking review of the order. The date on which a request for hearing is served by mail is the postmark date on the envelope in which the request for hearing is mailed.

(f) If a tax preparer does not timely request a hearing regarding an administrative order issued under paragraph (b), the order becomes a final order of the commissioner and is not subject to review by any court or agency.

(g) If a tax preparer timely requests a hearing regarding an administrative order issued under paragraph (b), the hearing must be commenced by the issuance of a notice of and order for hearing by the commissioner within ~~ten~~ 30 days after the commissioner receives the request for a hearing.

(h) A hearing timely requested under paragraph (e) is subject to the contested case procedure under chapter 14, as modified by this subdivision. The administrative law judge must issue a report containing findings of fact, conclusions of law, and a recommended order within ~~ten~~ 30 days after the completion of the hearing, the receipt of late-filed exhibits, or the submission of written arguments, whichever is later.

(i) Within ~~five~~ 15 days of the date of the administrative law judge's report issued under paragraph (h), any party aggrieved by the administrative law judge's report may submit written exceptions and arguments to the commissioner. Within ~~15~~ 45 days after receiving the administrative law judge's report, the commissioner must issue an order vacating, modifying, or making final the administrative order.

(j) The commissioner and the tax preparer requesting a hearing may by agreement lengthen any time periods prescribed in paragraphs (g) to (i).

(k) An administrative order issued under paragraph (b) is in effect until it is modified or vacated by the commissioner or an appellate court. The administrative hearing provided by paragraphs (e) to (i) and any appellate judicial review as provided in chapter 14 constitute the exclusive remedy for a tax preparer aggrieved by the order.

(l) The commissioner may impose an administrative penalty, in addition to the penalty under paragraph (a), up to $5,000 per violation of a cease and desist order issued under paragraph (b). Imposition of a penalty under this paragraph is subject to the contested case procedure under chapter 14. Within 30 days after the commissioner imposes a penalty under this paragraph, the tax preparer assessed the penalty may request a hearing to review the penalty order. The request for hearing must be made in writing and must be served on the commissioner at the address specified in the order. The hearing request must specifically state the reasons for seeking review of the order. The cease and desist order issued under paragraph (b) is not subject to review in a proceeding to challenge the penalty order under this paragraph. The date on which a request for hearing is served by mail is the postmark date on the envelope in which the request for hearing is mailed. If the tax preparer does not timely request a hearing, the penalty order becomes a final order of the commissioner and is not subject to review by any court or agency. A penalty imposed by the commissioner under this paragraph may be collected and enforced by the commissioner as an income tax liability. There is no right to make a claim for refund under section 289A.50 of the penalty imposed under this paragraph. A penalty imposed under this paragraph is public data.

(m) If a tax preparer violates a cease and desist order issued under paragraph (b), the commissioner may terminate the tax preparer's authority to transmit returns electronically to the state. Termination under this paragraph is public data.

(n) A cease and desist order issued under paragraph (b) is public data when it is a final order.

(o) Notwithstanding any other law, the commissioner may impose a penalty or take other action under this subdivision against a tax preparer, with respect to a return, within the period to assess tax on that return as provided by sections 289A.38 to 289A.382.

(p) Notwithstanding any other law, the imposition of a penalty or any other action against a tax preparer under this subdivision, other than with respect to a return, must be taken by the commissioner within five years of the violation of statute.

EFFECTIVE DATE. This section is effective for penalties assessed and orders issued after the day following final enactment.

Sec. 3. Minnesota Statutes 2024, section 273.13, subdivision 22, is amended to read:

Subd. 22. **Class 1.** (a) Except as provided in subdivision 23 and in paragraphs (b) and (c), real estate which is residential and used for homestead purposes is class 1a. In the case of a duplex or triplex in which one of the units is used for homestead purposes, the entire property is deemed to be used for homestead purposes. The market value of class 1a property must be determined based upon the value of the house, garage, and land.

The first $500,000 of market value of class 1a property has a net classification rate of one percent of its market value; and the market value of class 1a property that exceeds $500,000 has a classification rate of 1.25 percent of its market value.

