

**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
05/12/2025	4858	Rule 21, referred to Rules and Administration Comm report: Amend previous comm report Referred to Taxes

1.1 A bill for an act

1.2 relating to taxation; modifying individual income and corporate franchise taxes,

1.3 sales and use taxes, excise taxes, gross receipts taxes, local sales and use taxes,

1.4 property taxes, mining and mineral taxes, local government aids, tax increment

1.5 financing, and other miscellaneous taxes and tax-related provisions; modifying

1.6 the political contribution refund; modifying subtractions; modifying credits,

1.7 assignments, and transfers; modifying and providing for sales and use tax

1.8 exemptions; modifying and providing for property tax credits and exemptions;

1.9 modifying property tax classifications; providing for land bank organizations;

1.10 providing local government aid penalty forgiveness; modifying aids; providing

1.11 for and modifying special tax increment financing provisions; modifying provisions

1.12 related to public finance; modifying provisions related to the Tax Expenditure

1.13 Review Commission; modifying sustainable aviation fuel provisions; increasing

1.14 debt issue limits; modifying penalties relating to property tax refunds and

1.15 certificates of rent paid; modifying payments for the Sustainable Forest Incentive

1.16 Act; modifying gross proceeds and occupation taxes; extending and modifying

1.17 the uses of certain local sales and use taxes; repealing the tax on illegal cannabis

1.18 and controlled substances; making various policy and technical changes; requiring

1.19 reports; providing transfers of money; appropriating money; amending Minnesota

1.20 Statutes 2024, sections 3.192; 3.8855, subdivisions 2, 3, 4, 5, 7, 8; 8.31, subdivision

1.21 2c; 10A.02, subdivision 11b; 10A.322, subdivision 4; 14.03, subdivision 3;

1.22 16A.151, subdivision 2; 37.31, subdivision 1; 41A.30, subdivisions 1, 2, 5, 7;

1.23 41B.0391, subdivisions 1, 2, 4, 6; 116U.27, subdivisions 2, 4; 126C.13, subdivision

1.24 4; 126C.17, by adding a subdivision; 270B.161; 270C.07; 270C.08; 270C.085;

1.25 270C.11, subdivision 4; 270C.445, subdivisions 3, 6; 272.01, subdivision 2; 272.02,

1.26 subdivisions 19, 97, by adding subdivisions; 272.03, subdivision 1; 273.117;

1.27 273.12; 273.124, subdivisions 8, 14; 273.128, subdivision 1; 273.13, subdivisions

1.28 22, 23, 34; 273.1392; 273.1393; 273.19, subdivision 1; 273.38; 273.41; 275.065,

1.29 subdivision 3; 276.04, subdivision 2; 279.37, subdivision 2; 289A.02, subdivision

1.30 6; 289A.08, subdivision 7a; 289A.12, subdivision 18, by adding a subdivision;

1.31 289A.19, subdivision 2; 289A.20, subdivision 4; 289A.31, subdivision 1; 289A.51,

1.32 subdivisions 1, 3, 4; 289A.60, subdivisions 12, 15; 290.01, subdivision 19;

1.33 290.0132, subdivisions 11, 26, 34, by adding subdivisions; 290.0133, subdivision

1.34 7; 290.0134, subdivisions 9, 20; 290.0135; 290.033; 290.05, subdivision 1; 290.06,

1.35 subdivisions 23, 23a, 37; 290.0674, subdivision 1a; 290.0681, subdivisions 3, 4;

1.36 290.0686; 290.0693, subdivisions 1, 4, 6, 8; 290.0695, subdivisions 1, 2, 3; 290.091,

1.37 subdivision 2; 290.095, subdivision 2; 290.20, subdivision 2; 290.92, by adding

1.38 a subdivision; 290.923, subdivision 1; 290A.03, subdivision 3; 290A.19; 290C.07;

2.1 295.54, subdivision 2; 295.81, subdivision 10; 297A.68, subdivisions 5, 42, by  
 2.2 adding a subdivision; 297A.70, by adding a subdivision; 297A.71, subdivisions  
 2.3 14, 54; 297A.75, subdivisions 1, 2, 3; 297A.94; 297A.99, subdivisions 1, 1a, 3,  
 2.4 3a, 10, by adding subdivisions; 297A.9915, subdivision 1; 297A.9925, subdivisions  
 2.5 1, 2; 297A.995, subdivisions 2, 10; 297I.20, subdivision 4; 298.001, subdivision  
 2.6 3a, by adding subdivisions; 298.01, subdivisions 3, 3a, 3b, 4a, 4b, 5, 6; 298.015,  
 2.7 subdivision 1; 298.016, subdivisions 1, 2, 3, 4, by adding a subdivision; 298.018,  
 2.8 subdivisions 1, 1a, by adding subdivisions; 298.17; 299C.76, subdivision 1; 373.40,  
 2.9 subdivision 2; 446A.086, subdivisions 1, 2; 449.08; 462C.04, subdivision 2;  
 2.10 469.104; 469.154, subdivision 4; 469.171, subdivisions 1, 4, 6a; 469.1731,  
 2.11 subdivision 1; 469.176, subdivision 4n; 469.1812, by adding a subdivision;  
 2.12 469.1813, subdivisions 1, 5, 6, by adding a subdivision; 473.756, by adding a  
 2.13 subdivision; 473.757, subdivisions 1, 2, 3, 4, 7, 8, 9, 11, by adding subdivisions;  
 2.14 473.759, subdivision 3; 474A.091, subdivisions 2, 2a; 475.521, subdivision 2;  
 2.15 477A.011, subdivision 34, by adding a subdivision; 477A.013, subdivision 1;  
 2.16 477A.03, subdivisions 2a, 2b; 477A.23, subdivision 6; 609.902, subdivision 4;  
 2.17 641.23; Laws 1996, chapter 471, article 2, section 29, subdivisions 1, as amended,  
 2.18 4, as amended; Laws 2010, chapter 389, article 7, section 22, as amended; Laws  
 2.19 2013, chapter 143, article 9, section 21; Laws 2014, chapter 308, article 6, section  
 2.20 9, as amended; Laws 2017, First Special Session chapter 1, article 6, section 22;  
 2.21 Laws 2023, chapter 1, sections 22; 28; Laws 2023, chapter 64, article 4, section  
 2.22 27, by adding a subdivision; article 5, section 25, subdivision 1; proposing coding  
 2.23 for new law in Minnesota Statutes, chapters 8; 256B; 273; 295; 297A; 477A;  
 2.24 repealing Minnesota Statutes 2024, sections 13.4967, subdivisions 2a, 5; 275.065,  
 2.25 subdivision 3c; 276.04, subdivision 2a; 290.0679; 297D.01; 297D.02; 297D.03;  
 2.26 297D.04; 297D.05; 297D.06; 297D.07; 297D.08; 297D.085; 297D.09; 297D.10;  
 2.27 297D.11; 297D.12; 297D.13; 477A.30, subdivision 8; 477A.32; Laws 2023, chapter  
 2.28 64, article 15, section 24.

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

2.30

## ARTICLE 1

2.31

### INCOME AND CORPORATE FRANCHISE TAXES

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

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

2.40 (b) For purposes of administering the refund under section 290.06, subdivision 23, the  
 2.41 board may access or use the following data entered and stored in an electronic reporting  
 2.42 system and share the data with the commissioner of revenue: (1) the amount of the  
 2.43 contribution; (2) the name and address of the contributor; (3) any unique identifier for the  
 2.44 contribution; (4) the name and campaign identification number of the party or candidate

3.1 that received the contribution; and (5) the date on which the contribution was received. Data  
 3.2 accessed, used, or maintained by the board under this paragraph are classified as nonpublic  
 3.3 data, as defined in section 13.02, subdivision 9, and private data on individuals, as defined  
 3.4 in section 13.02, subdivision 12.

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

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

3.7 Subd. 4. **Refund ~~receipt forms~~ receipts; penalty.** (a) The board must make available  
 3.8 to a political party on request and to any candidate for whom an agreement under this section  
 3.9 is effective, ~~a supply of official refund receipt forms~~ receipts in an electronic format that  
 3.10 state in boldface type that:

3.11 (1) a contributor who is given a receipt ~~form~~ is eligible to claim a refund as provided in  
 3.12 section 290.06, subdivision 23; and

3.13 (2) if the contribution is to a candidate, that the candidate has signed an agreement to  
 3.14 limit campaign expenditures as provided in this section.

3.15 ~~The forms must provide duplicate copies of the receipt to be attached to the contributor's~~  
 3.16 ~~claim.~~ An official refund receipt must only be issued for a contribution of \$10 or more.  
 3.17 Each receipt must be in an electronic format and include a unique receipt validation number  
 3.18 that allows the commissioner of revenue to verify the information on the receipt with the  
 3.19 Campaign Finance Board. A political party or candidate may provide a printed copy of the  
 3.20 electronic receipt to the contributor.

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

3.24 (1) the date and amount of the contribution;

3.25 (2) the name and address of the contributor;

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

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

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

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

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

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

4.8 **EFFECTIVE DATE.** This section is effective for contributions made after December  
 4.9 31, 2026.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5.31 (h) "Owner of agricultural assets" means an individual, trust, or pass-through entity that  
5.32 is the owner in fee of agricultural land or has legal title to any other agricultural asset. Owner

6.1 of agricultural assets does not mean an equipment dealer, livestock dealer defined in section  
 6.2 17A.03, subdivision 7, or comparable entity that is engaged in the business of selling  
 6.3 agricultural assets for profit and that is not engaged in farming as its primary business  
 6.4 activity. An owner of agricultural assets approved and certified by the authority under  
 6.5 subdivision 4 must notify the authority if the owner no longer meets the definition in this  
 6.6 paragraph within the three year certification period and is then no longer eligible for credits  
 6.7 under this section.

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

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

6.13 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 6.14 31, 2024.

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

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

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

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

6.24 (3) 15 percent of the cash equivalent of the gross rental income in each of the first,  
 6.25 second, and third years of a share rent agreement, up to a maximum of \$10,000 per year.

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

6.29 (c) The credit may be claimed only after approval and certification by the authority, ~~and~~  
 6.30 ~~is limited to the amount stated on the certificate issued under subdivision 4.~~ An owner of  
 6.31 agricultural assets must apply to the authority for certification ~~and allocation~~ of a credit, in  
 6.32 a form and manner prescribed by the authority. Applications for credits allowed under

7.1 paragraph (a), clause (1), are due by November 1, 2025, and each year thereafter.

7.2 Applications for credits allowed under paragraph (a), clauses (2) and (3), are due by July  
7.3 1, 2025, and each year thereafter.

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

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

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

7.24 (1) the owner of the agricultural land; or

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

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

7.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
7.29 31, 2024.

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

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

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

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

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

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

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

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

8.20 ~~(c) For credits for owners of agricultural assets allowed under subdivision 2, the authority~~  
8.21 ~~must not allocate more than \$6,500,000 for taxable years beginning after December 31,~~  
8.22 ~~2022, and before January 1, 2024, and \$4,000,000 for taxable years beginning after December~~  
8.23 ~~31, 2023. The authority must allocate credits on a first-come, first-served basis beginning~~  
8.24 ~~on January 1 of each year, except that recertifications for the second and third years of~~  
8.25 ~~credits under subdivision 2, paragraph (a), clauses (1) and (2), have first priority. Any~~  
8.26 ~~amount authorized but not allocated for taxable years ending before January 1, 2023, is~~  
8.27 ~~canceled and is not allocated for future taxable years. For taxable years beginning after~~  
8.28 ~~December 31, 2022, any amount authorized but not allocated in any taxable year does not~~  
8.29 ~~cancel and is added to the allocation for the next taxable year. For each taxable year, 50~~  
8.30 ~~percent of newly allocated credits must be allocated to emerging farmers. Any portion of a~~  
8.31 ~~taxable year's newly allocated credits that is reserved for emerging farmers that is not~~  
8.32 ~~allocated by September 30 of the taxable year is available for allocation to other credit~~  
8.33 ~~allocations beginning on October 1.~~

9.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 9.2 31, 2024.

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

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

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

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

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

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

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

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

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

9.22 (6) data on the number of beginning farmers by geographic region ~~in calendar years~~  
 9.23 ~~2017 through 2023~~, including:

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

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

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

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

9.31 (1) the number and amount of credits issued;

- 10.1 (2) the geographic distribution of credits;
- 10.2 (3) a listing and description of each approved financial management program for which
- 10.3 credits were issued; and
- 10.4 (4) a description of the approval procedure for financial management programs not on
- 10.5 the list maintained by the authority, as provided in subdivision 3, paragraph (a).

10.6 **EFFECTIVE DATE.** This section is effective for reports due for credits issued for

10.7 taxable years beginning after December 31, 2025. The changes to paragraph (c), clause (6),

10.8 item (ii), are effective for reports due for credits issued for taxable years beginning after

10.9 December 31, 2026.

10.10 Sec. 7. Minnesota Statutes 2024, section 116U.27, subdivision 4, is amended to read:

10.11 Subd. 4. **Applications; allocations.** (a) To qualify for a credit under this section, a

10.12 taxpayer must submit to the director an application for a credit in the form prescribed by

10.13 the director, in consultation with the commissioner of revenue.

10.14 (b) Upon approving an application for a credit that meets the requirements of this section,

10.15 the director shall issue allocation certificates that:

10.16 (1) verify eligibility for the credit;

10.17 (2) state the amount of credit anticipated for the eligible project, with the credit amount

10.18 up to 25 percent of eligible project costs; and

10.19 (3) state the taxable year in which the credit is allocated.

10.20 (c) The director must not issue allocation certificates for more than ~~\$24,950,000~~

10.21 \$1,000,000 of credits each year. Any amount authorized but not allocated for taxable years

10.22 ending before January 1, 2025, is cancelled and is not allocated for future taxable years.

10.23 For taxable years beginning after December 31, 2024, if the entire amount is not allocated

10.24 in that taxable year, any remaining amount is available for allocation for the four following

10.25 taxable years until the entire allocation has been made. The director must not award any

10.26 credits for taxable years beginning after December 31, 2030, and any unallocated amounts

10.27 cancel on that date.

10.28 (d) The director must allocate credits on a first-come, first-served basis.

10.29 (e) Upon completion of a project, the taxpayer shall submit to the director a report

10.30 prepared by an independent certified public accountant licensed in the state of Minnesota

10.31 to verify the amount of eligible production costs related to the project. The report must be

10.32 prepared in accordance with generally accepted accounting principles. Upon receipt and

11.1 approval of the cost verification report and other documents required by the director, the  
11.2 director shall determine the final amount of eligible production costs and issue a credit  
11.3 certificate to the taxpayer. The credit may not exceed the anticipated credit amount on the  
11.4 allocation certificate. If the credit is less than the anticipated amount on the allocation credit,  
11.5 the difference is returned to the amount available for allocation under paragraph (c). To  
11.6 claim the credit under section 290.06, subdivision 39, or 297I.20, subdivision 4, a taxpayer  
11.7 must include a copy of the credit certificate as part of the taxpayer's return.

11.8 **EFFECTIVE DATE.** This section is effective for allocation certificates issued the day  
11.9 following final enactment and thereafter for taxable years beginning after December 31,  
11.10 2024.

11.11 Sec. 8. Minnesota Statutes 2024, section 270C.445, subdivision 3, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

- 12.1 (12) report a household income on a client's claim filed under chapter 290A that the tax  
12.2 preparer knows or reasonably should know is not accurate;
- 12.3 (13) engage in any conduct that is subject to a penalty under section 289A.60, subdivision  
12.4 13, 20, 20a, 26, or 28;
- 12.5 (14) whether or not acting as a taxpayer representative, fail to conform to the standards  
12.6 of conduct required by Minnesota Rules, part 8052.0300, subpart 4;
- 12.7 (15) whether or not acting as a taxpayer representative, engage in any conduct that is  
12.8 incompetent conduct under Minnesota Rules, part 8052.0300, subpart 5;
- 12.9 (16) whether or not acting as a taxpayer representative, engage in any conduct that is  
12.10 disreputable conduct under Minnesota Rules, part 8052.0300, subpart 6;
- 12.11 (17) charge, offer to accept, or accept a fee based upon a percentage of an anticipated  
12.12 refund for tax preparation services;
- 12.13 (18) under any circumstances, withhold or fail to return to a client a document provided  
12.14 by the client for use in preparing the client's return;
- 12.15 (19) take control or ownership of a client's refund by any means, including:
- 12.16 (i) directly or indirectly endorsing or otherwise negotiating a check or other refund  
12.17 instrument, including an electronic version of a check;
- 12.18 (ii) directing an electronic or direct deposit of the refund into an account unless the  
12.19 client's name is on the account; and
- 12.20 (iii) establishing or using an account in the preparer's name to receive a client's refund  
12.21 through a direct deposit or any other instrument unless the client's name is also on the  
12.22 account, ~~except that a taxpayer may assign the portion of a refund representing the Minnesota~~  
12.23 ~~education credit available under section 290.0674 to a bank account without the client's~~  
12.24 ~~name, as provided under section 290.0679;~~
- 12.25 (20) fail to act in the best interests of the client;
- 12.26 (21) fail to safeguard and account for any money handled for the client;
- 12.27 (22) fail to disclose all material facts of which the preparer has knowledge which might  
12.28 reasonably affect the client's rights and interests;
- 12.29 (23) violate any provision of section 332.37;
- 12.30 (24) include any of the following in any document provided or signed in connection  
12.31 with the provision of tax preparation services:

- 13.1 (i) a hold harmless clause;
- 13.2 (ii) a confession of judgment or a power of attorney to confess judgment against the  
13.3 client or appear as the client in any judicial proceeding;
- 13.4 (iii) a waiver of the right to a jury trial, if applicable, in any action brought by or against  
13.5 a debtor;
- 13.6 (iv) an assignment of or an order for payment of wages or other compensation for  
13.7 services;
- 13.8 (v) a provision in which the client agrees not to assert any claim or defense otherwise  
13.9 available;
- 13.10 (vi) a waiver of any provision of this section or a release of any obligation required to  
13.11 be performed on the part of the tax preparer; or
- 13.12 (vii) a waiver of the right to injunctive, declaratory, or other equitable relief or relief on  
13.13 a class basis; or
- 13.14 (25) if making, providing, or facilitating a refund anticipation loan, fail to provide all  
13.15 disclosures required by the federal Truth in Lending Act, United States Code, title 15, in a  
13.16 form that may be retained by the client.

13.17 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
13.18 31, 2025.

13.19 Sec. 9. Minnesota Statutes 2024, section 289A.08, subdivision 7a, is amended to read:

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

- 13.22 (1) "income" has the meaning given in section 290.01, subdivision 19, paragraph (i).  
13.23 The income of a resident qualifying owner of a qualifying entity that is a partnership or  
13.24 limited liability company taxed as a partnership under the Internal Revenue Code is not  
13.25 subject to allocation outside this state as provided for resident individuals under section  
13.26 290.17, subdivision 1, paragraph (a). The income of a nonresident qualifying owner of a  
13.27 qualifying entity and the income of a resident qualifying owner of a qualifying entity that  
13.28 is an S corporation, including a qualified subchapter S subsidiary organized under section  
13.29 1361(b)(3)(B) of the Internal Revenue Code, are allocated and assigned to this state as  
13.30 provided for nonresident partners and shareholders under sections 290.17, 290.191, and  
13.31 290.20;

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

14.6 (3) "qualifying owner" means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15.5 (f) This subdivision does not negate the requirement that a qualifying owner pay estimated  
15.6 tax if the qualifying owner's tax liability would exceed the requirements set forth in section  
15.7 289A.25. The qualifying owner's liability to pay estimated tax on the qualifying owner's  
15.8 tax liability as determined under paragraph (d) is, however, satisfied when the qualifying  
15.9 entity pays estimated tax in the manner prescribed in section 289A.25 for composite estimated  
15.10 tax.

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

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

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

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

15.31 (k) Once a credit is claimed by a qualifying owner under section 290.06, subdivision  
15.32 40, a qualifying entity cannot receive a refund for tax paid under this subdivision for any  
15.33 amounts claimed under that section by the qualifying owners. Once a credit is claimed under

16.1 section 290.06, subdivision 40, any refund must be claimed in conjunction with a return  
 16.2 filed by the qualifying owner.

16.3 (l) This subdivision expires ~~at the same time and on the same terms as section~~  
 16.4 ~~164(b)(6)(B) of the Internal Revenue Code~~ for taxable years beginning after December 31,  
 16.5 2027, except that the expiration of this subdivision does not affect the commissioner's  
 16.6 authority to audit or power of examination and assessments for credits claimed under this  
 16.7 section.

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

16.9 Sec. 10. Minnesota Statutes 2024, section 290.0132, subdivision 11, is amended to read:

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

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

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

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

16.22 (ii) service or duty under United States Code, title 32, as amended through December  
 16.23 31, 1983, and travel to or from that service or duty; or

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

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

16.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 16.29 31, 2024.

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

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

17.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
17.7 31, 2024.

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

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

17.13 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
17.14 31, 2024.

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

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

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

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

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

17.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
17.29 31, 2025.

18.1 Sec. 14. Minnesota Statutes 2024, section 290.0132, is amended by adding a subdivision  
18.2 to read:

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

18.7 (b) The subtraction equals the product of:

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

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

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

18.13 EFFECTIVE DATE. This section is effective for taxable years beginning after December  
18.14 31, 2024.

18.15 Sec. 15. Minnesota Statutes 2024, section 290.033, is amended to read:

18.16 **290.033 NET INVESTMENT INCOME TAX.**

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

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

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

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

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

18.29 (d) For an estate or trust, the tax on net investment income must be computed by  
18.30 multiplying the net investment income tax liability by a fraction, the numerator of which is  
18.31 the amount of the estate or trust's net investment income allocated to the state pursuant to

19.1 the provisions of sections 290.17, 290.191, and 290.20, and the denominator of which is  
 19.2 the taxpayer's total net investment income.

19.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 19.4 31, 2024.

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

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

19.13 (1) a form required by the commissioner and attaches to the form a copy of an official  
 19.14 refund receipt form issued by the candidate or party and signed by the candidate, the treasurer  
 19.15 of the candidate's principal campaign committee, or the chair or treasurer of the party unit,  
 19.16 after the contribution was received. ~~The receipt forms must be numbered, and the data on~~  
 19.17 ~~the receipt that are not public must be made available to the campaign finance and public~~  
 19.18 ~~disclosure board upon its request;~~ or

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

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

19.22 (b) A claim must be filed with the commissioner no sooner than January 1 of the calendar  
 19.23 year in which the contribution was made and no later than April 15 of the calendar year  
 19.24 following the calendar year in which the contribution was made. ~~A taxpayer may file only~~  
 19.25 ~~one claim per calendar year.~~ A claim must be for a minimum of \$10. Amounts paid by the  
 19.26 commissioner after June 15 of the calendar year following the calendar year in which the  
 19.27 contribution was made must include interest at the rate specified in section 270C.405.

19.28 ~~(b)~~ (c) No refund is allowed under this subdivision for a contribution to a candidate  
 19.29 unless the candidate:

19.30 (1) has signed an agreement to limit campaign expenditures as provided in section  
 19.31 10A.322;

20.1 (2) is seeking an office for which voluntary spending limits are specified in section  
20.2 10A.25; and

20.3 (3) has designated a principal campaign committee.

20.4 This subdivision does not limit the campaign expenditures of a candidate who does not  
20.5 sign an agreement but accepts a contribution for which the contributor improperly claims  
20.6 a refund.

20.7 ~~(e)~~ (d) For purposes of this subdivision, "political party" means a major political party  
20.8 as defined in section 200.02, subdivision 7, or a minor political party qualifying for inclusion  
20.9 on the income tax or property tax refund form under section 10A.31, subdivision 3a.

20.10 A "major party" or "minor party" includes the aggregate of that party's organization  
20.11 within each house of the legislature, the state party organization, and the party organization  
20.12 within congressional districts, counties, legislative districts, municipalities, and precincts.

20.13 "Candidate" means a candidate as defined in section 10A.01, subdivision 10, except a  
20.14 candidate for judicial office.

20.15 "Contribution" means a gift of money.

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

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

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

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

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

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

21.1 **EFFECTIVE DATE.** This section is effective for contributions made after December  
 21.2 31, 2026.

21.3 Sec. 17. Minnesota Statutes 2024, section 290.06, subdivision 23a, is amended to read:

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

21.10 (b) This ~~section~~ subdivision ~~expires at the same time and on the same terms as section~~  
 21.11 ~~164(b)(6)(B) of the Internal Revenue Code~~ for taxable years beginning after December 31,  
 21.12 2027, except that the expiration of this ~~section~~ subdivision does not affect the commissioner's  
 21.13 authority to audit or power of examination and assessments for credits claimed under this  
 21.14 section.

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

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

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

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

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

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

21.24 Sec. 18. Minnesota Statutes 2024, section 290.06, subdivision 37, is amended to read:

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

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

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

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

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

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

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

22.25 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 22.26 31, 2024.

22.27 Sec. 19. Minnesota Statutes 2024, section 290.0674, subdivision 1a, is amended to read:

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

22.30 (b) "Career and technical education program" means a program that has received approval  
 22.31 under section 124D.4531 or 136F.32 and that provides individuals with coherent rigorous  
 22.32 content aligned with academic standards and relevant technical knowledge and skills needed  
 22.33 to prepare for further education and careers in current and emerging professions and provides

23.1 technical skill proficiency, an industry-recognized credential, and a certificate, a diploma,  
 23.2 or an associate degree.

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

23.4 (1) qualifying instructional fees or tuition;

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

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

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

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

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

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

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

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

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

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

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

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

24.16 (2) tutoring or summer camps that:

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

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

24.20 (iii) expand knowledge and skills under:

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

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

24.23 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 24.24 31, 2024.

24.25 Sec. 20. Minnesota Statutes 2024, section 290.0681, subdivision 3, is amended to read:

24.26 Subd. 3. **Applications; allocations.** (a) To qualify for a credit or grant under this section,  
 24.27 the developer of a project must apply to the office before the rehabilitation begins. The  
 24.28 application must contain the information and be in the form prescribed by the office. The  
 24.29 office may collect a fee for application of up to 0.5 percent of qualified rehabilitation  
 24.30 expenditures, up to \$40,000, based on estimated qualified rehabilitation expenditures, to  
 24.31 offset costs associated with personnel and administrative expenses related to administering

25.1 the credit and preparing the economic impact report in subdivision 9. Application fees are  
 25.2 deposited in the account. The application must indicate if the application is for a credit or  
 25.3 a grant in lieu of the credit or a combination of the two and designate the taxpayer qualifying  
 25.4 for the credit or the recipient of the grant.

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

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

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

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

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

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

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

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

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

25.29 Sec. 21. Minnesota Statutes 2024, section 290.0681, subdivision 4, is amended to read:

25.30 Subd. 4. **Credit certificates; grants.** (a)(1) The developer of a project for which the  
 25.31 office has issued an allocation certificate must notify the office when the project is placed  
 25.32 in service. Upon verifying that the project has been placed in service, and was allowed a

26.1 federal credit, the office must issue a credit certificate to the taxpayer designated in the  
 26.2 application or must issue a grant to the recipient designated in the application. The credit  
 26.3 certificate must state the amount of the credit.

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

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

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

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

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

26.19 **EFFECTIVE DATE.** This section is effective for applications for allocation certificates  
 26.20 submitted after June 30, 2025.

26.21 Sec. 22. Minnesota Statutes 2024, section 290.0686, is amended to read:

26.22 **290.0686 CREDIT FOR ATTAINING MASTER'S DEGREE IN TEACHER'S**  
 26.23 **LICENSURE FIELD.**

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

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

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

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

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

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

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

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

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

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

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

27.27 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 27.28 31, 2024.

27.29 Sec. 23. Minnesota Statutes 2024, section 290.0693, subdivision 1, is amended to read:

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

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

- 28.1 (1) for the taxpayer's first dependent, the exemption amount multiplied by 1.4;
- 28.2 (2) for the taxpayer's second dependent, the exemption amount multiplied by 1.3;
- 28.3 (3) for the taxpayer's third dependent, the exemption amount multiplied by 1.2;
- 28.4 (4) for the taxpayer's fourth dependent, the exemption amount multiplied by 1.1;
- 28.5 (5) for the taxpayer's fifth dependent, the exemption amount; and
- 28.6 (6) if the taxpayer or taxpayer's spouse had a disability or attained the age of 65 on or
- 28.7 before the close of the taxable year, the exemption amount.
- 28.8 ~~(b)~~ (c) "Dependent" means any individual who is considered a dependent under sections
- 28.9 151 and 152 of the Internal Revenue Code.
- 28.10 ~~(e)~~ (d) "Disability" has the meaning given in section 290A.03, subdivision 10.
- 28.11 ~~(d)~~ (e) "Exemption amount" means the exemption amount under section 290.0121,
- 28.12 subdivision 1, paragraph (b).
- 28.13 ~~(e)~~ (f) "Gross rent" means rent paid for the right of occupancy, at arm's length, of a
- 28.14 homestead, exclusive of charges for any medical services furnished by the landlord as a
- 28.15 part of the rental agreement, whether expressly set out in the rental agreement or not. The
- 28.16 gross rent of a resident of a nursing home or intermediate care facility is \$600 per month.
- 28.17 The gross rent of a resident of an adult foster care home is \$930 per month. The commissioner
- 28.18 shall annually adjust the amounts in this paragraph as provided in section 270C.22. The
- 28.19 statutory year is 2023. If the landlord and tenant have not dealt with each other at arm's
- 28.20 length and the commissioner determines that the gross rent charged was excessive, the
- 28.21 commissioner may adjust the gross rent to a reasonable amount for purposes of this section.
- 28.22 ~~(f)~~ (g) "Homestead" has the meaning given in section 290A.03, subdivision 6.
- 28.23 ~~(g)~~ (h) "Household" has the meaning given in section 290A.03, subdivision 4.
- 28.24 ~~(h)~~ (i) "Household income" means all income received by all persons of a household in
- 28.25 a taxable year while members of the household, other than income of a dependent.
- 28.26 ~~(i)~~ (j) "Income" means adjusted gross income, minus:
- 28.27 ~~(1) for the taxpayer's first dependent, the exemption amount multiplied by 1.4 the~~
- 28.28 taxpayer's combined exemption amount;
- 28.29 ~~(2) for the taxpayer's second dependent, the exemption amount multiplied by 1.3; the~~
- 28.30 amount of discharge of indebtedness subtracted under section 290.0132, subdivision 36;
- 28.31 and

29.1 (3) the amount of consumer enforcement public compensation subtracted under section  
 29.2 290.0132, subdivision 37.

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

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

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

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

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

29.17 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 29.18 31, 2024.

29.19 Sec. 24. Minnesota Statutes 2024, section 290.0693, subdivision 4, is amended to read:

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

29.31 (b) ~~The commissioner may require the owner or managing agent, through a simple~~  
 29.32 ~~process, to~~ must furnish to the commissioner on or before January 31 a copy of each  
 29.33 certificate of rent paid furnished to a renter for rent paid in the prior year. The commissioner

30.1 shall prescribe the content, format, and manner of the form pursuant to section 270C.30.  
 30.2 The commissioner may require the Social Security number, individual taxpayer identification  
 30.3 number, federal employer identification number, or Minnesota taxpayer identification  
 30.4 number of the owner or managing agent who is required to furnish a certificate of rent paid  
 30.5 under this paragraph. Before implementation, the commissioner, after consulting with  
 30.6 representatives of owners or managing agents, shall develop an implementation and  
 30.7 administration plan for the requirements of this paragraph that attempts to minimize financial  
 30.8 burdens, administration and compliance costs, and takes into consideration existing systems  
 30.9 of owners and managing agents.

30.10 (c) An owner who fails to furnish the certificate of rent paid to the renter or to the  
 30.11 commissioner as required under this section is subject to the penalty imposed under section  
 30.12 289A.60, subdivision 12.

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

30.14 Sec. 25. Minnesota Statutes 2024, section 290.0695, subdivision 1, is amended to read:

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

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

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

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

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

30.25 ~~(d)~~ (f) "Qualified railroad reconstruction or replacement expenditures" means gross  
 30.26 expenditures in the taxable year for maintenance, reconstruction, or replacement of railroad  
 30.27 infrastructure, including track, roadbed, bridges, industrial leads and sidings, and track-related  
 30.28 structures owned or leased by a Class II or Class III railroad in Minnesota as of January 1,  
 30.29 2021. Qualified railroad reconstruction or replacement expenditures also includes new  
 30.30 construction of industrial leads, switches, spurs and sidings and extensions of existing sidings  
 30.31 in Minnesota by a Class II or Class III railroad.

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

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

31.5 Sec. 26. Minnesota Statutes 2024, section 290.0695, subdivision 3, is amended to read:

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

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

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

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

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

31.31 ~~(e)~~ (d) ~~The commissioner must issue a transfer credit certificate to the transferee within~~  
 31.32 30 days of the joint filing of a copy of the written transfer agreement with the commissioner.

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

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

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

32.7 Sec. 27. Minnesota Statutes 2024, section 290.091, subdivision 2, is amended to read:

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

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

32.12 (1) the taxpayer's federal alternative minimum taxable income as defined in section  
32.13 55(b)(1)(D) of the Internal Revenue Code;

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

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

32.17 (ii) the medical expense deduction;

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

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

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

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

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

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

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

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

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

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

33.8 (ii) an overpayment of state income tax as provided by section 290.0132, subdivision  
 33.9 3, to the extent included in federal alternative minimum taxable income;

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

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

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

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

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

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

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

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

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

34.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 34.2 31, 2024.

34.3 Sec. 28. Minnesota Statutes 2024, section 290.095, subdivision 2, is amended to read:

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

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

34.12 (c) The amount of net operating loss deduction under this section must not exceed ~~70~~  
 34.13 60 percent of taxable net income in a single taxable year.

34.14 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 34.15 31, 2024.

34.16 Sec. 29. Minnesota Statutes 2024, section 290.92, is amended by adding a subdivision to  
 34.17 read:

34.18 Subd. 32. **Nonconformity to certain worker classification rules.** For purposes of  
 34.19 employee classification under this section, "Internal Revenue Code" does not include section  
 34.20 530 of Public Law 95-600, as amended.

34.21 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 34.22 31, 2025.

34.23 Sec. 30. Minnesota Statutes 2024, section 290A.03, subdivision 3, is amended to read:

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

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

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

34.27 (i) all nontaxable income;

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

- 35.1 (iii) an amount equal to the total of any discharge of qualified farm indebtedness of a  
35.2 solvent individual excluded from gross income under section 108(g) of the Internal Revenue  
35.3 Code;
- 35.4 (iv) cash public assistance and relief;
- 35.5 (v) any pension or annuity (including railroad retirement benefits, all payments received  
35.6 under the federal Social Security Act, Supplemental Security Income, and veterans benefits),  
35.7 which was not exclusively funded by the claimant or spouse, or which was funded exclusively  
35.8 by the claimant or spouse and which funding payments were excluded from federal adjusted  
35.9 gross income in the years when the payments were made;
- 35.10 (vi) interest received from the federal or a state government or any instrumentality or  
35.11 political subdivision thereof;
- 35.12 (vii) workers' compensation;
- 35.13 (viii) nontaxable strike benefits;
- 35.14 (ix) the gross amounts of payments received in the nature of disability income or sick  
35.15 pay as a result of accident, sickness, or other disability, whether funded through insurance  
35.16 or otherwise;
- 35.17 (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of  
35.18 1986, as amended through December 31, 1995;
- 35.19 (xi) contributions made by the claimant to an individual retirement account, including  
35.20 a qualified voluntary employee contribution; simplified employee pension plan;  
35.21 self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of  
35.22 the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal  
35.23 Revenue Code, to the extent the sum of amounts exceeds the retirement base amount for  
35.24 the claimant and spouse;
- 35.25 (xii) to the extent not included in federal adjusted gross income, distributions received  
35.26 by the claimant or spouse from a traditional or Roth style retirement account or plan;
- 35.27 (xiii) nontaxable scholarship or fellowship grants;
- 35.28 (xiv) alimony received to the extent not included in the recipient's income;
- 35.29 (xv) the amount of deduction allowed under section 220 or 223 of the Internal Revenue  
35.30 Code;
- 35.31 (xvi) the amount deducted for tuition expenses under section 222 of the Internal Revenue  
35.32 Code; and

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

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

36.8 (b) "Income" does not include:

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

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

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

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

36.18 (5) relief granted under this chapter;

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

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

36.24 (8) alimony paid; ~~or~~

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

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

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

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

- 37.1 (1) for the claimant's first dependent, the exemption amount multiplied by 1.4;
- 37.2 (2) for the claimant's second dependent, the exemption amount multiplied by 1.3;
- 37.3 (3) for the claimant's third dependent, the exemption amount multiplied by 1.2;
- 37.4 (4) for the claimant's fourth dependent, the exemption amount multiplied by 1.1;
- 37.5 (5) for the claimant's fifth dependent, the exemption amount; and
- 37.6 (6) if the claimant or claimant's spouse had a disability or attained the age of 65 on or
- 37.7 before December 31 of the year for which the taxes were levied, the exemption amount.

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

37.9 (1) "exemption amount" means the exemption amount under section 290.0121,

37.10 subdivision 1, paragraph (b), for the taxable year for which the income is reported;

37.11 (2) "retirement base amount" means the deductible amount for the taxable year for the

37.12 claimant and spouse under section 219(b)(5)(A) of the Internal Revenue Code, adjusted for

37.13 inflation as provided in section 219(b)(5)(C) of the Internal Revenue Code, without regard

37.14 to whether the claimant or spouse claimed a deduction; and

37.15 (3) "traditional or Roth style retirement account or plan" means retirement plans under

37.16 sections 401, 403, 408, 408A, and 457 of the Internal Revenue Code.

37.17 **EFFECTIVE DATE.** This section is effective for claims based on property taxes payable

37.18 in 2026 and thereafter.

37.19 **Sec. 31. CORRECTION OF ERRORS; CERTAIN RETIREMENT**

37.20 **CONTRIBUTIONS.**

37.21 An annuity contract provider that receives a contribution from an individual to an

37.22 individual retirement plan on an annuity contract no later than the time prescribed by law

37.23 under section 219(f)(3) of the Internal Revenue Code, must treat the contribution as having

37.24 been made on account of the preceding taxable year. This section applies only if the annuity

37.25 contract provider receives notification from the individual indicating the tax year designation

37.26 for the contribution within three years from the original due date for filing the return for

37.27 that taxable year.

37.28 **EFFECTIVE DATE.** This provision is effective retroactively for contributions made

37.29 in 2024 to apply to the taxable year 2023 contribution limitation.

38.1 Sec. 32. **REPEALER.**

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

38.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 38.4 31, 2025.

## 38.5 ARTICLE 2

### 38.6 PROPERTY TAXES

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

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

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

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

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

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

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

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

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

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

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

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

39.7 (5) property leased, loaned, or otherwise made available to a private individual,  
 39.8 corporation, or association under a cooperative farming agreement made pursuant to section  
 39.9 97A.135; ~~or~~

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

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

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

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

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

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

39.32 ~~(d)~~ (e) The tax on real property of the federal government, the state or any of its political  
 39.33 subdivisions that is leased, loaned, or otherwise made available to a private individual,

40.1 association, or corporation and becomes taxable under this subdivision or other provision  
 40.2 of law must be assessed and collected as a personal property assessment. The taxes do not  
 40.3 become a lien against the real property.

40.4 (f) Property of an airport that is:

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

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

40.8 (3) used as a hangar for the storage, repair, or manufacture of aircraft or to provide  
 40.9 aviation goods, services, or facilities to the airport or general public, or used as a passenger  
 40.10 check-in area or ticket sale counter, boarding area, or luggage claim area, shall have the tax  
 40.11 imposed by this subdivision calculated as follows: for property taxes payable in 2026 through  
 40.12 2037, the net tax capacity of such property shall be reduced by 50 percent.

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

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

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

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

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

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

40.25 (1) was classified as class 3a under section 273.13, subdivision 24, for taxes payable in  
 40.26 2025;

40.27 (2) is located in a city of the first class with a population greater than 400,000 as of the  
 40.28 2020 federal census;

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

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

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

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

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

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

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

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

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

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

41.22 (5) be located outside of the metropolitan area as defined in section 473.121, subdivision  
41.23 2; and

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

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

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

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

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

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

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

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

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

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

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

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

42.21 (1) was classified as class 2b under section 273.13, subdivision 23, for taxes payable in  
42.22 2025;

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

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

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

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

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

43.2 **273.117 CONSERVATION PROPERTY TAX VALUATION.**

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

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

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

43.9 (b) This section does not apply to:

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

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

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

43.15 (4) conservation easements in a metropolitan county that has adopted, by resolution, a  
 43.16 program to protect farmland or natural areas. A metropolitan county that has adopted a  
 43.17 program to protect farmland or natural areas may, by resolution, authorize the assessor to  
 43.18 consider the impact of the conservation easement on the property's value. For purposes of  
 43.19 this clause, "metropolitan county" has the meaning given in section 473.121, subdivision  
 43.20 4.

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

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

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

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

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

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

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

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

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

44.27 (c) Agricultural property that is owned by a member, partner, or shareholder of a family  
44.28 farm corporation or joint family farm venture, limited liability company operating a family  
44.29 farm, or by a partnership operating a family farm and leased to the family farm corporation,  
44.30 limited liability company, partnership, or joint farm venture, as defined in paragraph (a), is  
44.31 eligible for classification as class 1b or class 2a under section 273.13, if the owner is actually  
44.32 residing on the property, and is actually engaged in farming the land on behalf of that  
44.33 corporation, joint farm venture, limited liability company, or partnership. This paragraph

45.1 applies without regard to any legal possession rights of the family farm corporation, joint  
 45.2 family farm venture, limited liability company, or partnership under the lease.

45.3 (d) Nonhomestead agricultural property that is owned by a family farm corporation,  
 45.4 joint farm venture, limited liability company, or partnership; and located not farther than  
 45.5 four townships or cities, or combination thereof, from agricultural land that is owned, and  
 45.6 used for the purposes of a homestead by an individual who is a shareholder, member, or  
 45.7 partner of the corporation, venture, company, or partnership; is entitled to receive the first  
 45.8 tier homestead classification rate on any remaining market value in the first homestead class  
 45.9 tier that is in excess of the market value of the shareholder's, member's, or partner's class 2  
 45.10 agricultural homestead property, if the owner, or someone acting on the owner's behalf  
 45.11 notifies the county assessor by July 1 that the property may be eligible under this paragraph  
 45.12 for the current assessment year, for taxes payable in the following year. As used in this  
 45.13 paragraph, "agricultural property" means property classified as 2a under section 273.13,  
 45.14 along with any contiguous property classified as 2b under section 273.13, if the contiguous  
 45.15 2a and 2b properties are under the same ownership.

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

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

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

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

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

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

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

45.32 Homesteads initially classified as class 2a under the provisions of this paragraph shall  
 45.33 remain classified as class 2a, irrespective of subsequent changes in the use of adjoining

46.1 properties, as long as the homestead remains under the same ownership, the owner owns a  
 46.2 noncontiguous parcel of agricultural land that is at least 20 acres, and the agricultural use  
 46.3 value qualifies under clause (4). Homestead classification under this paragraph is limited  
 46.4 to property that qualified under this paragraph for the 1998 assessment.

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

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

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

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

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

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

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

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

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

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

47.8 (d) Agricultural land used for purposes of a homestead and actively farmed by a person  
47.9 holding a vested remainder interest in it must be classified as a homestead under section  
47.10 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other  
47.11 dwellings on the land used for purposes of a homestead by persons holding vested remainder  
47.12 interests who are actively engaged in farming the property, and up to one acre of the land  
47.13 surrounding each homestead and reasonably necessary for the use of the dwelling as a home,  
47.14 must also be assessed class 2a.

47.15 (e) Agricultural land and buildings that were class 2a homestead property under section  
47.16 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain classified as  
47.17 agricultural homesteads for subsequent assessments if:

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

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

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

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

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

48.1 (f) Agricultural land and buildings that were class 2a homestead property under section  
48.2 273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain classified  
48.3 agricultural homesteads for subsequent assessments if:

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

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

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

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

48.12 (5) the owner notifies the county assessor that the relocation was due to a March 29,  
48.13 1998, tornado, and the owner furnishes the assessor any information deemed necessary by  
48.14 the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the  
48.15 owner must notify the assessor by December 1, 1998. Further notifications to the assessor  
48.16 are not required if the property continues to meet all the requirements in this paragraph and  
48.17 any dwellings on the agricultural land remain uninhabited.

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

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

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

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

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

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

48.32 Homestead treatment applies under this paragraph even if:

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

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

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

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

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

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

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

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

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

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

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

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

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

50.8 (i) Agricultural land and buildings that were class 2a homestead property under section  
50.9 273.13, subdivision 23, paragraph (a), for the 2007 assessment shall remain classified  
50.10 agricultural homesteads for subsequent assessments if:

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

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

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

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

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

50.25 (j) Agricultural land and buildings that were class 2a homestead property under section  
50.26 273.13, subdivision 23, paragraph (a), for the 2008 assessment shall remain classified as  
50.27 agricultural homesteads for subsequent assessments if:

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

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

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

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

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

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

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

51.10 Subdivision 1. **Requirement.** (a) Low-income rental property classified as class 4d(1)  
51.11 under section 273.13, subdivision 25, is entitled to valuation under this section if at least  
51.12 20 percent of the units in the rental housing property meet any of the following qualifications:

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

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

51.17 (3) the units are financed by the Rural Housing Service of the United States Department  
51.18 of Agriculture and receive payments under the rental assistance program pursuant to section  
51.19 521(a) of the Housing Act of 1949, as amended; or

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

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

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

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

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

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

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

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

52.20 The first \$500,000 of market value of class 1a property has a net classification rate of  
 52.21 one percent of its market value; and the market value of class 1a property that exceeds  
 52.22 \$500,000 has a classification rate of 1.25 percent of its market value.

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

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

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

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

52.31 Property is classified and assessed under clause (2) only if the government agency or  
 52.32 income-providing source certifies, upon the request of the homestead occupant, that the

53.1 homestead occupant satisfies the disability requirements of this paragraph, and that the  
53.2 property is not eligible for the valuation exclusion under subdivision 34.

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

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

53.12 (c) Class 1c property is commercial use real and personal property that abuts public  
53.13 water as defined in section 103G.005, subdivision 15, or abuts a state trail administered by  
53.14 the Department of Natural Resources, and is devoted to temporary and seasonal residential  
53.15 occupancy for recreational purposes but not devoted to commercial purposes for more than  
53.16 250 days in the year preceding the year of assessment, and that includes a portion used as  
53.17 a homestead by the owner, which includes a dwelling occupied as a homestead by a  
53.18 shareholder of a corporation that owns the resort, a partner in a partnership that owns the  
53.19 resort, or a member of a limited liability company that owns the resort even if the title to  
53.20 the homestead is held by the corporation, partnership, or limited liability company. For  
53.21 purposes of this paragraph, property is devoted to a commercial purpose on a specific day  
53.22 if any portion of the property, excluding the portion used exclusively as a homestead, is  
53.23 used for residential occupancy and a fee is charged for residential occupancy. Class 1c  
53.24 property must contain three or more rental units. A "rental unit" is defined as a cabin,  
53.25 condominium, townhouse, sleeping room, or individual camping site equipped with water  
53.26 and electrical hookups for recreational vehicles. Class 1c property must provide recreational  
53.27 activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill  
53.28 or cross-country ski equipment; provide marina services, launch services, or guide services;  
53.29 or sell bait and fishing tackle. Any unit in which the right to use the property is transferred  
53.30 to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies  
53.31 for class 1c even though it may remain available for rent. A camping pad offered for rent  
53.32 by a property that otherwise qualifies for class 1c is also class 1c, regardless of the term of  
53.33 the rental agreement, as long as the use of the camping pad does not exceed 250 days. If  
53.34 the same owner owns two separate parcels that are located in the same township, and one  
53.35 of those properties is classified as a class 1c property and the other would be eligible to be

54.1 classified as a class 1c property if it was used as the homestead of the owner, both properties  
54.2 will be assessed as a single class 1c property; for purposes of this sentence, properties are  
54.3 deemed to be owned by the same owner if each of them is owned by a limited liability  
54.4 company, and both limited liability companies have the same membership. The portion of  
54.5 the property used as a homestead is class 1a property under paragraph (a). The remainder  
54.6 of the property is classified as follows: the first ~~\$600,000~~ \$1,500,000 of market value is tier  
54.7 I, the next ~~\$1,700,000~~ \$3,000,000 of market value is tier II, and any remaining market value  
54.8 is tier III. The classification rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent;  
54.9 and tier III, 1.25 percent. Owners of real and personal property devoted to temporary and  
54.10 seasonal residential occupancy for recreation purposes in which all or a portion of the  
54.11 property was devoted to commercial purposes for not more than 250 days in the year  
54.12 preceding the year of assessment desiring classification as class 1c, must submit a declaration  
54.13 to the assessor designating the cabins or units occupied for 250 days or less in the year  
54.14 preceding the year of assessment by January 15 of the assessment year. Those cabins or  
54.15 units and a proportionate share of the land on which they are located must be designated as  
54.16 class 1c as otherwise provided. The remainder of the cabins or units and a proportionate  
54.17 share of the land on which they are located must be designated as class 3a commercial. The  
54.18 owner of property desiring designation as class 1c property must provide guest registers or  
54.19 other records demonstrating that the units for which class 1c designation is sought were not  
54.20 occupied for more than 250 days in the year preceding the assessment if so requested. The  
54.21 portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center  
54.22 or meeting room, and (5) other nonresidential facility operated on a commercial basis not  
54.23 directly related to temporary and seasonal residential occupancy for recreation purposes  
54.24 does not qualify for class 1c.

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

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

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

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

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

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

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

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

55.8 Subd. 23. **Class 2.** (a) An agricultural homestead consists of class 2a agricultural land  
55.9 that is homesteaded, along with any class 2b rural vacant land that is contiguous to the class  
55.10 2a land under the same ownership. The market value of the house and garage and immediately  
55.11 surrounding one acre of land has the same classification rates as class 1a or 1b property  
55.12 under subdivision 22. The value of the remaining land including improvements up to the  
55.13 first tier valuation limit of agricultural homestead property has a classification rate of 0.5  
55.14 percent of market value. The remaining property over the first tier has a classification rate  
55.15 of one percent of market value. For purposes of this subdivision, the "first tier valuation  
55.16 limit of agricultural homestead property" and "first tier" means the limit certified under  
55.17 section 273.11, subdivision 23.