(b) Class 1b property includes homestead real estate or homestead manufactured homes used for the purposes of a homestead by:

(1) any person who is blind as defined in section 256D.35, or the person who is blind and the spouse of the person who is blind;

(2) any person who is permanently and totally disabled or by the person with a disability and the spouse of the person with a disability; or

(3) the surviving spouse of a veteran who was permanently and totally disabled homesteading a property classified under this paragraph for taxes payable in 2008.

Property is classified and assessed under clause (2) only if the government agency or income-providing source certifies, upon the request of the homestead occupant, that the homestead occupant satisfies the disability requirements of this paragraph, and that the property is not eligible for the valuation exclusion under subdivision 34.

Property is classified and assessed under paragraph (b) only if the commissioner of revenue or the county assessor certifies that the homestead occupant satisfies the requirements of this paragraph.

Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings the person an income. The first $50,000 market value of class 1b property has a net classification rate of ~~.45~~ 0.45 percent of its market value. The remaining market value of class 1b property is classified as class 1a ~~or~~ property, class 2a property, or class 4d(2) property, whichever is appropriate.

(c) Class 1c property is commercial use real and personal property that abuts public water as defined in section 103G.005, subdivision 15, or abuts a state trail administered by the Department of Natural Resources, and is devoted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment, and that includes a portion used as a homestead by the owner, which includes a dwelling occupied as a homestead by a shareholder of a corporation that owns the resort, a partner in a partnership that owns the resort, or a member of a limited liability company that owns the resort even if the title to the homestead is held by the corporation, partnership, or limited liability company. For purposes of this paragraph, property is devoted to a commercial purpose on a specific day if any portion of the property, excluding the portion used exclusively as a homestead, is used for residential occupancy and a fee is charged for residential occupancy. Class 1c property must contain three or more rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site equipped with water and electrical hookups for recreational vehicles. Class 1c property must provide recreational activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill or cross-country ski equipment; provide marina services, launch services, or guide services; or sell bait and fishing tackle. Any unit in which the right to use the property is transferred to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies for class 1c even though it may remain available for rent. A camping pad offered for rent by a property that otherwise qualifies for class 1c is also class 1c, regardless of the term of the rental agreement, as long as the use of the camping pad does not exceed 250 days. If the same owner owns two separate parcels that are located in the same township, and one of those properties is classified as a class 1c property and the other would be eligible to be classified as a class 1c property if it was used as the homestead of the owner, both properties will be assessed as a single class 1c property; for purposes of this sentence, properties are deemed to be owned by the same owner if each of them is owned by a limited liability company, and both limited liability companies have the same membership. The portion of the property used as a homestead is class 1a property under paragraph (a). The remainder of the property is classified as follows: the first $600,000 of market value is tier I, the next $1,700,000 of market value is tier II, and any remaining market value is tier III. The classification rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25 percent. Owners of real and personal property devoted to temporary and seasonal residential occupancy for recreation purposes in which all or a portion of the property was devoted to commercial purposes for not more than 250 days in the year preceding the year of assessment desiring classification as class 1c, must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located must be designated as class 1c as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located must be designated as class 3a commercial. The owner of property desiring designation as class 1c property must provide guest registers or other records demonstrating that the units for which class 1c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes does not qualify for class 1c.

(d) Class 1d property includes structures that meet all of the following criteria:

(1) the structure is located on property that is classified as agricultural property under section 273.13, subdivision 23;

(2) the structure is occupied exclusively by seasonal farm workers during the time when they work on that farm, and the occupants are not charged rent for the privilege of occupying the property, provided that use of the structure for storage of farm equipment and produce does not disqualify the property from classification under this paragraph;

(3) the structure meets all applicable health and safety requirements for the appropriate season; and

(4) the structure is not salable as residential property because it does not comply with local ordinances relating to location in relation to streets or roads.

The market value of class 1d property has the same classification rates as class 1a property under paragraph (a).

EFFECTIVE DATE. This section is effective beginning with assessment year 2025 and thereafter.