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

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

55.28 (c) Class 2b rural vacant land consists of parcels of property, or portions thereof, that  
55.29 are unplatted real estate, rural in character and not used for agricultural purposes, including  
55.30 land used for growing trees for timber, lumber, and wood and wood products, that is not  
55.31 improved with a structure. The presence of a minor, ancillary nonresidential structure as  
55.32 defined by the commissioner of revenue does not disqualify the property from classification  
55.33 under this paragraph. Any parcel of 20 acres or more improved with a structure that is not

56.1 a minor, ancillary nonresidential structure must be split-classified, and ten acres must be  
 56.2 assigned to the split parcel containing the structure. If a parcel of 20 acres or more is enrolled  
 56.3 in the sustainable forest management incentive program under chapter 290C, the number  
 56.4 of acres assigned to the split parcel improved with a structure that is not a minor, ancillary  
 56.5 nonresidential structure must equal three acres or the number of acres excluded from the  
 56.6 sustainable forest incentive act covenant due to the structure, whichever is greater. Class  
 56.7 2b property has a classification rate of one percent of market value unless it is part of an  
 56.8 agricultural homestead under paragraph (a), or qualifies as class 2c under paragraph (d).

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

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

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

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

56.33 "Agricultural purposes" as used in this section means the raising, cultivation, drying, or  
 56.34 storage of agricultural products for sale, or the storage of machinery or equipment used in

57.1 support of agricultural production by the same farm entity. For a property to be classified  
57.2 as agricultural based only on the drying or storage of agricultural products, the products  
57.3 being dried or stored must have been produced by the same farm entity as the entity operating  
57.4 the drying or storage facility. "Agricultural purposes" also includes (i) enrollment in a local  
57.5 conservation program or the Reinvest in Minnesota program under sections 103F.501 to  
57.6 103F.535 or the federal Conservation Reserve Program as contained in Public Law 99-198  
57.7 or a similar state or federal conservation program if the property was classified as agricultural  
57.8 (A) under this subdivision for taxes payable in 2003 because of its enrollment in a qualifying  
57.9 program and the land remains enrolled or (B) in the year prior to its enrollment, or (ii) use  
57.10 of land, not to exceed three acres, to provide environmental benefits such as buffer strips,  
57.11 old growth forest restoration or retention, or retention ponds to prevent soil erosion. For  
57.12 purposes of this section, a "local conservation program" means a program administered by  
57.13 a town, statutory or home rule charter city, or county, including a watershed district, water  
57.14 management organization, or soil and water conservation district, in which landowners  
57.15 voluntarily enroll land and receive incentive payments equal to at least \$50 per acre in  
57.16 exchange for use or other restrictions placed on the land. In order for property to qualify  
57.17 under the local conservation program provision, a taxpayer must apply to the assessor by  
57.18 February 1 of the assessment year and must submit the information required by the assessor,  
57.19 including but not limited to a copy of the program requirements, the specific agreement  
57.20 between the land owner and the local agency, if applicable, and a map of the conservation  
57.21 area. Agricultural classification shall not be based upon the market value of any residential  
57.22 structures on the parcel or contiguous parcels under the same ownership.

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

57.26 (f) Agricultural land under this section also includes:

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

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

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

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

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

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

58.12 For purposes of this paragraph, "market farming" means the cultivation of one or more  
58.13 fruits or vegetables or production of animal or other agricultural products for sale to local  
58.14 markets by the farmer or an organization with which the farmer is affiliated, and "contiguous  
58.15 acreage," for purposes of this paragraph, means all of a tax parcel as described in section  
58.16 272.193, or all of a set of contiguous tax parcels under that section that are owned by the  
58.17 same person.

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

58.20 Classification under this subdivision is not determinative for qualifying under section  
58.21 273.111.

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

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

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

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

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

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

59.6 (5) game birds and waterfowl bred and raised (i) on a game farm licensed under section  
59.7 97A.105, provided that the annual licensing report to the Department of Natural Resources,  
59.8 which must be submitted annually by March 30 to the assessor, indicates that at least 500  
59.9 birds were raised or used for breeding stock on the property during the preceding year and  
59.10 that the owner provides a copy of the owner's most recent schedule F; or (ii) for use on a  
59.11 shooting preserve licensed under section 97A.115;

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

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

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

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

59.19 (1) wholesale and retail sales;

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

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

59.22 (4) office facilities for the support of the activities enumerated in clauses (1), (2), and  
59.23 (3), the assessor shall classify the part of the parcel used for agricultural purposes as class  
59.24 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use.  
59.25 The grading, sorting, and packaging of raw agricultural products for first sale is considered  
59.26 an agricultural purpose. A greenhouse or other building where floricultural, horticultural  
59.27 or nursery products are grown that is also used for the conduct of retail sales must be  
59.28 classified as agricultural if it is primarily used for the growing of floricultural, horticultural  
59.29 or nursery products from seed, cuttings, or roots and occasionally as a showroom for the  
59.30 retail sale of those products. Use of a greenhouse or building only for the display of already  
59.31 grown floricultural, horticultural or nursery products does not qualify as an agricultural  
59.32 purpose.

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

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

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

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

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

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

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

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

61.1 (1) a legal description of the property;

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

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

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

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

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

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

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

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

61.31 Subd. 34. **Homestead of veteran with a disability or family caregiver.** (a) All or a  
61.32 portion of the market value of property owned by a veteran and serving as the veteran's  
61.33 homestead under this section is excluded in determining the property's taxable market value

62.1 if the veteran has a service-connected disability of 70 percent or more as certified by the  
62.2 United States Department of Veterans Affairs. To qualify for exclusion under this subdivision,  
62.3 the veteran must have been honorably discharged from the United States armed forces, as  
62.4 indicated by United States Government Form DD214 or other official military discharge  
62.5 papers.

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

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

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

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

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

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

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

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

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

63.8 (j) For purposes of this subdivision:

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

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

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

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

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

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

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

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

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

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

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

63.29 (l) The purpose of this provision of law providing a level of homestead property tax  
63.30 relief for veterans with a disability, their primary family caregivers, and their surviving

64.1 spouses is to help ease the burdens of war for those among our state's citizens who bear  
64.2 those burdens most heavily.

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

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

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

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

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

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

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

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

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

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

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

64.27 (2) certified by the commissioner of agriculture or a certifying agent under sections  
64.28 17.9891 to 17.993; and

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

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

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

65.5 Subd. 3. **Credit reimbursement.** The county auditor must determine the tax reductions  
 65.6 allowed under this section within the county for each taxes payable year and must certify  
 65.7 that amount to the commissioner of revenue as part of the data required under section  
 65.8 270C.85, subdivision 2. Any prior year adjustments must also be certified as part of the  
 65.9 data required under section 270C.85, subdivision 2. The commissioner must review the  
 65.10 certifications for accuracy, and may make such changes as are deemed necessary or return  
 65.11 the certification to the county auditor for correction. The credit under this section must be  
 65.12 used to proportionately reduce the net tax capacity based property tax payable to each local  
 65.13 taxing jurisdiction as provided in section 273.1393.

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

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

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

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

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

65.31 **273.1392 PAYMENT; SCHOOL DISTRICTS.**

65.32 The amounts of bovine tuberculosis credit reimbursements under section 273.113;  
 65.33 conservation tax credits under section 273.119; disaster or emergency reimbursement under

66.1 sections 273.1231 to 273.1235; agricultural credits under sections 273.1384 ~~and~~, 273.1387,  
 66.2 and 273.1388; aids and credits under section 273.1398; enterprise zone property credit  
 66.3 payments under section 469.171; metropolitan agricultural preserve reduction under section  
 66.4 473H.10; and electric generation transition aid under section 477A.24 for school districts,  
 66.5 shall be certified to the Department of Education by the Department of Revenue. The  
 66.6 amounts so certified shall be paid according to section 127A.45, subdivisions 9, 10, and 13.

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

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

66.9 **273.1393 COMPUTATION OF NET PROPERTY TAXES.**

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

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

66.13 (2) powerline credit as provided in section 273.42;

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

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

66.16 (5) disparity reduction credit;

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

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

66.19 (8) agricultural credit as provided in section 273.1384;

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

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

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

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

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

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

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

67.2 Subdivision 1. **Tax-exempt property; lease.** (a) Except as provided in subdivision 3 or  
 67.3 4, tax-exempt property held under a lease for a term of at least one year, and not taxable  
 67.4 under section 272.01, subdivision 2, or under a contract for the purchase thereof, shall be  
 67.5 considered, for all purposes of taxation, as the property of the person holding it. In this  
 67.6 subdivision, "tax-exempt property" means property owned by the United States, the state  
 67.7 or any of its political subdivisions, a school, or any religious, scientific, or benevolent society  
 67.8 or institution, incorporated or unincorporated, or any corporation whose property is not  
 67.9 taxed in the same manner as other property.

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

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

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

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

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

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

67.19 **273.38 PERCENTAGE OF ASSESSMENTS; EXCEPTIONS.**

67.20 The distribution ~~lines and the attachments and appurtenances thereto~~ systems, not  
 67.21 including substations, or transmission or generation equipment, of cooperative associations  
 67.22 organized under the provisions of Laws 1923, chapter 326, and laws amendatory thereof  
 67.23 and supplemental thereto, and engaged in the electrical heat, light and power business, upon  
 67.24 a mutual, nonprofit and cooperative plan, shall be assessed and taxed as provided in sections  
 67.25 273.40 and 273.41.

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

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

67.29 **273.41 AMOUNT OF TAX; DISTRIBUTION.**

67.30 There is hereby imposed upon each such cooperative association on December 31 of  
 67.31 each year a tax of \$10 for each 100 members, or fraction thereof, of such association. The

68.1 tax, when paid, shall be in lieu of all personal property taxes, state, county, or local, upon  
 68.2 ~~distribution lines and the attachments and appurtenances thereto of such associations that~~  
 68.3 part of the association's distribution system, not including substations, or transmission or  
 68.4 generation equipment, located in rural areas. The tax shall be payable on or before March  
 68.5 1 of the next succeeding year, to the commissioner of revenue. If the tax, or any portion  
 68.6 thereof, is not paid within the time herein specified for the payment thereof, there shall be  
 68.7 added thereto a specific penalty equal to ten percent of the amount so remaining unpaid.  
 68.8 Such penalty shall be collected as part of said tax, and the amount of said tax not timely  
 68.9 paid, together with said penalty, shall bear interest at the rate specified in section 270C.40  
 68.10 from the time such tax should have been paid until paid. The commissioner shall deposit  
 68.11 the amount so received in the general fund of the state treasury.

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

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

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

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

68.22 (c) The notice must inform taxpayers that it contains the amount of property taxes each  
 68.23 taxing authority proposes to collect for taxes payable the following year. In the case of a  
 68.24 town, or in the case of the state general tax, the final tax amount will be its proposed tax.  
 68.25 The notice must clearly state for each city that has a population over 500, county, school  
 68.26 district, regional library authority established under section 134.201, metropolitan taxing  
 68.27 districts as defined in paragraph (i), and fire protection and emergency medical services  
 68.28 special taxing districts established under section 144F.01, the time and place of a meeting  
 68.29 for each taxing authority in which the budget and levy will be discussed and public input  
 68.30 allowed, prior to the final budget and levy determination. The taxing authorities must provide  
 68.31 the county auditor with the information to be included in the notice on or before the time it  
 68.32 certifies its proposed levy under subdivision 1. The public must be allowed to speak at that  
 68.33 meeting, which must occur after November 24 and must not be held before 6:00 p.m. It  
 68.34 must provide a website address and a telephone number for the taxing authority that taxpayers

69.1 may call if they have questions related to the notice and an address where comments will  
69.2 be received by mail, except that no notice required under this section shall be interpreted  
69.3 as requiring the printing of a personal telephone number or address as the contact information  
69.4 for a taxing authority. If a taxing authority does not maintain a website or public offices  
69.5 where telephone calls can be received by the authority, the authority may inform the county  
69.6 of the lack of a public website or telephone number and the county shall not list a website  
69.7 or telephone number for that taxing authority.

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

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

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

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

69.21 (ii) the proposed tax amount.

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

69.25 In the case of a town or the state general tax, the final tax shall also be its proposed tax  
69.26 unless the town changes its levy at a special town meeting under section 365.52. If a school  
69.27 district has certified under section 126C.17, subdivision 9, that a referendum will be held  
69.28 in the school district at the November general election, the county auditor must note next  
69.29 to the school district's proposed amount that a referendum is pending and that, if approved  
69.30 by the voters, the tax amount may be higher than shown on the notice. In the case of the  
69.31 city of Minneapolis, the levy for Minneapolis Park and Recreation shall be listed separately  
69.32 from the remaining amount of the city's levy. In the case of the city of St. Paul, the levy for  
69.33 the St. Paul Library Agency must be listed separately from the remaining amount of the  
69.34 city's levy. In the case of Ramsey County, any amount levied under section 134.07 may be

70.1 listed separately from the remaining amount of the county's levy. In the case of a parcel  
70.2 where tax increment or the fiscal disparities areawide tax under chapter 276A or 473F  
70.3 applies, the proposed tax levy on the captured value or the proposed tax levy on the tax  
70.4 capacity subject to the areawide tax must each be stated separately and not included in the  
70.5 sum of the special taxing districts; and

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

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

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

70.13 (1) special assessments;

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

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

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

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

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

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

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

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

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

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

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

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

71.13 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325, 473.446,  
71.14 473.521, 473.547, or 473.834;

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

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

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

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

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

71.29 (2) population growth and decline;

71.30 (3) state or federal government action; and

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

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

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

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

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

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

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

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

73.9 (2) the property's homestead market value exclusion under section 273.13, subdivision  
 73.10 35;

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

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

73.13 (5) for agricultural properties, the credits under sections 273.1384 ~~and~~ 273.1387, and  
 73.14 273.1388;

73.15 (6) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135;  
 73.16 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of credit  
 73.17 received under section 273.135 must be separately stated and identified as "taconite tax  
 73.18 relief"; and

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

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

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

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

73.31 Subd. 2. **Installment payments.** (a) The owner of any such parcel, or any person to  
 73.32 whom the right to pay taxes has been given by statute, mortgage, or other agreement, may

74.1 make and file with the county auditor of the county in which the parcel is located a written  
74.2 offer to pay the current taxes each year before they become delinquent, or to contest the  
74.3 taxes under chapter 278 and agree to confess judgment for the amount provided, as  
74.4 determined by the county auditor. By filing the offer, the owner waives all irregularities in  
74.5 connection with the tax proceedings affecting the parcel and any defense or objection which  
74.6 the owner may have to the proceedings, and also waives the requirements of any notice of  
74.7 default in the payment of any installment or interest to become due pursuant to the composite  
74.8 judgment to be so entered. Unless the property is subject to subdivision 1a, with the offer,  
74.9 the owner shall (i) tender one-tenth of the amount of the delinquent taxes, costs, penalty,  
74.10 and interest, and (ii) tender all current year taxes and penalty due at the time the confession  
74.11 of judgment is entered. In the offer, the owner shall agree to pay the balance in nine equal  
74.12 installments, with interest as provided in section 279.03, payable annually on installments  
74.13 remaining unpaid from time to time, on or before December 31 of each year following the  
74.14 year in which judgment was confessed.

74.15 (b) For property which qualifies under section 279.03, subdivision 2, paragraph (b), each  
74.16 year the commissioner shall set the interest rate for offers made under paragraph (a) at the  
74.17 greater of five percent or ~~two percent above~~ the prime rate charged by banks during the  
74.18 six-month period ending on September 30 of that year, rounded to the nearest full percent,  
74.19 provided that the rate must not exceed the maximum annum rate specified under section  
74.20 279.03, subdivision 1a. The rate of interest becomes effective on January 1 of the immediately  
74.21 succeeding year. The commissioner's determination under this subdivision is not a rule  
74.22 subject to the Administrative Procedure Act in chapter 14, including section 14.386. If a  
74.23 default occurs in the payments under any confessed judgment entered under this paragraph,  
74.24 the taxes and penalties due are subject to the interest rate specified in section 279.03.

74.25 For the purposes of this subdivision:

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

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

74.32 (c) The interest rate established at the time judgment is confessed is fixed for the duration  
74.33 of the judgment. By October 15 of each year, the commissioner of revenue must determine

75.1 the rate of interest as provided under paragraph (b) and, by November 1 of each year, must  
75.2 certify the rate to the county auditor.

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

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

75.7 (f) The offer must be substantially as follows:

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

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

75.24 Dated ....., ....."

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

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

75.27 **449.08 TAX LEVY FOR FREE MUSIC IN THIRD CLASS CITIES.**

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

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

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

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

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

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

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

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

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

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

76.25 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 76.26 31, 2024.

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

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

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

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

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

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

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

77.16 ~~(2)~~ (1) property of a public utility;

77.17 ~~(3)~~ (2) property used in the operation of a financial institution; or

77.18 ~~(4)~~ (3) property owned by a fraternal or veterans' organization;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

78.29 (i) increase or preserve tax base;

78.30 (ii) provide employment opportunities in the political subdivision;

- 79.1 (iii) provide or help acquire or construct public facilities;
- 79.2 (iv) help redevelop or renew blighted areas;
- 79.3 (v) help provide access to services for residents of the political subdivision;
- 79.4 (vi) finance or provide public infrastructure;
- 79.5 (vii) phase in a property tax increase on the parcel resulting from an increase of 50
- 79.6 percent or more in one year on the estimated market value of the parcel, other than increase
- 79.7 attributable to improvement of the parcel; ~~or~~
- 79.8 (viii) stabilize the tax base through equalization of property tax revenues for a specified
- 79.9 period of time with respect to a taxpayer whose real and personal property is subject to
- 79.10 valuation under Minnesota Rules, chapter 8100.;
- 79.11 (ix) provide for the development of affordable housing to households at or below 80
- 79.12 percent of area median income as estimated by the United States Department of Housing
- 79.13 and Urban Development for the political subdivision in which the project is located; or
- 79.14 (x) allow the property to be held by a land bank organization for future development.

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

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

79.17 Subd. 6. **Duration limit.** (a) A political subdivision may grant an abatement for a period

79.18 no longer than 15 years, except as provided under ~~paragraph~~ paragraphs (b) and (c). The

79.19 abatement period commences in the first year in which the abatement granted is either paid

79.20 or retained in accordance with section 469.1815, subdivision 2. The subdivision may specify

79.21 in the abatement resolution a shorter duration. If the resolution does not specify a period of

79.22 time, the abatement is for eight years. If an abatement has been granted to a parcel of property

79.23 and the period of the abatement has expired, the political subdivision that granted the

79.24 abatement may not grant another abatement for eight years after the expiration of the first

79.25 abatement. This prohibition does not apply to improvements added after and not subject to

79.26 the first abatement. Economic abatement agreements for real and personal property subject

79.27 to valuation under Minnesota Rules, chapter 8100, are not subject to this prohibition and

79.28 may be granted successively.

79.29 (b) A political subdivision proposing to abate taxes for a parcel may request, in writing,

79.30 that the other political subdivisions in which the parcel is located grant an abatement for

79.31 the property. If one of the other political subdivisions declines, in writing, to grant an

79.32 abatement or if 90 days pass after receipt of the request to grant an abatement without a

80.1 written response from one of the political subdivisions, the duration limit for an abatement  
80.2 for the parcel by the requesting political subdivision and any other participating political  
80.3 subdivision is increased to 20 years. If the political subdivision which declined to grant an  
80.4 abatement later grants an abatement for the parcel, the 20-year duration limit is reduced by  
80.5 one year for each year that the declining political subdivision grants an abatement for the  
80.6 parcel during the period of the abatement granted by the requesting political subdivision.  
80.7 The duration limit may not be reduced below the limit under paragraph (a).

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

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

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

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

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

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

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

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

81.4 Sec. 33. **REPEALER.**

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

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

81.9 **ARTICLE 3**  
 81.10 **SALES AND USE, EXCISE, GROSS RECEIPTS, AND LOCAL SALES AND USE**  
 81.11 **TAXES**

81.12 Section 1. Minnesota Statutes 2024, section 289A.20, subdivision 4, is amended to read:

81.13 Subd. 4. **Sales and use tax.** (a) The taxes imposed by chapter 297A are due and payable  
 81.14 to the commissioner monthly on or before the 20th day of the month following the month  
 81.15 in which the taxable event occurred, or following another reporting period as the  
 81.16 commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph (f)  
 81.17 or (g), except that use taxes due on an annual use tax return as provided under section  
 81.18 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

81.19 (b) A vendor having a liability of \$250,000 or more during a fiscal year ending June 30,  
 81.20 except a vendor of construction materials as defined in paragraph (e), must remit the June  
 81.21 liability for the next year in the following manner:

81.22 (1) Two business days before June 30 of calendar year ~~2020 and 2021~~ 2027, the vendor  
 81.23 must remit ~~87.5~~ 10.896 percent of the estimated June liability to the commissioner. ~~Two~~  
 81.24 ~~business days before June 30 of calendar year 2022 and thereafter, the vendor must remit~~  
 81.25 ~~84.5 percent, or a reduced percentage as certified by the commissioner under section 16A.152,~~  
 81.26 ~~subdivision 2, paragraph (a), clause (6), of the estimated June liability to the commissioner.~~

81.27 (2) On or before August 20 of the year, the vendor must pay any additional amount of  
 81.28 tax not remitted in June.

81.29 (c) A vendor having a liability of:

81.30 (1) \$10,000 or more, but less than \$250,000, during a fiscal year must remit by electronic  
 81.31 means all liabilities on returns due for periods beginning in all subsequent calendar years  
 81.32 on or before the 20th day of the month following the month in which the taxable event

82.1 occurred, or on or before the 20th day of the month following the month in which the sale  
82.2 is reported under section 289A.18, subdivision 4; or

82.3 (2) \$250,000 or more during a fiscal year must remit by electronic means all liabilities  
82.4 in the manner provided in paragraph (a) on returns due for periods beginning in the  
82.5 subsequent calendar year, except that a vendor subject to the remittance requirements of  
82.6 paragraph (b) must remit the percentage of the estimated June liability, as provided in  
82.7 paragraph (b), clause (1), which is due two business days before June 30. The remaining  
82.8 amount of the June liability is due on August 20.

82.9 (d) Notwithstanding paragraph (b) or (c), a person prohibited by the person's religious  
82.10 beliefs from paying electronically shall be allowed to remit the payment by mail. The filer  
82.11 must notify the commissioner of revenue of the intent to pay by mail before doing so on a  
82.12 form prescribed by the commissioner. No extra fee may be charged to a person making  
82.13 payment by mail under this paragraph. The payment must be postmarked at least two business  
82.14 days before the due date for making the payment in order to be considered paid on a timely  
82.15 basis.

82.16 (e) For the purposes of paragraph (b), "vendor of construction materials" means a retailer  
82.17 that sells any of the following construction materials, if 50 percent or more of the retailer's  
82.18 sales revenue for the fiscal year ending June 30 is from the sale of those materials:

82.19 (1) lumber, veneer, plywood, wood siding, wood roofing;

82.20 (2) millwork, including wood trim, wood doors, wood windows, wood flooring; or

82.21 (3) concrete, cement, and masonry.

82.22 ~~(f) Paragraph (b) expires after the percentage of estimated payment is reduced to zero~~  
82.23 ~~in accordance with section 16A.152, subdivision 2, paragraph (a), clause (6).~~

82.24 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
82.25 30, 2026.

82.26 Sec. 2. Minnesota Statutes 2024, section 289A.60, subdivision 15, is amended to read:

82.27 **Subd. 15. Accelerated payment of June sales tax liability; penalty for**  
82.28 **underpayment.** ~~(a) For payments made after December 31, 2019 and before December 31,~~  
82.29 ~~2021, if a vendor is required by law to submit an estimation of June sales tax liabilities and~~  
82.30 ~~87.5 percent payment by a certain date, the vendor shall pay a penalty equal to ten percent~~  
82.31 ~~of the amount of actual June liability required to be paid in June less the amount remitted~~  
82.32 ~~in June. The penalty must not be imposed, however, if the amount remitted in June equals~~

83.1 ~~the lesser of 87.5 percent of the preceding May's liability or 87.5 percent of the average~~  
 83.2 ~~monthly liability for the previous calendar year.~~

83.3 ~~(b) For payments made after December 31, 2021, the penalty must not be imposed if~~  
 83.4 ~~the amount remitted in June equals the lesser of 84.5 10.896 percent, or a reduced percentage~~  
 83.5 ~~as certified by the commissioner under section 16A.152, subdivision 2, paragraph (a), clause~~  
 83.6 ~~(6), of the preceding May's liability or 84.5 10.896 percent of the average monthly liability~~  
 83.7 ~~for the previous calendar year.~~

83.8 ~~(c) This subdivision expires after the percentage of estimated payment is reduced to zero~~  
 83.9 ~~in accordance with section 16A.152, subdivision 2, paragraph (a), clause (6).~~

83.10 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
 83.11 30, 2026.

83.12 Sec. 3. Minnesota Statutes 2024, section 295.54, subdivision 2, is amended to read:

83.13 Subd. 2. **Pharmacy refund.** (a) A pharmacy may claim an annual a quarterly refund  
 83.14 ~~against the total amount of tax, if any, the pharmacy owes during that calendar year under~~  
 83.15 ~~section 295.52, subdivision 4. The refund shall equal to the amount paid by the pharmacy~~  
 83.16 ~~to a wholesale drug distributor subject to tax under section 295.52, subdivision 3, for legend~~  
 83.17 ~~drugs delivered by the pharmacy outside of Minnesota, multiplied by the tax percentage~~  
 83.18 ~~specified in section 295.52, subdivision 3. If the amount of the refund exceeds the tax~~  
 83.19 ~~liability of the pharmacy under section 295.52, subdivision 4, the commissioner shall provide~~  
 83.20 ~~the pharmacy with a refund equal to the excess amount.~~

83.21 (b) Each qualifying pharmacy must apply for the refund on the annual quarterly return  
 83.22 ~~as prescribed by the commissioner, on or before March 15 of the year following the calendar~~  
 83.23 ~~year the legend drugs were delivered outside Minnesota. in accordance with the following~~  
 83.24 ~~schedule:~~

83.25 (1) for legend drugs delivered by the pharmacy outside of Minnesota between January  
 83.26 1 and March 31, a pharmacy may file its refund request on or after July 1 of the calendar  
 83.27 year in which the legend drugs are delivered by the pharmacy outside of Minnesota;

83.28 (2) for legend drugs delivered by the pharmacy outside of Minnesota between April 1  
 83.29 and June 30, a pharmacy may file its refund request on or after July 1 of the calendar year  
 83.30 in which the legend drugs are delivered by the pharmacy outside of Minnesota;

83.31 (3) for legend drugs delivered by the pharmacy outside of Minnesota between July 1  
 83.32 and September 30, a pharmacy may file its refund request on or after October 1 of the

84.1 calendar year in which the legend drugs are delivered by the pharmacy outside of Minnesota;  
 84.2 and

84.3 (4) for legend drugs delivered by the pharmacy outside of Minnesota between October  
 84.4 1 and December 31, a pharmacy may file its refund request on or after January 1 of the  
 84.5 calendar year immediately following the calendar year in which the legend drugs are  
 84.6 delivered by the pharmacy outside of Minnesota.

84.7 ~~The refund shall not be~~ (c) No refund is allowed if the initial claim for refund is filed  
 84.8 more than one year after the original due date of the return end of the quarter in which the  
 84.9 legend drugs were delivered by the pharmacy outside of Minnesota. Interest on refunds paid  
 84.10 under this subdivision will begin begins to accrue 60 days after the date a claim for refund  
 84.11 is filed. For purposes of this subdivision, the date a claim is filed is the due date of the return  
 84.12 if a return is due or the date of the actual claim for refund, whichever is later.

84.13 **EFFECTIVE DATE.** This section is effective for legend drugs delivered outside of  
 84.14 Minnesota after December 31, 2025.

84.15 Sec. 4. **[295.90] SOCIAL MEDIA DATA COLLECTION EXCISE TAX.**

84.16 Subdivision 1. **Tax imposed.** A tax is imposed on the collection of consumer data by a  
 84.17 social media platform business as provided under this section.

84.18 Subd. 2. **Rate of tax.** The tax is imposed on social media platform businesses based on  
 84.19 the number of Minnesota social media platform consumers from whom a social media  
 84.20 platform business collects data within a month:

<u>Minnesota consumers</u>	<u>Tax</u>
<u>Fewer than or equal to 100,000</u>	<u>Zero</u>
<u>Over 100,000 but not more than 500,000</u>	<u>\$0.10 per month on the number of Minnesota consumers over 100,000 but not more than 500,000;</u>
<u>Over 500,000 but not more than 1,000,000</u>	<u>\$40,000 plus \$0.25 per month on the number of Minnesota consumers over 500,000 but not more than 1,000,000; and</u>
<u>Over 1,000,000</u>	<u>\$165,000 plus \$0.50 per month on the number of Minnesota consumers over 1,000,000.</u>

84.31 Subd. 3. **Definitions.** (a) For purposes of this section, the following terms have the  
 84.32 meanings given.

84.33 (b) "Commissioner" means the commissioner of revenue.

85.1 (c) "Consumer" means an individual who establishes an account on an app or website  
85.2 owned by a social media platform business whose consumer data is collected by the social  
85.3 media platform business, regardless of whether the individual is charged for establishing  
85.4 the account.

85.5 (d) "Consumer data" means any information that identifies, relates to, describes, is  
85.6 capable of being associated with, or could reasonably be linked with a consumer, whether  
85.7 directly submitted to the social media platform business by the consumer or derived from  
85.8 other sources.

85.9 (e) "Minnesota consumer" means a consumer who is a resident of Minnesota.

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

85.11 (g) "Social media platform" has the meaning given in section 325M.31, paragraph (j).

85.12 (h) "Social media platform business" means a for-profit entity that operates a social  
85.13 media platform that engages, collects, maintains, uses, processes, sells, or shares consumer  
85.14 data in support of the entity's business activities and collects consumer data on more than  
85.15 100,000 individual Minnesota consumers in a month within the calendar year.

85.16 Subd. 4. **Consumers.** (a) Until the contrary is established, it is presumed that a consumer  
85.17 whose information on record with or available to a social media platform business indicates  
85.18 a Minnesota home address, a Minnesota mailing address, or an internet protocol address  
85.19 connected with a Minnesota location is a Minnesota consumer for purposes of this section.  
85.20 The burden of proving that a consumer is not a Minnesota resident is on the social media  
85.21 platform business.

85.22 (b) A Minnesota consumer must be counted only once in the calculation of the monthly  
85.23 tax imposed on a social media platform business.

85.24 (c) Business entities that are part of a controlled group of corporations as defined in  
85.25 section 1563(a) of the Internal Revenue Code shall be treated as a single entity for purposes  
85.26 of meeting the definition of a social media platform business under this section.

85.27 (d) The single member of a single member limited liability company must be treated as  
85.28 a consumer under this section.

85.29 Subd. 5. **Credit against tax paid to another jurisdiction.** A social media platform  
85.30 business that has paid tax under this section may claim a credit against the tax paid with  
85.31 respect to a Minnesota consumer if another state imposes an excise tax identical to the tax  
85.32 imposed under this section with respect to the same consumer.

86.1 Subd. 6. **Record keeping.** A social media platform business shall maintain records as  
86.2 required by the commissioner.

86.3 Subd. 7. **Administration.** Unless specifically provided otherwise, the audit, assessment,  
86.4 refund, penalty, interest, enforcement, collection remedies, appeal, and administrative  
86.5 provisions of chapters 270C and 289A that are applicable to taxes imposed under chapter  
86.6 297A apply to the tax imposed under this section.

86.7 Subd. 8. **Returns; payment of tax.** (a) A social media platform business must report  
86.8 the tax on a return prescribed by the commissioner and must remit the tax in a form and  
86.9 manner prescribed by the commissioner. The return and the tax must be filed and paid using  
86.10 the filing cycle and due dates provided for taxes imposed under section 289A.20, subdivision  
86.11 4, and chapter 297A.

86.12 (b) Interest must be paid on an overpayment refunded or credited to the taxpayer from  
86.13 the date of payment of the tax until the date the refund is paid or credited. For purposes of  
86.14 this subdivision, the date of payment is the due date of the return or the date of actual  
86.15 payment of the tax, whichever is later.

86.16 Subd. 9. **Deposit of revenues.** The commissioner must deposit the revenues, including  
86.17 penalties and interest, derived from the tax imposed by this section to the general fund.

86.18 Subd. 10. **Personal debt.** The tax imposed by this section, and interest and penalties  
86.19 imposed with respect to it, are a personal debt of the person required to file a return from  
86.20 the time that the liability for it arises, irrespective of when the time for payment of the  
86.21 liability occurs. In the case of a fiduciary, the debt must be that of the person in the person's  
86.22 official or fiduciary capacity only, unless the person has voluntarily distributed the assets  
86.23 held in that capacity without reserving sufficient assets to pay the tax, interest, and penalties,  
86.24 in which event the person is personally liable for any deficiency.

86.25 **EFFECTIVE DATE.** This section is effective for consumer data collected after  
86.26 December 31, 2025.

86.27 Sec. 5. Minnesota Statutes 2024, section 297A.68, is amended by adding a subdivision to  
86.28 read:

86.29 Subd. 9a. **Championship golf tournaments admission and related events.** The granting  
86.30 of the privilege of admission to a world championship golf tournament sponsored by the  
86.31 Professional Golfers' Association of America and to related events sponsored by the  
86.32 Professional Golfers' Association of America is exempt.

87.1 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
87.2 30, 2025.

87.3 Sec. 6. Minnesota Statutes 2024, section 297A.68, subdivision 42, is amended to read:

87.4 Subd. 42. **Qualified data centers.** (a) Purchases of enterprise information technology  
87.5 equipment and computer software for use in a qualified data center, or a qualified refurbished  
87.6 data center, are exempt, except that computer software maintenance agreements are exempt  
87.7 for purchases made after June 30, 2013. The tax on purchases exempt under this paragraph  
87.8 must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied,  
87.9 and then refunded after June 30, 2013, in the manner provided in section 297A.75. This  
87.10 exemption includes enterprise information technology equipment and computer software  
87.11 purchased to replace or upgrade enterprise information technology equipment and computer  
87.12 software in a qualified data center, or a qualified refurbished data center.

87.13 (b) Electricity used or consumed in the operation of a qualified data center or qualified  
87.14 refurbished data center is exempt.

87.15 (c) For purposes of this subdivision, "qualified data center" means a facility in Minnesota:

87.16 (1) that is comprised of one or more buildings that consist in the aggregate of at least  
87.17 25,000 square feet, and that are located on a single parcel or on contiguous parcels, where  
87.18 the total cost of construction or refurbishment, investment in enterprise information  
87.19 technology equipment, and computer software is at least \$30,000,000 within a 48-month  
87.20 period. The 48-month period begins no sooner than July 1, 2012, except that costs for  
87.21 computer software maintenance agreements purchased before July 1, 2013, are not included  
87.22 in determining if the \$30,000,000 threshold has been met;

87.23 (2) that is constructed or substantially refurbished after June 30, 2012, where  
87.24 "substantially refurbished" means that at least 25,000 square feet have been rebuilt or  
87.25 modified, including:

87.26 (i) installation of enterprise information technology equipment; environmental control,  
87.27 computer software, and energy efficiency improvements; and

87.28 (ii) building improvements; and

87.29 (3) that is used to house enterprise information technology equipment, where the facility  
87.30 has the following characteristics:

87.31 (i) uninterruptible power supplies, generator backup power, or both;

87.32 (ii) sophisticated fire suppression and prevention systems; and

88.1 (iii) enhanced security. A facility will be considered to have enhanced security if it has  
88.2 restricted access to the facility to selected personnel; permanent security guards; video  
88.3 camera surveillance; an electronic system requiring pass codes, keycards, or biometric scans,  
88.4 such as hand scans and retinal or fingerprint recognition; or similar security features.

88.5 In determining whether the facility has the required square footage, the square footage  
88.6 of the following spaces shall be included if the spaces support the operation of enterprise  
88.7 information technology equipment: office space, meeting space, and mechanical and other  
88.8 support facilities. For purposes of this subdivision, "computer software" includes, but is not  
88.9 limited to, software utilized or loaded at a qualified data center or qualified refurbished data  
88.10 center, including maintenance, licensing, and software customization.

88.11 (d) For purposes of this subdivision, a "qualified refurbished data center" means an  
88.12 existing facility that qualifies as a data center under paragraph (c), clauses (2) and (3), but  
88.13 that is comprised of one or more buildings that consist in the aggregate of at least 25,000  
88.14 square feet, and that are located on a single parcel or contiguous parcels, where the total  
88.15 cost of construction or refurbishment, investment in enterprise information technology  
88.16 equipment, and computer software is at least \$50,000,000 within a 24-month period.

88.17 (e) For purposes of this subdivision, "enterprise information technology equipment"  
88.18 means computers and equipment supporting computing, networking, or data storage,  
88.19 including servers and routers. It includes, but is not limited to: cooling systems, cooling  
88.20 towers, and other temperature control infrastructure; power infrastructure for transformation,  
88.21 distribution, or management of electricity used for the maintenance and operation of a  
88.22 qualified data center or qualified refurbished data center, including but not limited to exterior  
88.23 dedicated business-owned substations, backup power generation systems, battery systems,  
88.24 and related infrastructure; and racking systems, cabling, and trays, which are necessary for  
88.25 the maintenance and operation of the qualified data center or qualified refurbished data  
88.26 center.

88.27 (f) A qualified data center or qualified refurbished data center may claim the exemptions  
88.28 in this subdivision for purchases made either within 20 years of the date of its first purchase  
88.29 qualifying for the exemption under paragraph (a), or by June 30, ~~2042~~ 2062, whichever is  
88.30 earlier.

88.31 (g) The purpose of this exemption is to create jobs in the construction and data center  
88.32 industries.

88.33 (h) This subdivision is effective for sales and purchases made before July 1, ~~2042~~ 2062.

89.1 (i) The commissioner of employment and economic development must certify to the  
 89.2 commissioner of revenue, in a format approved by the commissioner of revenue, when a  
 89.3 qualified data center has met the requirements under paragraph (c) or a qualified refurbished  
 89.4 data center has met the requirements under paragraph (d). The certification must provide  
 89.5 the following information regarding each qualified data center or qualified refurbished data  
 89.6 center:

89.7 (1) the total square footage amount;

89.8 (2) the total amount of construction or refurbishment costs and the total amount of  
 89.9 qualifying investments in enterprise information technology equipment and computer  
 89.10 software;

89.11 (3) the beginning and ending of the applicable period under either paragraph (c) or (d)  
 89.12 in which the qualifying expenditures and purchases under clause (2) were made, but in no  
 89.13 case shall the period begin before July 1, 2012; and

89.14 (4) the date upon which the qualified data center first met the requirements under  
 89.15 paragraph (c) or a qualified refurbished data center first met the requirements under paragraph  
 89.16 (d).

89.17 (j) Any refund for sales tax paid on qualifying purchases under this subdivision must  
 89.18 not be issued unless the commissioner of revenue has received the certification required  
 89.19 under paragraph (i) issued by the commissioner of employment and economic development.

89.20 (k) The commissioner of employment and economic development must annually notify  
 89.21 the commissioner of revenue of the qualified data centers that are projected to meet the  
 89.22 requirements under paragraph (c) and the qualified refurbished data centers that are projected  
 89.23 to meet the requirements under paragraph (d) in each of the next four years. The notification  
 89.24 must provide the information required under paragraph (i), clauses (1) to (4), for each  
 89.25 qualified data center or qualified refurbished data center.

89.26 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
 89.27 30, 2025.

89.28 Sec. 7. Minnesota Statutes 2024, section 297A.70, is amended by adding a subdivision to  
 89.29 read:

89.30 **Subd. 11b. Minnesota intercollegiate sport tickets and admissions.** (a) Tickets and  
 89.31 admissions to games and events for an intercollegiate sport sponsored by a public institution  
 89.32 of higher education are exempt.

90.1 (b) For the purposes of this subdivision:

90.2 (1) "intercollegiate sport" means a sport played at the collegiate level for which eligibility  
 90.3 requirements for participation by a student athlete are established by a national association  
 90.4 that promotes or regulates collegiate athletics; and

90.5 (2) "public institution of higher education" means a state university, a state community  
 90.6 college, a state technical college, or the University of Minnesota.

90.7 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
 90.8 30, 2025.

90.9 Sec. 8. Minnesota Statutes 2024, section 297A.99, subdivision 3a, is amended to read:

90.10 Subd. 3a. **Temporary moratorium.** (a) Notwithstanding subdivisions 1, 2, and 3, until  
 90.11 after ~~May 31, 2025~~ June 30, 2026, a political subdivision may not engage in any of the  
 90.12 following activities in connection with imposing a new local sales and use tax or modifying  
 90.13 an existing local sales and use tax:

90.14 (1) any activity described in subdivision 1, paragraph (d);

90.15 (2) adopt a resolution; or

90.16 (3) seek voter approval.

90.17 (b) Paragraph (a) does not apply to new local sales and use taxes or modifications to  
 90.18 existing local sales and use taxes authorized in May, 2023.

90.19 (c) This subdivision expires ~~June~~ July 1, 2025 ~~2025~~ 2026.

90.20 **EFFECTIVE DATE.** This section is effective only if article 5 of this act is not finally  
 90.21 enacted in the 2025 regular session or the provisions of article 5 of this act are not finally  
 90.22 enacted in a special session prior to July 1, 2025.

90.23 Sec. 9. Minnesota Statutes 2024, section 297A.9915, subdivision 1, is amended to read:

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

90.26 (b) "Metropolitan area" ~~means the counties of Anoka, Carver, Dakota, Hennepin, Ramsey,~~  
 90.27 ~~Scott, and Washington~~ has the meaning given in section 473.121, subdivision 2.

90.28 (c) "Metropolitan Council" or "council" means the Metropolitan Council established by  
 90.29 section 473.123.

91.1 (d) "Regional transportation sales tax" means the regional transportation sales and use  
91.2 tax imposed under this section.

91.3 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
91.4 30, 2025.

91.5 Sec. 10. Minnesota Statutes 2024, section 297A.9925, subdivision 1, is amended to read:

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

91.8 (b) "Metropolitan Council" or "council" means the Metropolitan Council established by  
91.9 section 473.123.

91.10 (c) "Metropolitan ~~county~~ area" has the meaning given in section 473.121, subdivision  
91.11 4 2.

91.12 (d) "Metropolitan sales tax" means the metropolitan region sales and use tax imposed  
91.13 under this section.

91.14 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
91.15 30, 2025.

91.16 Sec. 11. Minnesota Statutes 2024, section 297A.9925, subdivision 2, is amended to read:

91.17 Subd. 2. **Sales tax imposition; rate.** Notwithstanding section 473.123, subdivision 1,  
91.18 the Metropolitan Council must impose a metropolitan region sales and use tax at a rate of  
91.19 0.25 percent on retail sales made in the metropolitan ~~counties~~ area or to a destination in the  
91.20 metropolitan ~~counties~~ area.

91.21 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
91.22 30, 2025.

91.23 Sec. 12. Laws 1996, chapter 471, article 2, section 29, subdivision 1, as amended by Laws  
91.24 2006, chapter 259, article 3, section 3, Laws 2011, First Special Session chapter 7, article  
91.25 4, section 4, and Laws 2017, First Special Session chapter 1, article 5, section 6, is amended  
91.26 to read:

91.27 Subdivision 1. **Sales tax authorized.** (a) Notwithstanding Minnesota Statutes, section  
91.28 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of  
91.29 Hermantown may, by ordinance, impose an additional sales tax of up to one percent on  
91.30 sales transactions taxable pursuant to Minnesota Statutes, chapter 297A, that occur within

92.1 the city. The proceeds of the tax imposed under this section must be used to meet the costs  
92.2 of:

92.3 (1) extending a sewer interceptor ~~line~~ lines;

92.4 (2) construction of a booster pump ~~station~~ stations, reservoirs, and related improvements  
92.5 to the water system; and

92.6 (3) construction of a building containing a police and fire station and an administrative  
92.7 services facility.

92.8 (b) If the city imposed a sales tax of only one-half of one percent under paragraph (a),  
92.9 it may increase the tax to one percent to fund the purposes under paragraph (a) provided it  
92.10 is approved by the voters at a general election held before December 31, 2012.

92.11 (c) As approved by the voters at the November 8, 2016, general election, the proceeds  
92.12 under this section may also be used to meet the costs of debt service payments for  
92.13 construction of the Hermantown Wellness Center.

92.14 **EFFECTIVE DATE.** This section is effective the day following final enactment without  
92.15 local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1.

92.16 Sec. 13. Laws 1996, chapter 471, article 2, section 29, subdivision 4, as amended by Laws  
92.17 2006, chapter 259, article 3, section 4, and Laws 2017, First Special Session chapter 1,  
92.18 article 5, section 7, is amended to read:

92.19 Subd. 4. **Termination.** The tax authorized under this section terminates at the earlier of  
92.20 (1) December 31, ~~2036~~ 2046, or (2) when the Hermantown City Council first determines  
92.21 that sufficient funds have been received from the tax to fund the costs, including bonds and  
92.22 associated bond costs for the uses specified in subdivision 1. Any funds remaining after  
92.23 completion of the improvements and retirement or redemption of the bonds may be placed  
92.24 in the general fund of the city.

92.25 **EFFECTIVE DATE.** This section is effective the day following final enactment without  
92.26 local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1.

92.27 Sec. 14. Laws 2023, chapter 64, article 5, section 25, subdivision 1, is amended to read:

92.28 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used or consumed in and  
92.29 equipment incorporated into the construction, reconstruction, upgrade, expansion, renovation,  
92.30 or remodeling of a new water treatment plant and trunk water main improvements in the  
92.31 city of Ramsey are exempt from sales and use tax under Minnesota Statutes, chapter 297A,

93.1 provided that the materials, supplies, and equipment are purchased after December 31, 2022,  
93.2 and before July 1, 2027.

93.3 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section  
93.4 297A.62, ~~subdivision~~ subdivisions 1 and 1a, applied and then refunded in the same manner  
93.5 provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17).  
93.6 Refunds for eligible purchases must not be issued until after June 30, 2023, ~~and before July~~  
93.7 ~~1, 2027~~.

93.8 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
93.9 made after December 31, 2022, and before July 1, 2027.

93.10 Sec. 15. **BROWERVILLE PUBLIC SCHOOLS; SALES TAX EXEMPTION FOR**  
93.11 **CONSTRUCTION MATERIALS.**

93.12 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment  
93.13 incorporated into the following projects in Independent School District No. 787, Browerville  
93.14 Public Schools, are exempt from sales and use tax imposed under Minnesota Statutes,  
93.15 chapter 297A, if the materials, supplies, and equipment are purchased after December 1,  
93.16 2023, and before January 1, 2026:

93.17 (1) renovations to the prekindergarten through grade 12 school building; and

93.18 (2) construction of a new gymnasium, classrooms, locker rooms, a wrestling and weight  
93.19 room, offices, and a stage.

93.20 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section  
93.21 297A.62, subdivisions 1 and 1a, applied and then refunded in the same manner provided  
93.22 for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds  
93.23 for eligible purchases must not be issued until after June 30, 2025.

93.24 Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1  
93.25 is appropriated from the general fund to the commissioner of revenue.

93.26 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
93.27 made after December 1, 2023, and before January 1, 2026.

93.28 Sec. 16. **CITY OF WOODBURY; SALES AND USE TAX EXEMPTION FOR**  
93.29 **CONSTRUCTION MATERIALS.**

93.30 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used or consumed in and  
93.31 equipment incorporated into the construction, reconstruction, upgrade, expansion, renovation,

94.1 or remodeling of a water treatment facility and water tower, including water pipeline  
 94.2 infrastructure and associated improvements funded by the city of Woodbury are exempt  
 94.3 from sales and use tax under Minnesota Statutes, chapter 297A, provided that the materials,  
 94.4 supplies, and equipment are purchased after January 31, 2024, and before December 1,  
 94.5 2028.

94.6 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section  
 94.7 297A.62, subdivisions 1 and 1a, applied and then refunded in the same manner provided  
 94.8 for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds  
 94.9 for eligible purchases must not be issued until after June 30, 2025.

94.10 Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1  
 94.11 is appropriated from the general fund to the commissioner of revenue.

94.12 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
 94.13 made after January 31, 2024, and before December 1, 2028.

94.14 Sec. 17. **REPEALER.**

94.15 Minnesota Statutes 2024, sections 297D.01; 297D.02; 297D.03; 297D.04; 297D.05;  
 94.16 297D.06; 297D.07; 297D.08; 297D.085; 297D.09; 297D.10; 297D.11; 297D.12; and  
 94.17 297D.13, are repealed.

94.18 **EFFECTIVE DATE.** This section is effective August 1, 2025.

## 94.19 **ARTICLE 4**

### 94.20 **PROPERTY TAX AIDS**

94.21 Section 1. Minnesota Statutes 2024, section 126C.13, subdivision 4, is amended to read:

94.22 Subd. 4. **General education aid.** ~~For fiscal year 2015 and later,~~ A district's general  
 94.23 education aid equals:

94.24 (1) general education revenue, excluding operating capital revenue, equity revenue, local  
 94.25 optional revenue, and transition revenue; plus

94.26 (2) operating capital aid under section 126C.10, subdivision 13b;

94.27 (3) equity aid under section 126C.10, subdivision 30; plus

94.28 (4) transition aid under section 126C.10, subdivision 33; plus

94.29 (5) shared time aid under section 126C.01, subdivision 7; plus

94.30 (6) referendum aid under section 126C.17, subdivisions 7 ~~and~~, 7a, and 7c; plus

95.1 (7) online learning aid under section 124D.096; plus

95.2 (8) local optional aid according to section 126C.10, subdivision 2e, paragraph (f).

95.3 **EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2027 and later.

95.4 Sec. 2. Minnesota Statutes 2024, section 126C.17, is amended by adding a subdivision to  
95.5 read:

95.6 **Subd. 7c. Seasonal tax base replacement aid.** (a) For purposes of this subdivision,  
95.7 "eligible school district" means a school district for which the seasonal tax base adjustment  
95.8 factor under paragraph (c) is at least equal to 0.15. A school district determined eligible  
95.9 under this paragraph for aid in fiscal year 2027 or any later fiscal year remains an eligible  
95.10 school district for aid in any subsequent fiscal year.

95.11 (b) A district's seasonal tax base replacement aid equals the product of (1) the seasonal  
95.12 tax base adjustment factor, and (2) the district's referendum equalization levy calculated  
95.13 under subdivision 6, after any adjustment under subdivisions 7a and 7b.

95.14 (c) A district's seasonal tax base adjustment factor equals the lesser of 0.50 or the ratio  
95.15 of (1) the seasonal market value for the district, to (2) the sum of the referendum market  
95.16 value and the seasonal market value for the district. For the purposes of this paragraph,  
95.17 "seasonal market value" means the market value of all taxable property classified as class  
95.18 4c(12) under section 273.13.

95.19 (d) The amount calculated under paragraph (b) must be used to reduce the district's  
95.20 referendum levy determined after the adjustments under subdivisions 7a and 7b.

95.21 **EFFECTIVE DATE.** This section is effective for taxes payable in 2026 and later.

95.22 Sec. 3. Minnesota Statutes 2024, section 477A.011, subdivision 34, is amended to read:

95.23 **Subd. 34. City revenue need.** (a) For a city with a population equal to or greater than  
95.24 10,000, "city revenue need" is 1.15 times the sum of (1) 8.572 times the pre-1940 housing  
95.25 percentage; plus (2) 11.494 times the city age index; plus (3) 5.719 times the commercial  
95.26 industrial utility percentage; plus (4) 9.484 times peak population decline; plus (5) 293.056;  
95.27 plus (6) the sparsity adjustment.

95.28 (b) For a city with a population equal to or greater than 2,500 and less than 10,000, "city  
95.29 revenue need" is 1.15 times the sum of (1) 497.308; plus (2) 6.667 times the pre-1940  
95.30 housing percentage; plus (3) 9.215 times the commercial industrial utility percentage; plus  
95.31 (4) 16.081 times peak population decline; plus (5) the sparsity adjustment.

96.1 (c) For a city with a population less than 2,500, "city revenue need" is the sum of (1)  
 96.2 196.487; plus (2) 220.877 times the city's transformed population; plus (3) the sparsity  
 96.3 adjustment.

96.4 (d) For a city with a population of at least 2,500 but less than 3,000, the "city revenue  
 96.5 need" equals (1) the transition factor times the city's revenue need calculated in paragraph  
 96.6 (b); plus (2) the city's revenue need calculated under the formula in paragraph (c) times the  
 96.7 difference between one and the transition factor. For a city with a population of at least  
 96.8 10,000 but less than 11,000, the "city revenue need" equals (1) the transition factor times  
 96.9 the city's revenue need calculated in paragraph (a); plus (2) the city's revenue need calculated  
 96.10 under the formula in paragraph (b) times the difference between one and the transition  
 96.11 factor. For purposes of the first sentence of this paragraph "transition factor" is 0.2 percent  
 96.12 times the amount that the city's population exceeds the minimum threshold. For purposes  
 96.13 of the second sentence of this paragraph, "transition factor" is 0.1 percent times the amount  
 96.14 that the city's population exceeds the minimum threshold.

96.15 (e) The city revenue need cannot be less than zero.

96.16 (f) For calendar year 2024 and subsequent years, the city revenue need for a city, as  
 96.17 determined in paragraphs (a) to (e), is multiplied by the ratio of the annual implicit price  
 96.18 deflator for government consumption expenditures and gross investment for state and local  
 96.19 governments as prepared by the United States Department of Commerce, for the most  
 96.20 recently available year to the 2022 implicit price deflator for state and local government  
 96.21 purchases.

96.22 **EFFECTIVE DATE.** This section is effective for aids payable in 2026 and thereafter.

96.23 Sec. 4. Minnesota Statutes 2024, section 477A.011, is amended by adding a subdivision  
 96.24 to read:

96.25 **Subd. 48. Sparsity adjustment.** The sparsity adjustment is 200 for:

96.26 (1) a city with a population of 10,000 or more and an average population density of less  
 96.27 than 150 per square mile, according to the most recent federal census; and

96.28 (2) a city with a population less than 10,000 and an average population density less than  
 96.29 30 per square mile, according to the most recent federal census.

96.30 The sparsity adjustment is zero for all other cities.

96.31 **EFFECTIVE DATE.** This section is effective for aids payable in 2026 and thereafter.

97.1 Sec. 5. Minnesota Statutes 2024, section 477A.013, subdivision 1, is amended to read:

97.2 Subdivision 1. **Towns.** (a) ~~In 2014 and thereafter, each town is eligible for a distribution~~  
 97.3 ~~under this subdivision equal to the product of (i) its agricultural property factor, (ii) its town~~  
 97.4 ~~area factor, (iii) its population factor, and (iv) 0.0045.~~ As used in this subdivision, the  
 97.5 following terms have the meanings given them:

97.6 (1) "agricultural property factor" means the ratio of the adjusted net tax capacity of  
 97.7 agricultural property located in a town, to the adjusted net tax capacity of all other property  
 97.8 located in the town. The agricultural property factor cannot exceed eight;

97.9 (2) "agricultural property" means property classified under section 273.13, as homestead  
 97.10 and nonhomestead agricultural property, rural vacant land, and noncommercial seasonal  
 97.11 recreational property;

97.12 (3) "town area factor" means the most recent estimate of total acreage, not to exceed  
 97.13 50,000 acres, located in the township available as of July 1 in the aid calculation year,  
 97.14 estimated or established by:

97.15 (i) the United States Bureau of the Census;

97.16 (ii) ~~the State Land Management Information Center~~ Minnesota Geospatial Information  
 97.17 Office; or

97.18 (iii) the secretary of state; ~~and~~

97.19 (4) "population factor" means the square root of the town's population; and

97.20 (5) "town aid factor" means the product of the town's (i) agricultural property factor, (ii)  
 97.21 town area factor, and (iii) population factor.

97.22 ~~(b) If the sum of the aids payable to all towns under this subdivision exceeds the limit~~  
 97.23 ~~under section 477A.03, subdivision 2c, the distribution to each town must be reduced~~  
 97.24 ~~proportionately so that the total amount of aids distributed under this subdivision does not~~  
 97.25 ~~exceed the limit in section 477A.03, subdivision 2c.~~

97.26 (b) Each town is eligible for a distribution under this subdivision equal to the product  
 97.27 of (1) the total amount available for town aid under section 477A.03, subdivision 2c, and  
 97.28 (2) the ratio of (i) the town's town aid factor, to (ii) the sum of the town aid factors for all  
 97.29 towns.

97.30 (c) Data used in calculating aids to towns under this subdivision, other than acreage,  
 97.31 shall be the most recently available data as of January 1 in the year in which the aid is  
 97.32 calculated.

98.1 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2026  
 98.2 and thereafter.

98.3 Sec. 6. Minnesota Statutes 2024, section 477A.03, subdivision 2a, is amended to read:

98.4 Subd. 2a. **Cities.** ~~For aids payable in 2021 through 2023, the total aid payable under~~  
 98.5 ~~section 477A.013, subdivision 9, is \$564,398,012. For aids payable in 2024 and thereafter~~  
 98.6 2025, the total aid payable under section 477A.013, subdivision 9, is \$644,398,012. For  
 98.7 aids payable in 2026 and thereafter, the total aid payable under section 477A.013, subdivision  
 98.8 9, is \$624,398,012.

98.9 **EFFECTIVE DATE.** This section is effective for aids payable in 2026 and thereafter.

98.10 Sec. 7. Minnesota Statutes 2024, section 477A.03, subdivision 2b, is amended to read:

98.11 Subd. 2b. **Counties.** (a) ~~For aids payable in 2021 through 2023, the total aid payable~~  
 98.12 ~~under section 477A.0124, subdivision 3, is \$118,795,000, of which \$3,000,000 shall be~~  
 98.13 ~~allocated as required under Laws 2014, chapter 150, article 4, section 6. For aids payable~~  
 98.14 ~~in 2024, the total aid payable under section 477A.0124, subdivision 3, is \$154,197,053, of~~  
 98.15 ~~which \$3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4,~~  
 98.16 ~~section 6. For aids payable in 2025 and thereafter, the total aid payable under section~~  
 98.17 477A.0124, subdivision 3, is \$151,197,053. For aids payable in 2026 and thereafter, the  
 98.18 total aid payable under section 477A.0124, subdivision 3, is \$142,346,540. On or before  
 98.19 the first installment date provided in section 477A.015, paragraph (a), \$500,000 of this  
 98.20 appropriation shall be transferred each year by the commissioner of revenue to the Board  
 98.21 of Public Defense for the payment of services under section 611.27. Any transferred amounts  
 98.22 not expended or encumbered in a fiscal year shall be certified by the Board of Public Defense  
 98.23 to the commissioner of revenue on or before October 1 and shall be included in the next  
 98.24 certification of county need aid.

98.25 (b) ~~For aids payable in 2021 through 2023, the total aid under section 477A.0124,~~  
 98.26 ~~subdivision 4, is \$145,873,444. For aids payable in 2024 and thereafter 2025, the total aid~~  
 98.27 ~~under section 477A.0124, subdivision 4, is \$190,471,391. For aids payable in 2026 and~~  
 98.28 thereafter, the total aid under section 477A.0124, subdivision 4, is \$179,321,904. The  
 98.29 commissioner of revenue shall transfer to the Legislative Budget Office \$207,000 annually  
 98.30 for the cost of preparation of local impact notes as required by section 3.987, and other local  
 98.31 government activities. The commissioner of revenue shall transfer to the commissioner of  
 98.32 education \$7,000 annually for the cost of preparation of local impact notes for school districts  
 98.33 as required by section 3.987. The commissioner of revenue shall deduct the amounts

99.1 transferred under this paragraph from the appropriation under this paragraph. The amounts  
 99.2 transferred are appropriated to the Legislative Coordinating Commission and the  
 99.3 commissioner of education respectively.

99.4 **EFFECTIVE DATE.** This section is effective for aids payable in 2026 and thereafter.

99.5 Sec. 8. Minnesota Statutes 2024, section 477A.23, subdivision 6, is amended to read:

99.6 Subd. 6. **Appropriation.** For aids payable in ~~2023 and 2024~~ 2025 and 2026, ~~\$15,000,000~~  
 99.7 \$14,430,000 is appropriated in each year from the general fund to the commissioner of  
 99.8 revenue to make the payments required under this section. For aids payable in ~~2025~~ 2027  
 99.9 and thereafter, ~~\$12,000,000~~ \$14,787,000 is annually appropriated from the general fund to  
 99.10 the commissioner of revenue to make the payments required under this section.

99.11 **EFFECTIVE DATE.** This section is effective for aids payable in 2025 and thereafter.

99.12 Sec. 9. **[477A.41] FIRE PROTECTION AND EMS SPECIAL TAXING DISTRICT**  
 99.13 **AID.**

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

99.16 (b) "Commissioner" means the commissioner of revenue.

99.17 (c) "Special taxing district" means a special taxing district that was established for the  
 99.18 purpose of providing fire or ambulance services, or both, and that was formed under any  
 99.19 of the following:

99.20 (1) section 144F.01;

99.21 (2) Laws 1987, chapter 402, section 2, as amended;

99.22 (3) Laws 1993, chapter 375, article 5, section 39; or

99.23 (4) Laws 2009, chapter 88, article 2, section 46, as amended.

99.24 Subd. 2. **Distribution.** (a) A special taxing district's annual aid amount is equal to 50  
 99.25 percent of the average of the special taxing district's levies certified under section 275.07,  
 99.26 subdivision 4, paragraph (b), for the previous five years. If a special taxing district has been  
 99.27 established for fewer than six years, the special taxing district's aid amount is equal to 50  
 99.28 percent of the average of all of the special taxing district's levies certified under section  
 99.29 275.07, subdivision 4, paragraph (b), in prior years.

100.1 (b) If the sum of the aids payable to all eligible special taxing districts under this section  
100.2 exceeds the limit under subdivision 4, the distribution to each special taxing district must  
100.3 be reduced proportionally so that the total amount of aids distributed under this section does  
100.4 not exceed the limit in subdivision 4.

100.5 Subd. 3. **Commissioner responsibilities; payment.** (a) The commissioner must annually  
100.6 calculate and certify the amount of aid payable to each special taxing district on or before  
100.7 August 1 of the year preceding the aid distribution year.

100.8 (b) The commissioner shall make the aid payments to affected taxing authorities on July  
100.9 20 annually.

100.10 Subd. 4. **Appropriation.** \$1,555,000 is annually appropriated from the general fund to  
100.11 the commissioner of revenue to make payments under this section.

100.12 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2026 and  
100.13 thereafter.

100.14 Sec. 10. Laws 2023, chapter 64, article 4, section 27, is amended by adding a subdivision  
100.15 to read:

100.16 Subd. 9. **Report.** (a) By January 15, 2026, each: (1) local unit that receives aid in an  
100.17 amount greater than \$10,000; (2) county; and (3) Tribal government must report the following  
100.18 information to the commissioner of public safety in the form and manner approved by that  
100.19 commissioner:

100.20 (i) the amount of aid received; and

100.21 (ii) the ways in which the aid was used or is intended to be used.

100.22 (b) By February 15, 2026, the commissioner of public safety must compile the information  
100.23 received from counties, Tribal governments, or local units pursuant to paragraph (a) and  
100.24 submit the compiled data in a report to the chairs and ranking minority members of the  
100.25 legislative committees and divisions with jurisdiction over public safety finance and policy  
100.26 and taxes and property taxes. The report must comply with the requirements of Minnesota  
100.27 Statutes, sections 3.195 and 3.197.

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

100.29 Sec. 11. **AID PENALTY FORGIVENESS.**

100.30 Subdivision 1. **City of Stewart.** Notwithstanding Minnesota Statutes, section 477A.017,  
100.31 subdivision 3, the city of Stewart must receive its aid payment for calendar year 2023 under

101.1 Minnesota Statutes, section 477A.013, that was withheld under Minnesota Statutes, section  
101.2 477A.017, subdivision 3, provided the state auditor certifies to the commissioner of revenue  
101.3 by June 16, 2025, that the state auditor received the annual financial reporting for 2022  
101.4 from the city of Stewart by June 1, 2025. Upon certification from the state auditor to the  
101.5 commissioner of revenue, the commissioner of revenue must make a payment of \$87,501.50  
101.6 to the city of Stewart by June 30, 2025.

101.7 Subd. 2. **City of Alpha.** Notwithstanding Minnesota Statutes, section 477A.017,  
101.8 subdivision 3, the city of Alpha must receive its aid payment for calendar year 2023 under  
101.9 Minnesota Statutes, section 477A.013, that was withheld under Minnesota Statutes, section  
101.10 477A.017, subdivision 3, provided the state auditor certifies to the commissioner of revenue  
101.11 by June 16, 2025, that the state auditor received the annual financial reporting for 2022  
101.12 from the city of Alpha by June 1, 2025. Upon certification from the state auditor to the  
101.13 commissioner of revenue, the commissioner of revenue must make a payment of \$18,472  
101.14 to the city of Alpha by June 30, 2025.

101.15 Subd. 3. **City of Odin.** Notwithstanding Minnesota Statutes, section 477A.017,  
101.16 subdivision 3, the city of Odin must receive its aid payment for calendar year 2024 under  
101.17 Minnesota Statutes, section 477A.013, that was withheld under Minnesota Statutes, section  
101.18 477A.017, subdivision 3, and its small city assistance payment for calendar year 2024 under  
101.19 Minnesota Statutes, section 162.145, that was withheld under Minnesota Statutes, section  
101.20 162.145, subdivision 3, paragraph (c), provided the state auditor certifies to the commissioner  
101.21 of revenue by June 16, 2025, that the state auditor received the annual financial reporting  
101.22 for 2023 from the city of Odin by June 1, 2025. Upon certification from the state auditor to  
101.23 the commissioner of revenue, the commissioner of revenue must make a payment of \$39,909  
101.24 to the city of Odin by June 30, 2025.

101.25 Subd. 4. **City of Trosky.** Notwithstanding Minnesota Statutes, section 477A.017,  
101.26 subdivision 3, the city of Trosky must receive its aid payment for calendar year 2024 under  
101.27 Minnesota Statutes, section 477A.013, that was withheld under Minnesota Statutes, section  
101.28 477A.017, subdivision 3, and its small city assistance payment for calendar year 2024 under  
101.29 Minnesota Statutes, section 162.145, that was withheld under Minnesota Statutes, section  
101.30 162.145, subdivision 3, paragraph (c), provided the state auditor certifies to the commissioner  
101.31 of revenue by June 16, 2025, that the state auditor received the annual financial reporting  
101.32 for 2023 from the city of Trosky by June 1, 2025. Upon certification from the state auditor  
101.33 to the commissioner of revenue, the commissioner of revenue must make a payment of  
101.34 \$25,003 to the city of Trosky by June 30, 2025.

102.1 Subd. 5. **Appropriation.** The amounts necessary to make the payments required under  
102.2 subdivisions 1 and 2 are appropriated in fiscal year 2025 from the general fund to the  
102.3 commissioner of revenue. This is a onetime appropriation.

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

102.5 Sec. 12. **COUNTY PROGRAM AID TAX BASE EQUALIZATION MINIMUM**  
102.6 **ALLOCATION ADJUSTMENT.**

102.7 (a) For aids payable in 2026 only, notwithstanding Minnesota Statutes, section  
102.8 477A.0124, subdivision 4, paragraph (g), the allocation to a county under Minnesota Statutes,  
102.9 section 477A.0124, subdivision 4, paragraphs (a) to (e), shall not be less than:

102.10 (1) an amount equal to 0.27 percent of the total appropriation available for that year  
102.11 under Minnesota Statutes, section 477A.03, subdivision 2b, paragraph (b); or

102.12 (2) 94 percent of the tax base equalization aid for the county in the prior year, whichever  
102.13 is greater.

102.14 (b) If the sum of aids payable to counties under this section exceeds the limit under  
102.15 Minnesota Statutes, section 477A.03, subdivision 2b, paragraph (b), the distribution for  
102.16 those counties whose aid amounts exceed their minimum aid must be proportionately reduced  
102.17 so that the amount of aid distributed under this section does not exceed the limit in Minnesota  
102.18 Statutes, section 477A.03, subdivision 2b, paragraph (b).

102.19 **EFFECTIVE DATE.** This section is effective for aids payable in 2026 and thereafter.

102.20 Sec. 13. **LGA PAYMENT ADJUSTMENT.**

102.21 (a) For aids payable in 2026 only, notwithstanding Minnesota Statutes, section 477A.03,  
102.22 subdivision 2a, the commissioner of revenue must calculate the aid gap percentage under  
102.23 Minnesota Statutes, section 477A.013, subdivision 8, paragraph (b), as if the total amount  
102.24 available for aids payable in 2026 under Minnesota Statutes, section 477A.03, subdivision  
102.25 2a, is \$644,398,012.

102.26 (b) For aids payable in 2026 only, the commissioner of revenue must proportionally  
102.27 reduce each city's aid amount calculated under Minnesota Statutes, section 477A.013,  
102.28 subdivision 9, until the total aid for all cities equals the amount available for aid under  
102.29 Minnesota Statutes, section 477A.03, subdivision 2a.

102.30 **EFFECTIVE DATE.** This section is effective for aids payable in 2026 and thereafter.



104.1 (2) disseminate information included in the resolution adopted under subdivision 2, but  
 104.2 only if the disseminated information includes a list of specific projects and the cost of each  
 104.3 individual project;

104.4 (3) provide notice of, and conduct public forums at which proponents and opponents on  
 104.5 the merits of the referendum are given equal time to express their opinions on the merits of  
 104.6 the referendum;

104.7 (4) provide facts and data on the impact of the proposed local sales tax on consumer  
 104.8 purchases; and

104.9 (5) provide facts and data related to the individual programs and projects to be funded  
 104.10 with the local sales tax.

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

104.12 Sec. 2. Minnesota Statutes 2024, section 297A.99, subdivision 1a, is amended to read:

104.13 Subd. 1a. **Requirements.** Local sales taxes are to be used instead of traditional local  
 104.14 revenues only for construction and rehabilitation of capital projects when a clear regional  
 104.15 benefit beyond the taxing jurisdiction can be demonstrated. ~~Use of local sales tax revenues~~  
 104.16 ~~for local projects decreases the benefits to taxpayers of the deductibility of local property~~  
 104.17 ~~taxes and the state assistance provided through the property tax refund system and increases~~  
 104.18 ~~the fiscal inequities between similar communities.~~

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

104.20 Sec. 3. Minnesota Statutes 2024, section 297A.99, subdivision 3, is amended to read:

104.21 Subd. 3. **Legislative authority required before voter approval; requirements for**  
 104.22 **adoption, use, termination.** (a) A political subdivision must receive legislative authority  
 104.23 to impose a local sales tax before submitting the tax for approval by voters of the political  
 104.24 subdivision. Imposition of a local sales tax is subject to approval by voters of the political  
 104.25 subdivision at a general election. The election must be conducted at a general election within  
 104.26 the two-year period after the governing body of the political subdivision has received  
 104.27 authority to impose the tax. If the authorizing legislation allows the tax to be imposed for  
 104.28 more than one project, there must be a separate question approving the use of the tax revenue  
 104.29 for each project. Notwithstanding the authorizing legislation, a project that is not approved  
 104.30 by the voters may not be funded with the local sales tax revenue and the ~~termination date~~  
 104.31 ~~of the tax set~~ total amount for all projects allowed in the authorizing legislation must be

105.1 reduced ~~proportionately based on the share of that project's cost to the total costs of all~~  
105.2 ~~projects included in the authorizing legislation~~ accordingly.

105.3 (b) The proceeds of the tax must be dedicated exclusively to payment of the construction  
105.4 and rehabilitation costs and associated bonding costs related to the specific capital  
105.5 improvement projects that were approved by the voters under paragraph (a). The political  
105.6 subdivision must not commingle revenue from a tax for a project or projects approved by  
105.7 the voters under this section with revenue from a local sales tax authorized under section  
105.8 297A.9901, or by any special law, ordinance, or city charter, including an extension of or  
105.9 modification to the uses of a local sales tax for a different project.

105.10 (c) The political subdivision imposing the tax must notify the commissioner at least 90  
105.11 days before the date the political subdivision anticipates that revenues raised from the tax  
105.12 are sufficient to fund the projects approved by the voters under paragraph (a). The notification  
105.13 applies to each authorization of a tax and each project approved by the voters under paragraph  
105.14 (a), regardless of whether the legislature has authorized the tax and notwithstanding the  
105.15 requirements of paragraph (d). The tax must terminate after the revenues raised are sufficient  
105.16 to fund the projects approved by the voters under paragraph (a). The political subdivision  
105.17 must notify the commissioner within 30 days of the date that sufficient revenues have been  
105.18 raised to fund the projects approved by the voters under paragraph (a).

105.19 (d) After a sales tax imposed by a political subdivision has expired or been terminated,  
105.20 the political subdivision is prohibited from imposing a local sales tax for a period of one  
105.21 year.

105.22 ~~(e) Notwithstanding paragraph (a), if a political subdivision received voter approval to~~  
105.23 ~~seek authority for a local sales tax at the November 6, 2018, general election and is granted~~  
105.24 ~~authority to impose a local sales tax before January 1, 2021, the tax may be imposed without~~  
105.25 ~~an additional referendum provided that it meets the requirements of subdivision 2 and the~~  
105.26 ~~list of specific projects contained in the resolution does not conflict with the projects listed~~  
105.27 ~~in the approving referendum.~~

105.28 ~~(f)~~ (e) If a tax is terminated because sufficient revenues have been raised, any amount  
105.29 of tax collected under subdivision 9, after sufficient revenues have been raised and before  
105.30 the quarterly termination required under subdivision 12, paragraph (a), that is greater than  
105.31 the average quarterly revenues collected over the immediately preceding 12 calendar months  
105.32 must be retained by the commissioner for deposit in the general fund.

105.33 (f) Except as provided in paragraph (g), the total tax rate imposed by a political  
105.34 subdivision under section 297A.9901, or authorized by any special law, ordinance, or city

106.1 charter must not exceed one-half of one percent. The limit in this paragraph does not apply  
106.2 to taxes authorized by any special law, ordinance, or city charter before June 1, 2023. Upon  
106.3 expiration of a tax authorized by any special law, ordinance, or city charter, the limit in this  
106.4 paragraph applies.

106.5 (g) A county may impose a tax authorized by special law at the maximum rate allowed  
106.6 under paragraph (f) and at the maximum rate allowed under section 297A.993.

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

106.8 Sec. 4. Minnesota Statutes 2024, section 297A.99, is amended by adding a subdivision to  
106.9 read:

106.10 Subd. 11a. **Collection and retention.** (a) For taxes imposed or modified by special law  
106.11 after June 30, 2025, and for taxes imposed or modified under the provisions of section  
106.12 297A.9901, the commissioner shall remit the proceeds of the tax, less refunds and a  
106.13 proportionate share described in clauses (1) and (2), at least quarterly, to the political  
106.14 subdivision, as defined in section 297A.9901, subdivision 1, paragraph (1). The commissioner  
106.15 shall deduct from the proceeds distributed to a political subdivision an amount that equals:

106.16 (1) not more than one percent for the amounts described in subdivision 11, clauses (1),  
106.17 (2), and (3); and

106.18 (2) if the political subdivision is a city, the city's contribution share, as defined in section  
106.19 297A.9903, subdivision 1, paragraph (e), of the amount to be paid under section 297A.9903,  
106.20 pursuant to the requirements of subdivision 11b.

106.21 (b) The revenue under paragraph (a), clause (1), must be deposited into the Revenue  
106.22 Department service and recovery special revenue fund established under section 270C.15.

106.23 (c) The revenue retained under paragraph (a), clause (2), must be deposited into the local  
106.24 sales tax equalization distribution account established in subdivision 11c.

106.25 (d) Taxes described in paragraph (a) are not subject to the requirements of subdivision  
106.26 11, to the extent inconsistent with this subdivision.

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

107.1 Sec. 5. Minnesota Statutes 2024, section 297A.99, is amended by adding a subdivision to  
107.2 read:

107.3 Subd. 11b. **Contribution share.** For taxes imposed or modified by special law and  
107.4 section 297A.9901, the amount of tax that the commissioner must retain under subdivision  
107.5 11a, paragraph (a), clause (2), is equal to:

107.6 (1) five percent for a city whose tax is authorized and imposed under section 297A.9901;

107.7 (2) five percent for a city that modifies a tax under section 297A.9901 that was authorized  
107.8 and imposed by special law before July 1, 2025; or

107.9 (3) eight percent for a city that is authorized by special law to impose a new tax after  
107.10 June 30, 2025.

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

107.12 Sec. 6. Minnesota Statutes 2024, section 297A.99, is amended by adding a subdivision to  
107.13 read:

107.14 Subd. 11c. **Accounts established; transfer.** The local sales tax equalization distribution  
107.15 account is established in the special revenue fund. Money in the account must be distributed  
107.16 in accordance with section 297A.9903.

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

107.18 Sec. 7. **[297A.9901] SPECIFIED CAPITAL PROJECTS; LOCAL AUTHORIZATION**  
107.19 **ALLOWED; REQUIREMENTS.**

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

107.22 (b) "Associated bonding costs" means the cost of issuing bonds to finance a specified  
107.23 capital project, including but not limited to the costs of issuance of the bonds, capitalized  
107.24 interest, and the payment of principal and interest on the bonds.

107.25 (c) "City" means a statutory or home rule charter city located in Minnesota.

107.26 (d) "Contributor" has the meaning given in section 297A.9903, subdivision 1, paragraph  
107.27 (f).

107.28 (e) "Convention center" means a structure:

107.29 (1) that has a minimum of 50,000 square feet for exhibit and meeting spaces;

108.1 (2) the square footage of which is expressly designed and constructed for the purposes  
108.2 of presenting conventions, public meetings, and exhibitions and includes parking facilities  
108.3 that serve the center; and

108.4 (3) if located outside the metropolitan area, is more than 15 miles from the nearest  
108.5 existing convention center.

108.6 (f) "Correctional facility" means a public facility licensed and inspected by the  
108.7 commissioner of corrections and established and operated for the detention and confinement  
108.8 of adults or juveniles, including but not limited to programs or facilities operating under  
108.9 chapter 401, secure juvenile detention facilities, municipal holding facilities, juvenile  
108.10 temporary holdover facilities, regional or local jails, lockups, work houses, work farms, and  
108.11 detention facilities.

108.12 (g) "District court" means one of the ten judicial district courts in Minnesota subject to  
108.13 chapter 484.

108.14 (h) "Law enforcement center" means:

108.15 (1) a facility that serves multiple communities and provides public safety functions,  
108.16 including a fire or police station and a facility that provides emergency 911 or emergency  
108.17 medical services and dispatch functions, training facilities, court security and support,  
108.18 emergency operations, evidence and record retention, and other public safety services; and

108.19 (2) a facility attached to a city hall that meets the requirements of clause (1).

108.20 (i) "Library" means a library that is part of a regional public library system established  
108.21 under section 134.20, excluding a library located within a metropolitan county.

108.22 (j) "Metropolitan county" has the meaning given in section 473.121, subdivision 4.

108.23 (k) "Park" means a park located entirely outside of a metropolitan county that meets the  
108.24 criteria of regional significance under section 85.536, subdivision 6, as determined by the  
108.25 Greater Minnesota Regional Parks and Trails Commission.

108.26 (l) "Political subdivision" means a county located in Minnesota or a statutory or home  
108.27 rule charter city located in Minnesota.

108.28 (m) "Regional community center" means a structure that is expressly designed and  
108.29 constructed for the purposes of recreational, cultural, educational, or public group activities  
108.30 or for civic engagement or social support, serving both residents and nonresidents of the  
108.31 community.

109.1 (n) "Regional sports complex" means a defined area of sports pavilions, stadiums,  
109.2 gymnasiums, swimming pools, or similar facilities:

109.3 (1) where regional tournaments may be hosted;

109.4 (2) where members of the public engage in physical exercise, participate in athletic  
109.5 competitions, witness sporting events, and host regional tournaments; and

109.6 (3) which, if located outside the metropolitan area, is more than 15 miles from the nearest  
109.7 existing regional sports complex.

109.8 (o) "Qualified recipient" has the meaning given in section 297A.9903, subdivision 1,  
109.9 paragraph (j).

109.10 (p) "Specified capital project" means a convention center, correctional facility, district  
109.11 court, law enforcement center, library, park, regional community center, regional sports  
109.12 complex, or trail.

109.13 (q) "Trail" means a trail of regional significance located entirely outside of a metropolitan  
109.14 county that meets the criteria of regional significance under section 85.536, subdivision 6,  
109.15 as determined by the Greater Minnesota Regional Parks and Trails Commission.

109.16 Subd. 2. **Local authorization allowed.** Notwithstanding section 477A.016 or any other  
109.17 law or ordinance, a political subdivision may impose, extend, or modify the uses of a local  
109.18 sales tax to finance a specified capital project without legislative authorization by  
109.19 demonstrating the regional significance of each specified capital project as provided in  
109.20 subdivisions 3 to 5. The authorization under this section applies to an extension to or  
109.21 modification of a local sales tax authorized under special law or the requirements of section  
109.22 297A.99.

109.23 Subd. 3. **Regional community centers; regional sports complexes.** To impose a local  
109.24 sales tax to fund construction or remodeling of or improvements to a regional community  
109.25 center or regional sports complex, a political subdivision must:

109.26 (1) demonstrate that the regional community center meets the definition in subdivision  
109.27 1, paragraph (m); or

109.28 (2) demonstrate that the regional sports complex meets the definition in subdivision 1,  
109.29 paragraph (n); and

109.30 (3) conduct and present an analysis of the surrounding region to demonstrate that there  
109.31 is no similar facility open to nonresidents at the same cost as to residents.

110.1 Subd. 4. **Criminal justice facilities.** (a) To impose a local sales tax to fund construction  
110.2 or remodeling of or improvements to a correctional facility, a political subdivision must  
110.3 demonstrate the need for the facility by providing:

110.4 (1) official documentation of the age of the facility; and

110.5 (2)(i) official correspondence from the Department of Corrections that includes an  
110.6 analysis of the facility and description of the improvements or updates needed; or

110.7 (ii) if the facility is a joint project between two or more counties, the joint powers  
110.8 agreement or other official documentation between at least one other county demonstrating  
110.9 that the facility will serve public safety functions for the region.

110.10 (b) To impose a local sales tax to fund construction or remodeling of or improvements  
110.11 to a district court office, a political subdivision must demonstrate the need for the facility  
110.12 by providing the age of the facility and a description of improvements needed.

110.13 (c) To impose a local sales tax to fund construction or remodeling of or improvements  
110.14 to a law enforcement center, a political subdivision must provide resolutions from  
110.15 surrounding counties, statutory or home rule charter cities, or townships affirming that the  
110.16 functions of the law enforcement center will meet the needs of the surrounding county,  
110.17 statutory or home rule charter city, or township.

110.18 Subd. 5. **Convention centers; libraries.** (a) To impose a local sales tax to finance  
110.19 construction or remodeling of or improvements to a convention center, a political subdivision  
110.20 must demonstrate that the convention center meets the definition in subdivision 1, paragraph  
110.21 (e).

110.22 (b) To impose a local sales tax to finance construction of or improvements to a library,  
110.23 a political subdivision must demonstrate that the library meets the definition in subdivision  
110.24 1, paragraph (i).

110.25 Subd. 6. **Demonstration of regional benefit; public hearing.** (a) A political subdivision  
110.26 seeking to impose a local sales tax must conduct at least one public hearing to provide  
110.27 information regarding each specified capital project the political subdivision proposes to  
110.28 fund with the local sales tax. Notice of each hearing must be provided at least 30 days in  
110.29 advance of the hearing and must include:

110.30 (1) the tax rate;

110.31 (2) a description of each project proposed to be funded by the local sales tax; and

111.1 (3) the amount of tax revenue that would be used for each project, inclusive of the  
111.2 contribution share under section 297A.99, subdivision 11b, if applicable, and the estimated  
111.3 time needed to raise that amount of revenue.

111.4 (b) The public must be allowed to speak at the hearing required under paragraph (a).  
111.5 The hearing must not be held before 6:00 p.m. The political subdivision must provide a  
111.6 website address and a telephone number for the political subdivision that members of the  
111.7 public may call if they have questions related to the notice and a mailing address where  
111.8 comments are received by mail, except that no notice required under this paragraph shall  
111.9 be interpreted as requiring the printing of a personal telephone number or address as the  
111.10 contact information for a political subdivision. If a political subdivision does not maintain  
111.11 a website or public offices where telephone calls are received by the political subdivision,  
111.12 the notice of the hearing required under paragraph (a) must indicate that the political  
111.13 subdivision does not maintain a website or public offices where telephone calls are received  
111.14 by the political subdivision.

111.15 (c) Political subdivisions are required to obtain demonstrations of support for each  
111.16 specified capital project to be funded with revenue from a local sales tax from at least two  
111.17 adjacent political subdivisions or townships. The demonstration of support must be in the  
111.18 form of a resolution. For purposes of this paragraph, a county in which a statutory or home  
111.19 rule charter city or a township is located and a statutory or home rule charter city or township  
111.20 located within a county qualifies as adjacent. If submitting a resolution in support of a capital  
111.21 project to be funded by a local sales tax, a political subdivision must indicate whether the  
111.22 political subdivision is eligible for a distribution under section 297A.9903.

111.23 Subd. 7. **Resolution required.** (a) After conducting the public hearing required under  
111.24 subdivision 6 and before the governing body of a political subdivision seeks voter approval  
111.25 to impose a local sales tax, the governing body shall adopt a resolution indicating the political  
111.26 subdivision's approval of the tax. The resolution must include:

111.27 (1) the proposed tax rate;

111.28 (2) a detailed description of no more than three projects to be funded with revenue from  
111.29 the tax;

111.30 (3) documentation of the regional significance of each project, including:

111.31 (i) the share of the economic benefit to or use of each project by residents or businesses  
111.32 located outside of the jurisdiction of the political subdivision;

112.1 (ii) demonstration that each project meets the requirements of the applicable definitions  
112.2 in subdivision 1; and

112.3 (iii) demonstration of support as required under subdivision 6, paragraph (c);

112.4 (4) the amount of local sales tax revenue needed for each project and the estimated time  
112.5 needed to raise that amount of revenue, inclusive of, if applicable, the contribution share to  
112.6 qualified recipients under section 297A.99, subdivision 11b; and

112.7 (5) the total revenue to be raised for all projects before the tax expires and the estimated  
112.8 length of time that the tax will be in effect if all proposed projects are funded.

112.9 (b) The political subdivision seeking authority to impose a local sales tax by special law  
112.10 must submit the resolution and the documentation required under paragraph (a) to the  
112.11 commissioner pursuant to section 297A.9902.

112.12 Subd. 8.  **Voter approval required.** (a) Imposition of a local sales tax under this section  
112.13 is subject to approval by voters of the political subdivision at a general or special election.  
112.14 The election must be held within two years of the date the political subdivision receives  
112.15 approval from the commissioner under section 297A.9902 or the date the political subdivision  
112.16 receives legislative authorization under special law. A political subdivision may choose to  
112.17 conduct the election at a general or special election held on the first Tuesday after the first  
112.18 Monday in November. There must be a separate question approving the use of the tax  
112.19 revenue for each project. A project that is not approved by the voters may not be funded  
112.20 with the local sales tax revenue. For purposes of this section, "general election" and "special  
112.21 election" have the meanings given in section 200.02, except that a general election or special  
112.22 election held under this section must be held on the first Tuesday after the first Monday in  
112.23 November.

112.24 (b) Each ballot question presented to voters must include:

112.25 (1) a description of each specified capital project, including acknowledgment of any  
112.26 state mandate for a government service that necessitates the construction of the project, if  
112.27 applicable;

112.28 (2) acknowledgment that the political subdivision is seeking authorization from voters  
112.29 to impose the sales tax;

112.30 (3) the total cost of each capital project;

112.31 (4) the start date of the project and total project cost that may be generated for a period  
112.32 lasting no longer than 30 years;

113.1 (5) the tax rate;

113.2 (6) acknowledgment that the total project cost may increase by up to three percent and  
113.3 the duration of imposition of the tax may increase by up to ten years, but in no case will the  
113.4 total duration exceed 30 years;

113.5 (7) a statement that by voting "yes" the voter is voting for the tax at the rate specified  
113.6 in clause (5) to impose a new local sales tax, increase a local sales tax, or extend a local  
113.7 sales tax that would otherwise expire, whichever is applicable; and

113.8 (8) a statement acknowledging that tax revenues will be used or may be used, whichever  
113.9 is applicable, for a contribution share.

113.10 (c) The ballot language must not contain any statement that informs voters that by voting  
113.11 "no" the voter acknowledges that the project subject to approval in the question may be  
113.12 funded by increased property taxes.

113.13 Subd. 9. Administration; termination. (a) The proceeds of the tax must be dedicated  
113.14 exclusively to payment of the construction and rehabilitation costs and associated bonding  
113.15 costs related to the specified capital projects approved by the voters under subdivision 8,  
113.16 paragraph (a), and, if applicable, the contribution share issued to a political subdivision that  
113.17 is a contributor for which no qualified recipient exists for equalization distributions. The  
113.18 political subdivision must not commingle revenue from a tax approved by the voters under  
113.19 this section with revenue from a local sales tax authorized under this section or by any  
113.20 special law, ordinance, or city charter, including an extension of or modification to the uses  
113.21 of a local sales tax for a different project.

113.22 (b) The political subdivision imposing the tax must notify the commissioner at least 90  
113.23 days before the date the political subdivision anticipates that revenues raised from the tax  
113.24 are sufficient to fund the projects approved by the voters under subdivision 8, paragraph  
113.25 (a). The notification applies to each authorization of a tax and each project approved by the  
113.26 voters under subdivision 8, paragraph (a), regardless of whether the legislature has authorized  
113.27 the tax and notwithstanding the requirements of paragraph (c). The tax must terminate after  
113.28 the revenues raised are sufficient to fund the projects approved by the voters under  
113.29 subdivision 8, paragraph (a). The political subdivision must notify the commissioner within  
113.30 30 days of the date that sufficient revenues have been raised to fund the projects approved  
113.31 by the voters under subdivision 8, paragraph (a).

113.32 (c) After a sales tax imposed by a political subdivision has expired or been terminated,  
113.33 the political subdivision is prohibited from imposing a local sales tax for a period of one  
113.34 year.

114.1 (d) If a tax is terminated because sufficient revenues have been raised, any amount of  
114.2 tax collected after sufficient revenues have been raised and before the quarterly termination  
114.3 required under section 297A.99, subdivision 12, paragraph (a), that is greater than the  
114.4 average quarterly revenues collected over the immediately preceding 12 calendar months  
114.5 must be retained by the commissioner for deposit in the general fund.

114.6 Subd. 10. **Other provisions apply.** (a) The provisions of section 297A.99, subdivisions  
114.7 1, paragraph (d), and 4 to 13, apply to taxes authorized under this subdivision.

114.8 (b) The total tax rate imposed by a political subdivision under this section and any special  
114.9 law, ordinance, or city charter must not exceed one-half of one percent.

114.10 (c) A county may impose a tax under this section at the maximum rate allowed under  
114.11 paragraph (b) and at the maximum rate allowed under section 297A.993.

114.12 (d) The maximum collection period for a tax imposed under this section is the earlier  
114.13 of the amount of time necessary to collect the revenue equal to the cost of the specified  
114.14 capital projects approved by the voters, including as associated bonding costs, or 30 years.

114.15 Subd. 11. **Bonds; authorization.** (a) A political subdivision may issue bonds under  
114.16 chapter 475 to finance all or a portion of the costs of a specified capital project. The aggregate  
114.17 principal amount of bonds issued must not exceed the cost of a qualifying capital project  
114.18 approved by the voters, plus associated bonding costs. The bonds may be paid from or  
114.19 secured by any funds available to the political subdivision, including the tax authorized  
114.20 under this section and approved by the voters. The issuance of bonds under this subdivision  
114.21 is not subject to sections 275.60 and 275.61.

114.22 (b) A separate election to approve the bonds under section 475.58 is not required.

114.23 Subd. 12. **Filing and imposition requirements.** (a) A political subdivision that has  
114.24 received approval to impose a tax from the commissioner under this section must file a  
114.25 certificate of local approval with the secretary of state within 60 days after receiving voter  
114.26 approval for the tax to be lawfully imposed. If the tax is approved by the voters, the political  
114.27 subdivision must impose the tax within 15 months of receiving the voter approval. If the  
114.28 tax is not imposed within 15 months, the authority to impose the tax under this section  
114.29 expires.

114.30 (b) If, after receiving voter approval, a political subdivision cancels a project approved  
114.31 by the voters, the political subdivision must notify the commissioner. The commissioner  
114.32 must proportionately decrease the maximum amount of tax revenue the political subdivision  
114.33 may collect. If the political subdivision has already collected revenue for the canceled

115.1 project, the political subdivision must return the money to the commissioner for deposit to  
115.2 the general fund. The political subdivision must use any other source of revenue available  
115.3 to pay any outstanding debt on the bonds that were issued for the canceled project.

115.4 Subd. 13. Allowance for inflation. (a) Before the expiration of the 15-month period  
115.5 under subdivision 12, paragraph (a), a political subdivision may increase the amount approved  
115.6 by the voters to finance the specified capital project, the amount of time the tax may be  
115.7 imposed as approved by the voters to collect revenues sufficient to fund the specified capital  
115.8 project, or both.

115.9 (b) The total cost of the specified project as approved by the voters under subdivision  
115.10 8, paragraph (b), clause (3), may be increased by up to three percent of the amount approved  
115.11 by the voters under subdivision 8, paragraph (a).

115.12 (c) The amount of time the tax may be imposed as approved by the voters under  
115.13 subdivision 8, paragraph (a), may be increased by up to ten years, but the total amount of  
115.14 time the tax may be imposed must not exceed 30 years.

115.15 (d) A political subdivision exercising the options under paragraph (b), (c), or both, must  
115.16 adopt a resolution documenting the need for the increase in project cost or duration of  
115.17 imposition of the tax, or both. The political subdivision must file the resolution with the  
115.18 commissioner within 30 days of adopting the resolution, but not after the 15-month period  
115.19 under subdivision 12, paragraph (a), has expired.

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

115.21 Sec. 8. **[297A.9902] LOCAL SALES TAXES; OVERSIGHT.**

115.22 (a) A political subdivision seeking to impose a local sales tax under the provisions of  
115.23 section 297A.9901 must file a copy of the resolution required under section 297A.9901,  
115.24 subdivision 7, paragraph (a), and documentation required under section 297A.9901,  
115.25 subdivision 7, paragraph (a), clause (3), with the commissioner by October 31 of the first  
115.26 year before the political subdivision seeks voter approval of the tax.

115.27 (b) The commissioner must verify whether a project included in the submission under  
115.28 paragraph (a) meets the requirements for one of the projects described in section 297A.9901,  
115.29 subdivisions 1, 5, 6, and 7. By January 10 of the first year in which the political subdivision  
115.30 must seek voter approval of a local sales tax authorized under section 297A.9901, subdivision  
115.31 8, paragraph (a), the commissioner must notify the political subdivision of the commissioner's  
115.32 determination.

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

116.1 **Sec. 9. [297A.9903] LOCAL SALES TAX EQUALIZATION DISTRIBUTIONS.**

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

116.4 (b) "City" means a statutory or home rule charter city.

116.5 (c) "Commissioner" means commissioner of revenue.

116.6 (d) "Contribution share" means the percentage of the total local sales taxes that were  
116.7 collected by a city in the previous calendar year pursuant to section 297A.99, subdivision  
116.8 11b.

116.9 (e) "Contributor" means a city that:

116.10 (1) authorizes and imposes a local sales tax under section 297A.9901;

116.11 (2) amends, extends, or otherwise modifies a local sales tax that was authorized before  
116.12 July 1, 2025; or

116.13 (3) is authorized by special law to impose a new local sales tax after June 30, 2025.

116.14 (f) "Local sales tax" means:

116.15 (1) a local sales tax imposed under section 297A.9901; or

116.16 (2) a local sales tax imposed under special law.

116.17 (g) "Metropolitan county" has the meaning given in section 473.121, subdivision 4.

116.18 (h) "Population" means the population estimated or established as of January 1 in the  
116.19 year distributions under this section are calculated by any of the following, whichever is  
116.20 most recent:

116.21 (1) the most recent federal census;

116.22 (2) a special census conducted under contract with the United States Bureau of the  
116.23 Census; or

116.24 (3) a population estimate of the state demographer made pursuant to section 4A.02.

116.25 (i) "Qualified recipient" means a city that is qualified to receive a distribution under this  
116.26 section and:

116.27 (1) does not meet the definition of contributor;

116.28 (2) did not impose a local sales tax in the prior calendar year; and

116.29 (3) is:

117.1 (i) contiguous to a city located in a metropolitan county and included in the definition  
117.2 of contributor in the prior calendar year; or

117.3 (ii) located at least partially in a county outside of the metropolitan area where at least  
117.4 one city is included in the definition of contributor in the prior calendar year.

117.5 (j) "Sharing pool" means the contribution share or portion of a contribution share for a  
117.6 contributor that is distributed among qualified recipients.

117.7 Subd. 2. **Contribution share.** The commissioner must annually retain each contributor's  
117.8 contribution share. The commissioner must designate sharing pools for each contributor  
117.9 such that the contributor has a sharing pool for each county in which the contributor is  
117.10 located. The commissioner must allot a contributor's contribution share among each of the  
117.11 contributor's sharing pools in proportion to the contributor's population that resides in each  
117.12 county.

117.13 Subd. 3. **Distribution share; requirements.** (a) In order to receive a distribution share,  
117.14 a qualified recipient must adopt a resolution supporting a proposed local sales tax imposed  
117.15 by a contributor to the commissioner by October 31 of the year before the contributor seeks  
117.16 voter approval of the tax.

117.17 (b) The commissioner must distribute the contribution share in each sharing pool among  
117.18 qualified recipients such that:

117.19 (1) for each contributor's sharing pool for a metropolitan county, the contributor's sharing  
117.20 pool is distributed among all qualified recipients that are contiguous to the contributor  
117.21 proportionally to the share of each qualified recipient's population that resides in the sharing  
117.22 pool; and

117.23 (2) for each contributor's sharing pool for a county outside of the metropolitan area, the  
117.24 contributor's sharing pool is distributed among all qualified recipients that are located in  
117.25 the same county outside of the metropolitan area proportionally to the share of each qualified  
117.26 recipient's population that resides in the sharing pool's county.

117.27 (c) A qualified recipient's distribution is the sum of the distributions to that qualified  
117.28 recipient calculated under paragraph (b).

117.29 Subd. 4. **Certification.** The commissioner must annually calculate and certify each city's  
117.30 contribution share and each qualified recipient's distribution based on local sales taxes  
117.31 collected in the prior calendar year. If no qualified recipients exist for a city that is a  
117.32 contributor, the contribution share retained under subdivision 2 must be paid to that city,  
117.33 and that contribution is subject to the requirements under section 297A.99, subdivisions 1,

118.1 paragraph (d), and 4 to 13. The commissioner must provide notice of the certification to  
 118.2 each city by January 31.

118.3 Subd. 5. **Payment.** By March 15 annually, the commissioner of revenue must pay to  
 118.4 each qualified recipient the distribution or contribution share certified under subdivision 4.

118.5 Subd. 6. **Appropriation.** The amount required to make distributions under this section  
 118.6 is appropriated from the local sales tax equalization distribution account established under  
 118.7 section 297A.99, subdivision 11c, to the commissioner of revenue.

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

## 118.9 **ARTICLE 6**

### 118.10 **TAX INCREMENT FINANCING**

118.11 Section 1. Minnesota Statutes 2024, section 469.176, subdivision 4n, is amended to read:

118.12 Subd. 4n. **Temporary use of increment authorized.** (a) Notwithstanding any other  
 118.13 provision of this section or any other law to the contrary, except the requirements to pay  
 118.14 bonds to which increments are pledged, the authority may elect, by resolution, to transfer  
 118.15 unobligated increment for one or more of the following purposes:

118.16 (1) to provide improvements, loans, interest rate subsidies, or assistance in any form to  
 118.17 private development consisting of the construction or substantial rehabilitation of buildings  
 118.18 and ancillary facilities, if doing so will create or retain jobs in the state, including construction  
 118.19 jobs, and the construction commences before December 31, 2025, and would not have  
 118.20 commenced before that date without the assistance; or

118.21 (2) to make an equity or similar investment in a corporation, partnership, or limited  
 118.22 liability company that the authority determines is necessary to make construction of a  
 118.23 development that meets the requirement of clause (1) financially feasible.

118.24 (b) For each calendar year for which transfers are permitted under this subdivision, the  
 118.25 maximum transfer equals the excess of the district's unobligated increment which includes  
 118.26 any increment not required for payments of obligations due during six months following  
 118.27 the transfer on outstanding bonds, binding contracts, and other outstanding financial  
 118.28 obligations of the district to which the district's increment is pledged.

118.29 (c) The authority may transfer increments permitted under this subdivision after creating  
 118.30 a written spending plan that authorizes the authority to take the action described in paragraph  
 118.31 (a) and details the use of transferred increment. Additionally, the municipality must approve  
 118.32 the authority's spending plan after holding a public hearing. The municipality must publish

119.1 notice of the hearing in a newspaper of general circulation in the municipality and on the  
 119.2 municipality's public website at least ten days, but not more than 30 days, prior to the date  
 119.3 of the hearing.

119.4 (d) Increment that is improperly retained, received, spent, or transferred is not eligible  
 119.5 for transfer under this subdivision.

119.6 (e) An authority making a transfer under this subdivision must provide to the Office of  
 119.7 the State Auditor a copy of the spending plan approved and signed by the municipality.