Sec. 4. Minnesota Statutes 2024, section 289A.12, subdivision 18, is amended to read:

Subd. 18. **~~Returns~~ Return by qualified heirs.** A qualified heir, as defined in section 291.03, subdivision 8, paragraph (c), must file ~~two returns~~ a return with the commissioner attesting that no disposition or cessation as provided by section 291.03, subdivision 11, paragraph (a), occurred. ~~The first return must be filed no earlier than 24 months and no later than 26 months after the decedent's death.~~ The ~~second~~ return must be filed no earlier than 36 months and no later than 39 months after the decedent's death.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 5. Minnesota Statutes 2024, section 297I.20, subdivision 4, is amended to read:

Subd. 4. **Film production credit.** (a) A taxpayer may claim a credit against the premiums tax imposed under this chapter equal to the amount indicated on the credit certificate statement issued to the company under section 116U.27. If the amount of the credit exceeds the taxpayer's liability for tax under this chapter, the excess is a credit carryover to each of the five succeeding taxable years. The entire amount of the excess unused credit for the taxable year must be carried first to the earliest of the taxable years to which the credit may be carried and then to each successive year to which the credit may be carried. This credit does not affect the calculation of fire state aid under section 477B.03 and police state aid under section 477C.03.

(b) This subdivision expires January 1, ~~2025~~ 2031, for taxable years beginning after and premiums received after December 31, ~~2024~~ 2030.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 6. Laws 2023, chapter 1, section 28, is amended to read:

Sec. 28. **EXTENSION OF STATUTE OF LIMITATIONS.**

(a) Notwithstanding any law to the contrary, a taxpayer whose tax liability changes as a result of this act may file an amended return by December 31, 2023. The commissioner may review and assess the return of a taxpayer covered by this provision for the later of:

(1) the periods under Minnesota Statutes, sections 289A.38; ~~289.39~~ 289A.39, subdivision 3; and 289A.40; or

(2) one year from the time the amended return is filed as a result of a change in tax liability under this section.

(b) Interest on any additional liabilities as a result of any provision in this act accrue beginning on January 1, 2024.

EFFECTIVE DATE. This section is effective retroactively at the same time the changes incorporated in Laws 2023, chapter 1, were effective for federal purposes.

APPENDIX
Article locations for S2374-2

13.4967 OTHER TAX DATA CODED ELSEWHERE.

Subd. 2a. **Assignment of refund.** Data regarding assignment of individual income tax refunds is classified by section 290.0679, subdivision 9.

Subd. 5. **Marijuana and controlled substance tax information.** Disclosure of information obtained under chapter 297D is governed by section 297D.13, subdivisions 1 to 3.

275.065 PROPOSED PROPERTY TAXES; NOTICE.

Subd. 3c. **Notice of proposed taxes; property subject to chapter 276A.** In the case of property subject to the areawide tax under section 276A.06, subdivision 7, for both the current year taxes and the proposed tax amounts, the net tax capacity portion of the taxes shown for each taxing jurisdiction must be based on the property's total net tax capacity multiplied by the jurisdiction's actual or proposed net tax capacity tax rate. In addition to the tax amounts shown for each jurisdiction, the statement must include a line showing the "fiscal disparities adjustment" equal to the total gross tax payable minus the sum of the tax amounts shown for the individual taxing jurisdictions. The fiscal disparities adjustment may be a negative number. If the fiscal disparities adjustment for either the current year taxes or the proposed tax amount is a negative number, the percentage change must not be shown. In all other respects the statement must fulfill the requirements of subdivision 3.

276.04 NOTICE OF RATES; PROPERTY TAX STATEMENTS.

Subd. 2a. **Contents of tax statements; property subject to chapter 276A.** In the case of property subject to the areawide tax under section 276A.06, subdivision 7, for both the current year taxes and the previous year tax amounts, the net tax capacity portion of the tax shown for each taxing jurisdiction must be based on the property's total net tax capacity multiplied by the jurisdiction's net tax capacity tax rate. In addition to the tax amounts shown for each jurisdiction, the statement must include a line showing the "fiscal disparities adjustment" equal to the total gross tax payable minus the sum of the tax amounts shown for the individual taxing jurisdictions for each year. The fiscal disparities adjustment may be a negative number. In all other respects the statement must fulfill the requirements of subdivision 2.

290.0679 ASSIGNMENT OF REFUND.

Subdivision 1. **Definitions.** (a) "Qualifying taxpayer" means a resident who has a child in kindergarten through grade 12 in the current tax year and who met the income requirements under section 290.0674, subdivision 2, for receiving the education credit in the tax year preceding the assignment of the taxpayer's refund.

(b) "Education credit" means the credit allowed under section 290.0674.

(c) "Refund" means an individual income tax refund.

(d) "Financial institution" means a state or federally chartered bank, savings bank, savings association, or credit union.

(e) "Qualifying organization" means a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code.

(f) "Assignee" means a financial institution or qualifying organization that is entitled to receive payment of a refund assigned under this section.

Subd. 2. **Conditions for assignment.** A qualifying taxpayer may assign all or part of an anticipated refund for the current and future taxable years to a financial institution or a qualifying organization. A financial institution or qualifying organization accepting assignment must pay the amount secured by the assignment to a third-party vendor. The commissioner of education shall, upon request from a third-party vendor, certify that the vendor's products and services qualify for the education credit. A denial of a certification may be appealed to the commissioner pursuant to this subdivision and notwithstanding chapter 14. A financial institution or qualifying organization that accepts assignments under this section must verify as part of the assignment documentation that the product or service to be provided by the third-party vendor has been certified by the commissioner of education as qualifying for the education credit. The amount assigned for the current and future taxable years may not exceed the maximum allowable education credit for the current taxable year. Both the taxpayer and spouse must consent to the assignment of a refund from a joint return.

Subd. 3. **Consent for disclosure.** When the taxpayer applies to the financial institution or the qualifying organization for a loan to be secured by the assignment under subdivision 2, the taxpayer must sign a written consent on a form prescribed by the commissioner. The consent must authorize the commissioner to disclose to the financial institution or qualifying organization the total amount of state taxes owed or revenue recapture claims filed under chapter 270A against the taxpayer, and the total amount of outstanding assignments made by the taxpayer under this section. For a refund from a joint return, the consent must also authorize the disclosure of taxes, revenue recapture claims, and assignments relating to the taxpayer's spouse, and must be signed by the spouse. The financial institution or qualifying organization may request that the taxpayer provide a copy of the taxpayer's previous year's income tax return, if any, and may assist the taxpayer in requesting a copy of the previous year's return from the commissioner.

Subd. 4. **Consumer disclosure.** (a) A third-party vendor that receives payment of the amount secured by an assignment must comply with the requirements of this subdivision.

(b) The third-party vendor must disclose to the taxpayer, in plain language:

(1) the cost of each product or service for which the third-party vendor separately charges the taxpayer;

(2) any fees charged to the taxpayer for tax preparation services; and

(3) for qualifying low-income taxpayers, information on the availability of free tax preparation services.

(c) The third-party vendor must provide to the taxpayer executed copies of any documents signed by the taxpayer.

Subd. 5. **Filing of assignment.** The commissioner shall prescribe the form of and manner for filing an assignment of a refund under this section.

Subd. 6. **Effect of assignment.** The taxpayer may not revoke an assignment after it has been filed. The assignee must notify the commissioner if the loan secured by the assignment has been paid in full, in which case the assignment is canceled. An assignment is in effect until the amount assigned is refunded in full to the assignee, or until the assignee cancels the assignment.

Subd. 7. **Payment of refund.** When a refund assigned under this section is issued by the commissioner, the proceeds of the refund, as defined in subdivision 1, paragraph (c), must be distributed in the following order:

(1) to satisfy any delinquent tax obligations of the taxpayer which are owed to the commissioner;

(2) to claimant agencies to satisfy any revenue recapture claims filed against the taxpayer, in the order of priority of the claims set forth in section 270A.10;

(3) to assignees to satisfy assignments under this section, based on the order in time in which the commissioner received the assignments; and

(4) to the taxpayer.