119.8 (f) The authority to transfer increments under this subdivision expires on December 31,  
 119.9 2022. All transferred increments must be spent, loaned, or invested by December 31, 2025.  
 119.10 Increment not spent, loaned, or invested by December 31, 2025, must be returned to the  
 119.11 district. The requirement to return increment to the district includes any proceeds, principal,  
 119.12 and interest received on loans of transferred increment; interest or investment earnings on  
 119.13 transferred increment; or other repayments or returns of transferred increment defined as  
 119.14 tax increment under section 469.174, subdivision 25, that remain in the funds or accounts  
 119.15 of the authority or municipality on December 31, 2025, or that are subsequently received  
 119.16 by the authority or municipality. If the district has already been decertified when increment  
 119.17 is returned under this paragraph, the increment shall be treated as excess increment and  
 119.18 distributed as provided in subdivision 2, paragraph (c), clause (4).

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

119.20 Sec. 2. Laws 2010, chapter 389, article 7, section 22, as amended by Laws 2011, chapter  
 119.21 112, article 11, section 16, is amended to read:

119.22 **Sec. 22. CITY OF RAMSEY; TAX INCREMENT FINANCING DISTRICT;**  
 119.23 **SPECIAL RULES.**

119.24 (a) If the city of Ramsey or an authority of the city elects upon the adoption of a tax  
 119.25 increment financing plan for a district, the rules under this section apply to a redevelopment  
 119.26 tax increment financing district established by the city or an authority of the city. The  
 119.27 redevelopment tax increment district includes parcels within the area bounded on the east  
 119.28 by Ramsey Boulevard, on the north by Bunker Lake Boulevard as extended west to Llama  
 119.29 Street, on the west by Llama Street, and on the south by a line running parallel to and 600  
 119.30 feet south of the southerly right-of-way for U.S. Highway 10, but including Parcels  
 119.31 28-32-25-43-0007 and 28-32-25-34-0002 in their entirety, and excluding the Anoka County  
 119.32 Regional Park property in its entirety. A parcel within this area that is included in a tax

120.1 increment financing district that was certified before the date of enactment of this act may  
120.2 be included in the district created under this act if the initial district is decertified.

120.3 (b) The requirements for qualifying a redevelopment tax increment district under  
120.4 Minnesota Statutes, section 469.174, subdivision 10, do not apply to the parcels located  
120.5 within the district.

120.6 (c) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district.  
120.7 Eligible expenditures within the district include but are not limited to (1) the city's share of  
120.8 the costs necessary to provide for the construction of the Northstar Transit Station and  
120.9 related infrastructure, including structured parking, a pedestrian overpass, and roadway  
120.10 improvements, (2) the cost of land acquired by the city or the housing and redevelopment  
120.11 authority in and for the city of Ramsey within the district prior to the establishment of the  
120.12 district, and (3) the cost of public improvements installed within the tax increment financing  
120.13 district prior to the establishment of the district.

120.14 (d) The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities  
120.15 must be undertaken within a five-year period from the date of certification of a tax increment  
120.16 financing district, is considered to be met for the district if the activities were undertaken  
120.17 within ten years from the date of certification of the district.

120.18 (e) Except for administrative expenses, the in-district percentage for purposes of the  
120.19 restriction on pooling under Minnesota Statutes, section 469.1763, subdivision 2, for this  
120.20 district is 100 percent.

120.21 (f) The requirement of Minnesota Statutes, section 469.177, subdivision 4, does not  
120.22 apply to Parcels 28-32-25-42-0021 and 28-32-25-41-0014, where development occurred  
120.23 after enactment of Laws 2010, chapter 389, article 7, section 22, and prior to adoption of  
120.24 the tax increment financing plan for the district.

120.25 (g) The requirement of Minnesota Statutes, section 469.178, subdivision 7, paragraph  
120.26 (b), is considered to be met for the district if the city adopts interfund loan resolutions  
120.27 reflecting the terms and conditions required by Minnesota Statutes, section 469.178,  
120.28 subdivision 7, paragraph (d), by December 31, 2025.

120.29 **EFFECTIVE DATE.** This section is effective the day after the city of Ramsey and its  
120.30 chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and  
120.31 3.

121.1 Sec. 3. Laws 2013, chapter 143, article 9, section 21, is amended to read:

121.2 Sec. 21. **CITY OF MAPLEWOOD; TAX INCREMENT FINANCING DISTRICT;**  
121.3 **SPECIAL RULES.**

121.4 (a) If the city of Maplewood elects, upon the adoption of a tax increment financing plan  
121.5 for a district, the rules under this section apply to one or more redevelopment tax increment  
121.6 financing districts established by the city or the economic development authority of the city.  
121.7 The area within which the redevelopment tax increment districts may be created is parcel  
121.8 362922240002 (the "parcel") or any replatted parcels constituting a part of the parcel and  
121.9 the adjacent rights-of-way. For purposes of this section, the parcel is the "3M Renovation  
121.10 and Retention Project Area" or "project area."

121.11 (b) The requirements for qualifying redevelopment tax increment districts under  
121.12 Minnesota Statutes, section 469.174, subdivision 10, do not apply to the parcel, which is  
121.13 deemed eligible for inclusion in a redevelopment tax increment district.

121.14 (c) The 90 percent rule under Minnesota Statutes, section 469.176, subdivision 4j, does  
121.15 not apply to the parcel.

121.16 (d) The expenditures outside district rule under Minnesota Statutes, section 469.1763,  
121.17 subdivision 2, does not apply; the five-year rule under Minnesota Statutes, section 469.1763,  
121.18 subdivision 3, is extended to ten years; and expenditures must only be made within the  
121.19 project area or the area bounded by State Highway 61 to the West, Interstate Highway 694  
121.20 to the North, White Bear Avenue to the East, and both sides of Beam Avenue to the South.

121.21 (e) If, after one year from the date of certification of the original net tax capacity of the  
121.22 tax increment district, no demolition, rehabilitation, or renovation of property has been  
121.23 commenced on a parcel located within the tax increment district, no additional tax increment  
121.24 may be taken from that parcel, and the original net tax capacity of the parcel shall be excluded  
121.25 from the original net tax capacity of the tax increment district. If 3M Company subsequently  
121.26 commences demolition, rehabilitation, or renovation, the authority shall certify to the county  
121.27 auditor that the activity has commenced, and the county auditor shall certify the net tax  
121.28 capacity thereof as most recently certified by the commissioner of revenue and add it to the  
121.29 original net tax capacity of the tax increment district. The authority must submit to the  
121.30 county auditor evidence that the required activity has taken place for each parcel in the  
121.31 district.

121.32 (f) The authority to approve a tax increment financing plan and to establish a tax  
121.33 increment financing district under this section expires December 31, 2018.

122.1 **EFFECTIVE DATE.** This section is effective the day after the city of Maplewood and  
122.2 its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2  
122.3 and 3.

122.4 Sec. 4. Laws 2014, chapter 308, article 6, section 9, as amended by Laws 2017, First  
122.5 Special Session chapter 1, article 6, section 12, is amended to read:

122.6 **Sec. 9. CITY OF MAPLE GROVE; TAX INCREMENT FINANCING DISTRICT.**

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

122.9 (b) "City" means the city of Maple Grove.

122.10 (c) "Project area" means all or a portion of the area in the city commencing at a point  
122.11 130 feet East and 120 feet North of the southwest corner of the Southeast Quarter of Section  
122.12 23, Township 119, Range 22, Hennepin County, said point being on the easterly right-of-way  
122.13 line of Hemlock Lane; thence northerly along said easterly right-of-way line of Hemlock  
122.14 Lane to a point on the west line of the east one-half of the Southeast Quarter of section 23,  
122.15 thence south along said west line a distance of 1,200 feet; thence easterly to the east line of  
122.16 Section 23, 1,030 feet North from the southeast corner thereof; thence South 74 degrees  
122.17 East 1,285 feet; thence East a distance of 1,000 feet; thence North 59 degrees West a distance  
122.18 of 650 feet; thence northerly to a point on the northerly right-of-way line of 81st Avenue  
122.19 North, 650 feet westerly measured at right angles, from the east line of the Northwest Quarter  
122.20 of Section 24; thence North 13 degrees West a distance of 795 feet; thence West to the west  
122.21 line of the Southeast Quarter of the Northwest Quarter of Section 24; thence North 55  
122.22 degrees West to the south line of the Northwest Quarter of the Northwest Quarter of Section  
122.23 24; thence West along said south line to the east right-of-way line of Zachary Lane; thence  
122.24 North along the east right-of-way line of Zachary Lane to the southwest corner of Lot 1,  
122.25 Block 1, Metropolitan Industrial Park 5th Addition; thence East along the south line of said  
122.26 Lot 1 to the northeast corner of Outlot A, Metropolitan Industrial Park 5th Addition; thence  
122.27 South along the east line of said Outlot A and its southerly extension to the south right-of-way  
122.28 line of County State-Aid Highway (CSAH) 109; thence easterly along the south right-of-way  
122.29 line of CSAH 109 to the east line of the Northwest Quarter of the Northeast Quarter of  
122.30 Section 24; thence South along said east line to the north line of the South Half of the  
122.31 Northeast Quarter of Section 24; thence East along said north line to the westerly right-of-way  
122.32 line of Jefferson Highway North; thence southerly along the westerly right-of-way line of  
122.33 Jefferson Highway to the centerline of CSAH 130; thence continuing South along the west

123.1 right-of-way line of Pilgrim Lane North to the westerly extension of the north line of Outlot  
123.2 A, Park North Fourth Addition; thence easterly along the north line of Outlot A, Park North  
123.3 Fourth Addition to the northeast corner of said Outlot A; thence southerly along the east  
123.4 line of said Outlot A to the southeast corner of said Outlot A; thence easterly along the south  
123.5 line of Lot 1, Block 1, Park North Fourth Addition to the westerly right-of-way line of State  
123.6 Highway 169; thence southerly, southwesterly, westerly, and northwesterly along the  
123.7 westerly right-of-way line of State Highway 169 and the northerly right-of-way line of  
123.8 Interstate 694 to its intersection with the southerly extension of the easterly right-of-way  
123.9 line of Zachary Lane North; thence northerly along the easterly right-of-way line of Zachary  
123.10 Lane North and its northerly extension to the north right-of-way line of CSAH 130; thence  
123.11 westerly, southerly, northerly, southwesterly, and northwesterly to the point of beginning  
123.12 and there terminating, provided that the project area includes the rights-of-way for all present  
123.13 and future highway interchanges abutting the area described in this paragraph, and may  
123.14 include any additional property necessary to cause the property included in the tax increment  
123.15 financing district to consist of complete parcels.

123.16 (d) "Soil deficiency district" means a type of tax increment financing district consisting  
123.17 of a portion of the project area in which the city finds by resolution that the following  
123.18 conditions exist:

123.19 (1) unusual terrain or soil deficiencies that occurred over 80 percent of the acreage in  
123.20 the district require substantial filling, grading, or other physical preparation for use; and

123.21 (2) the estimated cost of the physical preparation under clause (1), but excluding costs  
123.22 directly related to roads as defined in Minnesota Statutes, section 160.01, and local  
123.23 improvements as described in Minnesota Statutes, sections 429.021, subdivision 1, clauses  
123.24 (1) to (7), (11), and (12), and 430.01, exceeds the fair market value of the land before  
123.25 completion of the preparation.

123.26 Subd. 2. **Special rules.** (a) If the city elects, upon the adoption of the tax increment  
123.27 financing plan for a district, the rules under this section apply to a redevelopment district,  
123.28 renewal and renovation district, soil condition district, or soil deficiency district established  
123.29 by the city or a development authority of the city in the project area.

123.30 (b) Prior to or upon the adoption of the first tax increment plan subject to the special  
123.31 rules under this subdivision, the city must find by resolution that parcels consisting of at  
123.32 least 80 percent of the acreage of the project area, excluding street and railroad rights-of-way,  
123.33 are characterized by one or more of the following conditions:

124.1 (1) peat or other soils with geotechnical deficiencies that impair development of  
124.2 commercial buildings or infrastructure;

124.3 (2) soils or terrain that require substantial filling in order to permit the development of  
124.4 commercial buildings or infrastructure;

124.5 (3) landfills, dumps, or similar deposits of municipal or private waste;

124.6 (4) quarries or similar resource extraction sites;

124.7 (5) floodway; and

124.8 (6) substandard buildings, within the meaning of Minnesota Statutes, section 469.174,  
124.9 subdivision 10.

124.10 (c) For the purposes of paragraph (b), clauses (1) to (5), a parcel is characterized by the  
124.11 relevant condition if at least 70 percent of the area of the parcel contains the relevant  
124.12 condition. For the purposes of paragraph (b), clause (6), a parcel is characterized by  
124.13 substandard buildings if substandard buildings occupy at least 30 percent of the area of the  
124.14 parcel.

124.15 (d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is  
124.16 extended to ~~eight~~ 13 years for any district, and Minnesota Statutes, section 469.1763,  
124.17 subdivision 4, does not apply to any district.

124.18 (e) Notwithstanding any provision to the contrary in Minnesota Statutes, section 469.1763,  
124.19 subdivision 2, paragraph (a), not more than 40 percent of the total revenue derived from tax  
124.20 increments paid by properties in any district, measured over the life of the district, may be  
124.21 expended on activities outside the district but within the project area.

124.22 (f) For a soil deficiency district:

124.23 (1) increments may be collected through ~~20~~ 25 years after the receipt by the authority  
124.24 of the first increment from the district;

124.25 (2) increments may be used only to:

124.26 (i) acquire parcels on which the improvements described in item (ii) will occur;

124.27 (ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the additional  
124.28 cost of installing public improvements directly caused by the deficiencies; and

124.29 (iii) pay for the administrative expenses of the authority allocable to the district; and

124.30 (3) any parcel acquired with increments from the district must be sold at no less than  
124.31 their fair market value.

125.1 (g) Increments spent for any infrastructure costs, whether inside a district or outside a  
 125.2 district but within the project area, are deemed to satisfy the requirements of Minnesota  
 125.3 Statutes, section 469.176, subdivision 4j.

125.4 (h) The authority to approve tax increment financing plans to establish tax increment  
 125.5 financing districts under this section expires June 30, 2020.

125.6 (i) Notwithstanding the restrictions in paragraph (f), clause (2), the city may use  
 125.7 increments from a soil deficiency district to acquire parcels and for other infrastructure costs  
 125.8 either inside or outside of the district, but within the project area, if the acquisition or  
 125.9 infrastructure is for a qualified development. For purposes of this paragraph, a development  
 125.10 is a qualified development only if all of the following requirements are satisfied:

125.11 (1) the city finds, by resolution, that the land acquisition and infrastructure are undertaken  
 125.12 primarily to serve the development;

125.13 (2) the city has a binding, written commitment and adequate financial assurances from  
 125.14 the developer that the development will be constructed; and

125.15 (3) the development does not consist of retail trade or housing improvements.

125.16 **EFFECTIVE DATE.** (a) The amendment to subdivision 2, paragraph (d), is effective  
 125.17 the day after the governing body of the city of Maple Grove and its chief clerical officer  
 125.18 comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and  
 125.19 3.

125.20 (b) The amendment to subdivision 2, paragraph (f), is effective upon compliance by the  
 125.21 city of Maple Grove, Hennepin County, and Independent School District No. 279 with the  
 125.22 requirements of Minnesota Statutes, section 469.1782, subdivision 2.

125.23 Sec. 5. Laws 2017, First Special Session chapter 1, article 6, section 22, is amended to  
 125.24 read:

125.25 **Sec. 22. CITY OF ST. PAUL; FORD SITE REDEVELOPMENT TIF DISTRICT.**

125.26 (a) For purposes of computing the duration limits under Minnesota Statutes, section  
 125.27 469.176, subdivision 1b, the housing and redevelopment authority of the city of St. Paul  
 125.28 may waive receipt of increment for the Ford Site Redevelopment Tax Increment Financing  
 125.29 District. This authority is limited to the first four years of increment or increments derived  
 125.30 from taxes payable in 2023, whichever occurs first.

126.1 (b) If the city elects to waive receipt of increment under paragraph (a), for purposes of  
 126.2 applying any limits based on when the district was certified under Minnesota Statutes,  
 126.3 section 469.176, subdivision 6, or 469.1763, the date of certification for the district is deemed  
 126.4 to be January 2 of the property tax assessment year for which increment is first received  
 126.5 under the waiver.

126.6 (c) The five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is  
 126.7 extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision  
 126.8 4, relating to the use of increment after the expiration of the five-year period, is extended  
 126.9 to 11 years for the Ford Site Redevelopment Tax Increment Financing District in the city  
 126.10 of St. Paul.

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

126.14 Sec. 6. **CITY OF BLOOMINGTON; TEMPORARY USE OF INCREMENT;**  
 126.15 **EXTENSION.**

126.16 (a) Notwithstanding Minnesota Statutes, section 469.176, subdivision 4n, the city of  
 126.17 Bloomington may elect to spend, loan, or invest transferred increment, including any interest  
 126.18 or investment earnings on such transferred increment, as authorized under Minnesota  
 126.19 Statutes, section 469.176, subdivision 4n, through December 31, 2027, provided that:

126.20 (1) construction commences prior to December 31, 2027;

126.21 (2) the transferred increment was collected from and used in TIF District No. 1-C or  
 126.22 TIF District No. 1-G, in the city of Bloomington; and

126.23 (3) the use of the transferred increment is detailed in the city's written spending plan  
 126.24 adopted pursuant to Minnesota Statutes, section 469.176, subdivision 4n, paragraph (c).

126.25 (b) Increment not spent, loaned, or invested by December 31, 2027, must be returned  
 126.26 to the district. The requirement to return increment to the district includes any proceeds,  
 126.27 principal, and interest received on loans of transferred increment; interest or investment  
 126.28 earnings on transferred increment; or other repayments or returns of transferred increment  
 126.29 defined as tax increment under Minnesota Statutes, section 469.174, subdivision 25, that  
 126.30 remain in the funds or accounts of the authority or municipality on December 31, 2027, or  
 126.31 that are subsequently received by the authority or municipality.

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

127.4 Sec. 7. **CITY OF BROOKLYN CENTER; TIF AUTHORITY.**

127.5 Subdivision 1. **Establishment.** Under the special rules established in subdivision 2, the  
127.6 economic development authority of the city of Brooklyn Center or the city of Brooklyn  
127.7 Center may establish not more than two redevelopment tax increment financing districts  
127.8 located wholly within the area in the city identified as the "Opportunity Site," which includes  
127.9 the area bounded by Shingle Creek Parkway from Hennepin County State-Aid Highway  
127.10 10 to Summit Drive North; Summit Drive North from Shingle Creek Parkway to marked  
127.11 Trunk Highway 100; marked Trunk Highway 100 from Summit Drive North to Hennepin  
127.12 County State-Aid Highway 10; and Hennepin County State-Aid Highway 10 from marked  
127.13 Trunk Highway 100 to Shingle Creek Parkway, together with internal and adjacent roads  
127.14 and rights of way.

127.15 Subd. 2. **Special rules.** If the city or the authority establishes a tax increment financing  
127.16 district under this section, the following special rules apply:

127.17 (1) the district is deemed to meet all the requirements of Minnesota Statutes, section  
127.18 469.174, subdivision 10; and

127.19 (2) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district.

127.20 Subd. 3. **Expiration.** The authority to approve a tax increment financing plan to establish  
127.21 a tax increment financing district under this section expires on December 31, 2031.

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

127.25 Sec. 8. **CITY OF BROOKLYN PARK; TIF AUTHORITY; 610/ZANE AREA.**

127.26 Subdivision 1. **Establishment of districts.** Under the special rules established in  
127.27 subdivision 2, the economic development authority of the city of Brooklyn Park or the city  
127.28 of Brooklyn Park may establish not more than two redevelopment districts located wholly  
127.29 within the area of the city of Brooklyn Park. The districts may be composed of the following  
127.30 parcels identified by their current parcel identification numbers together with adjacent and  
127.31 internal roads and rights-of-way:

128.1	<u>0811921410009</u>	<u>0811921440008</u>	<u>0911921210097</u>	<u>0911921210099</u>	<u>0911921220014</u>
128.2	<u>0911921220015</u>	<u>0911921220068</u>	<u>0911921230005</u>	<u>0911921320016</u>	<u>0911921320021</u>
128.3	<u>0911921320024</u>	<u>0911921330006</u>	<u>0911921340015</u>	<u>0911921340016</u>	<u>0911921430009</u>
128.4	<u>0911921430010</u>	<u>0911921430011</u>	<u>0911921430012</u>	<u>0911921430016</u>	<u>0911921430023</u>
128.5	<u>0911921430027</u>	<u>0911921430043</u>	<u>0911921430047</u>	<u>0911921430050</u>	<u>0911921430051</u>
128.6	<u>0911921430052</u>	<u>0911921430056</u>	<u>0911921430066</u>	<u>0911921430070</u>	<u>0911921430074</u>
128.7	<u>0911921430075</u>	<u>0911921430079</u>	<u>0911921430084</u>	<u>0911921430085</u>	<u>0911921430089</u>
128.8	<u>0911921430091</u>	<u>0911921430092</u>	<u>0911921430096</u>	<u>0911921430101</u>	<u>0911921430106</u>
128.9	<u>0911921430109</u>	<u>0911921430111</u>	<u>0911921430116</u>	<u>0911921430119</u>	<u>0911921120005</u>
128.10	<u>0911921210007</u>	<u>0911921230008</u>	<u>0911921230049</u>	<u>0911921240006</u>	<u>0911921240009</u>
128.11	<u>0911921320018</u>	<u>0911921330009</u>	<u>0911921430006</u>	<u>0911921430014</u>	<u>0911921430015</u>
128.12	<u>0911921430019</u>	<u>0911921430020</u>	<u>0911921430028</u>	<u>0911921430030</u>	<u>0911921430033</u>
128.13	<u>0911921430037</u>	<u>0911921430038</u>	<u>0911921430040</u>	<u>0911921430048</u>	<u>0911921430054</u>
128.14	<u>0911921430055</u>	<u>0911921430059</u>	<u>0911921430069</u>	<u>0911921430071</u>	<u>0911921430072</u>
128.15	<u>0911921430076</u>	<u>0911921430080</u>	<u>0911921430081</u>	<u>0911921430082</u>	<u>0911921430083</u>
128.16	<u>0911921430086</u>	<u>0911921430087</u>	<u>0911921430088</u>	<u>0911921430094</u>	<u>0911921430095</u>
128.17	<u>0911921430099</u>	<u>0911921430104</u>	<u>0911921430114</u>	<u>0911921210006</u>	<u>0911921210096</u>
128.18	<u>0911921210100</u>	<u>0911921210101</u>	<u>0911921220008</u>	<u>0911921220017</u>	<u>0911921230014</u>
128.19	<u>0911921230015</u>	<u>0911921240004</u>	<u>0911921240007</u>	<u>0911921310010</u>	<u>0911921310011</u>
128.20	<u>0911921310012</u>	<u>0911921330010</u>	<u>0911921330012</u>	<u>0911921340009</u>	<u>0911921430013</u>
128.21	<u>0911921430017</u>	<u>0911921430021</u>	<u>0911921430022</u>	<u>0911921430026</u>	<u>0911921430031</u>
128.22	<u>0911921430032</u>	<u>0911921430036</u>	<u>0911921430041</u>	<u>0911921430042</u>	<u>0911921430046</u>
128.23	<u>0911921430053</u>	<u>0911921430057</u>	<u>0911921430064</u>	<u>0911921430065</u>	<u>0911921430073</u>
128.24	<u>0911921430077</u>	<u>0911921430078</u>	<u>0911921430100</u>	<u>0911921430105</u>	<u>0911921430107</u>
128.25	<u>0911921430108</u>	<u>0911921430110</u>	<u>0911921430115</u>	<u>0911921430117</u>	<u>0911921430118</u>
128.26	<u>0811921140050</u>	<u>0811921140051</u>	<u>0911921210005</u>	<u>0911921210095</u>	<u>0911921220070</u>
128.27	<u>0911921220071</u>	<u>0911921230009</u>	<u>0911921230010</u>	<u>0911921230011</u>	<u>0911921230012</u>
128.28	<u>0911921230013</u>	<u>0911921240005</u>	<u>0911921240008</u>	<u>0911921310007</u>	<u>0911921310009</u>
128.29	<u>0911921320023</u>	<u>0911921330008</u>	<u>0911921330011</u>	<u>0911921340008</u>	<u>0911921340014</u>
128.30	<u>0911921340017</u>	<u>0911921430018</u>	<u>0911921430024</u>	<u>0911921430025</u>	<u>0911921430029</u>
128.31	<u>0911921430034</u>	<u>0911921430035</u>	<u>0911921430039</u>	<u>0911921430044</u>	<u>0911921430045</u>
128.32	<u>0911921430049</u>	<u>0911921430058</u>	<u>0911921430060</u>	<u>0911921430061</u>	<u>0911921430062</u>
128.33	<u>0911921430063</u>	<u>0911921430067</u>	<u>0911921430068</u>	<u>0911921430090</u>	<u>0911921430093</u>
128.34	<u>0911921430097</u>	<u>0911921430098</u>	<u>0911921430102</u>	<u>0911921430103</u>	<u>0911921430112</u>
128.35	<u>0911921430113</u>	<u>0911921430120</u>	<u>1011921330022</u>		

128.36 Subd. 2. Special rules. If the city or the authority establishes a tax increment financing  
128.37 district under subdivision 1, the following special rules apply:

129.1 (1) the districts are deemed to meet all the requirements of Minnesota Statutes, section  
 129.2 469.174, subdivision 10; and

129.3 (2) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district.

129.4 Subd. 3. **Expiration.** The authority to approve a tax increment financing plan to establish  
 129.5 a tax increment finance district under this section expires on December 31, 2031.

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

129.9 Sec. 9. **CITY OF BROOKLYN PARK; TIF AUTHORITY; BIOTECH AREA.**

129.10 Subdivision 1. **Establishment of districts.** Under the special rules established in  
 129.11 subdivision 2, the economic development authority of the city of Brooklyn Park or the city  
 129.12 of Brooklyn Park may establish not more than two redevelopment districts located wholly  
 129.13 within the area of the city of Brooklyn Park. The districts may be composed of the following  
 129.14 parcels identified by their current parcel identification numbers together with adjacent and  
 129.15 internal roads and rights-of-way:

129.16 0711921110003 0711921120006 0711921110007 0711921140001 0711921140002

129.17 0711921140007 0711921240002 0711921240004 0711921110004 0711921110006

129.18 0711921110008 0711921120005 0711921130005 0711921140005 0711921140006

129.19 0711921210003 0811921230002 0811921230004 0711921110005 0711921120009

129.20 0711921220003 0711921230001 0711921230002 0811921220002

129.21 Subd. 2. **Special rules.** If the city or the authority establishes a tax increment financing  
 129.22 district under subdivision 1, the following special rules apply:

129.23 (1) the districts are deemed to meet all the requirements of Minnesota Statutes, section  
 129.24 469.174, subdivision 10; and

129.25 (2) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district.

129.26 Subd. 3. **Expiration.** The authority to approve a tax increment financing plan to establish  
 129.27 a tax increment finance district under this section expires on December 31, 2031.

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

130.1 **Sec. 10. CITY OF BROOKLYN PARK; TIF AUTHORITY; BROOKLYN**  
 130.2 **BOULEVARD/WEST BROADWAY AREA.**

130.3 **Subdivision 1. Establishment of districts.** Under the special rules established in  
 130.4 subdivision 2, the economic development authority of the city of Brooklyn Park or the city  
 130.5 of Brooklyn Park may establish not more than two redevelopment tax increment financing  
 130.6 districts located wholly within the area of the city of Brooklyn Park. The districts may be  
 130.7 composed of the following parcels identified by their current parcel identification numbers  
 130.8 together with adjacent and internal roads and rights-of-way:

130.9	<u>2011921430092</u>	<u>2011921430099</u>	<u>2011921440089</u>	<u>2011921430101</u>	<u>2011921440088</u>
130.10	<u>2911921120001</u>	<u>2911921120004</u>	<u>2911921120032</u>	<u>2911921110004</u>	<u>2911921120005</u>
130.11	<u>2011921430093</u>	<u>2011921430100</u>	<u>2011921430102</u>	<u>2011921430103</u>	<u>2911921110118</u>
130.12	<u>2911921120006</u>	<u>2911921120043</u>	<u>2011921340022</u>	<u>2011921340027</u>	<u>2011921340036</u>
130.13	<u>2011921340038</u>	<u>2011921340042</u>	<u>2011921340047</u>	<u>2011921340048</u>	<u>2011921340070</u>
130.14	<u>2011921340071</u>	<u>2011921340026</u>	<u>2011921340037</u>	<u>2011921340046</u>	<u>2011921340050</u>
130.15	<u>2011921340069</u>	<u>2011921340075</u>	<u>2011921340079</u>	<u>2011921340080</u>	<u>2011921330004</u>
130.16	<u>2011921330005</u>	<u>2011921330006</u>	<u>2011921330012</u>	<u>2011921340024</u>	<u>2011921340025</u>
130.17	<u>2011921340029</u>	<u>2011921340044</u>	<u>2011921340066</u>	<u>2011921340068</u>	<u>2011921340073</u>
130.18	<u>2011921340076</u>	<u>2011921340078</u>	<u>2911921210023</u>	<u>2911921210030</u>	<u>2911921210040</u>
130.19	<u>2911921210042</u>	<u>2911921210051</u>	<u>2911921210052</u>	<u>2911921210054</u>	<u>2911921210056</u>
130.20	<u>2911921210057</u>	<u>2911921210063</u>	<u>2911921210074</u>	<u>2911921210077</u>	<u>2911921210078</u>
130.21	<u>2911921210079</u>	<u>2911921210090</u>	<u>2911921220010</u>	<u>2911921220012</u>	<u>2911921220021</u>
130.22	<u>2911921220023</u>	<u>2911921220025</u>	<u>2911921240102</u>	<u>2911921240117</u>	<u>2911921240132</u>
130.23	<u>2911921210021</u>	<u>2911921210024</u>	<u>2911921210025</u>	<u>2911921210026</u>	<u>2911921210027</u>
130.24	<u>2911921210028</u>	<u>2911921210029</u>	<u>2911921210034</u>	<u>2911921210035</u>	<u>2911921210037</u>
130.25	<u>2911921210038</u>	<u>2911921210039</u>	<u>2911921210053</u>	<u>2911921210061</u>	<u>2911921210062</u>
130.26	<u>2911921210066</u>	<u>2911921210070</u>	<u>2911921210073</u>	<u>2911921210081</u>	<u>2911921210082</u>
130.27	<u>2911921210086</u>	<u>2911921210094</u>	<u>2911921210105</u>	<u>2911921210106</u>	<u>2911921220011</u>
130.28	<u>2911921220020</u>	<u>2911921220022</u>	<u>2911921220028</u>	<u>2911921240101</u>	<u>2911921240104</u>
130.29	<u>2911921240105</u>	<u>2911921240106</u>	<u>2911921240109</u>	<u>2911921240134</u>	<u>2911921210007</u>
130.30	<u>2911921210050</u>	<u>2911921210055</u>	<u>2911921210058</u>	<u>2911921210059</u>	<u>2911921210071</u>
130.31	<u>2911921210083</u>	<u>2911921210104</u>	<u>2911921240095</u>	<u>2911921240099</u>	<u>2911921240118</u>
130.32	<u>2011921320010</u>	<u>2011921330003</u>	<u>2011921330007</u>	<u>2011921340023</u>	<u>2011921340028</u>
130.33	<u>2011921340034</u>	<u>2011921340035</u>	<u>2011921340039</u>	<u>2011921340040</u>	<u>2011921340043</u>
130.34	<u>2011921340045</u>	<u>2011921340049</u>	<u>2011921340077</u>	<u>2911921210022</u>	<u>2911921210031</u>
130.35	<u>2911921210032</u>	<u>2911921210033</u>	<u>2911921210036</u>	<u>2911921210041</u>	<u>2911921210060</u>
130.36	<u>2911921210064</u>	<u>2911921210065</u>	<u>2911921210067</u>	<u>2911921210068</u>	<u>2911921210069</u>
130.37	<u>2911921210080</u>	<u>2911921210084</u>	<u>2911921210085</u>	<u>2911921210087</u>	<u>2911921210088</u>

131.1 2911921210089 2911921210091 2911921210092 2911921210093 2911921210096  
 131.2 2911921210103 2911921210111 2911921220024 2911921220026 2911921220029  
 131.3 2911921240100 2911921240103 2911921240107 2911921240133 2911921240135  
 131.4 3011921110009 3011921110007

131.5 and the following roadways within the city of Brooklyn Park: Brooklyn Boulevard (from  
 131.6 and including the intersection at Highway 169 to and including the intersection at Kentucky  
 131.7 Avenue North) and West Broadway Avenue (from and including the intersection at 75th  
 131.8 Avenue and to and including the intersection at 78th Avenue).

131.9 Subd. 2. **Special rules.** If the city or the authority establishes a tax increment financing  
 131.10 district under subdivision 1, the following special rules apply:

131.11 (1) the districts are deemed to meet all the requirements of Minnesota Statutes, section  
 131.12 469.174, subdivision 10; and

131.13 (2) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district.

131.14 Subd. 3. **Expiration.** The authority to approve a tax increment financing plan to establish  
 131.15 a tax increment finance district under this section expires on December 31, 2031.

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

131.19 Sec. 11. **CITY OF EDEN PRAIRIE; TAX INCREMENT FINANCING AUTHORITY;**  
 131.20 **EDEN PRAIRIE CENTER.**

131.21 Subdivision 1. **Establishment.** Pursuant to the special rules established in subdivision  
 131.22 2, the economic development authority of the city of Eden Prairie or the city of Eden Prairie  
 131.23 may establish not more than two redevelopment districts located within the area of the city  
 131.24 of Eden Prairie consisting of parcels, together with adjacent roads and rights-of-way, within  
 131.25 the area surrounded by Flying Cloud Drive, West 78th Street, and Prairie Center Drive.

131.26 Subd. 2. **Special rules.** If the city or authority establishes a tax increment financing  
 131.27 district under this section, the following special rules apply:

131.28 (1) the districts are deemed to meet the requirements of Minnesota Statutes, section  
 131.29 469.174, subdivision 10; and

131.30 (2) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district.

131.31 Subd. 3. **Expiration.** The authority to approve a tax increment financing plan to establish  
 131.32 a tax increment financing district under this section expires December 31, 2026.

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

132.4 Sec. 12. **CITY OF EDINA; 70TH & FRANCE TIF DISTRICT; FIVE-YEAR RULE**  
 132.5 **EXTENSION; DURATION EXTENSION.**

132.6 (a) The five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is  
 132.7 extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision  
 132.8 4, relating to the use of increment after the expiration of the five-year period, is extended  
 132.9 to 11 years for Tax Increment Financing District 70th & France in the city of Edina.

132.10 (b) Notwithstanding Minnesota Statutes, section 469.176, subdivisions 1b and 1d, the  
 132.11 city of Edina or its housing and redevelopment authority may elect to extend the duration  
 132.12 of the district by ten years for Tax Increment Financing District 70th & France.

132.13 **EFFECTIVE DATE.** Paragraph (a) is effective the day after the governing body of the  
 132.14 city of Edina and its chief clerical officer comply with the requirements of Minnesota  
 132.15 Statutes, section 645.021, subdivisions 2 and 3. Paragraph (b) is effective upon compliance  
 132.16 by the governing bodies of the city of Edina, Hennepin County, and Independent School  
 132.17 District No. 273 with the requirements of Minnesota Statutes, section 469.1782, subdivision  
 132.18 2.

132.19 Sec. 13. **CITY OF EDINA; 72ND & FRANCE 2 TIF DISTRICT; FIVE-YEAR RULE**  
 132.20 **EXTENSION; DURATION EXTENSION.**

132.21 (a) The five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is  
 132.22 extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision  
 132.23 4, relating to the use of increment after the expiration of the five-year period, is extended  
 132.24 to 11 years for Tax Increment Financing District 72nd & France 2 in the city of Edina.

132.25 (b) Notwithstanding Minnesota Statutes, section 469.176, subdivisions 1b and 1d, the  
 132.26 city of Edina or its housing and redevelopment authority may elect to extend the duration  
 132.27 of the district by five years for Tax Increment Financing District 72nd & France 2.

132.28 **EFFECTIVE DATE.** Paragraph (a) is effective the day after the governing body of the  
 132.29 city of Edina and its chief clerical officer comply with the requirements of Minnesota  
 132.30 Statutes, section 645.021, subdivisions 2 and 3. Paragraph (b) is effective upon compliance  
 132.31 by the governing bodies of the city of Edina, Hennepin County, and Independent School

133.1 District No. 273 with the requirements of Minnesota Statutes, section 469.1782, subdivision  
133.2 2.

133.3 Sec. 14. **CITY OF MARSHALL; TEMPORARY USE OF INCREMENT;**  
133.4 **EXTENSION.**

133.5 (a) Notwithstanding Minnesota Statutes, section 469.176, subdivision 4n, paragraph (f),  
133.6 the city of Marshall may elect to spend, loan, or invest transferred increment, including any  
133.7 interest or investment earnings on such transferred increment, as authorized under Minnesota  
133.8 Statutes, section 469.176, subdivision 4n, through December 31, 2027, provided that the  
133.9 transferred increment was collected from TIF District No. 1-1, TIF District No. 1-7, or TIF  
133.10 District No. 2-1, in the city of Marshall, and the use of the transferred increment is detailed  
133.11 in the city's written spending plan adopted pursuant to Minnesota Statutes, section 469.176,  
133.12 subdivision 4n, paragraph (c).

133.13 (b) Increment not spent, loaned, or invested by December 31, 2027, must be returned  
133.14 to the district. The requirement to return increment to the district includes any proceeds,  
133.15 principal, and interest received on loans of transferred increment; interest or investment  
133.16 earnings on transferred increment; or other repayments or returns of transferred increment  
133.17 defined as tax increment under Minnesota Statutes, section 469.174, subdivision 25, that  
133.18 remain in the funds or accounts of the authority or municipality on December 31, 2027, or  
133.19 that are subsequently received by the authority or municipality.

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

133.23 Sec. 15. **CITY OF MINNETONKA; OPUS TIF DISTRICT; FIVE-YEAR RULE**  
133.24 **EXTENSION.**

133.25 (a) The five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is  
133.26 extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision  
133.27 4, relating to the use of increment after the expiration of the five-year period, is extended  
133.28 to 11 years for the Opus tax increment financing district established in 2021 by the economic  
133.29 development authority in the city of Minnetonka.

133.30 (b) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district.

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

134.4 Sec. 16. **CITY OF MOORHEAD; TAX INCREMENT FINANCING DISTRICT**  
134.5 **NO. 31; FIVE-YEAR RULE EXTENSION.**

134.6 The five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is  
134.7 extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision  
134.8 4, relating to the use of increment after the expiration of the five-year period, is extended  
134.9 to 11 years for Tax Increment Financing District No. 31 in the city of Moorhead.

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

134.13 Sec. 17. **CITY OF OAKDALE; TEMPORARY USE OF INCREMENT; EXTENSION.**

134.14 (a) Notwithstanding Minnesota Statutes, section 469.176, subdivision 4n, paragraph (f),  
134.15 the city of Oakdale may elect to spend, loan, or invest transferred increment, including any  
134.16 interest or investment earnings on such transferred increment, as authorized under Minnesota  
134.17 Statutes, section 469.176, subdivision 4n, through December 31, 2027, provided that the  
134.18 transferred increment was collected from TIF District No. 1-4 or TIF District No. 1-6, in  
134.19 the city of Oakdale, and the use of the transferred increment is detailed in the city's written  
134.20 spending plan adopted pursuant to Minnesota Statutes, section 469.176, subdivision 4n,  
134.21 paragraph (c).

134.22 (b) Increment not spent, loaned, or invested by December 31, 2027, must be returned  
134.23 to the district. The requirement to return increment to the district includes any proceeds,  
134.24 principal, and interest received on loans of transferred increment; interest or investment  
134.25 earnings on transferred increment; or other repayments or returns of transferred increment  
134.26 defined as tax increment under Minnesota Statutes, section 469.174, subdivision 25, that  
134.27 remain in the funds or accounts of the authority or municipality on December 31, 2027, or  
134.28 that are subsequently received by the authority or municipality.

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

135.1 **Sec. 18. CITY OF PLYMOUTH; TAX INCREMENT FINANCING;**  
135.2 **ESTABLISHMENT.**

135.3 **Subdivision 1. Establishment.** Under the special rules established in subdivision 2, the  
135.4 city of Plymouth may establish not more than two redevelopment districts located wholly  
135.5 within the city of Plymouth, Hennepin County, Minnesota, limited to the area identified as  
135.6 the city center district in the Plymouth, Minnesota Zoning Map in effect on January 1, 2024,  
135.7 and adopted pursuant to section 21000.12 of the Plymouth Zoning Code of Ordinances.

135.8 **Subd. 2. Special rules.** If the city establishes a tax increment financing district under  
135.9 this section, the following special rules apply:

135.10 (1) the district is deemed to meet the requirements of Minnesota Statutes, section 469.174,  
135.11 subdivision 10;

135.12 (2) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district;  
135.13 and

135.14 (3) the five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is  
135.15 extended to ten years, and the period under Minnesota Statutes, section 469.1763, subdivision  
135.16 4, relating to the use of increment after the expiration of the five-year period, is extended  
135.17 to 11 years.

135.18 **Subd. 3. Expiration.** The authority to approve a tax increment financing plan to establish  
135.19 a tax increment financing district under this section expires December 31, 2031.

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

135.23 **Sec. 19. CITY OF ST. CLOUD; TAX INCREMENT FINANCING;**  
135.24 **ESTABLISHMENT.**

135.25 **Subdivision 1. Establishment.** Under the special rules established in subdivision 2, the  
135.26 economic development authority of the city of St. Cloud or the city of St. Cloud may establish  
135.27 not more than two redevelopment districts adjacent to the Division Street corridor or within  
135.28 the Central Business District or Fringe Central District, limited to the following parcels  
135.29 identified by tax identification numbers, together with the adjacent roads and rights-of-way:

135.30 (1) in Stearns County: 82517020000 (Lady Slipper Catalyst Site); 82515440001 (North  
135.31 Riverfront Catalyst Site); 82515470000; 82515480000 (Empire Catalyst Site); 82518760015  
135.32 (Swan Lot Catalyst Site); 82528850020 (Riverboat Lot Catalyst Site); 82528850001 (Former

136.1 Herberger's); 82528850065 (Former Herberger's); 82528850005 (Former Herberger's);  
 136.2 82528850053; 82528850050; 82528850048 (Former Press Bar/Cowboy Jacks Lots); and  
 136.3 (2) in Benton County: 170037810 (Transit Oriented Development Catalyst Site);  
 136.4 170058101 (Ace Block Catalyst Site); 170042000; 170041600; 170041100; 170041601;  
 136.5 170041200; 170041800; 170059600 (Star Bank Catalyst Site); 170059300 (Riverfront South  
 136.6 Catalyst Site); 170058300; 170059200; 170058600; 170058800; 170059100; 170058900;  
 136.7 1700113900 (Transit Oriented Development Catalyst Site); 170060600; 170060700; and  
 136.8 170060800 (EDA Parking Lot & adjacent sites).

136.9 Subd. 2. **Special rules.** If the city or authority establishes a tax increment financing  
 136.10 district under this section, the following special rules apply:

136.11 (1) the districts are deemed to meet all the requirements of Minnesota Statutes, section  
 136.12 469.174, subdivision 10;

136.13 (2) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district;  
 136.14 and

136.15 (3) increments generated from the districts may be expended for the reconstruction,  
 136.16 expansion, or new construction of adjacent public infrastructure, including but not limited  
 136.17 to public parking, streets, and utilities necessary to serve the development, and all  
 136.18 expenditures under this clause are deemed expended on activities within the district for  
 136.19 purposes of Minnesota Statutes, section 469.1763.

136.20 Subd. 3. **Expiration.** The authority to approve a tax increment financing plan to establish  
 136.21 a tax increment financing district under this section expires on December 31, 2031.

136.22 **EFFECTIVE DATE.** This section is effective the day after the city of St. Cloud and  
 136.23 its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021,  
 136.24 subdivisions 2 and 3.

## 136.25 **ARTICLE 7**

### 136.26 **PUBLIC FINANCE**

136.27 Section 1. Minnesota Statutes 2024, section 373.40, subdivision 2, is amended to read:

136.28 Subd. 2. **Application of election requirement.** (a) Bonds issued by a county to finance  
 136.29 capital improvements under an approved capital improvement plan are not subject to the  
 136.30 election requirements of section 375.18 or 475.58. The bonds must be approved by vote of  
 136.31 at least three-fifths of the members of the county board. In the case of a metropolitan county,

137.1 the bonds must be approved by vote of at least two-thirds of the members of the county  
137.2 board.

137.3 (b) Before issuance of bonds qualifying under this section, the county must publish a  
137.4 notice of its intention to issue the bonds and the date and time of a hearing to obtain public  
137.5 comment on the matter. The notice must be published in the official newspaper of the county  
137.6 or in a newspaper of general circulation in the county. The notice must be published at least  
137.7 ~~14~~ ten, but not more than 28, days before the date of the hearing.

137.8 (c) A county may issue the bonds only upon obtaining the approval of a majority of the  
137.9 voters voting on the question of issuing the obligations, if a petition requesting a vote on  
137.10 the issuance is signed by voters equal to five percent of the votes cast in the county in the  
137.11 last county general election and is filed with the county auditor within 30 days after the  
137.12 public hearing. If the county elects not to submit the question to the voters, the county shall  
137.13 not propose the issuance of bonds under this section for the same purpose and in the same  
137.14 amount for a period of 365 days from the date of receipt of the petition. If the question of  
137.15 issuing the bonds is submitted and not approved by the voters, the provisions of section  
137.16 475.58, subdivision 1a, shall apply.

137.17 Sec. 2. Minnesota Statutes 2024, section 446A.086, subdivision 1, is amended to read:

137.18 Subdivision 1. **Definitions.** (a) As used in this section, the following terms have the  
137.19 meanings given.

137.20 (b) "Authority" means the Minnesota Public Facilities Authority.

137.21 (c) "Commissioner" means the commissioner of management and budget.

137.22 (d) "Debt obligation" means:

137.23 (1) a general obligation bond or note issued by a county, a bond or note to which the  
137.24 general obligation of a county is pledged under section 469.034, subdivision 2, or a bond  
137.25 or note payable from a county lease obligation under section 641.24, to provide funds for  
137.26 the construction of:

137.27 (i) jails;

137.28 (ii) correctional facilities;

137.29 (iii) law enforcement facilities;

137.30 (iv) a courthouse or justice center, if connected to a jail, correctional facility, or other  
137.31 law enforcement facility;

- 138.1 ~~(iv)~~ (v) social services and human services facilities;
- 138.2 ~~(v)~~ (vi) solid waste facilities; or
- 138.3 ~~(vi)~~ (vii) qualified housing development projects as defined in section 469.034,
- 138.4 subdivision 2; or
- 138.5 (2) a general obligation bond or note issued by a governmental unit to provide funds for
- 138.6 the construction, improvement, or rehabilitation of:
- 138.7 (i) wastewater facilities;
- 138.8 (ii) drinking water facilities;
- 138.9 (iii) stormwater facilities; or
- 138.10 (iv) any publicly owned building or infrastructure improvement that has received partial
- 138.11 funding from grants awarded by the commissioner of employment and economic development
- 138.12 related to redevelopment, contaminated site cleanup, bioscience, small cities development
- 138.13 programs, and rural business infrastructure programs, for which bonds are issued by the
- 138.14 authority under section 446A.087.
- 138.15 (e) "Governmental unit" means a county or a statutory or home rule charter city.
- 138.16 Sec. 3. Minnesota Statutes 2024, section 446A.086, subdivision 2, is amended to read:
- 138.17 Subd. 2. **Application.** (a) This section provides a state guarantee of the payment of
- 138.18 principal and interest on debt obligations if:
- 138.19 (1) the obligations are issued for new projects or the refunding at a net present value
- 138.20 savings of debt service costs of obligations that are currently guaranteed pursuant to this
- 138.21 section and are not issued for the purposes of refunding previous obligations other than as
- 138.22 described in this sentence;
- 138.23 (2) application to the Public Facilities Authority is made before issuance; and
- 138.24 (3) the obligations are covered by an agreement meeting the requirements of subdivision
- 138.25 3.
- 138.26 (b) Applications to be covered by the provisions of this section must be made in a form
- 138.27 and contain the information prescribed by the authority. Applications are subject to either
- 138.28 a fee of \$500 for each bond issue requested by a county or governmental unit or the applicable
- 138.29 fees under section 446A.087.
- 138.30 (c) Application fees paid under this section must be deposited in a separate credit
- 138.31 enhancement bond guarantee account in the special revenue fund. Money in the credit

139.1 enhancement bond guarantee account is appropriated to the authority for purposes of  
139.2 administering this section.

139.3 (d) Neither the authority nor the commissioner is required to promulgate administrative  
139.4 rules under this section and the procedures and requirements established by the authority  
139.5 or commissioner under this section are not subject to chapter 14.

139.6 Sec. 4. Minnesota Statutes 2024, section 462C.04, subdivision 2, is amended to read:

139.7 Subd. 2. **Program review.** A public hearing shall be held on each program after one  
139.8 publication of notice in a newspaper circulating generally in the city, at least ~~15~~ ten days  
139.9 before the hearing. On or before the day on which notice of the public hearing is published,  
139.10 the city shall submit the program to the Metropolitan Council, if the city is located in the  
139.11 metropolitan area as defined in section 473.121, subdivision 2, or to the regional development  
139.12 commission for the area in which the city is located, if any, for review and comment. The  
139.13 appropriate reviewing agency shall comment on:

139.14 (a) whether the program furthers local and regional housing policies and is consistent  
139.15 with the Metropolitan Development Guide, if the city is located in the metropolitan area,  
139.16 or adopted policies of the regional development commission; and

139.17 (b) the compatibility of the program with the housing portion of the comprehensive plan  
139.18 of the city, if any.

139.19 Review of the program may be conducted either by the board of the reviewing agency  
139.20 or by the staff of the agency. Any comment submitted by the reviewing agency to the city  
139.21 must be presented to the body considering the proposed program at the public hearing held  
139.22 on the program.

139.23 A member or employee of the reviewing agency shall be permitted to present the  
139.24 comments of the reviewing agency at the public hearing. After conducting the public hearing,  
139.25 the program may be adopted with or without amendment, provided that any amendments  
139.26 must not be inconsistent with the comments, if any, of the reviewing agency and must not  
139.27 contain any material changes from the program submitted to the reviewing agency other  
139.28 than changes in the financial aspects of any proposed issue of bonds or obligations. If any  
139.29 material change other than a change in the financial aspects of a proposed issue of bonds  
139.30 or obligations, or any change which is inconsistent with the comments of the reviewing  
139.31 agency is adopted, the amended program shall be resubmitted to the appropriate reviewing  
139.32 agency for review and comment, and a public hearing shall be held on the amended program  
139.33 after one publication of notice in a newspaper circulating generally in the city at least ~~15~~.