Subd. 8. **Legal action.** If there is a dispute between the taxpayer and the assignee after the commissioner has remitted the taxpayer's refund to the assignee, the taxpayer's only remedy is to bring an action against the assignee in court to recover the refund. The action must be brought within two years after the commissioner remits the refund to the assignee. The commissioner may not be a party to the proceeding.

Subd. 9. **Assignments private data.** Information regarding assignments under this section is classified as private data on individuals.

297D.01 DEFINITIONS.

Subdivision 1. **Illegal cannabis.** "Illegal cannabis" means any taxable cannabis product as defined in section 295.81, subdivision 1, paragraph (r), whether real or counterfeit, that is held, possessed, transported, transferred, sold, or offered to be sold in violation of chapter 342 or Minnesota criminal laws.

Subd. 2. **Controlled substance.** "Controlled substance" means any drug or substance, whether real or counterfeit, as defined in section 152.01, subdivision 4, that is held, possessed, transported, transferred, sold, or offered to be sold in violation of Minnesota laws. "Controlled substance" does not include illegal cannabis.

Subd. 3. **Tax obligor or obligor.** "Tax obligor" or "obligor" means a person who in violation of Minnesota law manufactures, produces, ships, transports, or imports into Minnesota or in any manner acquires or possesses more than 42-1/2 grams of illegal cannabis, or seven or more grams of any controlled substance, or ten or more dosage units of any controlled substance which is not sold by weight. A quantity of illegal cannabis or other controlled substance is measured by the weight of the substance whether pure or impure or dilute, or by dosage units when the substance is not sold by weight, in the tax obligor's possession. A quantity of a controlled substance is dilute if it consists of a detectable quantity of pure controlled substance and any excipients or fillers.

Subd. 4. **Commissioner.** "Commissioner" means the commissioner of revenue.

297D.02 ADMINISTRATION.

The commissioner of revenue shall administer this chapter. The commissioner shall prescribe the content, format, and manner of all forms and other documents required to be filed under this chapter pursuant to section 270C.30. Payments required by this chapter must be made to the commissioner on the form provided by the commissioner. Tax obligors are not required to give their name, address, Social Security number, or other identifying information on the form. The commissioner shall collect all taxes under this chapter.

297D.03 RULES.

The commissioner may adopt rules necessary to enforce this chapter. The commissioner shall adopt a uniform system of providing, affixing, and displaying official stamps, official labels, or other official indicia for marijuana and controlled substances on which a tax is imposed.

297D.04 TAX PAYMENT REQUIRED FOR POSSESSION.

No tax obligor may possess any illegal cannabis or controlled substance upon which a tax is imposed by section 297D.08 unless the tax has been paid on the illegal cannabis or a controlled substance as evidenced by a stamp or other official indicia.

297D.05 NO IMMUNITY.

Nothing in this chapter may in any manner provide immunity for a tax obligor from criminal prosecution pursuant to Minnesota law.

297D.06 PHARMACEUTICALS.

Nothing in this chapter requires persons registered under chapter 151 or otherwise lawfully in possession of illegal cannabis or a controlled substance to pay the tax required under this chapter.

297D.07 MEASUREMENT.

For the purpose of calculating the tax under section 297D.08, a quantity of illegal cannabis or a controlled substance is measured by the weight of the substance whether pure or impure or dilute, or by dosage units when the substance is not sold by weight, in the tax obligor's possession. A quantity of a controlled substance is dilute if it consists of a detectable quantity of pure controlled substance and any excipients or fillers.

297D.08 TAX RATE.

A tax is imposed on illegal cannabis and controlled substances as defined in section 297D.01 at the following rates:

(1) on each gram of illegal cannabis, or each portion of a gram, $3.50; and

(2) on each gram of controlled substance, or portion of a gram, $200; or

(3) on each ten dosage units of a controlled substance that is not sold by weight, or portion thereof, $400.