140.1 ten days before the hearing. The amended program shall be considered after the public  
140.2 hearing in the same manner as consideration of the initial program.

140.3 Sec. 5. Minnesota Statutes 2024, section 469.104, is amended to read:

140.4 **469.104 SECTIONS THAT APPLY IF FEDERAL LIMIT APPLIES.**

140.5 Sections 474A.01 to 474A.21 apply to obligations issued under sections 469.090 to  
140.6 469.108 that are ~~limited~~ required by federal tax law as defined in section 474A.02,  
140.7 subdivision 8, to obtain an allocation of volume cap.

140.8 Sec. 6. Minnesota Statutes 2024, section 469.154, subdivision 4, is amended to read:

140.9 Subd. 4. **Hearing.** Prior to submitting an application to the department requesting  
140.10 approval of a project pursuant to subdivision 3, the governing body or a committee of the  
140.11 governing body of the municipality or redevelopment agency shall conduct a public hearing  
140.12 on the proposal to undertake and finance the project. Notice of the time and place of hearing,  
140.13 and stating the general nature of the project and an estimate of the principal amount of bonds  
140.14 or other obligations to be issued to finance the project, shall be published at least once not  
140.15 less than ~~14~~ ten days nor more than 30 days prior to the date fixed for the hearing, in the  
140.16 official newspaper and a newspaper of general circulation of the municipality or  
140.17 redevelopment agency. The notice shall state that a draft copy of the proposed application  
140.18 to the department, together with all attachments and exhibits, shall be available for public  
140.19 inspection following the publication of the notice and shall specify the place and times  
140.20 where and when it will be so available. The governing body of the municipality or the  
140.21 redevelopment agency shall give all parties who appear at the hearing an opportunity to  
140.22 express their views with respect to the proposal to undertake and finance the project.  
140.23 Following the completion of the public hearing, the governing body of the municipality or  
140.24 redevelopment agency shall adopt a resolution determining whether or not to proceed with  
140.25 the project and its financing; it may thereafter apply to the department for approval of the  
140.26 project.

140.27 Sec. 7. Minnesota Statutes 2024, section 469.1813, subdivision 5, is amended to read:

140.28 Subd. 5. **Notice and public hearing.** (a) The governing body of the political subdivision  
140.29 may approve an abatement under sections 469.1812 to 469.1815 only after holding a public  
140.30 hearing on the abatement.

140.31 (b) Notice of the hearing must be published in a newspaper of general circulation in the  
140.32 political subdivision at least once ~~more than~~ at least ten days but less than 30 days before

141.1 the hearing. The newspaper must be one of general interest and readership in the community,  
141.2 and not one of limited subject matter. The newspaper must be published at least once per  
141.3 week. The notice must indicate that the governing body will consider granting a property  
141.4 tax abatement, identify the property or properties for which an abatement is under  
141.5 consideration, and the total estimated amount of the abatement.

141.6 Sec. 8. Minnesota Statutes 2024, section 474A.091, subdivision 2, is amended to read:

141.7 Subd. 2. **Application for residential rental projects.** (a) Issuers may apply for an  
141.8 allocation for residential rental bonds under this section by submitting to the department an  
141.9 application on forms provided by the department accompanied by:

141.10 (1) a preliminary resolution;

141.11 (2) a statement of bond counsel that the proposed issue of obligations requires an  
141.12 allocation under this chapter and the Internal Revenue Code;

141.13 (3) an application deposit in the amount of two percent of the requested allocation;

141.14 (4) a sworn statement from the applicant identifying the project as a preservation project,  
141.15 30 percent AMI residential rental project, 50 percent AMI residential rental project, 100  
141.16 percent LIHTC project, 20 percent LIHTC project, or any other residential rental project;  
141.17 and

141.18 (5) a certification from the applicant or its accountant stating that the requested allocation  
141.19 does not exceed the aggregate bond limitation.

141.20 The issuer must pay the application deposit to the Department of Management and Budget.  
141.21 An entitlement issuer may not apply for an allocation for residential rental project bonds  
141.22 under this section unless it has either permanently issued bonds equal to the amount of its  
141.23 entitlement allocation for the current year plus any amount carried forward from previous  
141.24 years or returned for reallocation all of its unused entitlement allocation. For purposes of  
141.25 this subdivision, its entitlement allocation includes an amount obtained under section  
141.26 474A.04, subdivision 6.

141.27 (b) An issuer that receives an allocation under this subdivision must permanently issue  
141.28 obligations equal to all or a portion of the allocation received on or before the earlier of:

141.29 (1) 180 days of the allocation; or (2) the last business day of December. If an issuer that  
141.30 receives an allocation under this subdivision does not permanently issue obligations equal  
141.31 to all or a portion of the allocation received within the time period provided in this paragraph  
141.32 or returns the allocation to the commissioner, the amount of the allocation is canceled and  
141.33 returned for reallocation through the unified pool.

142.1 (c) The Minnesota Housing Finance Agency may apply for and receive an allocation  
142.2 under this section without submitting an application deposit.

142.3 Sec. 9. Minnesota Statutes 2024, section 474A.091, subdivision 2a, is amended to read:

142.4 Subd. 2a. **Application for all other types of qualified bonds.** (a) Issuers may apply  
142.5 for an allocation for all types of qualified bonds other than residential rental bonds under  
142.6 this section by submitting to the department an application on forms provided by the  
142.7 department accompanied by:

142.8 (1) a preliminary resolution;

142.9 (2) a statement of bond counsel that the proposed issue of obligations requires an  
142.10 allocation under this chapter and the Internal Revenue Code;

142.11 (3) the type of qualified bonds to be issued;

142.12 (4) an application deposit in the amount of two percent of the requested allocation; and

142.13 (5) a public purpose scoring worksheet for manufacturing and enterprise zone  
142.14 applications.

142.15 The issuer must pay the application deposit to the Department of Management and Budget.  
142.16 An entitlement issuer may not apply for an allocation for public facility bonds or mortgage  
142.17 bonds under this section unless it has either permanently issued bonds equal to the amount  
142.18 of its entitlement allocation for the current year plus any amount carried forward from  
142.19 previous years or returned for reallocation all of its unused entitlement allocation. For  
142.20 purposes of this subdivision, an entitlement allocation includes an amount obtained under  
142.21 section 474A.04, subdivision 6.

142.22 (b) An issuer that receives an allocation under this subdivision must permanently issue  
142.23 obligations equal to all or a portion of the allocation received on or before the earlier of:

142.24 (1) 120 days of the allocation; or (2) the last business day of December. If an issuer that  
142.25 receives an allocation under this subdivision does not permanently issue obligations equal  
142.26 to all or a portion of the allocation received within the time period provided in this paragraph  
142.27 or returns the allocation to the commissioner, the amount of the allocation is canceled and  
142.28 returned for reallocation through the unified pool.

142.29 (c) Notwithstanding the restrictions imposed on entitlement issuers under this subdivision,  
142.30 the Minnesota Housing Finance Agency may not receive an allocation for mortgage bonds  
142.31 under this section prior to the first Monday in October, but may be awarded allocations for  
142.32 mortgage bonds from the unified pool on or after the first Monday in October. The Minnesota

143.1 Housing Finance Agency, the Minnesota Office of Higher Education, and the Minnesota  
143.2 Rural Finance Authority may apply for and receive an allocation under this section without  
143.3 submitting an application deposit.

143.4 Sec. 10. Minnesota Statutes 2024, section 475.521, subdivision 2, is amended to read:

143.5 Subd. 2. **Election requirement.** (a) Bonds issued by a municipality to finance capital  
143.6 improvements under an approved capital improvements plan are not subject to the election  
143.7 requirements of section 475.58. The bonds must be approved by an affirmative vote of  
143.8 three-fifths of the members of a five-member governing body. In the case of a governing  
143.9 body having more or less than five members, the bonds must be approved by a vote of at  
143.10 least two-thirds of the members of the governing body.

143.11 (b) Before the issuance of bonds qualifying under this section, the municipality must  
143.12 publish a notice of its intention to issue the bonds and the date and time of the hearing to  
143.13 obtain public comment on the matter. The notice must be published in the official newspaper  
143.14 of the municipality or in a newspaper of general circulation in the municipality. Additionally,  
143.15 the notice may be posted on the official website, if any, of the municipality. The notice must  
143.16 be published at least ~~14~~ ten but not more than 28 days before the date of the hearing.

143.17 (c) A municipality may issue the bonds only after obtaining the approval of a majority  
143.18 of the voters voting on the question of issuing the obligations, if a petition requesting a vote  
143.19 on the issuance is signed by voters equal to five percent of the votes cast in the municipality  
143.20 in the last municipal general election and is filed with the clerk within 30 days after the  
143.21 public hearing. If the municipality elects not to submit the question to the voters, the  
143.22 municipality shall not propose the issuance of bonds under this section for the same purpose  
143.23 and in the same amount for a period of 365 days from the date of receipt of the petition. If  
143.24 the question of issuing the bonds is submitted and not approved by the voters, the provisions  
143.25 of section 475.58, subdivision 1a, shall apply.

143.26 Sec. 11. Minnesota Statutes 2024, section 641.23, is amended to read:

143.27 **641.23 FUNDS; HOW PROVIDED.**

143.28 Before any contract is made for the erection of a county jail, sheriff's residence, ~~or both~~  
143.29 sheriff's offices, law enforcement center, or courthouse or justice center attached to a county  
143.30 jail, the county board shall either levy a sufficient tax to provide the necessary funds, or  
143.31 issue county bonds therefor in accordance with the provisions of chapter 475, provided that  
143.32 no election is required if the amount of all bonds issued for this purpose and interest on  
143.33 them which are due and payable in any year does not exceed an amount equal to 0.09671

144.1 percent of estimated market value of taxable property within the county, as last determined  
144.2 before the bonds are issued.

144.3 **ARTICLE 8**

144.4 **SUSTAINABLE AVIATION FUEL**

144.5 Section 1. Minnesota Statutes 2024, section 41A.30, subdivision 1, is amended to read:

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

144.8 (b) "Aircraft" has the meaning given in section 296A.01, subdivision 3.

144.9 (c) "Aviation gasoline" has the meaning given in section 296A.01, subdivision 7.

144.10 (d) "Commissioner" means the commissioner of agriculture.

144.11 (e) "Jet fuel" has the meaning given in section 296A.01, subdivision 8.

144.12 (f) "Qualifying taxpayer" means a taxpayer, as defined in section 290.01, subdivision  
144.13 6, that is engaged in the business of:

144.14 (1) producing sustainable aviation fuel; or

144.15 (2) blending sustainable aviation fuel with aviation gasoline or jet fuel.

144.16 (g) "Sustainable aviation fuel" means liquid fuel that:

144.17 (1) is derived from: (i) biomass, as defined in section 41A.15, subdivision 2e, that is  
144.18 produced in the United States, provided that any agricultural feedstocks are from planted  
144.19 crops and crop residue harvested from agricultural land cleared or cultivated any time prior  
144.20 to December 19, 2007, that is either actively managed or fallow; (ii) gaseous carbon oxides;  
144.21 or (iii) hydrogen that has a carbon intensity not greater than four kilograms of carbon dioxide  
144.22 equivalent per kilogram of hydrogen produced;

144.23 (2) is not derived from palm fatty acid distillates; and

144.24 (3) achieves at least a 50 percent life cycle greenhouse gas emissions reduction in  
144.25 comparison with petroleum-based aviation gasoline, aviation turbine fuel, and jet fuel as  
144.26 determined by a test that shows:

144.27 (i) that the fuel production pathway achieves at least a 50 percent life cycle greenhouse  
144.28 gas emissions reduction in comparison with petroleum-based aviation gasoline, aviation  
144.29 turbine fuel, and jet fuel utilizing the most recent version of Argonne National Laboratory's

145.1 Greenhouse Gases, Regulated Emissions, and Energy Use in Technologies (GREET) model  
145.2 that accounts for reduced emissions throughout the fuel production process; or

145.3 (ii) that the fuel production pathway achieves at least a 50 percent reduction of the  
145.4 aggregate attributional core life cycle emissions and the positive induced land use change  
145.5 values under the life cycle methodology for sustainable aviation fuels adopted by the  
145.6 International Civil Aviation Organization with the agreement of the United States.

145.7 EFFECTIVE DATE. This section is effective retroactively for taxable years beginning  
145.8 after December 31, 2023, for sustainable aviation fuel sold after June 30, 2024.

145.9 Sec. 2. Minnesota Statutes 2024, section 41A.30, subdivision 2, is amended to read:

145.10 Subd. 2. **Tax credit establishment.** (a) A qualifying taxpayer may claim a tax credit  
145.11 against the tax due under chapter 290 equal to \$1.50 for each gallon of sustainable aviation  
145.12 fuel that is:

145.13 (1) produced in Minnesota or blended with aviation or gasoline or jet fuel in Minnesota,  
145.14 provided that carbon oxides sequestered as part of the production process are not used as a  
145.15 tertiary injectant in a qualified enhanced oil recovery project; and

145.16 (2) sold in Minnesota to a purchaser who certifies that the sustainable aviation fuel is  
145.17 for use as fuel in an aircraft departing from an airport in Minnesota.

145.18 (b) The credit may be claimed only after approval and certification by the commissioner  
145.19 and is limited to the amount stated on the credit certificate issued under subdivision 3. A  
145.20 qualifying taxpayer must apply to the commissioner for certification and allocation of a  
145.21 credit in a form and manner prescribed by the commissioner.

145.22 (c) A qualifying taxpayer may claim a credit for blending or producing sustainable  
145.23 aviation fuel, but not both. If sustainable aviation fuel is blended with aviation gasoline or  
145.24 jet fuel, the credit is allowed only for the portion of sustainable aviation fuel that is included  
145.25 in the blended fuel.

145.26 (d) If the amount of credit that the taxpayer is eligible to receive under this section  
145.27 exceeds the liability for tax under chapter 290, the commissioner of revenue must refund  
145.28 the excess to the taxpayer.

145.29 (e) A qualifying taxpayer may claim a supplemental tax credit against the tax due under  
145.30 chapter 290 equal to the rate of \$0.02 per gallon for each additional whole percentage carbon  
145.31 intensity reduction beyond 50 percent, but capped at \$0.50 per gallon.

146.1 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
146.2 after December 31, 2023, for sustainable aviation fuel sold after June 30, 2024.

146.3 Sec. 3. Minnesota Statutes 2024, section 41A.30, subdivision 5, is amended to read:

146.4 Subd. 5. **Allocation limits.** (a) For tax credits allowed under subdivision 2, the  
146.5 commissioner must not issue credit certificates for more than:

146.6 (1) \$7,400,000 for each of fiscal year years 2025 to 2027; and

146.7 (2) \$2,100,000 for each of fiscal years ~~2026 and 2027~~ 2028 to 2035.

146.8 (b) If the entire amount authorized under paragraph (a) is not allocated in that fiscal year  
146.9 ~~2025 or 2026~~, any remaining amount is carried forward into the next fiscal year and is  
146.10 available for allocation through fiscal year 2030 2035 until the entire allocation has been  
146.11 made. The commissioner must not issue any credit certificates for fiscal years beginning  
146.12 after June 30, ~~2030~~ 2035, and any unallocated amounts cancel on that date.

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

146.14 Sec. 4. Minnesota Statutes 2024, section 41A.30, subdivision 7, is amended to read:

146.15 Subd. 7. **Expiration.** This section expires for taxable years beginning after December  
146.16 31, ~~2030~~ 2035.

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

146.18

## ARTICLE 9

146.19

### TAXATION OF GAS PRODUCTION

146.20 Section 1. Minnesota Statutes 2024, section 270B.161, is amended to read:

146.21 **270B.161 DATA AND INFORMATION ON MINE VALUE OF ORE AND WELL**  
146.22 **VALUE OF GAS.**

146.23 Data collected from taxpayers and maintained by the commissioner for the purpose of  
146.24 determining the mine value of ore and the well value of gas under section 298.01 are  
146.25 nonpublic data as defined in section 13.02, subdivision 9.

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

147.1 Sec. 2. Minnesota Statutes 2024, section 272.02, subdivision 97, is amended to read:

147.2 Subd. 97. **Property used in business of mining subject to gross proceeds tax.** The  
147.3 following property used in the business of mining that is subject to the gross proceeds tax  
147.4 under section 298.015 is exempt:

147.5 (1) deposits of ores, metals, ~~and~~ minerals, gas, and the lands in which they are contained;

147.6 (2) all real and personal property used in mining, quarrying, producing, or refining ores,  
147.7 minerals, ~~or~~ metals, or gas, including lands occupied by or used in connection with the  
147.8 mining, quarrying, production, or ore refining facilities; and

147.9 (3) concentrate.

147.10 This exemption applies for each year that a person subject to tax under section 298.015  
147.11 uses the property for mining, quarrying, producing, or refining ores, metals, ~~or~~ minerals, or  
147.12 gas.

147.13 **EFFECTIVE DATE.** This section is effective for assessment year 2025 and thereafter.

147.14 Sec. 3. Minnesota Statutes 2024, section 272.03, subdivision 1, is amended to read:

147.15 Subdivision 1. **Real property.** (a) For the purposes of taxation, but not for chapter 297A,  
147.16 "real property" includes the land itself, rails, ties, and other track materials annexed to the  
147.17 land, and all buildings, structures, and improvements or other fixtures on it, bridges of bridge  
147.18 companies, and all rights and privileges belonging or appertaining to the land, and all mines,  
147.19 iron ore and taconite minerals not otherwise exempt, quarries, fossils, and trees on or under  
147.20 it.

147.21 (b) A building or structure shall include the building or structure itself, together with all  
147.22 improvements or fixtures annexed to the building or structure, which are integrated with  
147.23 and of permanent benefit to the building or structure, regardless of the present use of the  
147.24 building, and which cannot be removed without substantial damage to itself or to the building  
147.25 or structure.

147.26 (c)(i) Real property does not include tools, implements, machinery, and equipment  
147.27 attached to or installed in real property for use in the business or production activity  
147.28 conducted thereon, regardless of size, weight or method of attachment, and mine shafts,  
147.29 tunnels, and other underground openings used to extract ores ~~and~~ minerals, metals, or gas  
147.30 taxed under chapter 298 together with steel, concrete, and other materials used to support  
147.31 such openings.

148.1 (ii) The exclusion provided in clause (i) shall not apply to machinery and equipment  
148.2 includable as real estate by paragraphs (a) and (b) even though such machinery and equipment  
148.3 is used in the business or production activity conducted on the real property if and to the  
148.4 extent such business or production activity consists of furnishing services or products to  
148.5 other buildings or structures which are subject to taxation under this chapter.

148.6 (iii) The exclusion provided in clause (i) does not apply to the exterior shell of a structure  
148.7 which constitutes walls, ceilings, roofs, or floors if the shell of the structure has structural,  
148.8 insulation, or temperature control functions or provides protection from the elements, unless  
148.9 the structure is primarily used in the production of biofuels, wine, beer, distilled beverages,  
148.10 or dairy products. Such an exterior shell is included in the definition of real property even  
148.11 if it also has special functions distinct from that of a building, or if such an exterior shell is  
148.12 primarily used for the storage of ingredients or materials used in the production of biofuels,  
148.13 wine, beer, distilled beverages, or dairy products, or for the storage of finished biofuels,  
148.14 wine, beer, distilled beverages, or dairy products.

148.15 (d) The term real property does not include tools, implements, machinery, equipment,  
148.16 poles, lines, cables, wires, conduit, and station connections which are part of a telephone  
148.17 communications system, regardless of attachment to or installation in real property and  
148.18 regardless of size, weight, or method of attachment or installation.

148.19 **EFFECTIVE DATE.** This section is effective for assessment year 2025 and thereafter.

148.20 Sec. 4. Minnesota Statutes 2024, section 273.12, is amended to read:

148.21 **273.12 ASSESSMENT OF REAL PROPERTY.**

148.22 It shall be the duty of every assessor and board, in estimating and determining the value  
148.23 of lands for the purpose of taxation, to consider and give due weight to every element and  
148.24 factor affecting the market value thereof, including its location with reference to roads and  
148.25 streets and the location of roads and streets thereon or over the same, and to take into  
148.26 consideration a reduction in the acreage of each tract or lot sufficient to cover the amount  
148.27 of land actually used for any improved public highway and the reduction in area of land  
148.28 caused thereby. It shall be the duty of every assessor and board, in estimating and determining  
148.29 the value of lands for the purpose of taxation, to consider and give due weight to lands  
148.30 which are comparable in character, quality, and location, to the end that all lands similarly  
148.31 located and improved will be assessed upon a uniform basis and without discrimination  
148.32 and, for agricultural lands, to consider and give recognition to its earning potential as  
148.33 measured by its free market rental rate.

149.1 When mineral, clay, or gravel deposits exist on a property, and their extent, quality, and  
 149.2 costs of extraction are sufficiently well known so as to influence market value, such deposits  
 149.3 shall be recognized in valuing the property; except for mineral and energy-resource deposits,  
 149.4 metals, and gas, which are subject to taxation under section 298.015, and except for taconite  
 149.5 and iron-sulphide deposits which are exempt from the general property tax under section  
 149.6 298.25.

149.7 **EFFECTIVE DATE.** This section is effective for assessment year 2025 and thereafter.

149.8 **Sec. 5. [273.1343] HELIUM RELIEF AREAS.**

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

149.11 (b) "City" means a statutory or home rule charter city located in Minnesota.

149.12 (c) "Commissioner" means the commissioner of revenue.

149.13 (d) "County" means a county located in Minnesota.

149.14 (e) "Gas" has the meaning given in section 298.001, subdivision 14.

149.15 (f) "Helium relief area" means a geographic area within the state of Minnesota that falls  
 149.16 within the boundaries of any school district located at least partially within 17 miles of a  
 149.17 well, mine, structure, or building used for gas production that was subject to the tax under  
 149.18 sections 298.015 and 298.016 during the preceding calendar year.

149.19 (g) "Producing" has the meaning given in section 298.001, subdivision 10a.

149.20 (h) "Structure" or "building" means a structure or building used directly for drilling,  
 149.21 extracting, separating, or beneficiating gas.

149.22 (i) "Town" means a township located in Minnesota.

149.23 Subd. 2. **Establishment.** (a) By August 1 of each year, the commissioner must establish  
 149.24 helium relief areas as defined in subdivision 1, paragraph (f).

149.25 (b) Each subsequent helium relief area established that is overlapping or contiguous  
 149.26 with an existing helium relief area is added to the existing helium relief area. Each subsequent  
 149.27 helium relief area established that is not overlapping and not contiguous with an existing  
 149.28 helium relief area is established as a separate helium relief area.

149.29 (c) By September 1 each year, the commissioner must make publicly available:

149.30 (1) the geographic boundaries of the helium relief area or helium relief areas;

150.1 (2) a list of the school districts located entirely in a helium relief area, for each helium  
150.2 relief area; and

150.3 (3) a list of all towns, cities, and counties that have a boundary within a helium relief  
150.4 area, for each helium relief area.

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

150.6 Sec. 6. **[273.1361] HELIUM HOMESTEAD CREDIT.**

150.7 Subdivision 1. **Eligibility.** Class 1a property under section 273.13, subdivision 22; class  
150.8 1b property under section 273.13, subdivision 22; class 2a property under section 273.13,  
150.9 subdivision 23; and class 4d(2) property under section 273.13, subdivision 25, are eligible  
150.10 to receive the credit under this section provided the property is located within a helium relief  
150.11 area under section 273.1343.

150.12 Subd. 2. **Credit amount.** For each qualifying property, the helium homestead credit  
150.13 equals \$50.

150.14 Subd. 3. **Credit certification.** Upon notification from the commissioner of revenue  
150.15 under subdivision 6, each county auditor having jurisdiction over a helium relief area must  
150.16 determine the tax reductions allowed under this section within the county for each taxes  
150.17 payable year and must certify that amount to the commissioner of revenue as part of the  
150.18 data required under section 270C.85, subdivision 2, clause (4). Any prior year adjustments  
150.19 must also be certified as part of the data required under section 270C.85, subdivision 2,  
150.20 clause (4). The commissioner of revenue must review the certifications for accuracy and  
150.21 may make necessary changes or return the certification to the county auditor for correction.  
150.22 The credit under this section must be used to proportionately reduce the net tax capacity-based  
150.23 property tax payable to each local taxing jurisdiction as provided in section 273.1393.

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

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

151.1 Subd. 5. **Appropriation.** An amount sufficient to make the payments required by this  
 151.2 section to taxing jurisdictions other than school districts is annually appropriated from the  
 151.3 helium property tax relief account under section 273.1362 to the commissioner of revenue.  
 151.4 An amount sufficient to make the payments required by this section for school districts is  
 151.5 annually appropriated from the helium property tax relief account under section 273.1362  
 151.6 to the commissioner of education.

151.7 Subd. 6. **Determination.** The credit under this section shall not be applied as provided  
 151.8 in subdivision 3 unless the commissioner of revenue determines on or before October 1 that  
 151.9 sufficient funds exist in the helium property tax relief account under section 273.1362, as  
 151.10 of September 1, to make payments as required under this section and provides notification  
 151.11 to each county auditor on or before October 10.

151.12 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2027.

151.13 Sec. 7. **[273.1362] HELIUM PROPERTY TAX RELIEF ACCOUNT.**

151.14 The helium property tax relief account is created in the special revenue fund in the state  
 151.15 treasury. Earnings, including interest, dividends, and any other earnings arising from the  
 151.16 assets of the account, are credited to the account. Money remaining in the account at the  
 151.17 end of a fiscal year is not canceled to the general fund but remains available until expended.

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

151.19 Sec. 8. Minnesota Statutes 2024, section 273.1392, is amended to read:

151.20 **273.1392 PAYMENT; SCHOOL DISTRICTS.**

151.21 The amounts of bovine tuberculosis credit reimbursements under section 273.113;  
 151.22 conservation tax credits under section 273.119; disaster or emergency reimbursement under  
 151.23 sections 273.1231 to 273.1235; helium homestead credit under section 273.1361; agricultural  
 151.24 credits under sections 273.1384 and 273.1387; aids and credits under section 273.1398;  
 151.25 enterprise zone property credit payments under section 469.171; metropolitan agricultural  
 151.26 preserve reduction under section 473H.10; and electric generation transition aid under  
 151.27 section 477A.24 for school districts, shall be certified to the Department of Education by  
 151.28 the Department of Revenue. The amounts so certified shall be paid according to section  
 151.29 127A.45, subdivisions 9, 10, and 13.

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

152.1 Sec. 9. Minnesota Statutes 2024, section 273.1393, is amended to read:

152.2 **273.1393 COMPUTATION OF NET PROPERTY TAXES.**

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

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

152.6 (2) powerline credit as provided in section 273.42;

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

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

152.9 (5) disparity reduction credit;

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

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

152.12 (8) agricultural credit as provided in section 273.1384;

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

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

152.15 (11) helium homestead credit as provided in section 273.1361; and

152.16 (12) the bovine tuberculosis zone credit, as provided in section 273.113.

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

152.18 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2027.

152.19 Sec. 10. Minnesota Statutes 2024, section 276.04, subdivision 2, is amended to read:

152.20 Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the printing of  
152.21 the tax statements. The commissioner of revenue shall prescribe the form of the property  
152.22 tax statement and its contents. The tax statement must not state or imply that property tax  
152.23 credits are paid by the state of Minnesota. The statement must contain a tabulated statement  
152.24 of the dollar amount due to each taxing authority and the amount of the state tax from the  
152.25 parcel of real property for which a particular tax statement is prepared. The dollar amounts  
152.26 attributable to the county, the state tax, the voter approved school tax, the other local school  
152.27 tax, the township or municipality, and the total of the metropolitan special taxing districts  
152.28 as defined in section 275.065, subdivision 3, paragraph (i), must be separately stated. The  
152.29 amounts due all other special taxing districts, if any, may be aggregated except that any  
152.30 levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin,

153.1 Ramsey, Scott, or Washington under chapter 398A shall be listed on a separate line directly  
153.2 under the appropriate county's levy. If the county levy under this paragraph includes an  
153.3 amount for a lake improvement district as defined under sections 103B.501 to 103B.581,  
153.4 the amount attributable for that purpose must be separately stated from the remaining county  
153.5 levy amount. In the case of Ramsey County, if the county levy under this paragraph includes  
153.6 an amount for public library service under section 134.07, the amount attributable for that  
153.7 purpose may be separated from the remaining county levy amount. The amount of the tax  
153.8 on homesteads qualifying under the senior citizens' property tax deferral program under  
153.9 chapter 290B is the total amount of property tax before subtraction of the deferred property  
153.10 tax amount. The amount of the tax on contamination value imposed under sections 270.91  
153.11 to 270.98, if any, must also be separately stated. The dollar amounts, including the dollar  
153.12 amount of any special assessments, may be rounded to the nearest even whole dollar. For  
153.13 purposes of this section whole odd-numbered dollars may be adjusted to the next higher  
153.14 even-numbered dollar.

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

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

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

153.23 (2) the property's homestead market value exclusion under section 273.13, subdivision  
153.24 35;

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

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

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

153.28 (6) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135;

153.29 273.1361; 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount  
153.30 of credit received under section 273.135 must be separately stated and identified as "taconite  
153.31 tax relief" and the amount of the credit received under section 273.1361 must be separately  
153.32 stated and identified as "helium tax relief"; and

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

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

154.9 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2027.

154.10 Sec. 11. Minnesota Statutes 2024, section 289A.02, subdivision 6, is amended to read:

154.11 Subd. 6. **Mining company.** "Mining company" means a person engaged in the business  
154.12 of mining or producing ores, minerals, metals, or gas in Minnesota subject to the taxes  
154.13 imposed by section 298.01 or 298.015.

154.14 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
154.15 31, 2024.

154.16 Sec. 12. Minnesota Statutes 2024, section 289A.12, is amended by adding a subdivision  
154.17 to read:

154.18 Subd. 19. **Informational report by mining companies.** (a) A mining company required  
154.19 to file an annual return under section 289A.08, subdivision 15, for the payment of taxes  
154.20 imposed under section 298.015 must also file an annual informational report with the  
154.21 commissioner that contains the following information:

154.22 (1) sales used to compute gross proceeds under section 298.016;

154.23 (2) the location of the mine or well where the ore, mineral, metal, or gas product is  
154.24 mined, extracted, refined or produced that is used to compute gross proceeds under section  
154.25 298.016; and

154.26 (3) other information necessary to collect tax under section 298.015 and to distribute  
154.27 the tax proceeds under section 298.018.

154.28 (b) The commissioner must prescribe the format and manner of the annual informational  
154.29 report. A mining company must file the report on or before May 1 following the close of  
154.30 the calendar year.

155.1 (c) The extension of time provided in section 289A.19, subdivision 2, for the filing of  
155.2 the annual return required under section 289A.08, subdivision 15, does not apply to the  
155.3 filing of the annual informational report.

155.4 **EFFECTIVE DATE.** This section is effective for annual informational reports due  
155.5 after December 31, 2024.

155.6 Sec. 13. Minnesota Statutes 2024, section 289A.19, subdivision 2, is amended to read:

155.7 Subd. 2. **Corporate franchise and mining company taxes.** (a) Except as provided in  
155.8 paragraph (b), corporations or mining companies shall receive an extension of seven months  
155.9 or the amount of time granted by the Internal Revenue Service, whichever is longer, for  
155.10 filing the return of a corporation subject to tax under chapter 290 or for filing the return of  
155.11 a mining company subject to tax under sections 298.01 and 298.015. Interest on any balance  
155.12 of tax not paid when the regularly required return is due must be paid at the rate specified  
155.13 in section 270C.40, from the date such payment should have been made if no extension was  
155.14 granted, until the date of payment of such tax.

155.15 If a corporation or mining company does not:

155.16 (1) pay at least 90 percent of the amount of tax shown on the return on or before the  
155.17 regular due date of the return, the penalty prescribed by section 289A.60, subdivision 1,  
155.18 shall be imposed on the unpaid balance of tax; or

155.19 (2) pay the balance due shown on the regularly required return on or before the extended  
155.20 due date of the return, the penalty prescribed by section 289A.60, subdivision 1, shall be  
155.21 imposed on the unpaid balance of tax from the original due date of the return.

155.22 (b) If a mining company does not file the annual informational report required under  
155.23 section 289A.12, subdivision 19, by May 1 following the close of the calendar year, then  
155.24 the mining company subject to tax under section 298.015 must not receive the extension of  
155.25 time for filing its annual tax return.

155.26 **EFFECTIVE DATE.** This section is effective for annual informational reports due  
155.27 after December 31, 2024.

155.28 Sec. 14. Minnesota Statutes 2024, section 290.0133, subdivision 7, is amended to read:

155.29 Subd. 7. **Nontaxable mining and production losses.** Losses from the business of mining  
155.30 or the production of gas, as defined in section 290.05, subdivision 1, ~~elause~~ paragraph (a),  
155.31 that are not subject to Minnesota franchise tax are an addition.

156.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
156.2 31, 2024.

156.3 Sec. 15. Minnesota Statutes 2024, section 290.0134, subdivision 9, is amended to read:

156.4 Subd. 9. **Exempt mining and production income.** Income or gains from the business  
156.5 of mining or the production of gas as defined in section 290.05, subdivision 1, ~~clause~~  
156.6 paragraph (a), that are not subject to Minnesota franchise tax are a subtraction.

156.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
156.8 31, 2024.

156.9 Sec. 16. Minnesota Statutes 2024, section 290.0135, is amended to read:

156.10 **290.0135 BASIS MODIFICATIONS AFFECTING GAIN OR LOSS ON**  
156.11 **DISPOSITION OF PROPERTY.**

156.12 (a) For individuals, estates, and trusts, the basis of property is its adjusted basis for  
156.13 federal income tax purposes except as set forth in paragraphs (e) and (f). For corporations,  
156.14 the basis of property is its adjusted basis for federal income tax purposes, without regard  
156.15 to the time when the property became subject to tax under this chapter or to whether  
156.16 out-of-state losses or items of tax preference with respect to the property were not deductible  
156.17 under this chapter, except that the modifications to the basis for federal income tax purposes  
156.18 set forth in paragraphs (b) to (i) are allowed to corporations, and the resulting modifications  
156.19 to federal taxable income must be made in the year in which gain or loss on the sale or other  
156.20 disposition of property is recognized.

156.21 (b) The basis of property shall not be reduced to reflect federal investment tax credit.

156.22 (c) For property acquired before January 1, 1933, the basis for computing a gain is the  
156.23 fair market value of the property as of that date. The basis for determining a loss is the cost  
156.24 of the property to the taxpayer less any depreciation, amortization, or depletion, actually  
156.25 sustained before that date. If the adjusted cost exceeds the fair market value of the property,  
156.26 then the basis is the adjusted cost regardless of whether there is a gain or loss.

156.27 (d) The basis is reduced by the allowance for amortization of bond premium if an election  
156.28 to amortize was made pursuant to Minnesota Statutes 1986, section 290.09, subdivision 13,  
156.29 and the allowance could have been deducted by the taxpayer under this chapter during the  
156.30 period of the taxpayer's ownership of the property.

156.31 (e) For assets placed in service before January 1, 1987, corporations, partnerships, or  
156.32 individuals engaged in the business of mining or producing minerals, metals, gas, or ores

157.1 other than iron ore or taconite concentrates subject to the occupation tax under chapter 298  
157.2 must use the occupation tax basis of property used in that business.

157.3 (f) For assets placed in service before January 1, 1990, corporations, partnerships, or  
157.4 individuals engaged in the business of mining iron ore or taconite concentrates subject to  
157.5 the occupation tax under chapter 298 must use the occupation tax basis of property used in  
157.6 that business.

157.7 (g) In applying the provisions of sections 301(c)(3)(B), 312(f) and (g), and 316(a)(1) of  
157.8 the Internal Revenue Code, the dates December 31, 1932, and January 1, 1933, shall be  
157.9 substituted for February 28, 1913, and March 1, 1913, respectively.

157.10 (h) In applying the provisions of section 362(a) and (c) of the Internal Revenue Code,  
157.11 the date December 31, 1956, shall be substituted for June 22, 1954.

157.12 (i) The basis of property shall be increased by the amount of intangible drilling costs  
157.13 not previously allowed due to differences between this chapter and the Internal Revenue  
157.14 Code.

157.15 (j) The adjusted basis of any corporate partner's interest in a partnership is the same as  
157.16 the adjusted basis for federal income tax purposes modified as required to reflect the basis  
157.17 modifications set forth in paragraphs (b) to (i). The adjusted basis of a partnership in which  
157.18 the partner is an individual, estate, or trust is the same as the adjusted basis for federal  
157.19 income tax purposes modified as required to reflect the basis modifications set forth in  
157.20 paragraphs (e) and (f).

157.21 (k) The modifications contained in paragraphs (b) to (i) also apply to the basis of property  
157.22 that is determined by reference to the basis of the same property in the hands of a different  
157.23 taxpayer or by reference to the basis of different property.

157.24 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
157.25 31, 2024.

157.26 Sec. 17. Minnesota Statutes 2024, section 290.05, subdivision 1, is amended to read:

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

157.31 (a) corporations, individuals, estates, and trusts engaged in the business of mining or  
157.32 producing iron ore ~~and~~; mining, producing, or refining other ores, metals, and minerals; or

158.1 producing gas, the mining, production, or refining of which is subject to the occupation tax  
 158.2 imposed by section 298.01; but if any such corporation, individual, estate, or trust engages  
 158.3 in any other business or activity or has income from any property not used in such business  
 158.4 it shall be subject to this tax computed on the net income from such property or such other  
 158.5 business or activity. Royalty shall not be considered as income from the business of mining  
 158.6 or producing iron ore; mining, producing, or refining other ores, metals, and minerals; or  
 158.7 producing gas, within the meaning of this section;

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

158.11 (c) any insurance company, other than a disqualified captive insurance company.

158.12 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 158.13 31, 2024.

158.14 Sec. 18. Minnesota Statutes 2024, section 290.20, subdivision 2, is amended to read:

158.15 Subd. 2. **Nonapplication of statutory methods.** The methods prescribed by subdivision  
 158.16 1 shall not be applicable wherever and insofar as the taxpayer's business consists of the  
 158.17 ~~mining; or producing, smelting, refining, or any combination of these activities of copper~~  
 158.18 ~~and nickel ores~~ subject to the occupation tax imposed by section 298.01.

158.19 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 158.20 31, 2024.

158.21 Sec. 19. Minnesota Statutes 2024, section 290.923, subdivision 1, is amended to read:

158.22 Subdivision 1. **Definition.** In this section, "royalty" means the amount in money or value  
 158.23 of property received by any person having any right, title, or interest in any tract of land in  
 158.24 this state for permission to explore, mine, take out, and remove ore, mineral, metal, or gas  
 158.25 from the land.

158.26 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 158.27 31, 2024.

158.28 Sec. 20. Minnesota Statutes 2024, section 297A.68, subdivision 5, is amended to read:

158.29 Subd. 5. **Capital equipment.** (a) Capital equipment is exempt.

158.30 "Capital equipment" means machinery and equipment purchased or leased, and used in  
 158.31 this state by the purchaser or lessee primarily for manufacturing, fabricating, mining, or

159.1 refining tangible personal property to be sold ultimately at retail if the machinery and  
159.2 equipment are essential to the integrated production process of manufacturing, fabricating,  
159.3 mining, or refining. Capital equipment also includes machinery and equipment used primarily  
159.4 to electronically transmit results retrieved by a customer of an online computerized data  
159.5 retrieval system.

159.6 (b) Capital equipment includes, but is not limited to:

159.7 (1) machinery and equipment used to operate, control, or regulate the production  
159.8 equipment;

159.9 (2) machinery and equipment used for research and development, design, quality control,  
159.10 and testing activities;

159.11 (3) environmental control devices that are used to maintain conditions such as  
159.12 temperature, humidity, light, or air pressure when those conditions are essential to and are  
159.13 part of the production process;

159.14 (4) materials and supplies used to construct and install machinery or equipment;

159.15 (5) repair and replacement parts, including accessories, whether purchased as spare parts,  
159.16 repair parts, or as upgrades or modifications to machinery or equipment;

159.17 (6) materials used for foundations that support machinery or equipment;

159.18 (7) materials used to construct and install special purpose buildings used in the production  
159.19 process;

159.20 (8) ready-mixed concrete equipment in which the ready-mixed concrete is mixed as part  
159.21 of the delivery process regardless if mounted on a chassis, repair parts for ready-mixed  
159.22 concrete trucks, and leases of ready-mixed concrete trucks; and

159.23 (9) machinery or equipment used for research, development, design, or production of  
159.24 computer software.

159.25 (c) Capital equipment does not include the following:

159.26 (1) motor vehicles taxed under chapter 297B;

159.27 (2) machinery or equipment used to receive or store raw materials;

159.28 (3) building materials, except for materials included in paragraph (b), clauses (6) and  
159.29 (7);

159.30 (4) machinery or equipment used for nonproduction purposes, including, but not limited  
159.31 to, the following: plant security, fire prevention, first aid, and hospital stations; support

160.1 operations or administration; pollution control; and plant cleaning, disposal of scrap and  
160.2 waste, plant communications, space heating, cooling, lighting, or safety;

160.3 (5) farm machinery and aquaculture production equipment as defined by section 297A.61,  
160.4 subdivisions 12 and 13;

160.5 (6) machinery or equipment purchased and installed by a contractor as part of an  
160.6 improvement to real property;

160.7 (7) machinery and equipment used by restaurants in the furnishing, preparing, or serving  
160.8 of prepared foods as defined in section 297A.61, subdivision 31;

160.9 (8) machinery and equipment used to furnish the services listed in section 297A.61,  
160.10 subdivision 3, paragraph (g), clause (6), items (i) to (vi) and (viii);

160.11 (9) machinery or equipment used in the transportation, transmission, or distribution of  
160.12 petroleum, liquefied gas, natural gas, water, or steam, in, by, or through pipes, lines, tanks,  
160.13 mains, or other means of transporting those products. This clause does not apply to machinery  
160.14 or equipment used to blend petroleum or biodiesel fuel as defined in section 239.77; or

160.15 (10) any other item that is not essential to the integrated process of manufacturing,  
160.16 fabricating, mining, or refining.

160.17 (d) For purposes of this subdivision:

160.18 (1) "Equipment" means independent devices or tools separate from machinery but  
160.19 essential to an integrated production process, including computers and computer software,  
160.20 used in operating, controlling, or regulating machinery and equipment; and any subunit or  
160.21 assembly comprising a component of any machinery or accessory or attachment parts of  
160.22 machinery, such as tools, dies, jigs, patterns, and molds.

160.23 (2) "Fabricating" means to make, build, create, produce, or assemble components or  
160.24 property to work in a new or different manner.

160.25 (3) "Integrated production process" means a process or series of operations through  
160.26 which tangible personal property is manufactured, fabricated, mined, or refined. For purposes  
160.27 of this clause, (i) manufacturing begins with the removal of raw materials from inventory  
160.28 and ends when the last process prior to loading for shipment has been completed; (ii)  
160.29 fabricating begins with the removal from storage or inventory of the property to be assembled,  
160.30 processed, altered, or modified and ends with the creation or production of the new or  
160.31 changed product; (iii) mining begins with the removal of overburden from the site of the  
160.32 ores, minerals, stone, peat deposit, metals, gas, or surface materials and ends when the last  
160.33 process before stockpiling is completed; and (iv) refining begins with the removal from

161.1 inventory or storage of a natural resource and ends with the conversion of the item to its  
161.2 completed form.

161.3 (4) "Machinery" means mechanical, electronic, or electrical devices, including computers  
161.4 and computer software, that are purchased or constructed to be used for the activities set  
161.5 forth in paragraph (a), beginning with the removal of raw materials from inventory through  
161.6 completion of the product, including packaging of the product.

161.7 (5) "Machinery and equipment used for pollution control" means machinery and  
161.8 equipment used solely to eliminate, prevent, or reduce pollution resulting from an activity  
161.9 described in paragraph (a).

161.10 (6) "Manufacturing" means an operation or series of operations where raw materials are  
161.11 changed in form, composition, or condition by machinery and equipment and which results  
161.12 in the production of a new article of tangible personal property. For purposes of this  
161.13 subdivision, "manufacturing" includes the generation of electricity or steam to be sold at  
161.14 retail.

161.15 (7) "Mining" means the extraction of minerals, ores, stone, ~~or~~ peat, metals, or gas. "Gas"  
161.16 has the meaning given in section 298.001, subdivision 14.

161.17 (8) "Online data retrieval system" means a system whose cumulation of information is  
161.18 equally available and accessible to all its customers.

161.19 (9) "Primarily" means machinery and equipment used 50 percent or more of the time in  
161.20 an activity described in paragraph (a).

161.21 (10) "Refining" means the process of converting a natural resource to an intermediate  
161.22 or finished product, including the treatment of water to be sold at retail.

161.23 (11) This subdivision does not apply to telecommunications equipment as provided in  
161.24 subdivision 35a, and does not apply to wire, cable, or poles for telecommunications services.

161.25 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
161.26 made after December 31, 2024.

161.27 Sec. 21. Minnesota Statutes 2024, section 297A.71, subdivision 14, is amended to read:

161.28 Subd. 14. **Mineral production facilities.** Building materials, equipment, and supplies  
161.29 used for the construction of the following mineral production facilities are exempt.

161.30 The mineral production facilities that qualify for this exemption are:

162.1 (1) a value added iron products plant, which may be either a new plant or a facility  
 162.2 incorporated into an existing plant that produces iron upgraded to a minimum of 75 percent  
 162.3 iron content or any iron alloy with a total minimum metallic content of 90 percent;

162.4 (2) a facility used for the manufacture of fluxed taconite pellets as defined in section  
 162.5 298.24;

162.6 (3) a new capital project that has a total cost of over \$40,000,000 that is directly related  
 162.7 to production, cost, or quality at an existing taconite facility that does not qualify under  
 162.8 clause (1) or (2); and

162.9 (4) a new mine or minerals processing plant for any mineral, ore, metal, or gas subject  
 162.10 to the gross proceeds tax imposed under section 298.015.

162.11 The tax must be imposed and collected as if the rate under section 297A.62, subdivision  
 162.12 1, applied, and then refunded in the manner provided in section 297A.75.

162.13 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
 162.14 made after December 31, 2024.

162.15 Sec. 22. Minnesota Statutes 2024, section 298.001, subdivision 3a, is amended to read:

162.16 Subd. 3a. **Producer.** "Producer" means a person engaged in the business of mining or  
 162.17 producing iron ore, taconite concentrate, ~~or~~ direct reduced ore, other ore, minerals, metals,  
 162.18 or gas in this state.

162.19 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 162.20 31, 2024.

162.21 Sec. 23. Minnesota Statutes 2024, section 298.001, is amended by adding a subdivision  
 162.22 to read:

162.23 Subd. 10a. **Producing.** "Producing" means and is limited to producing:

162.24 (1) gas products, the drilling, extracting, separating, or beneficiating of which are subject  
 162.25 to tax under section 298.015; and

162.26 (2) carried out by the entity or affiliated entity that drilled, extracted, separated, or  
 162.27 beneficiated the gas products.

162.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 162.29 31, 2024.

163.1 Sec. 24. Minnesota Statutes 2024, section 298.001, is amended by adding a subdivision  
163.2 to read:

163.3 Subd. 14. **Gas.** "Gas" means all gases, both hydrocarbon and nonhydrocarbon, that occur  
163.4 naturally beneath the earth surface in Minnesota. Gas includes but is not limited to natural  
163.5 gas, hydrogen, carbon dioxide, nitrogen, hydrogen sulfide, helium, methane, and a mixture  
163.6 of some or all of these gases.

163.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
163.8 31, 2024.

163.9 Sec. 25. Minnesota Statutes 2024, section 298.001, is amended by adding a subdivision  
163.10 to read:

163.11 Subd. 15. **Gas production.** "Gas production," "the production of gas," and "producing  
163.12 gas" mean the action of taking gas in its natural state out from beneath the earth surface in  
163.13 Minnesota and includes drilling, extracting, separating, or beneficiating that gas in Minnesota.

163.14 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
163.15 31, 2024.

163.16 Sec. 26. Minnesota Statutes 2024, section 298.01, subdivision 3, is amended to read:

163.17 Subd. 3. **Occupation tax; other ores; gas.** Every person engaged in the business of  
163.18 mining, refining, or producing ores, metals, or minerals or producing gas in this state, when  
163.19 these resources are extracted in their natural state from beneath the earth surface in  
163.20 Minnesota, except iron ore or taconite concentrates, shall pay an occupation tax to the state  
163.21 of Minnesota as provided in this subdivision. For purposes of this subdivision, mining  
163.22 includes the application of hydrometallurgical processes. Hydrometallurgical processes are  
163.23 processes that extract the ores, metals, or minerals, by use of aqueous solutions that leach,  
163.24 concentrate, and recover the ore, metal, or mineral. The tax is determined in the same manner  
163.25 as the tax imposed by section 290.02, except that sections 290.05, subdivision 1, clause (a),  
163.26 290.17, subdivision 4, and 290.191, subdivision 2, do not apply, and the occupation tax  
163.27 must be computed by applying to taxable income the rate of 2.45 percent.

163.28 The tax is in addition to all other taxes.

163.29 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
163.30 31, 2024.

164.1 Sec. 27. Minnesota Statutes 2024, section 298.01, subdivision 3a, is amended to read:

164.2 Subd. 3a. **Gross income.** (a) For purposes of determining a person's taxable income  
164.3 under subdivision 3, gross income is determined by the amount of gross proceeds from  
164.4 mining, refining, or producing ores, metals, or minerals or producing gas ~~in this state~~  
164.5 Minnesota under section 298.016 and includes any gain or loss recognized from the sale or  
164.6 disposition of assets used in the business in this state. If more than one ore, mineral, ~~or~~  
164.7 metal, or gas referred to in section 298.016 is ~~mined and processed~~ or produced at the same  
164.8 mine, well, and plant, a gross income for each ore, mineral, ~~or~~ metal, and gas must be  
164.9 determined separately. The gross incomes may be combined on one occupation tax return  
164.10 to arrive at the gross income of all production.

164.11 (b) In applying section 290.191, subdivision 5, transfers of ores, metals, ~~or~~ minerals, or  
164.12 gas that are subject to tax under this chapter are deemed to be sales in this state.

164.13 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
164.14 31, 2024.

164.15 Sec. 28. Minnesota Statutes 2024, section 298.01, subdivision 3b, is amended to read:

164.16 Subd. 3b. **Deductions.** (a) For purposes of determining taxable income under subdivision  
164.17 3, the deductions from gross income include only those expenses necessary to convert raw  
164.18 ores, metals, minerals, or gas to marketable quality. Such expenses include costs associated  
164.19 with refinement but do not include expenses such as transportation, stockpiling, marketing,  
164.20 or marine insurance that are incurred after marketable ores, metals, minerals, or gas are  
164.21 produced, unless the expenses are included in gross income. The allowable deductions from  
164.22 a mine, well, or plant that mines and produces more than one ore, mineral, metal, ~~or~~ energy  
164.23 resource, or gas must be determined separately for the purposes of computing the deduction  
164.24 in section 290.0133, subdivision 9. These deductions may be combined on one occupation  
164.25 tax return to arrive at the deduction from gross income for all production.