297D.085 CREDIT FOR PREVIOUSLY PAID TAXES.

If another state or local unit of government has previously assessed an excise tax on the illegal cannabis or controlled substances, the taxpayer must pay the difference between the tax due under section 297D.08 and the tax previously paid. If the tax previously paid to the other state or local unit of government was equal to or greater than the tax due under section 297D.08, no tax is due. The burden is on the taxpayer to show that an excise tax on the illegal cannabis or controlled substances has been paid to another state or local unit of government.

297D.09 PENALTIES; CRIMINAL PROVISIONS.

Subdivision 1. **Penalties.** Any tax obligor violating this chapter is subject to a penalty of 100 percent of the tax in addition to the tax imposed by section 297D.08. The penalty will be collected as part of the tax.

Subd. 1a. **Criminal penalty; sale without affixed stamps.** In addition to the tax penalty imposed, a tax obligor distributing or possessing illegal cannabis or controlled substances without affixing the appropriate stamps, labels, or other indicia is guilty of a crime and, upon conviction, may be sentenced to imprisonment for not more than seven years or to payment of a fine of not more than $14,000, or both.

Subd. 2. **Statute of limitations.** Notwithstanding section 628.26, or any other provision of the criminal laws of this state, an indictment may be found and filed, or a complaint filed, upon any criminal offense specified in this section, in the proper court within six years after the commission of this offense.

297D.10 STAMP PRICE.

Official stamps, labels, or other indicia to be affixed to all illegal cannabis or controlled substances shall be purchased from the commissioner. The purchaser shall pay 100 percent of face value for each stamp, label, or other indicia at the time of the purchase.

297D.11 PAYMENT DUE.

Subdivision 1. **Stamps affixed.** When a tax obligor purchases, acquires, transports, or imports into this state illegal cannabis or controlled substances on which a tax is imposed by section 297D.08, and if the indicia evidencing the payment of the tax have not already been affixed, the tax obligor shall have them permanently affixed on the illegal cannabis or controlled substance immediately after receiving the substance. Each stamp or other official indicia may be used only once.

Subd. 2. **Payable on possession.** Taxes imposed upon illegal cannabis or controlled substances by this chapter are due and payable immediately upon acquisition or possession in this state by a tax obligor.

297D.12 ALL ASSESSMENTS ARE JEOPARDY.

Subdivision 1. **Assessment procedure.** An assessment for a tax obligor not possessing valid stamps or other official indicia showing that the tax has been paid shall be considered a jeopardy assessment or collection, as provided in section 270C.36. The commissioner shall assess a tax and applicable penalties based on personal knowledge or information available to the commissioner; mail the taxpayer at the taxpayer's last known address or serve in person, a written notice of the amount of tax and penalty; demand its immediate payment; and, if payment is not immediately made, collect the tax and penalty by any method prescribed in chapter 270C, except that the commissioner need not await the expiration of the times specified in chapter 270C.

Subd. 2. **Injunction prohibited.** No person may bring suit to enjoin the assessment or collection of any taxes, interest, or penalties imposed by this chapter.

Subd. 3. **Standard of proof.** The tax and penalties assessed by the commissioner are presumed to be valid and correctly determined and assessed. The burden is upon the taxpayer to show their incorrectness or invalidity. Any statement filed by the commissioner with the court administrator, or any other certificate by the commissioner of the amount of tax and penalties determined or assessed is admissible in evidence and is prima facie evidence of the facts it contains.

297D.13 CONFIDENTIAL NATURE OF INFORMATION.

Subdivision 1. **Disclosure prohibited.** Notwithstanding any law to the contrary, neither the commissioner nor a public employee may reveal facts contained in a report or return required by this chapter or any information obtained from a tax obligor; nor can any information contained in such a report or return or obtained from a tax obligor be used against the tax obligor in any criminal proceeding, unless independently obtained, except in connection with a proceeding involving taxes due under this chapter from the tax obligor making the return.

Subd. 2. **Penalty for disclosure.** Any person violating this section is guilty of a gross misdemeanor.