164.26 (b) The provisions of sections 290.0133, subdivisions 7 and 9, and 290.0134, subdivisions  
164.27 7 and 9, are not used to determine taxable income.

164.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
164.29 31, 2024.

164.30 Sec. 29. Minnesota Statutes 2024, section 298.01, subdivision 4a, is amended to read:

164.31 Subd. 4a. **Gross income.** (a) For purposes of determining a person's taxable income  
164.32 under subdivision 4, gross income is determined by the mine value of the ore mined in

165.1 Minnesota and includes any gain or loss recognized from the sale or disposition of assets  
 165.2 used in the business in this state.

165.3 (b) Mine value is the value, or selling price, of iron ore or taconite concentrates, f.o.b.  
 165.4 mine. The mine value is calculated by multiplying the iron unit price for the period, as  
 165.5 determined by the commissioner, by the tons produced and the weighted average analysis.

165.6 (c) In applying section 290.191, subdivision 5, transfers of iron ore and taconite  
 165.7 concentrates are deemed to be sales in this state.

165.8 (d) If iron ore ~~or~~, taconite, and ~~a~~ any other ore, mineral, metal, or energy resource, or  
 165.9 gas referred to in section 298.016 is mined ~~and processed~~ or produced at the same mine,  
 165.10 well, and plant, a gross income for each other ore, mineral, metal, or energy resource, or  
 165.11 gas must be determined separately from the mine value for the iron ore or taconite. The  
 165.12 gross income may be combined on one occupation tax return to arrive at the gross income  
 165.13 from all production.

165.14 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 165.15 31, 2024.

165.16 Sec. 30. Minnesota Statutes 2024, section 298.01, subdivision 4b, is amended to read:

165.17 Subd. 4b. **Deductions.** For purposes of determining taxable income under subdivision  
 165.18 4, the deductions from gross income include only those expenses necessary to convert raw  
 165.19 iron ore or taconite concentrates to marketable quality. Such expenses include costs associated  
 165.20 with beneficiation and refinement but do not include expenses such as transportation,  
 165.21 stockpiling, marketing, or marine insurance that are incurred after marketable iron ore or  
 165.22 taconite pellets are produced. The allowable deductions from a mine, well, or plant that  
 165.23 mines and produces iron ore or taconite and one or more mineral ~~or~~, metal, or gas referred  
 165.24 to in section 298.016 must be determined separately for the purposes of computing the  
 165.25 deduction in section 290.0133, subdivision 9. These deductions may be combined on one  
 165.26 occupation tax return to arrive at the deduction from gross income for all production.

165.27 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 165.28 31, 2024.

165.29 Sec. 31. Minnesota Statutes 2024, section 298.01, subdivision 5, is amended to read:

165.30 Subd. 5. **If declared unconstitutional.** If the taxes imposed in subdivisions 3 and 4 are  
 165.31 found unconstitutional by any court of last resort, then persons engaged in the business of  
 165.32 mining or producing iron ore or other ores, metals, minerals, or gas shall pay the occupation

166.1 taxes imposed in Minnesota Statutes 1986, chapter 298. For purposes of applying Minnesota  
166.2 Statutes 1986, chapter 298, the term "other ores" as used in that chapter includes ores other  
166.3 than iron ore as well as minerals, metals, or gas.

166.4 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
166.5 31, 2024.

166.6 Sec. 32. Minnesota Statutes 2024, section 298.01, subdivision 6, is amended to read:

166.7 Subd. 6. **Deductions applicable to mining both taconite and other ores or gas; ratio**  
166.8 **applied.** If a person is engaged in the business of mining or producing both iron ores,  
166.9 taconite concentrates, or direct reduced ore, and other ores, minerals, metals, or gas from  
166.10 the same mine or facility, that person must separately determine the mine value of (1) the  
166.11 iron ore, taconite concentrates, and direct reduced ore, and (2) the amount of gross proceeds  
166.12 from mining other ores, minerals, metals, or gas in Minnesota. The ratio of mine value from  
166.13 iron ore, taconite concentrates, and direct reduced ore to gross proceeds from mining other  
166.14 ores, minerals, metals, or gas must be applied to deductions common to both processes to  
166.15 determine taxable income for tax paid pursuant to subdivisions 3 and 4.

166.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
166.17 31, 2024.

166.18 Sec. 33. Minnesota Statutes 2024, section 298.015, subdivision 1, is amended to read:

166.19 Subdivision 1. **Tax imposed.** (a) Except as provided in paragraph (b), a person engaged  
166.20 in the business of mining shall pay to the state of Minnesota for distribution as provided in  
166.21 section 298.018 a gross proceeds tax equal to 0.4 percent of the gross proceeds from mining  
166.22 in Minnesota. The tax applies to all ores, metals, ~~and~~ minerals, or gas mined, extracted,  
166.23 produced, or refined within ~~the state of~~ Minnesota, when the resources are extracted in their  
166.24 natural state from beneath the earth surface in Minnesota, except for sand, silica sand, gravel,  
166.25 building stone, crushed rock, limestone, granite, dimension granite, dimension stone,  
166.26 horticultural peat, clay, soil, iron ore, and taconite concentrates. The tax is in addition to all  
166.27 other taxes provided for by law.

166.28 (b) A person engaged in the business of producing gas in Minnesota is subject to the  
166.29 following tax rates for carbon dioxide products, helium products, and hydrogen products:

166.30 (1) for the calendar year in which gas is first extracted and for the following two calendar  
166.31 years, a gross proceeds tax equal to seven percent of the gross proceeds; and

167.1 (2) after the calendar year in which gas is first extracted and after the following two  
167.2 calendar years, a gross proceeds tax equal to nine percent of the gross proceeds.

167.3 (c) A person engaged in the business of producing gas in Minnesota is not subject to the  
167.4 minimum payment under subdivision 3.

167.5 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
167.6 31, 2024.

167.7 Sec. 34. Minnesota Statutes 2024, section 298.016, subdivision 1, is amended to read:

167.8 Subdivision 1. **Computation; arm's-length transactions.** When a metal ~~or~~ mineral,  
167.9 or gas product is sold by the producer in an arm's-length transaction, the gross proceeds are  
167.10 equal to the proceeds from the sale of the product. This subdivision applies to sales realized  
167.11 on all metal ~~or~~ mineral, or gas products produced from mining or production, including  
167.12 reduction, beneficiation, or any treatment or process used by a producer to obtain a metal  
167.13 ~~or~~ mineral, or gas product ~~which~~ that is commercially marketable.

167.14 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
167.15 31, 2024.

167.16 Sec. 35. Minnesota Statutes 2024, section 298.016, subdivision 2, is amended to read:

167.17 Subd. 2. **Other transactions.** When a metal ~~or~~ mineral, or gas product is used by the  
167.18 producer or disposed of in a non-arm's-length transaction, the gross proceeds must be  
167.19 determined using the alternative computation in subdivision 3. Transactions subject to this  
167.20 subdivision include, but are not limited to, shipments to a wholly owned smelter, transactions  
167.21 with associated or affiliated companies, and any other transactions which are not at arm's  
167.22 length.

167.23 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
167.24 31, 2024.

167.25 Sec. 36. Minnesota Statutes 2024, section 298.016, subdivision 3, is amended to read:

167.26 Subd. 3. **Alternative computation.** (a) Except as provided in paragraphs (c) and (d),  
167.27 the commissioner of revenue shall determine the alternative computation of gross proceeds  
167.28 using the following procedure:

167.29 (1) Metal and mineral prices shall be determined by using the average annual market  
167.30 price as published in the Engineering and Mining Journal;

168.1 (2) For metals or mineral products with a monthly or weekly price quotation in the  
 168.2 Engineering and Mining Journal, but for which no average annual price has been published,  
 168.3 an arithmetic average of the monthly or weekly prices published in the Engineering and  
 168.4 Mining Journal shall be used; and

168.5 (3) If the price of a particular metal or mineral product is not published in the Engineering  
 168.6 and Mining Journal, another recognized published price, as established by the commissioner  
 168.7 of revenue will be used.

168.8 (b) The quantity of each particular metal or mineral product recovered and paid or  
 168.9 credited for by the smelter will be multiplied by the average annual market price as  
 168.10 determined in ~~clause~~ paragraph (a). Special smelter charges for particular metals will be  
 168.11 allowed as a deduction from this price. The resulting amount will be the gross proceeds for  
 168.12 calculating the tax in section 298.015.

168.13 (c) A recognized published price, as established by the commissioner of revenue, must  
 168.14 be used to determine the alternative computation of gross proceeds for gas products.

168.15 (d) If a recognized published price is not currently available, the commissioner must  
 168.16 use either a recognized price published historically or an arm's length transaction price paid  
 168.17 by other parties for gas products of like quantity to determine the greatest market value of  
 168.18 the gas product. If the commissioner uses a historical published price, it must be adjusted  
 168.19 for inflation, as provided in section 270C.22, using the year in which the most recent  
 168.20 historical price is published as the statutory year. If the commissioner uses an arm's length  
 168.21 transaction price, the commissioner may adjust the arm's length transaction price to account  
 168.22 for differences in quality, recency, inflation, terms and conditions, and other relevant  
 168.23 circumstances under which the arm's length transaction price was paid in relation to the  
 168.24 non-arm's-length transaction price computed under this subdivision.

168.25 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 168.26 31, 2024.

168.27 Sec. 37. Minnesota Statutes 2024, section 298.016, subdivision 4, is amended to read:

168.28 Subd. 4. **Metal or, mineral, or gas products; definition.** For the purposes of this section,  
 168.29 "metal ~~or,~~ mineral, or gas products" means all those ores, metals, ~~and minerals, or gases~~  
 168.30 subject to the tax provided in section 298.015.

168.31 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 168.32 31, 2024.

169.1 Sec. 38. Minnesota Statutes 2024, section 298.016, is amended by adding a subdivision  
169.2 to read:

169.3 Subd. 4a. Gas products; definition. For purposes of this section, "gas products" means  
169.4 all gases subject to the tax imposed in section 298.015.

169.5 EFFECTIVE DATE. This section is effective for taxable years beginning after December  
169.6 31, 2024.

169.7 Sec. 39. Minnesota Statutes 2024, section 298.018, subdivision 1, is amended to read:

169.8 Subdivision 1. **Within taconite assistance area.** (a) The proceeds of the tax paid under  
169.9 sections 298.015 and 298.016 on ores, metals, or minerals mined or extracted within the  
169.10 taconite assistance area defined in section 273.1341, shall be allocated as follows:

169.11 (1) except as provided under paragraph (b), five percent to the city or town within which  
169.12 the ores, metals, minerals, or energy resources are mined or extracted, or within which the  
169.13 concentrate was produced. If the mining and concentration, or different steps in either  
169.14 process, are carried on in more than one taxing district, the commissioner shall apportion  
169.15 equitably the proceeds among the cities and towns by attributing 50 percent of the proceeds  
169.16 of the tax to the operation of mining or extraction, and the remainder to the concentrating  
169.17 plant and to the processes of concentration, and with respect to each thereof giving due  
169.18 consideration to the relative extent of the respective operations performed in each taxing  
169.19 district;

169.20 (2) ten percent to the taconite municipal aid account to be distributed as provided in  
169.21 section 298.282, subdivisions 1 and 2, on the dates provided under this section;

169.22 (3) ten percent to the school district within which the ores, metals, minerals, or energy  
169.23 resources are mined or extracted, or within which the concentrate was produced. If the  
169.24 mining and concentration, or different steps in either process, are carried on in more than  
169.25 one school district, distribution among the school districts must be based on the  
169.26 apportionment formula prescribed in clause (1);

169.27 (4) 20 percent to a group of school districts comprised of those school districts wherein  
169.28 the ore, metal, mineral, or energy resource was mined or extracted or in which there is a  
169.29 qualifying municipality as defined by section 273.134, paragraph (b), in direct proportion  
169.30 to school district indexes as follows: for each school district, its pupil units determined  
169.31 under section 126C.05 for the prior school year shall be multiplied by the ratio of the average  
169.32 adjusted net tax capacity per pupil unit for school districts receiving aid under this clause  
169.33 as calculated pursuant to chapters 122A, 126C, and 127A for the school year ending prior

170.1 to distribution to the adjusted net tax capacity per pupil unit of the district. Each district  
170.2 shall receive that portion of the distribution which its index bears to the sum of the indices  
170.3 for all school districts that receive the distributions;

170.4 (5) ten percent to the county within which the ores, metals, minerals, or energy resources  
170.5 are mined or extracted, or within which the concentrate was produced. If the mining and  
170.6 concentration, or different steps in either process, are carried on in more than one county,  
170.7 distribution among the counties must be based on the apportionment formula prescribed in  
170.8 clause (1), provided that any county receiving distributions under this clause shall pay one  
170.9 percent of its proceeds to the Range Association of Municipalities and Schools;

170.10 (6) five percent to St. Louis County acting as the counties' fiscal agent to be distributed  
170.11 as provided in sections 273.134 to 273.136;

170.12 (7) 20 percent to the commissioner of Iron Range resources and rehabilitation for the  
170.13 purposes of section 298.22;

170.14 (8) three percent to the Douglas J. Johnson economic protection trust fund;

170.15 (9) seven percent to the taconite environmental protection fund; and

170.16 (10) ten percent to the commissioner of Iron Range resources and rehabilitation for  
170.17 capital improvements to Giants Ridge Recreation Area.

170.18 (b) If the ~~materials~~ ores, metals, minerals, or energy resources are mined, extracted, or  
170.19 concentrated in School District No. 2711, Mesabi East, then the amount under paragraph  
170.20 (a), clause (1), must instead be distributed pursuant to this paragraph. The cities of Aurora,  
170.21 Babbitt, Ely, and Hoyt Lakes must each receive 20 percent of the amount. The city of  
170.22 Biwabik and Embarrass Township must each receive ten percent of the amount.

170.23 (c) For the first five years that tax paid under section 298.015, subdivisions 1 and 2, is  
170.24 distributed under this subdivision, ten percent of the total proceeds distributed in each year  
170.25 must first be distributed pursuant to this paragraph. The remaining 90 percent of the total  
170.26 proceeds distributed in each of those years must be distributed as outlined in paragraph (a).  
170.27 Of the amount available under this paragraph, the cities of Aurora, Babbitt, Ely, and Hoyt  
170.28 Lakes must each receive 20 percent. Of the amount available under this paragraph, the city  
170.29 of Biwabik and Embarrass Township must each receive ten percent. This paragraph applies  
170.30 only to tax paid by a person engaged in the business of mining within the area described in  
170.31 section 273.1341, clauses (1) and (2).

170.32 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
170.33 31, 2024.

171.1 Sec. 40. Minnesota Statutes 2024, section 298.018, subdivision 1a, is amended to read:

171.2 Subd. 1a. **Distribution date.** The proceeds of the tax allocated under ~~subdivision~~  
171.3 subdivisions 1, 1b, and 3 shall be distributed on December 15 each year annually by January  
171.4 15 following the return due date. Any payment of proceeds received after ~~December 15~~  
171.5 January 15 following the return due date shall be distributed on the next gross proceeds tax  
171.6 distribution date.

171.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
171.8 31, 2024.

171.9 Sec. 41. Minnesota Statutes 2024, section 298.018, is amended by adding a subdivision  
171.10 to read:

171.11 Subd. 1b. **Gas produced within taconite assistance area.** Ten percent of the proceeds  
171.12 of the tax paid under sections 298.015 and 298.016 on gas produced within the taconite  
171.13 assistance area defined in section 273.1341 during the preceding calendar year is allocated  
171.14 to the commissioner of Iron Range resources and rehabilitation for the purposes of section  
171.15 298.22.

171.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
171.17 31, 2024.

171.18 Sec. 42. Minnesota Statutes 2024, section 298.018, is amended by adding a subdivision  
171.19 to read:

171.20 Subd. 3. **Within a helium relief area.** (a) For a helium relief area established under  
171.21 section 273.1343, subdivision 2, the proceeds of the tax paid under sections 298.015 and  
171.22 298.016 on gas produced within the helium relief area, and that are not allocated under  
171.23 subdivision 1b, are allocated as follows:

171.24 (1) 8.33 percent to school districts that have a boundary within Lake County, distributed  
171.25 to each school district in proportion to the school district's pupil units determined under  
171.26 section 126C.05, subdivision 1, for the prior school year relative to the total pupil units  
171.27 determined under section 126C.05, subdivision 1, for all school districts within Lake County.  
171.28 If Lake County does not have a boundary within the helium relief area, the funds allocated  
171.29 to this clause must be distributed under clause (2);

171.30 (2) 16.67 percent to school districts located entirely within the helium relief area,  
171.31 distributed to each school district in proportion to the school district's pupil units determined  
171.32 under section 126C.05, subdivision 1, for the prior school year relative to the total pupil

172.1 units determined under section 126C.05, subdivision 1, for all school districts in the helium  
172.2 relief area;

172.3 (3) 4.25 percent distributed to counties located at least partially within the helium relief  
172.4 area, distributed in equal amounts to each county;

172.5 (4) 8.25 percent to counties are both: (i) located at least partially within the helium relief  
172.6 area and (ii) within which gas products subject to the tax under sections 298.015 and 298.016  
172.7 are produced within the helium relief area in the preceding calendar year. If production  
172.8 occurs in more than one county, the commissioner must attribute 50 percent of the proceeds  
172.9 of the tax to the drilling and extraction, and the remainder to the processes of separating  
172.10 and beneficiating. If neither drilling nor extraction occurs within the helium relief area, all  
172.11 proceeds must be attributable to the processes of separating and beneficiating. If neither  
172.12 separating nor beneficiating occurs within the helium relief area, all proceeds must be  
172.13 attributable to the processes of drilling and extraction. The commissioner must distribute  
172.14 amounts to each county proportionally to the relative extent of respective operations  
172.15 performed within the helium relief area in each county. The proportionate distribution for  
172.16 drilling and extraction must be based on volume of gas measured over the preceding calendar  
172.17 year. The proportionate distribution for separating and beneficiating must be based on man  
172.18 hours measured over the preceding calendar year;

172.19 (5) 2.875 percent to cities located at least partially within the helium relief area, distributed  
172.20 in equal amounts to each city;

172.21 (6) 5.875 percent to cities that: (i) are located at least partially within the helium relief  
172.22 area; and (ii) have a boundary within 25 miles of a mine, well, structure, or building located  
172.23 entirely within the helium relief area where gas products subject to the tax under sections  
172.24 298.015 and 298.016 are produced in the preceding calendar year. If more than one city is  
172.25 located at least partially within the helium relief area and has a boundary within 25 miles  
172.26 of a mine, well, structure, or building located entirely within the helium relief area where  
172.27 gas products subject to the tax under sections 298.015 and 298.016 are produced in the  
172.28 preceding calendar year, the commissioner must attribute 50 percent of the proceeds of the  
172.29 tax to drilling and extraction, and the remainder to the processes of separating and  
172.30 beneficiating. If neither drilling nor extraction occurs within the helium relief area within  
172.31 25 miles of a boundary of a city located at least partially within the helium relief area, all  
172.32 proceeds must be attributable to the processes of separating and beneficiating. If neither  
172.33 separating nor beneficiating occurs within the helium relief area within 25 miles of any city  
172.34 located at least partially within the helium relief area, all proceeds must be attributable to  
172.35 the processes of drilling and extraction. The commissioner must distribute amounts to each

173.1 city proportionally to the relative extent of respective operations performed within the  
173.2 helium relief area within 25 miles of a boundary of each city. The proportionate distribution  
173.3 for drilling and extraction must be based on volume of gas measured over the preceding  
173.4 calendar year. The proportionate distribution for separating and beneficiating must be based  
173.5 on man-hours measured over the preceding calendar year. If there are no eligible recipients  
173.6 for distributions under this clause, the funds allocated to this clause must be distributed  
173.7 under clause (5). If there are no eligible recipients under this clause and under clause (5),  
173.8 the funds allocated to this clause must be distributed under paragraph (b);

173.9 (7) 1.375 percent to towns located at least partially within the helium relief area,  
173.10 distributed in equal amounts to each town;

173.11 (8) 2.375 percent to towns that: (i) are located at least partially within the helium relief  
173.12 area and (ii) have a boundary within 25 miles of a mine, well, structure, or building located  
173.13 entirely within the helium relief area where gas products subject to the tax under sections  
173.14 298.015 and 298.016 are produced in the preceding calendar year. If more than one town  
173.15 is located at least partially within the helium relief area and has a boundary within 25 miles  
173.16 of a mine, well, structure, or building located entirely within the helium relief area where  
173.17 gas products subject to the tax under sections 298.015 and 298.016 are produced in the  
173.18 preceding calendar year, the commissioner must attribute 50 percent of the proceeds of the  
173.19 tax to the drilling and extraction, and the remainder to the processes of separating and  
173.20 beneficiating. If neither drilling nor extraction occurs within the helium relief area within  
173.21 25 miles of a boundary of a town located at least partially within the helium relief area, all  
173.22 proceeds must be attributable to the processes of separating and beneficiating. If neither  
173.23 separating nor beneficiating occurs within the helium relief area within 25 miles of any  
173.24 town located at least partially within the helium relief area, all proceeds must be attributable  
173.25 to the processes of drilling and extraction. The commissioner must distribute amounts to  
173.26 each town proportionally to the relative extent of respective operations performed within  
173.27 the helium relief area within 25 miles of a boundary of each town. The proportionate  
173.28 distribution for drilling and extraction must be based on volume of gas measured over the  
173.29 preceding calendar year. The proportionate distribution for separating and beneficiating  
173.30 must be based on man-hours measured over the preceding calendar year. If there are no  
173.31 eligible recipients for distributions under this clause, the money allocated to this clause must  
173.32 be distributed under clause (7). If there are no eligible recipients under this clause and under  
173.33 clause (7), the money allocated to this clause must be distributed under paragraph (b); and

173.34 (9) 50 percent to the helium property tax relief account under section 273.1362.

174.1 (b) If there are no eligible recipients for distributions of an allocation under a clause  
 174.2 under paragraph (a), the money allocated to that clause must be distributed among other  
 174.3 clauses for which there are eligible distribution recipients, in proportion to each clause's  
 174.4 percentage of total allocations for which there are eligible recipients under paragraph (a).

174.5 (c) For purposes of this subdivision, "structure" or "building" means a structure or  
 174.6 building used directly for drilling, extracting, separating, or beneficiating gas.

174.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 174.8 31, 2024.

174.9 Sec. 43. Minnesota Statutes 2024, section 298.17, is amended to read:

174.10 **298.17 OCCUPATION TAXES TO BE APPORTIONED.**

174.11 (a) All occupation taxes paid by persons, copartnerships, companies, joint stock  
 174.12 companies, corporations, and associations, however or for whatever purpose organized,  
 174.13 engaged in the business of mining or producing iron ore ~~or~~, other ores, metals, minerals, or  
 174.14 gas, when collected shall be apportioned and distributed in accordance with the Constitution  
 174.15 of the state of Minnesota, article X, section 3, in the manner following: 90 percent shall be  
 174.16 deposited in the state treasury and credited to the general fund of which four-ninths shall  
 174.17 be used for the support of elementary and secondary schools; and ten percent of the proceeds  
 174.18 of the tax imposed by this section shall be deposited in the state treasury and credited to the  
 174.19 general fund for the general support of the university.

174.20 (b) Except as provided in paragraph (e), of the money apportioned to the general fund  
 174.21 by this section: (1) there is annually appropriated and credited to the mining environmental  
 174.22 and regulatory account in the special revenue fund an amount equal to that which would  
 174.23 have been generated by a 2-1/2 cent tax imposed by section 298.24 on each taxable ton  
 174.24 produced in the preceding calendar year. Money in the mining environmental and regulatory  
 174.25 account is appropriated annually to the commissioner of natural resources to fund agency  
 174.26 staff to work on environmental issues and provide regulatory services for ferrous and  
 174.27 nonferrous mining and production operations in this state Minnesota. Payment to the mining  
 174.28 environmental and regulatory account shall be made by July 1 annually. The commissioner  
 174.29 of natural resources shall execute an interagency agreement with the Pollution Control  
 174.30 Agency to assist with the provision of environmental regulatory services such as monitoring  
 174.31 and permitting required for ferrous and nonferrous mining and production operations; (2)  
 174.32 there is annually appropriated and credited to the Iron Range resources and rehabilitation  
 174.33 account in the special revenue fund an amount equal to that which would have been generated  
 174.34 by a 1.5 cent tax imposed by section 298.24 on each taxable ton produced in the preceding

175.1 calendar year, to be expended for the purposes of section 298.22; and (3) there is annually  
175.2 appropriated and credited to the Iron Range resources and rehabilitation account in the  
175.3 special revenue fund for transfer to the Iron Range schools and community development  
175.4 account under section 298.28, subdivision 7a, an amount equal to that which would have  
175.5 been generated by a six cent tax imposed by section 298.24 on each taxable ton produced  
175.6 in the preceding calendar year. Payment to the Iron Range resources and rehabilitation  
175.7 account shall be made by May 15 annually.

175.8 (c) The money appropriated pursuant to paragraph (b), clause (2), shall be used (i) to  
175.9 provide environmental development grants to local governments located within any county  
175.10 in region 3 as defined in governor's executive order number 60, issued on June 12, 1970,  
175.11 which does not contain a municipality qualifying pursuant to section 273.134, paragraph  
175.12 (b), or (ii) to provide economic development loans or grants to businesses located within  
175.13 any such county, provided that the county board or an advisory group appointed by the  
175.14 county board to provide recommendations on economic development shall make  
175.15 recommendations to the commissioner of Iron Range resources and rehabilitation regarding  
175.16 the loans. Payment to the Iron Range resources and rehabilitation account shall be made by  
175.17 May 15 annually.

175.18 (d) Of the money allocated to Koochiching County, one-third must be paid to the  
175.19 Koochiching County Economic Development Commission.

175.20 (e) Of the money apportioned to the general fund under this section, the proceeds of the  
175.21 tax paid under section 298.01, subdivision 3, on gas produced must be allocated as follows:

175.22 (1) 50 percent must be distributed in equal amounts to counties located at least partially  
175.23 within a helium relief area established under section 273.1343, subdivision 2. Payment must  
175.24 be made annually by the March 15 following the return due date; and

175.25 (2) 50 percent must be distributed in equal amounts to Tribal Nations located in Minnesota  
175.26 as follows:

175.27 (i) the proceeds of the tax generated from a well operated on land ceded by a Tribal  
175.28 Nation under the Treaty of 1854, as described in section 97A.157, must be distributed in  
175.29 equal shares to each Tribal Nation that ceded land under that treaty. The tax generated from  
175.30 a well operated on ceded land is equal to the total tax paid by each taxpayer multiplied by  
175.31 a fraction, the numerator of which is the total volume of gas extracted by each taxpayer  
175.32 from wells operated on the ceded land and the denominator is the total volume of gas  
175.33 extracted by each taxpayer from wells in Minnesota;

176.1 (ii) the proceeds of the tax generated from a well operated on land ceded by a Tribal  
 176.2 Nation under the Treaty of 1855, as described in section 626.90, subdivision 2, paragraph  
 176.3 (c), must be distributed in equal shares to each Tribal Nation that is a constituent member  
 176.4 of the Minnesota Chippewa Tribe, other than those Tribal Nations covered under item (i).  
 176.5 The tax generated from a well operated on ceded land is equal to the total tax paid by each  
 176.6 taxpayer multiplied by a fraction, the numerator of which is the total volume of gas extracted  
 176.7 by each taxpayer from wells operated on ceded land and the denominator is the total volume  
 176.8 of gas extracted by each taxpayer from wells in Minnesota; and

176.9 (iii) the remainder of the proceeds of the tax, other than proceeds of the tax from a well  
 176.10 operated on ceded land that is distributed under items (i) and (ii), must be distributed in  
 176.11 equal shares to each Tribal Nation.

176.12 For purposes of this paragraph, "Tribal Nation" means one of the 11 Tribes described in  
 176.13 section 3.922, subdivision 1.

176.14 The payments under clause (2) shall be made annually to the Tribal Nations by the March  
 176.15 15 following the return due date.

176.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 176.17 31, 2024.

## 176.18 **ARTICLE 10**

### 176.19 **MISCELLANEOUS**

176.20 Section 1. Minnesota Statutes 2024, section 3.192, is amended to read:

#### 176.21 **3.192 REQUIREMENTS FOR NEW OR RENEWED TAX EXPENDITURES.**

176.22 ~~(a) Any bill that creates, renews, or continues a tax expenditure must include a statement~~  
 176.23 ~~of intent that clearly provides the purpose of the tax expenditure and a standard or goal~~  
 176.24 ~~against which its effectiveness may be measured.~~

176.25 ~~(b) For purposes of this section, "tax expenditure" has the meaning given in section~~  
 176.26 ~~270C.11, subdivision 6.~~

176.27 ~~(e) Any bill that creates a new tax expenditure or continues an expiring tax expenditure~~  
 176.28 ~~must include an expiration date for the tax expenditure that is no more than eight years from~~  
 176.29 ~~the day the provision takes effect. For purposes of this section, "tax expenditure" has the~~  
 176.30 ~~meaning given in section 270C.11, subdivision 6.~~

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

177.1 Sec. 2. Minnesota Statutes 2024, section 3.8855, subdivision 2, is amended to read:

177.2 Subd. 2. **Definitions.** For the purposes of this section;

177.3 (1) "commissioner" means the commissioner of revenue; and

177.4 (2) "significant tax expenditure," "tax," and "tax expenditure" have the meanings given  
177.5 in section 270C.11, subdivision 6.

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

177.7 Sec. 3. Minnesota Statutes 2024, section 3.8855, subdivision 3, is amended to read:

177.8 Subd. 3. **Membership.** (a) The commission consists of:

177.9 (1) two senators appointed by the senate majority leader;

177.10 (2) two senators appointed by the senate minority leader;

177.11 (3) two representatives appointed by the speaker of the house;

177.12 (4) two representatives appointed by the minority leader of the house of representatives;

177.13 and

177.14 (5) the commissioner of revenue or the commissioner's designee.

177.15 (b) Each appointing authority must make appointments by January 31 of the regular  
177.16 legislative session in the odd-numbered year.

177.17 (c) If the chair of the house or senate committee with primary jurisdiction over taxes is  
177.18 not an appointed member, the chair is an ex officio, nonvoting member of the commission.

177.19 (d) The commissioner may designate another individual to represent the commissioner  
177.20 or the commissioner's designee at any meeting of the commission.

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

177.22 Sec. 4. Minnesota Statutes 2024, section 3.8855, subdivision 4, is amended to read:

177.23 Subd. 4. **Duties.** (a) For not more than three years after the commission is established,  
177.24 the commission must complete an initial review of the state's tax expenditures. The initial  
177.25 review must identify the purpose objective of each of the state's tax expenditures, ~~if none~~  
177.26 ~~was identified in the enacting legislation in accordance with section 3.192.~~ The commission  
177.27 may also identify metrics for evaluating the effectiveness of an expenditure.

177.28 (b) The commission must review and evaluate Minnesota's tax expenditures on a regular,  
177.29 rotating basis. The commission must establish a review schedule that ensures each tax

178.1 expenditure will be reviewed by the commission at least once every ten years. The  
 178.2 commission may review expenditures affecting similar constituencies or policy areas in the  
 178.3 same year, but the commission must review a subset of the tax expenditures within each  
 178.4 tax type each year. To the extent possible, the commission must review a similar number  
 178.5 of tax expenditures within each tax type each year. The commission may decide not to  
 178.6 review a tax expenditure that is adopted by reference to federal law.

178.7 (c) Before ~~December~~ February 1 of the year a tax expenditure is included in a commission  
 178.8 report, the commission must hold a public hearing on the expenditure, including but not  
 178.9 limited to a presentation of the review components in subdivision 5.

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

178.11 Sec. 5. Minnesota Statutes 2024, section 3.8855, subdivision 5, is amended to read:

178.12 Subd. 5. **Components of review.** (a) When reviewing a tax expenditure, the commission  
 178.13 must at a minimum:

178.14 (1) provide an estimate of the annual revenue lost as a result of the expenditure;

178.15 (2) identify the purpose objective of the tax expenditure ~~if none was identified in the~~  
 178.16 ~~enacting legislation in accordance with section 3.192;~~

178.17 (3) estimate the measurable impacts and efficiency of the tax expenditure in  
 178.18 accomplishing the purpose objective of the expenditure;

178.19 (4) compare the effectiveness of the tax expenditure and a direct expenditure with the  
 178.20 same purpose objective;

178.21 (5) identify potential modifications to the tax expenditure to increase its efficiency or  
 178.22 effectiveness;

178.23 (6) estimate the amount by which the tax rate for the relevant tax could be reduced if  
 178.24 the revenue lost due to the tax expenditure were applied to a rate reduction;

178.25 (7) if the tax expenditure is a significant tax expenditure, estimate the incidence of the  
 178.26 tax expenditure and the effect of the expenditure on the incidence of the state's tax system;

178.27 (8) consider the cumulative fiscal impacts of other state and federal taxes providing  
 178.28 benefits to taxpayers for similar activities; and

178.29 (9) recommend whether the expenditure be continued, repealed, or modified.

179.1 (b) The commission may omit a component in paragraph (a) if the commission determines  
179.2 it is not feasible due to the lack of available data, third-party research, staff resources, or  
179.3 lack of a majority support for a recommendation.

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

179.5 Sec. 6. Minnesota Statutes 2024, section 3.8855, subdivision 7, is amended to read:

179.6 Subd. 7. **Report to legislature.** (a) By ~~December~~ February 15 of each year, the  
179.7 commission must submit a written report to the legislative committees with jurisdiction  
179.8 over tax policy. The report must detail the results of the commission's review of tax  
179.9 expenditures for the year, including the review components detailed in subdivision 5.

179.10 (b) Notwithstanding paragraph (a), during the period of initial review under subdivision  
179.11 4, the report may be limited to the ~~purpose~~ objective statements and metrics for evaluating  
179.12 the effectiveness of expenditures, as identified by the commission. The report may also  
179.13 include relevant publicly available data on an expenditure.

179.14 (c) The report may include any additional information the commission deems relevant  
179.15 to the review of an expenditure.

179.16 (d) The legislative committees with jurisdiction over tax policy must hold a public  
179.17 hearing on the report during the regular legislative session in the year following the year in  
179.18 which the report was submitted.

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

179.20 Sec. 7. Minnesota Statutes 2024, section 3.8855, subdivision 8, is amended to read:

179.21 Subd. 8. **Terms; vacancies; meetings.** (a) Members of the commission serve a term  
179.22 beginning upon appointment and ending at the beginning of the regular legislative session  
179.23 in the next odd-numbered year. The appropriate appointing authority must fill a vacancy  
179.24 for a seat of a current legislator for the remainder of the unexpired term. Members may be  
179.25 removed or replaced at the pleasure of the appointing authority.

179.26 (b) If a commission member ceases to be a member of the legislative body from which  
179.27 the member was appointed, the member vacates membership on the commission.

179.28 (c) The commissioner of revenue must convene the first meeting of each year required  
179.29 under subdivision 4, paragraph (c).

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

180.1 Sec. 8. Minnesota Statutes 2024, section 8.31, subdivision 2c, is amended to read:

180.2 Subd. 2c. **Undistributed money to ~~general fund~~ consumer protection restitution**  
180.3 **account.** If a court of competent jurisdiction finds that a sum recovered under this section  
180.4 for the benefit of injured persons cannot reasonably be distributed to the victims, because  
180.5 the victims cannot readily be located or identified, or because the cost of distributing the  
180.6 money would outweigh the benefit to the victims, then the court ~~may order that the money~~  
180.7 ~~be paid into the general fund.~~ All sums recovered must be deposited into the state treasury  
180.8 and credited to the general fund or attorney general must deposit the money in the consumer  
180.9 protection restitution account under section 8.37. Consumer enforcement public compensation  
180.10 that the attorney general attempts to distribute to an eligible consumer, but that is not  
180.11 redeemed by the consumer within 120 days, may be redeposited in the account. For purposes  
180.12 of this subdivision, "consumer enforcement public compensation" and "eligible consumer"  
180.13 have the meanings given in section 8.37, subdivision 2.

180.14 **EFFECTIVE DATE.** This section is effective July 1, 2025.

180.15 Sec. 9. **[8.37] CONSUMER PROTECTION RESTITUTION ACCOUNT.**

180.16 **Subdivision 1. Creation of account.** The consumer protection restitution account is  
180.17 established in the special revenue fund. Money in the account is appropriated annually to  
180.18 the attorney general for the purposes provided under subdivision 4.

180.19 **Subd. 2. Definitions.** (a) The definitions in this subdivision apply to this section.

180.20 (b) "Account" means the consumer protection restitution account established under this  
180.21 section.

180.22 (c) "Account administrator" means a person appointed by the attorney general as an  
180.23 account administrator under this section.

180.24 (d) "Consumer enforcement action" means litigation in any forum, or settlement of a  
180.25 matter that could have resulted in litigation, by the attorney general in whole or in part under  
180.26 (1) the authority of the attorney general provided in section 8.31, or (2) other authority  
180.27 granted to the attorney general by law to obtain the remedies provided in section 8.31.

180.28 (e) "Consumer enforcement public compensation" means money awarded or recovered  
180.29 in a consumer enforcement action to vindicate public interests by providing restitution or  
180.30 other compensation to persons directly impacted by unlawful acts and practices that are the  
180.31 subject of the consumer enforcement action.

181.1 (f) "Court-appointed administrator" means an administrator appointed by a court under  
181.2 section 8.31, subdivision 3c.

181.3 (g) "Eligible consumer" means a person who was directly impacted by unlawful acts  
181.4 and practices that are the subject of a consumer enforcement action and, as a result, is eligible  
181.5 to receive consumer enforcement public compensation under a final order.

181.6 (h) "Final order" means a judgment, assurance of discontinuance, consent order,  
181.7 settlement, stipulation, or other order or settlement that is no longer appealable and for  
181.8 which no appeals are pending. A final order does not include any judgment, assurance of  
181.9 discontinuance, consent order, settlement, stipulation, or other order or settlement entered  
181.10 into before October 15, 2023.

181.11 (i) "Identified amount of unpaid consumer enforcement public compensation" means a  
181.12 specific amount of consumer enforcement public compensation that the attorney general,  
181.13 court-appointed administrator, or fund administrator has determined a specific eligible  
181.14 consumer is entitled to receive following a final order in a consumer enforcement action  
181.15 and that has not been distributed to the specific eligible consumer.

181.16 Subd. 3. **Money deposited in the account.** 50 percent of all money recovered by the  
181.17 attorney general in a consumer enforcement action that is payable to the state and not  
181.18 designated as consumer enforcement public compensation or for another specific purpose  
181.19 up to the first \$1,000,000 each fiscal year must be deposited into the account. The remaining  
181.20 50 percent of money recovered by the attorney general in a consumer enforcement action  
181.21 that is payable to the state and not designated as consumer enforcement public compensation  
181.22 or for another specific purpose must be deposited into the general fund. For purposes of  
181.23 this subdivision, the amount of money recovered in a consumer enforcement action that  
181.24 must be deposited into the fund is determined at the time when the money otherwise would  
181.25 have been deposited into the general fund.

181.26 Subd. 4. **Permissible use of account.** Money in the account must be used only to  
181.27 distribute consumer enforcement action public compensation to eligible consumers under  
181.28 subdivision 5 and for costs to administer the account. The costs to administer the account  
181.29 may include the cost to retain for any permissible purpose an account administrator or  
181.30 court-appointed administrator but must not exceed three percent of the total amount of  
181.31 money available. The attorney general may pay an account administrator from the account  
181.32 if the account contains excess money.

181.33 Subd. 5. **Distributions to eligible consumers.** (a) Money in the account may be  
181.34 distributed to any eligible consumer with an identified amount of unpaid consumer

182.1 enforcement public compensation. If the amount of money in the account is insufficient to  
182.2 pay all distributions to eligible consumers with an identified amount of unpaid consumer  
182.3 enforcement public compensation, the money must be distributed first to consumers eligible  
182.4 for unpaid consumer enforcement public compensation based on a consumer enforcement  
182.5 action with a final order of the oldest date.

182.6 (b) If the attorney general projects that there will be insufficient funding to pay all eligible  
182.7 consumers from the funds available on an ongoing basis, the attorney general may  
182.8 recommend to the legislature that the legislature prescribe a formula for prorating or capping  
182.9 payments to eligible consumers so that more eligible consumers will receive payment from  
182.10 the fund.

182.11 **Subd. 6. Impractical payments and unreasonable effort as to unpaid**  
182.12 **compensation.** (a) The attorney general may deem a distribution to an eligible consumer  
182.13 with an identified amount of unpaid consumer enforcement public compensation impractical  
182.14 if:

182.15 (1) the distribution to the eligible consumer is too small to justify the cost to locate the  
182.16 eligible consumer or make the payment;

182.17 (2) the eligible consumer does not redeem a payment within a reasonable time; or

182.18 (3) other circumstances make distributing the unpaid consumer enforcement compensation  
182.19 to the eligible consumer unreasonable.

182.20 (b) The attorney general may deem an attempt to determine an identified amount of  
182.21 unpaid consumer enforcement public compensation for some or all eligible consumers  
182.22 relating to a consumer enforcement action is unreasonable when the judgment, assurance  
182.23 of discontinuance, consent order, settlement, stipulation, or other order or settlement does  
182.24 not identify specific amounts of consumer enforcement public compensation for specific  
182.25 consumers if:

182.26 (1) the number of likely eligible consumers and the amount of likely unpaid consumer  
182.27 enforcement public compensation is too small to justify the cost to determine an identified  
182.28 amount of unpaid consumer enforcement public compensation;

182.29 (2) the information needed to identify an amount of unpaid consumer enforcement public  
182.30 compensation is unavailable or too costly to obtain; or

182.31 (3) other circumstances make an attempt to determine an identified amount of unpaid  
182.32 consumer enforcement public compensation unreasonable.

183.1 Subd. 7. **Concluded distributions.** The attorney general must stop providing distributions  
183.2 of unpaid consumer enforcement public compensation relating to a consumer enforcement  
183.3 action when the attorney general determines:

183.4 (1) all eligible consumers with an identified amount of unpaid consumer enforcement  
183.5 public compensation for the consumer enforcement action have received a distribution  
183.6 through the account or the distribution has been deemed impractical under subdivision 6,  
183.7 paragraph (a); and

183.8 (2) no additional eligible consumers with unpaid consumer enforcement public  
183.9 compensation for the consumer enforcement action exist or the attorney general has deemed  
183.10 identifying unpaid compensation under subdivision 6, paragraph (b), unreasonable.

183.11 Subd. 8. **Annual report.** (a) The attorney general must publish on the attorney general's  
183.12 website an annual report identifying the following information for the annual period:

183.13 (1) the consumer enforcement actions resulting in payment of money to the account and  
183.14 the amount of money paid to the account for each consumer enforcement action;

183.15 (2) the consumer enforcement actions for which distributions were made to eligible  
183.16 consumers, the amount of money distributed for each consumer enforcement action, and  
183.17 the amount of money distributed to each eligible consumer;

183.18 (3) the consumer enforcement actions for which there are eligible consumers awaiting  
183.19 distribution from the account and the amount of money for which those eligible consumers  
183.20 are awaiting distribution for each consumer enforcement action;

183.21 (4) the consumer enforcement actions for which the attorney general has concluded  
183.22 account distribution;

183.23 (5) the consumer enforcement actions in which the attorney general determined that  
183.24 some or all eligible compensation was impractical to distribute or unreasonable to determine  
183.25 under subdivision 6;

183.26 (6) a summary of the unlawful acts and practices that directly impacted an eligible  
183.27 consumer and a description of the public interests vindicated by a distribution from the  
183.28 account;

183.29 (7) all administrative policies that apply to the account, including any policies that  
183.30 determine priorities for distribution of money;

183.31 (8) the number of employees working on the account; and

183.32 (9) the cost incurred to administer the account.

184.1 (b) The attorney general must provide the report to the chairs and ranking minority  
184.2 members of the legislative committees with jurisdiction over state government, commerce,  
184.3 and judiciary.

184.4 Subd. 9. **Account administrator.** (a) The attorney general may appoint an administrator  
184.5 for any of the following purposes:

184.6 (1) determining identified amounts of unpaid consumer enforcement public compensation  
184.7 for eligible consumers;

184.8 (2) collecting money that can be deposited, in whole or in part, to the account;

184.9 (3) distributing money to eligible consumers; or

184.10 (4) any other costs to administer the account.

184.11 (b) The attorney general may appoint more than one account administrator.

184.12 Subd. 10. **No private right of action.** A person does not have a private right of action  
184.13 with respect to a payment from the account or administration of the account.

184.14 Subd. 11. **Collection efforts unaffected.** The distribution of money from the account  
184.15 to eligible consumers does not affect the attorney general's authority to collect, satisfy, or  
184.16 enforce final orders against persons ordered to pay consumer enforcement public  
184.17 compensation to eligible consumers in the final order. To the extent the attorney general  
184.18 collects consumer enforcement public compensation pursuant to a final order after money  
184.19 has been distributed from the account to eligible consumers that are the subject of that final  
184.20 order, the collected consumer enforcement public compensation must be deposited in the  
184.21 account in an amount equal to the prior account distribution.

184.22 Subd. 12. **Data classification.** Notwithstanding section 13.65, informal or formal policies  
184.23 relating to the account are public data on individuals, as defined in section 13.02, subdivision  
184.24 15, and public data not on individuals, as defined by section 13.02, subdivision 14.

184.25 **EFFECTIVE DATE.** This section is effective July 1, 2025.

184.26 Sec. 10. Minnesota Statutes 2024, section 14.03, subdivision 3, is amended to read:

184.27 Subd. 3. **Rulemaking procedures.** (a) The definition of a rule in section 14.02,  
184.28 subdivision 4, does not include:

184.29 (1) rules concerning only the internal management of the agency or other agencies that  
184.30 do not directly affect the rights of or procedures available to the public;

185.1 (2) an application deadline on a form; and the remainder of a form and instructions for  
185.2 use of the form to the extent that they do not impose substantive requirements other than  
185.3 requirements contained in statute or rule;

185.4 (3) the curriculum adopted by an agency to implement a statute or rule permitting or  
185.5 mandating minimum educational requirements for persons regulated by an agency, provided  
185.6 the topic areas to be covered by the minimum educational requirements are specified in  
185.7 statute or rule;

185.8 (4) procedures for sharing data among government agencies, provided these procedures  
185.9 are consistent with chapter 13 and other law governing data practices.

185.10 (b) The definition of a rule in section 14.02, subdivision 4, does not include:

185.11 (1) rules of the commissioner of corrections relating to the release, placement, term, and  
185.12 supervision of inmates serving a supervised release or conditional release term, the internal  
185.13 management of institutions under the commissioner's control, and rules adopted under  
185.14 section 609.105 governing the inmates of those institutions;

185.15 (2) rules relating to weight limitations on the use of highways when the substance of the  
185.16 rules is indicated to the public by means of signs;

185.17 (3) opinions of the attorney general;

185.18 (4) the data element dictionary and the annual data acquisition calendar of the Department  
185.19 of Education to the extent provided by section 125B.07;

185.20 (5) the occupational safety and health standards provided in section 182.655;

185.21 (6) revenue ~~notices~~ rulings and tax information bulletins of the commissioner of revenue;

185.22 (7) uniform conveyancing forms adopted by the commissioner of commerce under  
185.23 section 507.09;

185.24 (8) standards adopted by the Electronic Real Estate Recording Commission established  
185.25 under section 507.0945; or

185.26 (9) the interpretive guidelines developed by the commissioner of human services to the  
185.27 extent provided in chapter 245A.

185.28 **EFFECTIVE DATE.** This section is effective beginning July 1, 2025.

185.29 Sec. 11. Minnesota Statutes 2024, section 16A.151, subdivision 2, is amended to read:

185.30 Subd. 2. **Exceptions.** (a) If a state official litigates or settles a matter on behalf of specific  
185.31 injured persons or entities, this section does not prohibit distribution of money to the specific

186.1 injured persons or entities on whose behalf the litigation or settlement efforts were initiated.  
186.2 If money recovered on behalf of injured persons or entities cannot reasonably be distributed  
186.3 to those persons or entities because they cannot readily be located or identified or because  
186.4 the cost of distributing the money would outweigh the benefit to the persons or entities, the  
186.5 money must be paid into the general fund.

186.6 (b) Money recovered on behalf of a fund in the state treasury other than the general fund  
186.7 may be deposited in that fund.

186.8 (c) This section does not prohibit a state official from distributing money to a person or  
186.9 entity other than the state in litigation or potential litigation in which the state is a defendant  
186.10 or potential defendant.

186.11 (d) State agencies may accept funds as directed by a federal court for any restitution or  
186.12 monetary penalty under United States Code, title 18, section 3663(a)(3), or United States  
186.13 Code, title 18, section 3663A(a)(3). Funds received must be deposited in a special revenue  
186.14 account and are appropriated to the commissioner of the agency for the purpose as directed  
186.15 by the federal court.

186.16 ~~(e) Tobacco settlement revenues as defined in section 16A.98, subdivision 1, paragraph~~  
186.17 ~~(t), may be deposited as provided in section 16A.98, subdivision 12.~~

186.18 ~~(f)~~ (e) Any money received by the state resulting from a settlement agreement or an  
186.19 assurance of discontinuance entered into by the attorney general of the state, or a court order  
186.20 in litigation brought by the attorney general of the state, on behalf of the state or a state  
186.21 agency, related to alleged violations of consumer fraud laws in the marketing, sale, or  
186.22 distribution of opioids in this state or other alleged illegal actions that contributed to the  
186.23 excessive use of opioids, must be deposited in the settlement account established in the  
186.24 opiate epidemic response fund under section 256.043, subdivision 1. This paragraph does  
186.25 not apply to attorney fees and costs awarded to the state or the Attorney General's Office,  
186.26 to contract attorneys hired by the state or Attorney General's Office, or to other state agency  
186.27 attorneys.

186.28 ~~(g)~~ (f) Notwithstanding paragraph ~~(f)~~ (e), if money is received from a settlement  
186.29 agreement or an assurance of discontinuance entered into by the attorney general of the  
186.30 state or a court order in litigation brought by the attorney general of the state on behalf of  
186.31 the state or a state agency against a consulting firm working for an opioid manufacturer or  
186.32 opioid wholesale drug distributor, the commissioner shall deposit any money received into  
186.33 the settlement account established within the opiate epidemic response fund under section  
186.34 256.042, subdivision 1. Notwithstanding section 256.043, subdivision 3a, paragraph (a),

187.1 any amount deposited into the settlement account in accordance with this paragraph shall  
187.2 be appropriated to the commissioner of human services to award as grants as specified by  
187.3 the opiate epidemic response advisory council in accordance with section 256.043,  
187.4 subdivision 3a, paragraph (e).