Subd. 3. **Statistics.** This section does not prohibit the commissioner from publishing statistics that do not disclose the identity of tax obligors or the contents of particular returns or reports.

Subd. 4. **Possession of stamps.** A stamp denoting payment of the tax imposed under this chapter must not be used against the taxpayer in a criminal proceeding, except that the stamp may be used against the taxpayer in connection with the administration or civil or criminal enforcement of the tax imposed under this chapter or any similar tax imposed by another state or local unit of government.

477A.30 LOCAL HOMELESS PREVENTION AID.

Subd. 8. **Expiration.** Distributions under this section expire after aids payable in 2028 have been distributed.

477A.32 LOCAL GOVERNMENT CANNABIS AID.

Subdivision 1. **Definitions.** For purposes of this section, the following terms have the meanings given:

(1) "city" means a statutory or home rule charter city; and

(2) "director" means the director of the Office of Cannabis Management under section 342.02.

Subd. 2. **Certification to commissioner of revenue.** (a) By July 15, 2024, and annually thereafter, the commissioner of management and budget must certify to the commissioner of revenue the balance of the local government cannabis aid account in the special revenue fund as of the immediately preceding June 30.

(b) By June 1, 2024, and annually thereafter, the director must certify to the commissioner of revenue the number of cannabis businesses, as defined under section 342.01, subdivision 14, licensed under chapter 342 as of the previous January 1, disaggregated by county and city.

Subd. 3. **Aid to counties.** (a) Beginning for aid payable in 2024, the amount available for aid to counties under this subdivision equals 50 percent of the amount certified in that year to the commissioner under subdivision 2, paragraph (a).

(b) Twenty percent of the amount under paragraph (a) must be distributed equally among all counties.

(c) Eighty percent of the amount under paragraph (a) must be distributed proportionally to each county according to the number of cannabis businesses located in the county as compared to the number of cannabis businesses in all counties as of the most recent certification under subdivision 2, paragraph (b).

Subd. 4. **Aid to cities.** (a) Beginning for aid payable in 2024, the amount available for aid to cities under this subdivision equals 50 percent of the amount certified in that year to the commissioner under subdivision 2, paragraph (a).

(b) The amount under paragraph (a) must be distributed proportionally to each city according to the number of cannabis businesses located in the city as compared to the number of cannabis businesses in all cities as of the most recent certification under subdivision 2, paragraph (b).

Subd. 5. **Payment.** The commissioner of revenue must compute the amount of aid payable to each county and city under this section. On or before September 1 of each year, the commissioner must certify the amount to be paid to each county and city in that year. The commissioner must pay the full amount of the aid on December 26 annually.

Subd. 6. **Appropriation.** Beginning in fiscal year 2025 and annually thereafter, the amount in the local government cannabis aid account in the special revenue fund is annually appropriated to the commissioner of revenue to make the aid payments required under this section.

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Sec. 24. **TAX FILING MODERNIZATION.**

Subdivision 1. **Account established; appropriation.** A tax filing modernization account is established in the special revenue fund. All funds in the tax filing modernization account are appropriated to the commissioner of revenue for the purposes specified in subdivision 3.

Subd. 2. **Transfer.** $5,000,000 in fiscal year 2024 is transferred to the tax filing modernization account from the general fund. This is a onetime transfer.

Subd. 3. **Eligible uses.** (a) The commissioner of revenue may use funds in the tax filing modernization account to modernize the state process for filing individual income tax returns, including:

(1) updating and reviewing changes to individual income tax forms resulting from this act;

(2) coordinating the process for filing state individual income tax returns with free filing options for the federal income tax; and

(3) development and implementation of state free filing options for the individual income tax.

(b) Beginning July 1, 2026, the commissioner of revenue may use any unspent funds in the tax filing modernization account to make taxpayer assistance grants to eligible organizations qualifying under section 7526A(e)(2)(B) of the Internal Revenue Code.

Subd. 4. **Unspent funds.** Any unspent funds in the tax filing modernization account cancel to the general fund on June 30, 2027.