187.5 ~~(h)~~ (g) If the Minnesota Pollution Control Agency, through litigation or settlement of a  
187.6 matter that could have resulted in litigation, recovers \$250,000 or more in a civil penalty  
187.7 from violations of a permit issued by the agency, then 40 percent of the money recovered  
187.8 must be distributed to the community health board, as defined in section 145A.02, where  
187.9 the permitted facility is located. Within 30 days of a final court order in the litigation or the  
187.10 effective date of the settlement agreement, the commissioner of the Minnesota Pollution  
187.11 Control Agency must notify the applicable community health board that the litigation has  
187.12 concluded or a settlement has been reached. The commissioner must collect the money and  
187.13 transfer it to the applicable community health board. The community health board must  
187.14 meet directly with the residents potentially affected by the pollution that was the subject of  
187.15 the litigation or settlement to identify the residents' concerns and incorporate those concerns  
187.16 into a project that benefits the residents. The project must be implemented by the community  
187.17 health board and funded as directed in this paragraph. The community health board may  
187.18 recover the reasonable costs it incurs to administer this paragraph from the funds transferred  
187.19 to the board under this paragraph. This paragraph directs the transfer and use of money only  
187.20 and does not create a right of intervention in the litigation or settlement of the enforcement  
187.21 action for any person or entity. A supplemental environmental project funded as part of a  
187.22 settlement agreement is not part of a civil penalty and must not be included in calculating  
187.23 the amount of funds required to be distributed to a community health board under this  
187.24 paragraph. For the purposes of this paragraph, "supplemental environmental project" means  
187.25 a project that benefits the environment or public health that a regulated facility agrees to  
187.26 undertake, though not legally required to do so, as part of a settlement with respect to an  
187.27 enforcement action taken by the Minnesota Pollution Control Agency to resolve  
187.28 noncompliance.

187.29 ~~(h)~~ (h) A community health board receiving a transfer of funds under paragraph ~~(h)~~ (g)  
187.30 must, no later than one year after receiving the funds, submit a report to the chairs and  
187.31 ranking minority members of the senate and house of representatives committees with  
187.32 primary jurisdiction over environment policy and natural resources that describes:

187.33 (1) the process of community engagement employed to solicit community input regarding  
187.34 the use of the funds;

187.35 (2) the purposes and activities for which the funds were used; and

188.1 (3) an account of expenditures.

188.2 ~~(h)~~ (i) The commissioner of the Minnesota Pollution Control Agency must submit a  
188.3 report in September each even-numbered year, beginning in 2024, to the chairs and ranking  
188.4 minority members of the senate and house of representatives committees with primary  
188.5 jurisdiction over environmental policy and natural resources that includes:

188.6 (1) the amount transferred under paragraph ~~(h)~~ (g) to each community health board  
188.7 during the previous two years; and

188.8 (2) any agency services provided to the community health board or community residents  
188.9 during the duration of the project funded by the transfer, and the cost of those agency  
188.10 services, for consideration by the legislature for future appropriations that address  
188.11 reimbursement of the amount of the transfers and the cost of services provided by the agency.

188.12 ~~(k)~~ (j) Any money received by the state resulting from a settlement agreement or an  
188.13 assurance of discontinuance entered into by the attorney general of the state, or a court order  
188.14 in litigation brought by the attorney general of the state on behalf of the state or a state  
188.15 agency related to alleged violations of consumer fraud laws in the marketing, sale, or  
188.16 distribution of electronic nicotine delivery systems in this state or other alleged illegal  
188.17 actions that contributed to the exacerbation of youth nicotine use, must be deposited in the  
188.18 tobacco use prevention account under section 144.398. This paragraph does not apply to:  
188.19 (1) attorney fees and costs awarded or paid to the state or the Attorney General's Office; (2)  
188.20 contract attorneys hired by the state or Attorney General's Office; or (3) other state agency  
188.21 attorneys. The commissioner of management and budget must transfer to the tobacco use  
188.22 prevention account, any money subject to this paragraph that is received by the state before  
188.23 May 24, 2023.

188.24 (k) This section does not apply to money deposited in the consumer protection restitution  
188.25 account under section 8.37.

188.26 **EFFECTIVE DATE.** This section is effective July 1, 2025.

188.27 Sec. 12. Minnesota Statutes 2024, section 37.31, subdivision 1, is amended to read:

188.28 Subdivision 1. **Bonding authority.** The society may issue negotiable bonds in a principal  
188.29 amount that the society determines necessary to provide sufficient money for achieving its  
188.30 purposes, including the payment of interest on bonds of the society, the establishment of  
188.31 reserves to secure its bonds, the payment of fees to a third party providing credit  
188.32 enhancement, and the payment of all other expenditures of the society incident to and  
188.33 necessary or convenient to carry out its corporate purposes and powers. Bonds of the society

189.1 may be issued as bonds or notes or in any other form authorized by law. The principal  
189.2 amount of bonds issued and outstanding under this section at any time may not exceed  
189.3 ~~\$30,000,000~~ \$50,000,000, excluding bonds for which refunding bonds or crossover refunding  
189.4 bonds have been issued.

189.5 **EFFECTIVE DATE.** This section is effective July 1, 2025.

189.6 Sec. 13. **[256B.1975] DIRECTED PAYMENT ARRANGEMENTS; PRIVATE**  
189.7 **HOSPITALS.**

189.8 Subdivision 1. **Definition.** For the purposes of this section, "billing professionals" means  
189.9 physicians, nurse practitioners, nurse midwives, clinical nurse specialists, physician assistants,  
189.10 anesthesiologists, and certified registered nurse anesthetists, and may include dentists,  
189.11 individually enrolled dental hygienists, and dental therapists.

189.12 Subd. 2. **Directed payment arrangements for private hospitals.** The commissioner  
189.13 must develop and implement beginning January 1, 2026, a voluntary program to increase  
189.14 medical assistance funding for the eligible provider through a directed payment arrangement.

189.15 Subd. 3. **Eligible provider.** The eligible provider under this section is a private, nonprofit  
189.16 acute care hospital located in Hennepin County designated by the commissioner of health  
189.17 as a level I trauma hospital according to section 144.605, subdivision 3, and providing  
189.18 statewide ground and air emergency medical transportation services, and all of such hospital's  
189.19 owned or affiliated billing professionals, ambulance services, sites, and clinics.

189.20 Subd. 4. **Arrangement requirements.** (a) In developing the voluntary program, the  
189.21 commissioner must create a directed payment, as allowed under Code of Federal Regulations,  
189.22 title 42, section 438.6, utilizing an intergovernmental transfer as allowed under Code of  
189.23 Federal Regulations, title 42, section 433.51.

189.24 (b) The program must supplement, and not supplant or replace, any existing medical  
189.25 assistance funding provided to the eligible provider.

189.26 (c) Managed care plans and county-based purchasing plans must pay the directed payment  
189.27 under this section to the eligible provider. If, for any contract year, federal approval is not  
189.28 received for the directed payment arrangement, the commissioner must adjust the capitation  
189.29 rates paid to managed care plans and county-based purchasing plans for that contract year.  
189.30 Contracts between the eligible provider and managed care plans and county-based purchasing  
189.31 plans must allow recovery of payments from the eligible provider if capitation rates are  
189.32 adjusted in accordance with this paragraph. Payment recoveries must not exceed the amount  
189.33 equal to any change in rates that results from this paragraph.

190.1 Subd. 5. State quality goals. The directed payment arrangement must align with state  
 190.2 quality goals for medical assistance patients, including those with higher levels of social  
 190.3 and clinical risk, people with limited English proficiency, adults with serious chronic  
 190.4 conditions, and individuals of color. The directed payment arrangement must be aimed at  
 190.5 maintaining quality and access to the full range of health care delivery mechanisms for these  
 190.6 patients that may include behavioral health, emergent care, preventive care, hospitalization,  
 190.7 transportation, interpreter services, and pharmaceutical services. The commissioner, in  
 190.8 consultation with the eligible provider, shall submit to the Centers for Medicare and Medicaid  
 190.9 Services a methodology to measure access to care and the achievement of state quality  
 190.10 goals.

190.11 Subd. 6. Federal approval. The commissioner must implement the program beginning  
 190.12 January 1, 2026, and maintain the directed payment arrangement thereafter, unless annual  
 190.13 federal approval has not been received.

190.14 Subd. 7. Change of control. The intergovernmental transfer that funds the nonfederal  
 190.15 share of the directed payment arrangement ends if the ownership, corporate governance  
 190.16 structure, or majority control of either hospital operated by the eligible provider is sold or  
 190.17 transferred to an entity that is organized for profit. The eligible provider shall provide notice  
 190.18 to the commissioner of a sale or transfer described in this subdivision at least 90 days in  
 190.19 advance of the sale or transfer.

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

190.21 Sec. 14. Minnesota Statutes 2024, section 270C.07, is amended to read:

190.22 **270C.07 REVENUE NOTICES RULINGS.**

190.23 Subdivision 1. **Authority.** The commissioner may make, adopt, and publish interpretive  
 190.24 revenue ~~notices~~ rulings. A "revenue ~~notice~~ ruling" is a policy statement that has been  
 190.25 published pursuant to subdivision 5 and that provides interpretation, details, or supplementary  
 190.26 information concerning the application of state revenue laws or rules promulgated by the  
 190.27 commissioner. Revenue ~~notices~~ rulings are published for the information and guidance of  
 190.28 taxpayers, local government officials, the department, and others concerned.

190.29 Subd. 2. **Effect.** Revenue ~~notices~~ rulings do not have the force and effect of law and  
 190.30 have no precedential effect, but may be relied on by taxpayers unless and until revoked or  
 190.31 modified. ~~A notice may be expressly revoked or modified by the commissioner, by the~~  
 190.32 ~~issuance of a revenue notice, but may not be revoked or modified retroactively to the~~  
 190.33 ~~detriment of the taxpayers. A change in the law or an interpretation of the law occurring~~

191.1 ~~after the revenue notice is issued, whether in the form of a statute, court decision,~~  
 191.2 ~~administrative rule, or revenue notice, results in revocation or modification of the notice to~~  
 191.3 ~~the extent that the change affects the notice.~~

191.4 Subd. 2a. **Revocation or modification.** A revenue ruling may be expressly revoked or  
 191.5 modified by the commissioner, by the issuance of a revenue ruling, but may not be revoked  
 191.6 or modified retroactively to the detriment of taxpayers. A change in the law or an  
 191.7 interpretation of the law occurring after the revenue ruling is issued, whether in the form  
 191.8 of a statute, court decision, administrative rule, or revenue ruling, results in revocation or  
 191.9 modification of the ruling to the extent that the change affects the ruling.

191.10 Subd. 3. **Retroactivity.** Revenue notices rulings are generally interpretive of existing  
 191.11 law and therefore are retroactive to the effective date of the applicable law provision unless  
 191.12 otherwise stated in the notice ruling.

191.13 Subd. 4. **Issuance.** The issuance of revenue notices rulings is at the discretion of the  
 191.14 commissioner. The commissioner shall establish procedures governing the issuance of  
 191.15 revenue notices rulings and tax information bulletins. ~~At least one week before publication~~  
 191.16 ~~of a revenue notice in the State Register, the commissioner shall provide a copy of the notice~~  
 191.17 ~~to the chairs of the Taxes Committee of the house of representatives and the Taxes and Tax~~  
 191.18 ~~Laws Committee of the senate.~~

191.19 Subd. 4a. **Request.** (a) Any person may submit a revenue ruling request to the  
 191.20 commissioner. The request must contain the following:

191.21 (1) tax type;

191.22 (2) the name and characteristics of the taxpayer submitting the request;

191.23 (3) description of the issue to be addressed;

191.24 (4) information demonstrating the frequency of the issue;

191.25 (5) any supporting materials and documents that provide background information on  
 191.26 the issue; and

191.27 (6) any other relevant information and documents identified by the commissioner.

191.28 (b) The commissioner must acknowledge all submitted requests within 21 days of receipt.

191.29 The person making the request must provide additional information and documents as  
 191.30 requested by the commissioner within 60 days of request. Failure to timely provide the  
 191.31 requested information and documents may result in the request being denied. Upon the

192.1 commissioner's receipt of all requested additional information and documents, the person's  
192.2 request is considered complete.

192.3 (c) The commissioner must respond to all requests for revenue rulings either by issuance  
192.4 of a ruling or by letter explaining why the commissioner declined to issue a ruling. If the  
192.5 commissioner declines the request, the commissioner shall provide the person making the  
192.6 request with a letter explaining the reasons for declining to do so within 45 days of receipt  
192.7 of the completed request. If the commissioner does not decline the completed request, the  
192.8 commissioner shall complete the revenue ruling and submit it for feedback under subdivision  
192.9 5 within 210 days of the commissioner's receipt of the completed request.

192.10 (d) The commissioner's revenue rulings, decisions to decline to issue revenue rulings,  
192.11 and other determinations made under this section may not be appealed.

192.12 Subd. 5. **Review and publication.** The commissioner shall seek feedback from the tax  
192.13 section of the Minnesota State Bar Association and the Minnesota Society of Certified  
192.14 Public Accountants prior to publication of a revenue ruling. The commissioner shall publish  
192.15 the revenue ~~notices~~ rulings in the State Register and in any other manner that makes them  
192.16 accessible to the general public. ~~The commissioner may charge a reasonable fee for~~  
192.17 ~~publications.~~ At least two weeks before publication of a revenue ruling in the State Register,  
192.18 the commissioner shall provide a copy of the ruling to the chairs and ranking minority  
192.19 members of the legislative committees with jurisdiction over taxes.

192.20 Subd. 6. **Confidentiality.** Prior to publication or other public dissemination, the  
192.21 commissioner shall redact certain information from a revenue ruling or proposed ruling,  
192.22 including the name and address of the taxpayer and taxpayer's representative.

192.23 Subd. 7. **Effect of determination.** A determination of any kind made by the commissioner  
192.24 pursuant to this section is not a rule and is not subject to the Administrative Procedure Act  
192.25 contained in chapter 14.

192.26 Subd. 8. **Legislative report.** (a) On or before January 31, 2027, and on or before January  
192.27 31 each year thereafter, the commissioner shall report in writing to the legislature the  
192.28 following information for the immediately preceding calendar year:

192.29 (1) the number of revenue ruling requests submitted and the number of those rulings  
192.30 subsequently issued;

192.31 (2) the tax types for which rulings were requested;

192.32 (3) the types and characteristics of taxpayers requesting rulings; and

193.1 (4) any other information that the commissioner considers relevant to legislative oversight  
 193.2 of revenue rulings.

193.3 (b) The report must be filed as provided in sections 3.195 and 3.197 and copies must be  
 193.4 provided to the chairs and ranking minority members of the legislative committees with  
 193.5 jurisdiction over taxes.

193.6 **EFFECTIVE DATE.** This section is effective beginning July 1, 2025, except that the  
 193.7 first legislative report under subdivision 8 is due January 31, 2027.

193.8 Sec. 15. Minnesota Statutes 2024, section 270C.08, is amended to read:

193.9 **270C.08 TAX INFORMATION BULLETINS.**

193.10 The commissioner may issue tax information bulletins. "Tax information bulletins" are  
 193.11 informational guides to enable taxpayers and local governmental officials to become more  
 193.12 familiar with state revenue laws and their rights and responsibilities under these laws.  
 193.13 Nothing contained in the tax information bulletins supersedes, alters, or otherwise changes  
 193.14 any provisions of the state revenue laws, administrative rules, court decisions, or revenue  
 193.15 ~~notices~~ rulings.

193.16 **EFFECTIVE DATE.** This section is effective beginning July 1, 2025.

193.17 Sec. 16. Minnesota Statutes 2024, section 270C.085, is amended to read:

193.18 **270C.085 NOTIFICATION REQUIREMENTS; SALES AND USE TAXES.**

193.19 The commissioner of revenue shall establish a means of electronically notifying persons  
 193.20 holding a sales tax permit under section 297A.84 of any statutory change in chapter 297A  
 193.21 and any issuance or change in any administrative rule, revenue ~~notice~~ ruling, or sales tax  
 193.22 fact sheet or other written information provided by the department explaining the  
 193.23 interpretation or administration of the tax imposed under that chapter. The notification must  
 193.24 indicate the basic subject of the statute, rule, fact sheet, or other material and provide an  
 193.25 electronic link to the material. Any person holding a sales tax permit that provides an  
 193.26 electronic address to the department must receive these notifications unless they specifically  
 193.27 request electronically, or in writing, to be removed from the notification list. This requirement  
 193.28 does not replace traditional means of notifying the general public or persons without access  
 193.29 to electronic communications of changes in the sales tax law.

193.30 **EFFECTIVE DATE.** This section is effective beginning July 1, 2025.

194.1 Sec. 17. Minnesota Statutes 2024, section 270C.11, subdivision 4, is amended to read:

194.2 Subd. 4. **Contents.** (a) The report shall detail for each tax expenditure item:

194.3 (1) the amount of tax revenue forgone;

194.4 (2) a citation of the statutory or other legal authority for the expenditure;

194.5 (3) the year in which it was enacted or the tax year in which it became effective;

194.6 (4) the ~~purpose~~ objective of the expenditure, as identified ~~in the enacting legislation in~~

194.7 ~~accordance with section 3.192~~ or by the Tax Expenditure Review Commission;

194.8 (5) the incidence of the expenditure, if it is a significant sales or income tax expenditure;

194.9 and

194.10 (6) the revenue-neutral amount by which the relevant tax rate could be reduced if the

194.11 expenditure were repealed.

194.12 (b) The report may contain additional information which the commissioner considers

194.13 relevant to the legislature's consideration and review of individual tax expenditure items.

194.14 This may include but is not limited to analysis of whether the expenditure is achieving that

194.15 objective and the effect of the expenditure on the administration of the tax system.

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

194.17 Sec. 18. Minnesota Statutes 2024, section 289A.51, subdivision 1, is amended to read:

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

194.20 (b) "Electric-assisted bicycle" has the meaning given in section 169.011, subdivision

194.21 27, except that the term is limited to a new electric-assisted bicycle purchased from an

194.22 eligible retailer.

194.23 (c) "Eligible expenses" means the amount paid for an electric-assisted bicycle and any

194.24 qualifying accessories purchased at the same time as the electric-assisted bicycle, inclusive

194.25 of sales tax but exclusive of any other related charges, including charges for a warranty,

194.26 service, or delivery.

194.27 (d) "Eligible individual" means an individual who:

194.28 (1) is at least 15 years old;

194.29 (2) is a person with a disability;

195.1 (3) is a resident individual taxpayer at the time of application for a rebate certificate and  
 195.2 in the two previous calendar year years;

195.3 (4) has filed an income tax return for the two taxable years immediately preceding the  
 195.4 calendar year in which the individual applies for a rebate certificate; and

195.5 ~~(3)~~ (5) was not claimed as a dependent on another return in the taxable year described  
 195.6 in subdivision 3, paragraph (c).

195.7 (e) "Eligible retailer" means a person who has engaged in the business of retail sales of  
 195.8 new electric-assisted bicycles for at least six months prior to receiving the approval of the  
 195.9 commissioner under subdivision 5.

195.10 (f) "Person with a disability" means a person who receives social security disability  
 195.11 benefits under United States Code, title 42, sections 401 to 434.

195.12 (g) "Qualifying accessories" means a bicycle helmet, lights, lock, luggage rack, basket,  
 195.13 bag or backpack, fenders, or reflective clothing.

195.14 **EFFECTIVE DATE.** This section is effective for rebates after December 31, 2024.

195.15 Sec. 19. Minnesota Statutes 2024, section 289A.51, subdivision 3, is amended to read:

195.16 Subd. 3. **Amount of rebate.** (a) The amount of a rebate under this section equals the  
 195.17 lesser of:

195.18 (1) ~~the applicable percentage, multiplied by the amount~~ 75 percent of eligible expenses  
 195.19 paid by an eligible individual; or

195.20 (2) ~~\$1,500~~ \$750.

195.21 ~~(b) The applicable percentage equals 75 percent, but is reduced by one percentage point~~  
 195.22 ~~until the percentage equals 50 percent, for each \$4,000 of the eligible individual's adjusted~~  
 195.23 ~~gross income in excess of:~~

195.24 ~~(1) \$50,000 for a married taxpayer filing a joint return; and~~

195.25 ~~(2) \$25,000 for all other filers.~~

195.26 (b) Eligibility for a rebate under this section is limited to eligible individuals with adjusted  
 195.27 gross incomes that were not more than:

195.28 (1) \$78,000 in the case of a married eligible individual who filed a joint return;

195.29 (2) \$62,000 for an individual who filed a return as a head of household; or

195.30 (3) \$41,000 for all other individuals.

196.1 (c) For the purposes of determining the ~~applicable percentage~~ income limit under  
 196.2 paragraph (b) ~~and subdivision 4, paragraph (a)~~, the commissioner must use the eligible  
 196.3 individual's adjusted gross income for the taxable year ending in the calendar year prior to  
 196.4 the year in which the individual applied for a rebate certificate.

196.5 **EFFECTIVE DATE.** This section is effective for rebates after December 31, 2024.

196.6 Sec. 20. Minnesota Statutes 2024, section 289A.51, subdivision 4, is amended to read:

196.7 Subd. 4. **Commissioner to issue rebate certificates.** (a) To qualify for a rebate under  
 196.8 this section, an eligible individual must apply to the commissioner for a rebate certificate  
 196.9 in the manner specified by the commissioner prior to purchasing an electric-assisted bicycle.  
 196.10 As part of the application, the eligible individual must include proof of the individual's  
 196.11 adjusted gross income for the taxable year specified in subdivision 3, paragraph (c). The  
 196.12 commissioner must issue a rebate certificate to an eligible individual stating the issuance  
 196.13 date, the applicable percentage, and the maximum rebate for which the taxpayer is eligible.  
 196.14 For a married taxpayer filing a joint return, each spouse may apply to the commissioner  
 196.15 separately, and the commissioner must issue each spouse a separate rebate certificate.

196.16 (b) The commissioner of revenue may determine the date on which to open applications  
 196.17 for a rebate certificate, and applications must not be submitted before the date determined  
 196.18 by the commissioner. Beginning July 1, 2024, and July 1 of each subsequent calendar year  
 196.19 for which there is an allocation of rebate certificates, the commissioner must allocate rebate  
 196.20 certificates ~~on a first-come, first-served basis. The commissioner must reserve 40 percent~~  
 196.21 ~~of the certificates for a married taxpayer filing a joint return with an adjusted gross income~~  
 196.22 ~~of less than \$78,000 or any other filer with an adjusted gross income of less than \$41,000.~~  
 196.23 ~~Any portion of the reserved amount under this paragraph that is not allocated by September~~  
 196.24 ~~30 is available for allocation to other rebate certificate applications beginning on October~~  
 196.25 ~~1. to eligible applicants. If the number of total applicants exceeds the available allocation~~  
 196.26 of rebate certificates, the commissioner must allocate certificates through a random lottery.

196.27 (c) If a random lottery is used to allocate certificates as provided in paragraph (b), the  
 196.28 commissioner must, by August 1, 2025, determine a suitably randomized method to allocate  
 196.29 the certificates to eligible individuals and must:

196.30 (1) detail the department's anticipated timeline for the lottery, including when applications  
 196.31 for the lottery by an eligible individual must be made and when the commissioner anticipates  
 196.32 distributing the certificates;

197.1 (2) establish a method for an eligible individual to apply for placement into the lottery;  
 197.2 and

197.3 (3) provide the amount of certificates available to be distributed by the department.

197.4 (d) The commissioner must not issue rebate certificates totaling more than \$2,000,000  
 197.5 in each of calendar years 2024 and 2025, except any amount authorized but not allocated  
 197.6 in any calendar year does not cancel and is added to the allocation for the next calendar  
 197.7 year. When calculating the amount of remaining allocations, the commissioner must assume  
 197.8 that each allocated but unclaimed certificate reduces the available allocations by ~~\$1,500~~  
 197.9 \$750.

197.10 ~~(d)~~ (e) A rebate certificate that is not assigned to a retailer expires two months after the  
 197.11 date the certificate was issued and may not be assigned to a retailer after expiration. The  
 197.12 amount of any expired rebate certificates is added to the available allocation under paragraph  
 197.13 ~~(e)~~ (d).

197.14 **EFFECTIVE DATE.** This section is effective for rebates after December 31, 2024.

197.15 Sec. 21. Minnesota Statutes 2024, section 289A.60, subdivision 12, is amended to read:

197.16 Subd. 12. **Penalties relating to property tax refunds and certificates of rent paid.** (a)  
 197.17 If it is determined that a property tax refund claim is excessive and was negligently prepared,  
 197.18 a claimant is liable for a penalty of ten percent of the disallowed claim. If the claim has  
 197.19 been paid, the amount disallowed must be recovered by assessment and collection.

197.20 (b) An owner who ~~without reasonable cause~~ fails to give a certificate of rent paid to a  
 197.21 renter, as required by sections 290.0693, subdivision 4, paragraph (a), and 290A.19,  
 197.22 paragraph (a), is liable to the commissioner for a penalty of ~~\$100~~ \$50 for each failure. The  
 197.23 commissioner may abate the penalty using the abatement authority in section 270C.34.

197.24 (c) An owner who fails to file a certificate of rent paid with the commissioner, as required  
 197.25 by sections 290.0693, subdivision 4, paragraph (b), and 290A.19, paragraph (b), is liable  
 197.26 to the commissioner for a penalty of \$50 for each failure. The commissioner may abate the  
 197.27 penalty using the abatement authority in section 270C.34.

197.28 ~~(e)~~ (d) If the owner or managing agent knowingly gives rent certificates that report total  
 197.29 rent constituting property taxes in excess of the amount of actual rent constituting property  
 197.30 taxes paid on the rented part of a property, the owner or managing agent is liable for a  
 197.31 penalty equal to the greater of (1) \$100 or (2) 50 percent of the excess that is reported. An  
 197.32 overstatement of rent constituting property taxes is presumed to be knowingly made if it  
 197.33 exceeds by ten percent or more the actual rent constituting property taxes.

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

198.2 Sec. 22. Minnesota Statutes 2024, section 290A.19, is amended to read:

198.3 **290A.19 PARK OWNER TO FURNISH RENT CERTIFICATE.**

198.4 (a) The park owner of a property for which rent is paid for occupancy as a homestead  
198.5 must furnish a certificate of rent paid to a person who is a renter on December 31, in the  
198.6 form prescribed by the commissioner. If the renter moves before December 31, the park  
198.7 owner may give the certificate to the renter at the time of moving, or mail the certificate to  
198.8 the forwarding address if an address has been provided by the renter. The certificate must  
198.9 be made available to the renter before February 1 of the year following the year in which  
198.10 the rent was paid. The park owner must retain a duplicate of each certificate or an equivalent  
198.11 record showing the same information for a period of three years. The duplicate or other  
198.12 record must be made available to the commissioner upon request.

198.13 (b) ~~The commissioner may require the park owner, through a simple process, to~~ must  
198.14 furnish to the commissioner on or before March 1 a copy of each certificate of rent paid  
198.15 furnished to a renter for rent paid in the prior year. The commissioner shall prescribe the  
198.16 content, format, and manner of the form pursuant to section 270C.30. The commissioner  
198.17 may require the Social Security number, individual taxpayer identification number, federal  
198.18 employer identification number, or Minnesota taxpayer identification number of the park  
198.19 owner who is required to furnish a certificate of rent paid under this paragraph. Prior to  
198.20 implementation, the commissioner, after consulting with representatives of park owners,  
198.21 shall develop an implementation and administration plan for the requirements of this  
198.22 paragraph that attempts to minimize financial burdens, administration and compliance costs,  
198.23 and takes into consideration existing systems of park owners.

198.24 (c) For the purposes of this section, "park owner" means a park owner as defined under  
198.25 section 327C.015, subdivision 9, and "property" includes a lot as defined under section  
198.26 327C.015, subdivision 6.

198.27 (d) A park owner who fails to furnish the certificate of rent paid to the renter or to the  
198.28 commissioner, as required under this section, is subject to the penalty imposed under section  
198.29 289A.60, subdivision 12.

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

199.1 Sec. 23. Minnesota Statutes 2024, section 290C.07, is amended to read:

199.2 **290C.07 CALCULATION OF INCENTIVE PAYMENT.**

199.3 (a) An approved claimant under the sustainable forest incentive program is eligible to  
 199.4 receive an annual payment for each acre of enrolled land, excluding any acre improved with  
 199.5 a paved trail under easement, lease, or terminable license to the state of Minnesota or a  
 199.6 political subdivision. The payment shall equal a percentage of the property tax that would  
 199.7 be paid on the land determined by using the previous year's statewide average total tax rate  
 199.8 for all taxes levied within townships and unorganized territories, the estimated market value  
 199.9 per acre as calculated in section 290C.06, and a class rate of one percent as follows: (1) for  
 199.10 claimants enrolling land that is subject to a conservation easement funded under section  
 199.11 97A.056 or a comparable permanent easement conveyed to a governmental or nonprofit  
 199.12 entity before May 31, 2013, ~~25~~ 22.5 percent; (2) for claimants enrolling land that is not  
 199.13 subject to a conservation easement under an eight-year covenant, ~~65~~ 58.5 percent; (3) for  
 199.14 claimants enrolling land that is not subject to a conservation easement under a 20-year  
 199.15 covenant, ~~90~~ 81 percent; and (4) for claimants enrolling land that is not subject to a  
 199.16 conservation easement under a 50-year covenant, ~~115~~ 103.5 percent.

199.17 (b) The calculated payment must not increase ~~or decrease~~ by more than ten percent  
 199.18 relative to the payment received for the previous year. In no case may the payment be less  
 199.19 than 90 percent of the amount paid to the claimant for the land enrolled in the program in  
 199.20 2017. ~~If an eligible claimant elects to change the length of the covenant on enrolled land~~  
 199.21 ~~on or before May 15, 2019, the limits under this paragraph do not apply and the claimant~~  
 199.22 ~~must receive payment in the amount corresponding to the new covenant length as calculated~~  
 199.23 ~~under paragraph (a).~~

199.24 (c) In addition to the payments provided under this section, a claimant enrolling more  
 199.25 than 1,920 acres shall be allowed an additional payment per acre equal to the amount  
 199.26 prescribed in paragraph (a), clause (1), for all acres of enrolled land on which public access  
 199.27 is allowed, as required under section 290C.03, paragraph (a), clause (6), excluding any land  
 199.28 subject to a conservation easement funded under section 97A.056, or a permanent easement  
 199.29 conveyed to a governmental or nonprofit entity that is required to allow for public access  
 199.30 under section 290C.03, paragraph (a), clause (6).

199.31 **EFFECTIVE DATE.** This section is effective beginning for payments in calendar year  
 199.32 2026.

200.1 Sec. 24. Minnesota Statutes 2024, section 295.81, subdivision 10, is amended to read:

200.2 Subd. 10. **Deposit of revenues; account established.** ~~(a)~~ The commissioner must deposit  
200.3 the revenues, including penalties and interest, derived from the tax imposed by this section  
200.4 as follows:

200.5 ~~(1) 80 percent to in the general fund; and.~~

200.6 ~~(2) 20 percent to the local government cannabis aid account in the special revenue fund.~~

200.7 ~~(b) The local government cannabis aid account is established in the special revenue fund.~~

200.8 **EFFECTIVE DATE.** The amendment to paragraph (a) is effective for revenues received  
200.9 after June 30, 2025. The amendment to paragraph (b) is effective January 2, 2026.

200.10 Sec. 25. Minnesota Statutes 2024, section 299C.76, subdivision 1, is amended to read:

200.11 Subdivision 1. **Definitions.** (a) For the purposes of this section, the following definitions  
200.12 apply.

200.13 (b) "Federal tax information" means federal tax returns and return information or  
200.14 information derived or created from federal tax returns, in possession of or control by the  
200.15 requesting agency, that is covered by the safeguarding provisions of section 6103(p)(4) of  
200.16 the Internal Revenue Code.

200.17 (c) "IRS Publication 1075" means Internal Revenue Service Publication 1075 that  
200.18 provides guidance and requirements for the protection and confidentiality of federal tax  
200.19 information as required in section 6103(p)(4) of the Internal Revenue Code.

200.20 (d) "National criminal history record information" means the Federal Bureau of  
200.21 Investigation identification records as defined in Code of Federal Regulations, title 28,  
200.22 section 20.3(d).

200.23 (e) "Requesting agency" means the Department of Revenue, Department of Employment  
200.24 and Economic Development, Department of Children, Youth, and Families, board of directors  
200.25 of MNsure, Department of Information Technology Services, attorney general, Office of  
200.26 the Legislative Auditor, and counties.

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

201.1 Sec. 26. Minnesota Statutes 2024, section 473.756, is amended by adding a subdivision  
201.2 to read:

201.3 Subd. 15. **Authority deemed qualifying government.** The authority shall be deemed  
201.4 a qualifying government for purposes of section 118A.09, subdivision 1. Whenever the  
201.5 authority's investments are managed by the county, the authority's additional long-term  
201.6 equity investment limitations as provided in section 118A.09, subdivision 3, are calculated  
201.7 based on the county's most recent audited statement of net position instead of the authority's  
201.8 most recent audited statement of net position.

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

201.10 Sec. 27. Minnesota Statutes 2024, section 473.757, subdivision 1, is amended to read:

201.11 Subdivision 1. **Ballpark grants.** The county may authorize, by resolution, and make  
201.12 one or more grants to the authority for ballpark development and construction, public  
201.13 infrastructure, capital improvement of the ballpark or public infrastructure within the  
201.14 development area, reserves for capital improvements, and other purposes related to the  
201.15 ballpark on the terms and conditions agreed to by the county and the authority.

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

201.17 Sec. 28. Minnesota Statutes 2024, section 473.757, is amended by adding a subdivision  
201.18 to read:

201.19 Subd. 1a. **Hennepin County health care facilities.** (a) To the extent funds are available  
201.20 from collections of the tax authorized by subdivision 10 after payment each year of debt  
201.21 service on the bonds authorized and issued under subdivision 9, paragraph (a), and payments  
201.22 for the purposes described in subdivisions 1 and 2:

201.23 (1) subject to paragraphs (b), (c), and (d), the county shall distribute 50 percent to fund  
201.24 the intergovernmental transfer that funds the nonfederal share of the directed payment  
201.25 arrangement as described in section 256B.1975, or, if federal approval is not received for  
201.26 the directed payment arrangement, to support the provision of medical care to the indigent  
201.27 of the county by the eligible provider as defined in section 256B.1975, subdivision 3. If  
201.28 federal approval is received for the directed payment arrangement, but the 50 percent exceeds  
201.29 the necessary nonfederal share for the directed payment arrangement, the county shall  
201.30 distribute the first part of the 50 percent to fund the intergovernmental transfer that funds  
201.31 the necessary nonfederal share and shall distribute the remainder of the 50 percent to support  
201.32 the provision of medical care to the indigent of the county by the eligible provider; and

202.1 (2) the county may authorize 50 percent, by resolution, appropriations to fund:

202.2 (i) the development, construction, improvement, and equipping of county-owned or  
202.3 county-operated health care facilities;

202.4 (ii) public infrastructure determined by the county to facilitate the development and use  
202.5 of facilities described in item (i);

202.6 (iii) reserves for county-owned or county-operated health care facilities capital  
202.7 improvements;

202.8 (iv) uncompensated or undercompensated care provided in county-owned or  
202.9 county-operated health care facilities; and

202.10 (v) other purposes related to county-owned or county-operated health care facilities.

202.11 (b) If the ownership, corporate governance structure, or majority control of either hospital  
202.12 operated by the eligible provider is sold or transferred to an entity that is organized for  
202.13 profit, the county need not distribute any funds under paragraph (a), clause (1), and the  
202.14 county may distribute all funds under paragraph (a), clause (1), for the purposes described  
202.15 in paragraph (a), clause (2). The eligible provider shall provide notice to the county of a  
202.16 proposed sale or transfer to an entity that is organized for profit at least 90 days in advance  
202.17 of the sale or transfer.

202.18 (c) If federal approval is not received for the directed payment arrangement, then the  
202.19 eligible provider must maintain threshold service levels to the indigent of the county in  
202.20 order to receive funding under paragraph (a), clause (1). "Threshold service levels to the  
202.21 indigent of the county" means at least 125,000 total annual claims by the hospitals operated  
202.22 by the eligible provider for patients who are uninsured, Medicare- or Medicaid-eligible,  
202.23 MinnesotaCare enrollees, or otherwise indigent. The county and eligible provider may, by  
202.24 mutual agreement, modify the threshold service levels to the indigent of the county. If the  
202.25 eligible provider does not meet the applicable threshold service level, the eligible provider  
202.26 shall notify the county immediately. If the eligible provider does not alter its operations so  
202.27 that it meets the applicable threshold service level within 90 days, the county need not  
202.28 distribute any funds to the eligible provider under paragraph (a), clause (1), and the county  
202.29 may distribute the funds that would have otherwise been distributed under paragraph (a),  
202.30 clause (1), for the purposes described in paragraph (a), clause (2).

202.31 (d) The county shall not be required to pay any amount hereunder to the eligible provider  
202.32 or to fund the intergovernmental transfer that funds the nonfederal share of the directed  
202.33 payment arrangement as described in section 256B.1975 prior to the time the county is in

203.1 possession of funds from the collections of the tax authorized by subdivision 10 or by using  
 203.2 funds other than those available under paragraph (a), clause (1).

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

203.4 Sec. 29. Minnesota Statutes 2024, section 473.757, subdivision 2, is amended to read:

203.5 Subd. 2. **Youth sports; library.** To the extent funds are available from collections of  
 203.6 the tax authorized by subdivision 10 after payment each year of debt service on the bonds  
 203.7 authorized and issued under subdivision 9, paragraph (a), and payments for the purposes  
 203.8 described in subdivision 1, the county may also authorize, by resolution, ~~and expend or~~  
 203.9 ~~make~~ grants to the authority and to other governmental units and nonprofit organizations  
 203.10 in an aggregate amount of up to ~~\$4,000,000~~ \$5,000,000 annually, increased by up to 1.5  
 203.11 percent annually to fund equally: (1) youth activities and youth and amateur sports within  
 203.12 Hennepin County; and (2) the cost of extending the hours of operation of Hennepin County  
 203.13 libraries ~~and Minneapolis public libraries.~~ Funds authorized pursuant to this paragraph may  
 203.14 be expended consistent with the terms of each grant.

203.15 The money provided under this subdivision is intended to supplement and not supplant  
 203.16 county expenditures for these purposes as of May 27, 2006.

203.17 Hennepin County must provide reports to the chairs of the committees and budget  
 203.18 divisions in the senate and the house of representatives that have jurisdiction over education  
 203.19 policy and funding, describing the uses of the money provided under this subdivision. The  
 203.20 first report must be made by January 15, 2009, and subsequent reports must be made on  
 203.21 January 15 of each subsequent odd-numbered year.

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

203.23 Sec. 30. Minnesota Statutes 2024, section 473.757, subdivision 3, is amended to read:

203.24 Subd. 3. **Initial expenditure limitations.** The amount that the county may grant or  
 203.25 expend for ballpark costs shall not exceed \$260,000,000. ~~The amount of any grant for capital~~  
 203.26 ~~improvement reserves shall not exceed \$1,000,000 annually, subject to the agreement under~~  
 203.27 ~~section 473.759, subdivision 3, and to annual increases according to an inflation index~~  
 203.28 ~~acceptable to the county.~~ The amount of grants or expenditures for land, site improvements,  
 203.29 and public infrastructure shall not exceed \$90,000,000, excluding capital improvement  
 203.30 reserves, bond reserves, capitalized interest, and financing costs. The authority to spend  
 203.31 money for land, site improvements, and public infrastructure is limited to payment of  
 203.32 amounts incurred or for construction contracts entered into during the period ending five

204.1 years after the date of the issuance of the initial series of bonds under Laws 2006, chapter  
204.2 257. Such grant agreements are valid and enforceable notwithstanding that they involve  
204.3 payments in future years and they do not constitute a debt of the county within the meaning  
204.4 of any constitutional or statutory limitation or for which a referendum is required.

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

204.6 Sec. 31. Minnesota Statutes 2024, section 473.757, is amended by adding a subdivision  
204.7 to read:

204.8 Subd. 3a. **Capital improvement grants.** Notwithstanding the limitations in subdivision  
204.9 3, the county may make grants to the authority for capital improvement expenditures. The  
204.10 amount of any grant to the authority for capital improvement expenditures must not exceed  
204.11 \$9,000,000 annually. The grants are subject to agreement under section 473.759, subdivision  
204.12 3, and to annual increases according to an inflation index acceptable to the county. Grant  
204.13 agreements are valid and enforceable notwithstanding the fact that they involve payments  
204.14 in future years. The grants do not constitute a debt of the county within the meaning of any  
204.15 constitutional or statutory limitation or for which a referendum is required.

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

204.17 Sec. 32. Minnesota Statutes 2024, section 473.757, subdivision 4, is amended to read:

204.18 Subd. 4. **Property acquisition and disposition.** (a) The county may acquire by purchase,  
204.19 eminent domain, or gift, land, air rights, and other property interests within the development  
204.20 area for the ballpark site and public infrastructure and convey it to the authority with or  
204.21 without consideration, prepare a site for development as a ballpark, and acquire and construct  
204.22 any related public infrastructure. The purchase of property and development of public  
204.23 infrastructure financed with revenues under this section is limited to infrastructure within  
204.24 the development area or within 1,000 feet of the border of the development area. The public  
204.25 infrastructure may include the construction and operation of parking facilities within the  
204.26 development area notwithstanding any law imposing limits on county parking facilities in  
204.27 the city of Minneapolis. The county may acquire and construct property, facilities, and  
204.28 improvements within the stated geographical limits for the purpose of drainage and  
204.29 environmental remediation for property within the development area, walkways and a  
204.30 pedestrian bridge to link the ballpark to Third Avenue distributor ramps, street and road  
204.31 improvements and access easements for the purpose of providing access to the ballpark,  
204.32 streetscapes, connections to transit facilities and bicycle trails, and any utility modifications  
204.33 which are incidental to any utility modifications within the development area.

205.1 (b) The county or any of its subsidiaries may acquire by purchase, eminent domain, or  
205.2 gift, land, air rights, and other property interests within the county for health care facilities  
205.3 and related infrastructure.

205.4 (c) To the extent property parcels or interests acquired are more extensive than the public  
205.5 infrastructure requirements, the county may sell or otherwise dispose of the excess. The  
205.6 proceeds from sales of excess property must be deposited in the debt service reserve fund.

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

205.8 Sec. 33. Minnesota Statutes 2024, section 473.757, subdivision 7, is amended to read:

205.9 Subd. 7. **Local government expenditures.** The county may make expenditures or grants  
205.10 for other costs incidental and necessary to further the purposes of Laws 2006, chapter 257,  
205.11 and this act, and may by agreement, reimburse in whole or in part, any entity that has granted,  
205.12 loaned, or advanced funds to the county to further the purposes of Laws 2006, chapter 257,  
205.13 and this act. The county shall reimburse a local governmental entity within its jurisdiction  
205.14 or make a grant to such a governmental unit for site acquisition, preparation of the site for  
205.15 ballpark development, and public infrastructure. Amounts expended by a local governmental  
205.16 unit with the proceeds of a grant or under an agreement that provides for reimbursement by  
205.17 the county shall not be deemed an expenditure or other use of local governmental resources  
205.18 by the governmental unit within the meaning of any law or charter limitation. Exercise by  
205.19 the county of its powers under this section shall not affect the amounts that the county is  
205.20 otherwise eligible to spend, borrow, tax, or receive under any law.

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

205.22 Sec. 34. Minnesota Statutes 2024, section 473.757, subdivision 8, is amended to read:

205.23 Subd. 8. **County authority.** It is the intent of the legislature that, except as expressly  
205.24 limited herein, the county has the authority to acquire and develop a site for the ballpark  
205.25 and public infrastructure, to enter into contracts with the authority and other governmental  
205.26 or nongovernmental entities, to appropriate funds, to fund capital reserves and make capital  
205.27 improvements, and to make employees, consultants, and other revenues available for those  
205.28 purposes.

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

206.1 Sec. 35. Minnesota Statutes 2024, section 473.757, subdivision 9, is amended to read:

206.2 Subd. 9. **County revenue bonds.** (a) The county may, by resolution, authorize, sell, and  
206.3 issue revenue bonds to provide funds to make a grant or grants to the authority and to finance  
206.4 all or a portion of the costs of site acquisition, site improvements, and other activities  
206.5 necessary to prepare a site for development of a ballpark, to construct, improve, and maintain  
206.6 the ballpark and to establish and fund any capital improvement reserves, and to acquire and  
206.7 construct any related parking facilities and other public infrastructure and for other costs  
206.8 incidental and necessary to further the purposes of Laws 2006, chapter 257. The county  
206.9 may also, by resolution, issue bonds to refund the bonds issued pursuant to this section. The  
206.10 bonds must be limited obligations, payable solely from or secured by taxes levied under  
206.11 subdivision 10, and any other revenues to become available under Laws 2006, chapter 257.  
206.12 The bonds may be issued in one or more series and sold without an election. The bonds  
206.13 shall be sold in the manner provided by section 475.60. The bonds shall be secured, bear  
206.14 the interest rate or rates or a variable rate, have the rank or priority, be executed in the  
206.15 manner, be payable in the manner, mature, and be subject to the defaults, redemptions,  
206.16 repurchases, tender options, or other terms, as the county may determine. The county may  
206.17 enter into and perform all contracts deemed necessary or desirable by it to issue and secure  
206.18 the bonds, including an indenture of trust with a trustee within or without the state. The debt  
206.19 represented by the bonds shall not be included in computing any debt limitation applicable  
206.20 to the county. Subject to this subdivision, the bonds must be issued and sold in the manner  
206.21 provided in chapter 475. The bonds shall recite that they are issued under Laws 2006, chapter  
206.22 257, and the recital shall be conclusive as to the validity of the bonds and the imposition  
206.23 and pledge of the taxes levied for their payment. In anticipation of the issuance of the bonds  
206.24 authorized under this subdivision and the collection of taxes levied under subdivision 10,  
206.25 the county may provide funds for the purposes authorized by Laws 2006, chapter 257,  
206.26 through temporary interfund loans from other available funds of the county which shall be  
206.27 repaid with interest.

206.28 (b) The county may, by resolution, authorize, sell, and issue revenue bonds to provide  
206.29 funds to finance all or a portion of the costs of county-owned or county-operated health  
206.30 care facilities, including but not limited to site acquisition, site improvements, and other  
206.31 activities necessary to prepare a site for development of health care facilities, and construct,  
206.32 maintain, and improve health care facilities and to establish and fund any capital improvement  
206.33 reserves, and to acquire and construct any related parking facilities and related infrastructure  
206.34 and for other costs incidental and necessary to further the purposes of this act. The county  
206.35 may also, by resolution, issue bonds to refund the bonds issued pursuant to this section. The

207.1 bonds may be limited obligations, payable solely from or secured by taxes levied under  
 207.2 subdivision 10, and any other revenues to become available under this act, and the county  
 207.3 may also pledge its full faith, credit, and taxing power as additional security for the bonds.  
 207.4 The bonds may be issued in one or more series and sold without an election. The bonds  
 207.5 shall be sold in the manner provided by section 475.60. The bonds shall be secured, bear  
 207.6 the interest rate or rates or a variable rate, have the rank or priority, be executed in the  
 207.7 manner, be payable in the manner, mature, and be subject to the defaults, redemptions,  
 207.8 repurchases, tender options, or other terms, as the county may determine. The county may  
 207.9 enter into and perform all contracts deemed necessary or desirable by the county to issue  
 207.10 and secure the bonds, including an indenture of trust with a trustee within or without the  
 207.11 state. The debt represented by the bonds shall not be included in computing any debt  
 207.12 limitation applicable to the county. Subject to this subdivision, the bonds must be issued  
 207.13 and sold in the manner provided in chapter 475. The bonds shall recite that they are issued  
 207.14 under this act, and the recital shall be conclusive as to the validity of the bonds and the  
 207.15 imposition and pledge of the taxes levied for their payment. In anticipation of the issuance  
 207.16 of the bonds authorized under this subdivision and the collection of taxes levied under  
 207.17 subdivision 10, the county may provide funds for the purposes authorized by this act, through  
 207.18 temporary interfund loans from other available funds of the county which shall be repaid  
 207.19 with interest.

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

207.21 Sec. 36. Minnesota Statutes 2024, section 473.757, subdivision 11, is amended to read:

207.22 Subd. 11. **Uses of tax.** (a) Revenues received from the tax imposed under subdivision  
 207.23 10 may be used:

207.24 (1) to pay costs of collection;

207.25 (2) to pay or reimburse or secure the payment of any principal of, premium, or interest  
 207.26 on bonds issued in accordance with Laws 2006, chapter 257, section 12, and this act;

207.27 (3) to pay costs and make expenditures and grants described in ~~this section~~ subdivisions  
 207.28 1 and 1a, including financing costs related to them;

207.29 (4) to maintain reserves for the foregoing purposes deemed reasonable and appropriate  
 207.30 by the county;

207.31 (5) to pay for operating costs of the ballpark authority other than the cost of operating  
 207.32 or maintaining the ballpark; and

208.1 (6) to make expenditures and grants for youth activities and amateur sports and extension  
 208.2 of library hours as described in subdivision 2;  
 208.3 and for no other purpose.

208.4 (b) Revenues from the tax designated for use under paragraph (a), clause (5), must be  
 208.5 deposited in the operating fund of the ballpark authority.

208.6 (c) After completion of the ballpark and public infrastructure, the tax revenues not  
 208.7 required for current payments of the expenditures described in paragraph (a), clauses (1) to  
 208.8 (6), shall be used to (i) redeem or defease the bonds and (ii) prepay or establish a fund for  
 208.9 payment of future obligations under grants or other commitments for future expenditures  
 208.10 which are permitted by this section. Upon the redemption or defeasance of the bonds and  
 208.11 the establishment of reserves adequate to meet such future obligations, the taxes shall  
 208.12 terminate and shall not be reimposed. For purposes of this subdivision, "reserves adequate  
 208.13 to meet such future obligations" means a reserve that does not exceed the net present value  
 208.14 of the county's obligation to make grants under paragraph (a), clauses (5) and (6), and to  
 208.15 fund the reserve for capital improvements required under section 473.759, subdivision 3,  
 208.16 for the later of (i) the 30-year period beginning on the date of the original issuance of the  
 208.17 bonds, the latest-issued series of bonds issued pursuant to subdivision 9, less those obligations  
 208.18 that the county has already paid, or (ii) the period extending through the final term of the  
 208.19 agreement in section 473.759, subdivision 4, as the agreement may be modified or extended  
 208.20 from time to time.

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

208.22 Sec. 37. Minnesota Statutes 2024, section 473.759, subdivision 3, is amended to read:

208.23 Subd. 3. **Reserve for capital improvements.** The authority shall require that a reserve  
 208.24 fund for capital improvements to the ballpark be established and funded with annual payments  
 208.25 of ~~\$2,000,000~~ \$13,500,000, with the team's share of those payments to be approximately  
 208.26 ~~\$1,000,000~~ \$4,500,000, as determined by agreement of the team and county. The annual  
 208.27 payments shall increase according to an inflation index determined by the authority, ~~provided~~  
 208.28 ~~that any portion of the team's contribution that has already been reduced to present value~~  
 208.29 ~~shall not increase according to an inflation index~~ county. The authority may accept  
 208.30 contributions from the county or other source for the portion of the funding not required to  
 208.31 be provided by the team.

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

209.1 Sec. 38. Minnesota Statutes 2024, section 609.902, subdivision 4, is amended to read:

209.2 Subd. 4. **Criminal act.** "Criminal act" means conduct constituting, or a conspiracy or  
 209.3 attempt to commit, a felony violation of chapter 152, or a felony violation of section ~~297D.09;~~  
 209.4 299F.79; 299F.80; 299F.82; 609.185; 609.19; 609.195; 609.20; 609.205; 609.221; 609.222;  
 209.5 609.223; 609.2231; 609.228; 609.235; 609.245; 609.25; 609.27; 609.322; 609.342; 609.343;  
 209.6 609.344; 609.345; 609.42; 609.48; 609.485; 609.495; 609.496; 609.497; 609.498; 609.52,  
 209.7 subdivision 2, if the offense is punishable under subdivision 3, clause (1), if the property is  
 209.8 a firearm, clause (3)(b), or clause (3)(d)(v); section 609.52, subdivision 2, paragraph (a),  
 209.9 clause (1) or (4); 609.527, if the crime is punishable under subdivision 3, clause (4); 609.528,  
 209.10 if the crime is punishable under subdivision 3, clause (4); 609.53; 609.561; 609.562; 609.582,  
 209.11 subdivision 1 or 2; 609.668, subdivision 6, paragraph (a); 609.67; 609.687; 609.713; 609.86;  
 209.12 609.894, subdivision 3 or 4; 609.895; 624.713; 624.7191; or 626A.02, subdivision 1, if the  
 209.13 offense is punishable under section 626A.02, subdivision 4, paragraph (a). "Criminal act"  
 209.14 also includes conduct constituting, or a conspiracy or attempt to commit, a felony violation  
 209.15 of section 609.52, subdivision 2, clause (3), (4), (15), or (16), if the violation involves an  
 209.16 insurance company as defined in section 60A.02, subdivision 4, a nonprofit health service  
 209.17 plan corporation regulated under chapter 62C, a health maintenance organization regulated  
 209.18 under chapter 62D, or a fraternal benefit society regulated under chapter 64B.

209.19 **EFFECTIVE DATE.** This section is effective August 1, 2025.

209.20 Sec. 39. **CANCELLATION OF AMOUNTS IN LOCAL GOVERNMENT CANNABIS**  
 209.21 **AID ACCOUNT.**

209.22 On January 2, 2026, any balance within the local government cannabis aid account in  
 209.23 the special revenue fund is canceled to the general fund.

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

209.25 Sec. 40. **CANCELLATIONS.**

209.26 (a) Any money in the tax filing modernization account established under Laws 2023,  
 209.27 chapter 64, article 15, section 24, is canceled to the general fund.

209.28 (b) The appropriation from the general fund in Laws 2023, chapter 64, article 15, section  
 209.29 30, is canceled.

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

210.1 **Sec. 41. EFFECT OF REVENUE NOTICES.**

210.2 A revenue notice published by the commissioner of revenue on or before July 1, 2025,  
210.3 shall have the full force and effect of revenue rulings under Minnesota Statutes, section  
210.4 270C.07. If the commissioner of revenue modifies a revenue notice after June 30, 2025, the  
210.5 commissioner of revenue must publish the modification as a revenue ruling pursuant to  
210.6 Minnesota Statutes, section 270C.07.

210.7 **EFFECTIVE DATE.** This section is effective the day after final enactment.

210.8 **Sec. 42. APPROPRIATION; CITY OF SOUTH ST. PAUL; GRANT.**

210.9 (a) \$250,000 in fiscal year 2025 is appropriated from the general fund to the commissioner  
210.10 of revenue for a grant to the city of South St. Paul. This is a onetime appropriation. The  
210.11 grant must be paid by June 30, 2025. The grant under this section is not subject to retention  
210.12 of administrative costs under Minnesota Statutes, section 16B.98, subdivision 14.

210.13 (b) The grant under this section must be used by the city of South St. Paul to pay for  
210.14 planning and development costs within the city.

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

210.16 **Sec. 43. APPROPRIATION; DEPARTMENT OF REVENUE; PASS-THROUGH**  
210.17 **AUDIT UNIT.**

210.18 \$692,000 in fiscal year 2026 and \$1,432,000 in fiscal year 2027 are appropriated from  
210.19 the general fund to the commissioner of revenue to establish an additional unit dedicated  
210.20 to auditing pass-through entities. Money appropriated under this section must be used to  
210.21 support the creation and operation of the extra audit unit.

210.22 **Sec. 44. APPROPRIATION; LOCAL BUSINESS CONSTRUCTION IMPACTS**  
210.23 **ASSISTANCE PROGRAM.**

210.24 (a) On June 30, 2026, any unencumbered and unexpended amount of the fiscal year  
210.25 2024 appropriation in Minnesota Statutes, section 289A.51, subdivision 8, is canceled.

210.26 (b) The amount canceled under paragraph (a) is appropriated in fiscal year 2027 from  
210.27 the general fund to the commissioner of transportation for the local business construction  
210.28 impacts assistance program under Minnesota Statutes, section 160.167. This is a onetime  
210.29 appropriation and is available through June 30, 2029.

210.30 **EFFECTIVE DATE.** This section is effective upon final enactment of modifications  
210.31 to the local business construction impacts assistance program under Minnesota Statutes,

211.1 section 160.167, in the 2025 Regular Session House File 2438, or a similarly styled bill  
211.2 passed in a regular or special session, prior to July 1, 2026.

211.3 **Sec. 45. REPORT; ELECTRIC-ASSISTED BICYCLE REBATE PROGRAM.**

211.4 (a) By January 15, 2026, the commissioner of revenue must submit a report to the chairs  
211.5 and ranking minority members of the legislative committees with jurisdiction over taxes  
211.6 and transportation. The report must comply with the requirements of Minnesota Statutes,  
211.7 sections 3.195 and 3.197. At a minimum, the report must include:

211.8 (1) a comprehensive report on the operation of the electric-assisted bicycle rebate program  
211.9 under Minnesota Statutes, section 289A.51, including the application system that resulted  
211.10 in postponement and delay of the application process;

211.11 (2) a comprehensive analysis of the technical challenges resulting from a high volume  
211.12 of applicants;

211.13 (3) a timeline of events that led to system failures in the application process;

211.14 (4) identification of technical or procedural challenges in the application and first-come,  
211.15 first-served allocation of rebate certificates;

211.16 (5) costs incurred by the Department of Revenue as a result of the electric-assisted  
211.17 bicycle rebate program, including expenditures on system fixes or additional staff resources;

211.18 (6) recommendations for addressing the specific failure in the application system and  
211.19 preventing similar issues in future rebate certificate rollouts;

211.20 (7) an evaluation of any third-party vendor or contractor used in developing and managing  
211.21 the application system, including any accountability measures applied; and

211.22 (8) the department's anticipated programming to institute a lottery system for allocating  
211.23 electric-assisted bicycle rebate certificates.

211.24 (b) The commissioner must not use funds from the amount allocated for electric-assisted  
211.25 bicycle rebate certificates in preparation of the report.

211.26 (c) This section expires on December 31, 2026, or upon submission of the report,  
211.27 whichever is sooner.

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

212.1 Sec. 46. **STUDY; SALES TAX REMITTANCE FOR PROFESSIONAL ATHLETIC**  
212.2 **EVENTS.**

212.3 Subdivision 1. Study; report required. (a) The commissioner, in consultation with  
212.4 representatives of professional sports teams and members of legislative committees with  
212.5 jurisdiction over taxation, must study, evaluate, and provide recommendations regarding:

212.6 (1) the use of and legal basis for the accrual method of accounting for purposes of  
212.7 remitting sales taxes for the sale of the privilege of admission to professional athletic events;  
212.8 and

212.9 (2) whether interest and penalties must apply to professional sports teams that have  
212.10 remitted sales taxes for the sale of the privilege of admission to professional athletic events  
212.11 using the accrual method since December 31, 2014.

212.12 (b) The commissioner must report the recommendations required under paragraph (a)  
212.13 to the chairs and ranking minority members of the legislative committees with jurisdiction  
212.14 over taxes no later than March 15, 2026. The report may include any additional information  
212.15 determined relevant by the commissioner and representatives of professional sports teams,  
212.16 and the members of legislative committees with jurisdiction over taxation who participated  
212.17 in the study. The report must be filed as provided in Minnesota Statutes, sections 3.195 and  
212.18 3.197.

212.19 Subd. 2. Definitions. (a) "Commissioner" means the commissioner of revenue.

212.20 (b) "Professional athletic event" means a sports game, match, activity, or series of games,  
212.21 matches, activities, or tournaments organized by a professional sports organization competing  
212.22 in Major League Baseball, Major League Soccer, the National Basketball Association, the  
212.23 Women's National Basketball Association, the National Football League, the National  
212.24 Hockey League, or the Professional Women's Hockey League; and

212.25 (c) "Professional sports team" means a team that competes in Major League Baseball,  
212.26 Major League Soccer, the National Basketball Association, the Women's National Basketball  
212.27 Association, the National Football League, the National Hockey League, or the Professional  
212.28 Women's Hockey League.

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

212.30 Sec. 47. **STUDY; FUNDING THE STATE GRANT PROGRAM.**

212.31 (a) Members of the legislative committees with jurisdiction over higher education finance  
212.32 and policy, in consultation with members of the legislative committees with jurisdiction

213.1 over taxation, the commissioner of higher education, and representatives of eligible  
 213.2 institutions, must study, evaluate, and provide recommendations regarding alternatives to  
 213.3 funding the state grant program governed under Minnesota Statutes, section 136A.121. The  
 213.4 report must include:

213.5 (1) a comparison of current and past funding sources of the state grant program in  
 213.6 Minnesota with current and past funding sources of similar programs in other states; and

213.7 (2) options for funding the state grant program, including an excise tax on assets not  
 213.8 used in carrying out an eligible institution's exempt purpose, as provided in Code of Federal  
 213.9 Regulations, title 26, section 53.4968-1(b)(5) (2020), and options for the calculation of the  
 213.10 excise tax.

213.11 (b) The members of the legislative committees with jurisdiction over higher education  
 213.12 finance and policy who participated in the study required under paragraph (a) must report  
 213.13 the recommendations to the chairs and ranking minority members of the legislative  
 213.14 committees with jurisdiction over higher education finance and policy and taxes no later  
 213.15 than March 15, 2026. The report may include any additional information determined relevant  
 213.16 by the members of legislative committees with jurisdiction over higher education finance  
 213.17 and policy and taxation, the commissioner of higher education, and representatives of eligible  
 213.18 institutions who participated in the study. The report must be filed as provided in Minnesota  
 213.19 Statutes, sections 3.195 and 3.197.

213.20 (c) For purposes of this section, "eligible institution" means an institution meeting the  
 213.21 requirements of Minnesota Statutes, section 136A.103.

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

213.23 **Sec. 48. STUDY; ST. PAUL LOCAL SALES TAX.**

213.24 (a) The mayor of the city of St. Paul, in consultation with the chairs and ranking minority  
 213.25 members of the legislative committees with jurisdiction over taxes and the director of city  
 213.26 council operations for the city of St. Paul, must study, evaluate, and provide the following  
 213.27 recommendations regarding the St. Paul local sales tax first enacted in Laws 1993, chapter  
 213.28 375, article 9, section 46, as amended:

213.29 (1) whether the taxing authority should be extended, and if so, the proposed date of  
 213.30 expiration;

213.31 (2) whether the bonding authority for the purposes authorized in Laws 1993, chapter  
 213.32 375, article 9, section 46, subdivision 2, paragraph (a), should be increased, and if so, the  
 213.33 amount of increase; and

214.1 (3) any other provisions pertaining to the tax.

214.2 (b) The mayor of the city of St. Paul must report the recommendations required under  
 214.3 paragraph (a) to the chairs and ranking minority members of the legislative committees with  
 214.4 jurisdiction over taxes no later than March 15, 2026. The report may include any additional  
 214.5 information determined relevant by the mayor, the director of city council operations for  
 214.6 the city of St. Paul, and the members of the legislative committees with jurisdiction over  
 214.7 taxes who participated in the study. The report must be filed as provided in Minnesota  
 214.8 Statutes, sections 3.195 and 3.197.

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

214.10 Sec. 49. **STUDY; SPORTS BETTING.**

214.11 Subdivision 1. **Study; report required.** (a) Members of the legislative committees with  
 214.12 jurisdiction over taxes, finance, and human services must study, evaluate, and provide  
 214.13 recommendations regarding legalization of sports betting, fantasy sports, or both, in  
 214.14 consultation with the following:

214.15 (1) representatives of the sports betting and fantasy sports betting industries;

214.16 (2) representatives of Indian Tribes;

214.17 (3) representatives of licensed racetracks;

214.18 (4) representatives of organizations that study or treat problem gambling; and

214.19 (5) representatives of any other entity or organization the members of legislative  
 214.20 committees with jurisdiction over taxes, finance, and human services deem necessary.

214.21 (b) The recommendations required under paragraph (a) must be filed in a report as  
 214.22 provided in Minnesota Statutes, sections 3.195 and 3.197. The report must be provided to  
 214.23 the chairs and ranking minority members of the legislative committees with jurisdiction  
 214.24 over taxes, finance, and human services no later than March 15, 2026. The report may  
 214.25 include any additional information determined relevant by the parties listed in paragraph  
 214.26 (a).

214.27 Subd. 2. **Definitions.** (a) "Indian Tribe" means the following federally recognized Tribes  
 214.28 and any instrumentality, political subdivision, legal entity, or other organization through  
 214.29 which one of them conducts business:

214.30 (1) the Fond du Lac Band;

214.31 (2) the Grand Portage Band;

- 215.1 (3) the Mille Lacs Band;
- 215.2 (4) the White Earth Band;
- 215.3 (5) the Bois Forte Band;
- 215.4 (6) the Leech Lake Band;
- 215.5 (7) the Red Lake Nation;
- 215.6 (8) the Upper Sioux Community;
- 215.7 (9) the Lower Sioux Indian Community;
- 215.8 (10) the Shakopee Mdewakanton Sioux Community; and
- 215.9 (11) the Prairie Island Indian Community.
- 215.10 (b) "Licensed racetrack" has the meaning given in Minnesota Statutes, section 240.01,
- 215.11 subdivision 10.
- 215.12 **EFFECTIVE DATE.** This section is effective the day following final enactment.
- 215.13 **Sec. 50. STUDY; FUNDING CAPITAL IMPROVEMENTS TO THE U.S. BANK**
- 215.14 **STADIUM.**
- 215.15 (a) Members of the legislative committees with jurisdiction over taxes and finance must
- 215.16 study, evaluate, and provide recommendations regarding options for funding capital
- 215.17 improvements to the U.S. Bank Stadium for the stadium to meet the requirements of
- 215.18 Minnesota Statutes, section 473J.13, subdivision 4, in consultation with the following:
- 215.19 (1) commissioners of the Minnesota Sports Facilities Authority;
- 215.20 (2) representatives of the city of Minneapolis;
- 215.21 (3) representatives of the Minnesota Vikings; and
- 215.22 (4) representatives of any other entity or organization the members of the legislative
- 215.23 committees with jurisdiction over taxes and finance deem necessary.
- 215.24 (b) The recommendations required under paragraph (a) must be filed in a report as
- 215.25 provided in Minnesota Statutes, sections 3.195 and 3.197. The report must be provided to
- 215.26 the chairs and ranking minority members of the legislative committees with jurisdiction
- 215.27 over taxes and finance no later than March 15, 2026. The report may include any additional
- 215.28 information determined relevant by the parties listed in paragraph (a).
- 215.29 (c) For purposes of this section, "Minnesota Sports Facilities Authority" has the meaning
- 215.30 given in Minnesota Statutes, section 473J.03, subdivision 3.

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

216.2 Sec. 51. **SPECIAL WITHDRAWAL AND RELEASE PROCEDURES FOR THE**  
216.3 **SUSTAINABLE FOREST INCENTIVE ACT.**

216.4 For lands enrolled in the Sustainable Forest Incentive Act on or before the day following  
216.5 final enactment of section 23, the claimant may elect by July 1, 2026, and without penalty,  
216.6 to withdraw land subject to the covenant without regard to the limitations under Minnesota  
216.7 Statutes, section 290C.055. The claimant of the enrolled land making an election to withdraw  
216.8 land must provide written notice to the commissioner of revenue of its intent to withdraw  
216.9 land from the program. The commissioner must issue a document releasing the land from  
216.10 the covenant to each claimant electing to withdraw land from the program, effective  
216.11 retroactively from the date of the election.

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

216.13 Sec. 52. **FEDERAL APPROVAL FOR PRIVATE HOSPITAL DIRECTED**  
216.14 **PAYMENT ARRANGEMENT.**

216.15 The commissioner of human services shall seek federal approval to establish a directed  
216.16 payment arrangement as provided under Minnesota Statutes, section 256B.1975, for a  
216.17 private, nonprofit hospital meeting the criteria in Minnesota Statutes, section 256B.1975,  
216.18 subdivision 3, and all of such hospital's owned or affiliated billing professionals, ambulance  
216.19 services, sites, and clinics.

216.20 Sec. 53. **REPEALER.**

216.21 (a) Minnesota Statutes 2024, section 477A.32, is repealed.

216.22 (b) Laws 2023, chapter 64, article 15, section 24, is repealed.

216.23 (c) Minnesota Statutes 2024, section 13.4967, subdivision 5, is repealed.

216.24 **EFFECTIVE DATE.** Paragraph (a) is effective for aids payable in 2026 and thereafter.  
216.25 Paragraph (b) is effective the day following final enactment. Paragraph (c) is effective  
216.26 August 1, 2025.

217.1

**ARTICLE 11**

217.2

**DEPARTMENT OF REVENUE; INDIVIDUAL INCOME AND CORPORATE**

217.3

**FRANCHISE TAXES**

217.4

Section 1. Minnesota Statutes 2024, section 116U.27, subdivision 2, is amended to read:

217.5

Subd. 2. **Credit allowed.** A taxpayer is eligible for a credit up to 25 percent of eligible

217.6

production costs paid in ~~a taxable year~~ any consecutive 12-month period as described in

217.7

subdivision 1, paragraph (h). A taxpayer may only claim a credit if the taxpayer was issued

217.8

a credit certificate under subdivision 4.

217.9

**EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning

217.10

after December 31, 2022.

217.11

Sec. 2. Minnesota Statutes 2024, section 289A.31, subdivision 1, is amended to read:

217.12

Subdivision 1. **Individual income, fiduciary income, mining company, corporate**

217.13

**franchise, and entertainment taxes.** (a) Individual income, fiduciary income, mining

217.14

company, and corporate franchise taxes, and interest and penalties, must be paid by the

217.15

taxpayer upon whom the tax is imposed, except in the following cases:

217.16

(1) the tax due from a decedent for that part of the taxable year in which the decedent

217.17

died during which the decedent was alive and the taxes, interest, and penalty due for the

217.18

prior years must be paid by the decedent's personal representative, if any. If there is no

217.19

personal representative, the taxes, interest, and penalty must be paid by the transferees, as

217.20

defined in section 270C.58, subdivision 3, to the extent they receive property from the

217.21

decedent;

217.22

(2) the tax due from an infant or other incompetent person must be paid by the person's

217.23

guardian or other person authorized or permitted by law to act for the person;

217.24

(3) the tax due from the estate of a decedent must be paid by the estate's personal

217.25

representative;

217.26

(4) the tax due from a trust, including those within the definition of a corporation, as

217.27

defined in section 290.01, subdivision 4, must be paid by a trustee; and

217.28

(5) the tax due from a taxpayer whose business or property is in charge of a receiver,

217.29

trustee in bankruptcy, assignee, or other conservator, must be paid by the person in charge

217.30

of the business or property so far as the tax is due to the income from the business or property.

217.31

(b) Entertainment taxes are the joint and several liability of the entertainer and the

217.32

entertainment entity. The payor is liable to the state for the payment of the tax required to

218.1 be deducted and withheld under section 290.9201, subdivision 7, and is not liable to the  
218.2 entertainer for the amount of the payment.

218.3 (c) The taxes imposed under sections 289A.08, subdivision 7a; 289A.35, paragraph (b);  
218.4 289A.382, subdivision 3<sub>2</sub>; and 290.0922 on partnerships are the joint and several liability  
218.5 of the partnership and the general partners.

218.6 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
218.7 after December 31, 2020.

218.8 Sec. 3. Minnesota Statutes 2024, section 290.01, subdivision 19, is amended to read:

218.9 Subd. 19. **Net income.** (a) For a trust or estate taxable under section 290.03, and a  
218.10 corporation taxable under section 290.02, the term "net income" means the federal taxable  
218.11 income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through  
218.12 the date named in this subdivision, incorporating the federal effective dates of changes to  
218.13 the Internal Revenue Code and any elections made by the taxpayer in accordance with the  
218.14 Internal Revenue Code in determining federal taxable income for federal income tax  
218.15 purposes, and with the modifications provided in sections 290.0131 to 290.0136.

218.16 (b) For an individual, the term "net income" means federal adjusted gross income with  
218.17 the modifications provided in sections 290.0131, 290.0132, and 290.0135 to 290.0137.

218.18 (c) In the case of a regulated investment company or a fund thereof, as defined in section  
218.19 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment  
218.20 company taxable income as defined in section 852(b)(2) of the Internal Revenue Code,  
218.21 except that:

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

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

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

219.1 (d) The net income of a real estate investment trust as defined and limited by section  
 219.2 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust  
 219.3 taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

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

219.7 (f) The Internal Revenue Code of 1986, as amended through May 1, 2023, applies for  
 219.8 taxable years beginning after December 31, 1996.

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

219.12 (h) In the case of a partnership electing to file a composite return under section 289A.08,  
 219.13 subdivision 7, "net income" means the partner's share of federal adjusted gross income from  
 219.14 the partnership modified by the additions provided in section 290.0131, subdivisions 8 to  
 219.15 10, 16, and 17, and the subtractions provided in: (1) section 290.0132, subdivisions 9, 27,  
 219.16 ~~and 28, and 31~~, to the extent the amount is assignable or allocable to Minnesota under section  
 219.17 290.17; and (2) section 290.0132, subdivision 14. The subtraction allowed under section  
 219.18 290.0132, subdivision 9, is only allowed on the composite tax computation to the extent  
 219.19 the electing partner would have been allowed the subtraction.

219.20 (i) In the case of a qualifying entity electing to pay the pass-through entity tax under  
 219.21 section 289A.08, subdivision 7a, "net income" means the qualifying owner's share of federal  
 219.22 adjusted gross income from the qualifying entity modified by the additions provided in  
 219.23 section 290.0131, subdivisions 5, 8 to 10, 16, and 17, and the subtractions provided in: (1)  
 219.24 section 290.0132, subdivisions 3, 9, 27, ~~and 28, and 31~~, to the extent the amount is assignable  
 219.25 or allocable to Minnesota under section 290.17; and (2) section 290.0132, subdivision 14.  
 219.26 The subtraction allowed under section 290.0132, subdivision 9, is only allowed on the  
 219.27 pass-through entity tax computation to the extent the qualifying owners would have been  
 219.28 allowed the subtraction. ~~The income of both a resident and nonresident qualifying owner~~  
 219.29 ~~is allocated and assigned to this state as provided for nonresident partners and shareholders~~  
 219.30 ~~under sections 290.17, 290.191, and 290.20.~~

219.31 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
 219.32 after December 31, 2022.

220.1 Sec. 4. Minnesota Statutes 2024, section 290.0132, subdivision 26, is amended to read:

220.2 Subd. 26. **Social Security benefits.** (a) A taxpayer is allowed a subtraction equal to the  
220.3 greater of the simplified subtraction allowed under paragraph (b) or the alternate subtraction  
220.4 determined under paragraph (e).

220.5 (b) A taxpayer's simplified subtraction equals the amount of taxable social security  
220.6 benefits, as reduced under paragraphs (c) and (d).

220.7 (c) For a taxpayer other than a married taxpayer filing a separate return with adjusted  
220.8 gross income above the phaseout threshold, the simplified subtraction is reduced by ten  
220.9 percent for each \$4,000 of adjusted gross income, or fraction thereof, in excess of the  
220.10 phaseout threshold. The phaseout threshold equals:

220.11 (1) \$100,000 for a married taxpayer filing a joint return or surviving spouse;

220.12 (2) \$78,000 for a single or head of household taxpayer; and

220.13 (3) for a married taxpayer filing a separate return, half the amount for a married taxpayer  
220.14 filing a joint return.

220.15 (d) For a married taxpayer filing a separate return, the simplified subtraction is reduced  
220.16 by ten percent for each \$2,000 of adjusted gross income, or fraction thereof, in excess of  
220.17 the phaseout threshold.

220.18 (e) A taxpayer's alternate subtraction equals the lesser of taxable Social Security benefits  
220.19 or a maximum subtraction subject to the limits under paragraphs (f), (g), and (h).

220.20 (f) For married taxpayers filing a joint return and surviving spouses, the maximum  
220.21 subtraction under paragraph ~~(e)~~ (e) equals \$5,840. The maximum subtraction is reduced by  
220.22 20 percent of provisional income over \$88,630. In no case is the subtraction less than zero.

220.23 (g) For single or head-of-household taxpayers, the maximum subtraction under paragraph  
220.24 ~~(e)~~ (e) equals \$4,560. The maximum subtraction is reduced by 20 percent of provisional  
220.25 income over \$69,250. In no case is the subtraction less than zero.

220.26 (h) For married taxpayers filing separate returns, the maximum subtraction under  
220.27 paragraph ~~(e)~~ (e) equals one-half the maximum subtraction for joint returns under paragraph  
220.28 (f). The maximum subtraction is reduced by 20 percent of provisional income over one-half  
220.29 the threshold amount specified in paragraph (d). In no case is the subtraction less than zero.

220.30 (i) For purposes of this subdivision, "provisional income" means modified adjusted gross  
220.31 income as defined in section 86(b)(2) of the Internal Revenue Code, plus one-half of the

221.1 taxable Social Security benefits received during the taxable year, and "Social Security  
221.2 benefits" has the meaning given in section 86(d)(1) of the Internal Revenue Code.

221.3 (j) The commissioner shall adjust the phaseout threshold amounts in ~~paragraphs~~ paragraph  
221.4 ~~(c) and (d), clauses (1) and (2),~~ as provided in section 270C.22. The statutory year is taxable  
221.5 year 2023. The maximum subtraction and threshold amounts as adjusted must be rounded  
221.6 to the nearest \$10 amount. If the amount ends in \$5, the amount is rounded up to the nearest  
221.7 \$10 amount.

221.8 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
221.9 after December 31, 2022.

221.10 Sec. 5. Minnesota Statutes 2024, section 290.0132, subdivision 34, is amended to read:

221.11 Subd. 34. **Qualified retirement benefits.** (a) The amount of qualified public pension  
221.12 income is a subtraction. The subtraction in this section is limited to:

221.13 (1) \$25,000 for a married taxpayer filing a joint return or surviving spouse; or

221.14 (2) \$12,500 for all other filers.

221.15 (b) For a taxpayer with adjusted gross income above the phaseout threshold, the  
221.16 subtraction is reduced by ten percent for each \$2,000 of adjusted gross income, or fraction  
221.17 thereof, in excess of the threshold. The phaseout threshold equals:

221.18 (1) \$100,000 for a married taxpayer filing a joint return or surviving spouse;

221.19 (2) \$78,000 for a single or head of household taxpayer; or

221.20 (3) for a married taxpayer filing a separate return, half the amount for a married taxpayer  
221.21 filing a joint return.

221.22 (c) For the purposes of this section, "qualified public pension income" means any amount  
221.23 received:

221.24 (1) by a former basic member or the survivor of a former basic member, as an annuity  
221.25 or survivor benefit, from a pension plan governed by chapter 353, 353E, 354, or 354A,  
221.26 provided that the annuity or benefit is based on service for which the member or survivor  
221.27 ~~is not also receiving~~ did not earn Social Security benefits;

221.28 (2) as an annuity or survivor benefit from the legislators plan under chapter 3A, the State  
221.29 Patrol retirement plan under chapter 352B, or the public employees police and fire plan  
221.30 under sections 353.63 to 353.666, provided that the annuity or benefit is based on service  
221.31 for which the member or survivor ~~is not also receiving~~ did not earn Social Security benefits;

222.1 (3) from any retirement system administered by the federal government that is based on  
222.2 service for which the recipient or the recipient's survivor ~~is not also receiving~~ did not earn  
222.3 Social Security benefits; or

222.4 (4) from a public retirement system of or created by another state or any of its political  
222.5 subdivisions, or the District of Columbia, if the income tax laws of the other state or district  
222.6 permit a similar deduction or exemption or a reciprocal deduction or exemption of a  
222.7 retirement or pension benefit received from a public retirement system of or created by this  
222.8 state or any political subdivision of this state.

222.9 (d) The commissioner must annually adjust the subtraction limits in paragraph (a) and  
222.10 the phaseout thresholds in paragraph (b), as provided in section 270C.22. The statutory year  
222.11 is taxable year 2023.

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

222.13 Sec. 6. Minnesota Statutes 2024, section 290.0134, subdivision 20, is amended to read:

222.14 Subd. 20. **Delayed business interest.** (a) For each taxable year an addition is required  
222.15 under section ~~290.0131, subdivision 19~~ 290.0133, subdivision 15, the amount of the addition,  
222.16 less the sum of all amounts subtracted under this paragraph in all prior taxable years, that  
222.17 does not exceed the limitation on business interest in section 163(j) of the Internal Revenue  
222.18 Code of 1986, as amended through December 15, 2022, notwithstanding the special rule in  
222.19 section 163(j)(10) of the Internal Revenue Code, is a subtraction. Any excess is a delayed  
222.20 business interest carryforward, the entire amount of which must be carried to the earliest  
222.21 taxable year. No subtraction is allowed under this paragraph for taxable years beginning  
222.22 after December 31, 2022.

222.23 (b) For each of the five taxable years beginning after December 31, 2022, there is allowed  
222.24 a subtraction equal to one-fifth of the sum of all carryforward amounts that remain after the  
222.25 expiration of paragraph (a).

222.26 (c) Entities that are part of a combined reporting group under the unitary rules of section  
222.27 290.17, subdivision 4, must compute deductions and additions as required under section  
222.28 290.34, subdivision 5.

222.29 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
222.30 after December 31, 2019.

223.1 Sec. 7. Minnesota Statutes 2024, section 290.0693, subdivision 1, is amended to read:

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

223.4 (b) "Dependent" means any individual who is considered a dependent under sections  
223.5 151 and 152 of the Internal Revenue Code and was claimed by the taxpayer as a dependent.

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

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

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

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

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

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

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

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

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

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

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

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

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

223.30 (j) "Rent constituting property taxes" means 17 percent of the gross rent actually paid  
223.31 in cash, or its equivalent, or the portion of rent paid in lieu of property taxes, in any taxable

224.1 year by a claimant for the right of occupancy of the claimant's Minnesota homestead in the  
 224.2 taxable year, and which rent constitutes the basis, in the succeeding taxable year of a claim  
 224.3 for a credit under this section by the claimant. If an individual occupies a homestead with  
 224.4 another person or persons not related to the individual as the individual's spouse or as  
 224.5 dependents, and the other person or persons are residing at the homestead under a rental or  
 224.6 lease agreement with the individual, the amount of rent constituting property tax for the  
 224.7 individual equals that portion not covered by the rental agreement.

224.8 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 224.9 31, 2024.

224.10 Sec. 8. Minnesota Statutes 2024, section 290.0693, subdivision 6, is amended to read:

224.11 Subd. 6. **Residents of nursing homes, intermediate care facilities, long-term care**  
 224.12 **facilities, or facilities accepting housing support payments.** (a) A taxpayer must not claim  
 224.13 a credit under this section if the taxpayer is a resident of a nursing home, intermediate care  
 224.14 facility, long-term residential facility, or a facility that accepts housing support payments  
 224.15 whose rent constituting property taxes is paid pursuant to the Supplemental Security Income  
 224.16 program under title XVI of the Social Security Act, the Minnesota supplemental aid program  
 224.17 under sections 256D.35 to 256D.54, the medical assistance program pursuant to title XIX  
 224.18 of the Social Security Act, or the housing support program under chapter 256I.

224.19 (b) If only a portion of the rent constituting property taxes is paid by these programs,  
 224.20 the resident is eligible for a credit, but the credit calculated must be multiplied by a fraction,  
 224.21 the numerator of which is adjusted gross income, ~~reduced by the total amount of income~~  
 224.22 ~~from the above sources other than vendor payments under the medical assistance program~~  
 224.23 and the denominator of which is adjusted gross income, plus vendor payments under the  
 224.24 medical assistance program, to determine the allowable credit.

224.25 (c) Notwithstanding paragraphs (a) and (b), if the taxpayer was a resident of the nursing  
 224.26 home, intermediate care facility, long-term residential facility, or facility for which the rent  
 224.27 was paid for the claimant by the housing support program for only a portion of the taxable  
 224.28 year covered by the claim, the taxpayer may compute rent constituting property taxes by  
 224.29 disregarding the rent constituting property taxes from the nursing home or facility and may  
 224.30 use only that amount of rent constituting property taxes or property taxes payable relating  
 224.31 to that portion of the year when the taxpayer was not in the facility. The taxpayer's household  
 224.32 income is the income for the entire taxable year covered by the claim.

224.33 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 224.34 31, 2024.

225.1 Sec. 9. Minnesota Statutes 2024, section 290.0693, subdivision 8, is amended to read:

225.2 Subd. 8. **One claimant per household.** Only one taxpayer per household per year is  
 225.3 entitled to claim a credit under this section. In the case of a married couple filing a joint  
 225.4 return, the couple may claim a credit under this section based on the total amount of both  
 225.5 spouses' gross rent. In the case of a married taxpayer filing a separate return, only one spouse  
 225.6 may claim the credit under this section. The credit amount for the spouse that claims the  
 225.7 credit must be calculated based on household income and both spouses' share of the gross  
 225.8 rent and not solely on the income of the spouse.

225.9 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 225.10 31, 2024.

225.11 Sec. 10. Minnesota Statutes 2024, section 290.0695, subdivision 2, is amended to read:

225.12 Subd. 2. **Credit allowed; limitation; carryover.** (a) An eligible taxpayer is allowed a  
 225.13 credit against tax due under this chapter equal to 50 percent of ~~eligible expenses, not to~~  
 225.14 ~~exceed \$3,000 per mile, multiplied by the number of miles of railroad track owned or leased~~  
 225.15 ~~within the state by the eligible taxpayer for which the taxpayer made~~ the qualified railroad  
 225.16 reconstruction or replacement expenditures as of the close of the taxable year for which the  
 225.17 credit is claimed made by an eligible taxpayer within this state during the taxable year for  
 225.18 which the credit is claimed.

225.19 (b) The credit allowed under paragraph (a) for any taxable year must not exceed the  
 225.20 product of:

225.21 (1) \$3,000, multiplied by;

225.22 (2) the number of miles of railroad track owned or leased by the eligible taxpayer within  
 225.23 this state as of the close of the taxable year for which the taxpayer made qualified railroad  
 225.24 reconstruction or replacement expenditures for which the credit is claimed.

225.25 ~~(b)~~ (c) If the amount of the credit determined under this section for any taxable year  
 225.26 exceeds the liability for tax under this chapter, the excess is a credit carryover to each of  
 225.27 the five succeeding taxable years. The entire amount of the excess unused credit for the  
 225.28 taxable year must be carried first to the earliest of the taxable years to which the credit may  
 225.29 be carried and then to each successive year to which the credit may be carried. The amount  
 225.30 of the unused credit that may be added under this paragraph must not exceed the taxpayer's  
 225.31 liability for tax less the credit for the taxable year.

226.1 ~~(e)~~ (d) An eligible taxpayer claiming a credit under this section may not also claim the  
226.2 credit under section 297I.20, subdivision 6, for the same qualified railroad reconstruction  
226.3 or replacement expenditures.

226.4 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
226.5 after December 31, 2022.

226.6 Sec. 11. Laws 2023, chapter 1, section 22, is amended to read:

226.7 **Sec. 22. TEMPORARY ADDITIONS AND SUBTRACTIONS; INDIVIDUALS,**  
226.8 **ESTATES, AND TRUSTS.**

226.9 (a) For the purposes of this section:

226.10 (1) "subtraction" has the meaning given in Minnesota Statutes, section 290.0132,  
226.11 subdivision 1, and the rules in that subdivision apply to this section;

226.12 (2) "addition" has the meaning given in Minnesota Statutes, section 290.0131, subdivision  
226.13 1, and the rules in that subdivision apply to this section; and

226.14 (3) the definitions in Minnesota Statutes, section 290.01, apply to this section.

226.15 (b) The following amounts are subtractions:

226.16 (1) the amount of wages used for the calculation of the employee retention credit for  
226.17 employers affected by qualified disasters, to the extent not deducted from income, under  
226.18 Public Law 116-94, division Q, section 203, or Public Law 116-260, division EE, section  
226.19 303;

226.20 (2) the amount of wages used for the calculation of the payroll credit for required paid  
226.21 sick leave, to the extent not deducted from income, under Public Law 116-127, section  
226.22 7001, as amended by section 9641 of Public Law 117-2;

226.23 (3) the amount of wages or expenses used for the calculation of the payroll credit for  
226.24 required paid family leave, to the extent not deducted from income, under Public Law  
226.25 116-127, section 7003, as amended by section 9641 of Public Law 117-2;

226.26 (4) the amount of wages used for the calculation of the employee retention credit for  
226.27 employers subject to closure due to COVID-19, to the extent not deducted from income,  
226.28 under Public Law 116-136, section 2301, as amended by Public Law 116-260, division EE,  
226.29 section 207, and Public Law 117-2, section 9651; and

226.30 (5) the amount required to be added to gross income to claim the credit in section 6432  
226.31 of the Internal Revenue Code.

227.1 (c) The following amounts are additions:

227.2 (1) the amount subtracted for qualified tuition expenses under section 222 of the Internal  
227.3 Revenue Code, as amended by Public Law 116-94, division Q, section 104;

227.4 (2) the amount of above the line charitable contributions deducted under section 2204  
227.5 of Public Law 116-136;

227.6 (3) the amount of meal expenses in excess of the 50 percent limitation under section  
227.7 274(n)(1) of the Internal Revenue Code allowed under subsection (n), paragraph (2),  
227.8 subparagraph (D), of that section; and

227.9 (4) the amount of charitable contributions deducted from federal taxable income by a  
227.10 trust for taxable year 2020 under Public Law 116-136, section 2205(a).

227.11 (d) The commissioner of revenue must apply the subtractions in paragraph (b) and the  
227.12 additions in paragraph (c), when calculating the following:

227.13 (1) the percentage under Minnesota Statutes, section 290.06, subdivision 2c, paragraph  
227.14 (e);

227.15 (2) a taxpayer's alternative minimum taxable income under Minnesota Statutes, section  
227.16 290.091; and

227.17 (3) "~~income~~" ~~as defined in Minnesota Statutes, section 289A.08, subdivision 7, paragraph~~  
227.18 ~~(j)~~, for the purposes of determining the tax for composite filers and the pass-through entity  
227.19 tax, means the partner's share of federal adjusted gross income from the partnership modified  
227.20 by the additions provided in Minnesota Statutes, section 290.0131, subdivisions 8 to 10,  
227.21 16, 17, and 19, and the subtractions provided in (i) Minnesota Statutes, section 290.0132,  
227.22 subdivisions 9, 27, and 28, to the extent the amount is assignable or allocable to Minnesota  
227.23 under Minnesota Statutes, section 290.17; and (ii) Minnesota Statutes, section 290.0132,  
227.24 subdivision 14. The subtraction allowed under Minnesota Statutes, section 290.0132,  
227.25 subdivision 9, is only allowed on the composite tax computation to the extent the electing  
227.26 partner would have been allowed the subtraction.

227.27 (e) For the purpose of calculating property tax refunds under Minnesota Statutes, chapter  
227.28 290A, any amounts allowed as a subtraction in paragraph (b) are excluded from "income,"  
227.29 as defined in Minnesota Statutes, section 290A.03, subdivision 3.

227.30 **EFFECTIVE DATE.** This section is effective retroactively at the same time the changes  
227.31 in Laws 2023, chapter 1, section 22, were effective for federal purposes.

228.1 **ARTICLE 12**228.2 **DEPARTMENT OF REVENUE; SALES AND USE TAXES**

228.3 Section 1. Minnesota Statutes 2024, section 297A.71, subdivision 54, is amended to read:

228.4 Subd. 54. **Sustainable aviation fuel facilities.** (a) Materials and supplies used or  
228.5 consumed in and equipment incorporated into the construction, reconstruction, or  
228.6 improvement of a facility located in Minnesota that produces or blends sustainable aviation  
228.7 fuel, as defined in section 41A.30, subdivision 1, is if materials, supplies, and equipment  
228.8 are purchased after June 30, 2027, and before July 1, 2034, are exempt.

228.9 (b) The tax must be imposed and collected as if the rate under section 297A.62,  
228.10 subdivision 1, applied and then refunded in the manner as provided for projects under section  
228.11 297A.75, subdivision 1, ~~clause (1).~~

228.12 (c) For a project, a portion of which is not used to produce or blend sustainable aviation  
228.13 fuel, the amount of purchases that are exempt under this subdivision must be determined  
228.14 by multiplying the total purchases, as specified in paragraph (a), by the ratio of:

228.15 (1) the capacity to generate sustainable aviation fuel either through production or  
228.16 blending; and

228.17 (2) the capacity to generate all fuels.

228.18 (d) This subdivision expires July 1, 2034. The expiration does not affect refunds due for  
228.19 sales and purchases made prior to July 1, 2034.

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

228.21 Sec. 2. Minnesota Statutes 2024, section 297A.75, subdivision 1, is amended to read:

228.22 Subdivision 1. **Tax collected.** The tax on the gross receipts from the sale of the following  
228.23 exempt items must be imposed and collected as if the sale were taxable and the rate under  
228.24 section 297A.62, subdivision 1, applied. The exempt items include:

228.25 (1) building materials for an agricultural processing facility exempt under section  
228.26 297A.71, subdivision 13;

228.27 (2) building materials for mineral production facilities exempt under section 297A.71,  
228.28 subdivision 14;

228.29 (3) building materials for correctional facilities under section 297A.71, subdivision 3;

228.30 (4) building materials used in a residence for veterans with a disability exempt under  
228.31 section 297A.71, subdivision 11;

- 229.1 (5) elevators and building materials exempt under section 297A.71, subdivision 12;
- 229.2 (6) materials and supplies for qualified low-income housing under section 297A.71,  
229.3 subdivision 23;
- 229.4 (7) materials, supplies, and equipment for municipal electric utility facilities under  
229.5 section 297A.71, subdivision 35;
- 229.6 (8) equipment and materials used for the generation, transmission, and distribution of  
229.7 electrical energy and an aerial camera package exempt under section 297A.68, subdivision  
229.8 37;
- 229.9 (9) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, paragraph  
229.10 (a), clause (10);
- 229.11 (10) materials, supplies, and equipment for construction or improvement of projects and  
229.12 facilities under section 297A.71, subdivision 40;
- 229.13 (11) enterprise information technology equipment and computer software for use in a  
229.14 qualified data center exempt under section 297A.68, subdivision 42;
- 229.15 (12) materials, supplies, and equipment for qualifying capital projects under section  
229.16 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);
- 229.17 (13) items purchased for use in providing critical access dental services exempt under  
229.18 section 297A.70, subdivision 7, paragraph (c);
- 229.19 (14) items and services purchased under a business subsidy agreement for use or  
229.20 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision  
229.21 44;
- 229.22 (15) building materials, equipment, and supplies for constructing or replacing real  
229.23 property exempt under section 297A.71, subdivisions 49; 50, paragraph (b); and 51;
- 229.24 (16) building materials, equipment, and supplies for qualifying capital projects under  
229.25 section 297A.71, subdivision 52; ~~and~~
- 229.26 (17) building materials, equipment, and supplies for constructing, remodeling, expanding,  
229.27 or improving a fire station, police station, or related facilities exempt under section 297A.71,  
229.28 subdivision 53; and
- 229.29 (18) building materials, equipment, and supplies for constructing, remodeling, or  
229.30 improving a sustainable aviation fuel facility exempt under section 297A.71, subdivision  
229.31 54.

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

230.2 Sec. 3. Minnesota Statutes 2024, section 297A.75, subdivision 2, is amended to read:

230.3 Subd. 2. **Refund; eligible persons.** Upon application on forms prescribed by the  
230.4 commissioner, a refund equal to the tax paid on the gross receipts of the exempt items must  
230.5 be paid to the applicant. Only the following persons may apply for the refund:

230.6 (1) for subdivision 1, clauses (1), (2), and (13), the applicant must be the purchaser;

230.7 (2) for subdivision 1, clause (3), the applicant must be the governmental subdivision;

230.8 (3) for subdivision 1, clause (4), the applicant must be the recipient of the benefits  
230.9 provided in United States Code, title 38, chapter 21;

230.10 (4) for subdivision 1, clause (5), the applicant must be the owner of the homestead  
230.11 property;

230.12 (5) for subdivision 1, clause (6), the owner of the qualified low-income housing project;

230.13 (6) for subdivision 1, clause (7), the applicant must be a municipal electric utility or a  
230.14 joint venture of municipal electric utilities;

230.15 (7) for subdivision 1, clauses (8), (11), and (14), the owner of the qualifying business;

230.16 (8) for subdivision 1, clauses (9), (10), (12), (16), and (17), the applicant must be the  
230.17 governmental entity that owns or contracts for the project or facility; ~~and~~

230.18 (9) for subdivision 1, clause (15), the applicant must be the owner or developer of the  
230.19 building or project; and

230.20 (10) for subdivision 1, clause (18), the applicant must be the owner or developer of the  
230.21 sustainable aviation fuel facility.

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

230.23 Sec. 4. Minnesota Statutes 2024, section 297A.75, subdivision 3, is amended to read:

230.24 Subd. 3. **Application.** (a) The application must include sufficient information to permit  
230.25 the commissioner to verify the tax paid. If the tax was paid by a contractor, subcontractor,  
230.26 or builder, under subdivision 1, clauses (3) to (12) or (14) to ~~(17)~~ (18), the contractor,  
230.27 subcontractor, or builder must furnish to the refund applicant a statement including the cost  
230.28 of the exempt items and the taxes paid on the items unless otherwise specifically provided  
230.29 by this subdivision. The provisions of sections 289A.40 and 289A.50 apply to refunds under  
230.30 this section.

231.1 (b) An applicant may not file more than two applications per calendar year for refunds  
231.2 for taxes paid on capital equipment exempt under section 297A.68, subdivision 5.

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

231.4 Sec. 5. Minnesota Statutes 2024, section 297A.94, is amended to read:

231.5 **297A.94 DEPOSIT OF REVENUES.**

231.6 (a) Except as provided in this section, the commissioner shall deposit the revenues,  
231.7 including interest and penalties, derived from the taxes imposed by this chapter in the state  
231.8 treasury and credit them to the general fund.

231.9 (b) The commissioner shall deposit taxes in the Minnesota agricultural and economic  
231.10 account in the special revenue fund if:

231.11 (1) the taxes are derived from sales and use of property and services purchased for the  
231.12 construction and operation of an agricultural resource project; and

231.13 (2) the purchase was made on or after the date on which a conditional commitment was  
231.14 made for a loan guaranty for the project under section 41A.04, subdivision 3.

231.15 The commissioner of management and budget shall certify to the commissioner the date on  
231.16 which the project received the conditional commitment. The amount deposited in the loan  
231.17 guaranty account must be reduced by any refunds and by the costs incurred by the Department  
231.18 of Revenue to administer and enforce the assessment and collection of the taxes.

231.19 (c) The commissioner shall deposit the revenues, including interest and penalties, derived  
231.20 from the taxes imposed on sales and purchases included in section 297A.61, subdivision 3,  
231.21 paragraph (g), clauses (1) and (4), in the state treasury, and credit them as follows:

231.22 (1) first to the general obligation special tax bond debt service account in each fiscal  
231.23 year the amount required by section 16A.661, subdivision 3, paragraph (b); and

231.24 (2) after the requirements of clause (1) have been met, the balance to the general fund.

231.25 (d) Beginning with sales taxes remitted after July 1, 2017, the commissioner shall deposit  
231.26 in the state treasury the revenues collected under section 297A.64, subdivision 1, including  
231.27 interest and penalties and minus refunds, and credit them to the highway user tax distribution  
231.28 fund.

231.29 (e) The commissioner shall deposit the revenues, including interest and penalties,  
231.30 collected under section 297A.64, subdivision 5, in the state treasury and credit them to the  
231.31 general fund. By July 15 of each year the commissioner shall transfer to the highway user

232.1 tax distribution fund an amount equal to the excess fees collected under section 297A.64,  
 232.2 subdivision 5, for the previous calendar year.

232.3 (f) Beginning with sales taxes remitted after July 1, 2017, in conjunction with the deposit  
 232.4 of revenues under paragraph (d), the commissioner shall deposit into the state treasury and  
 232.5 credit to the highway user tax distribution fund an amount equal to the estimated revenues  
 232.6 derived from the tax rate imposed under section 297A.62, subdivision 1, on the lease or  
 232.7 rental for not more than 28 days of rental motor vehicles subject to section 297A.64. The  
 232.8 commissioner shall estimate the amount of sales tax revenue deposited under this paragraph  
 232.9 based on the amount of revenue deposited under paragraph (d).

232.10 (g) Each month the commissioner must deposit ~~the~~ an amount equal to the estimated  
 232.11 revenues derived from the taxes imposed under section 297A.62, subdivision 1, on the sale  
 232.12 and purchase of motor vehicle repair and replacement parts in the state treasury and credit:

232.13 (1) 43.5 percent in each fiscal year to the highway user tax distribution fund;

232.14 (2) a percentage to the transportation advancement account under section 174.49 as  
 232.15 follows:

232.16 (i) 3.5 percent in fiscal year 2024;

232.17 (ii) 4.5 percent in fiscal year 2025;

232.18 (iii) 5.5 percent in fiscal year 2026;

232.19 (iv) 7.5 percent in fiscal year 2027;

232.20 (v) 14.5 percent in fiscal year 2028;

232.21 (vi) 21.5 percent in fiscal year 2029;

232.22 (vii) 28.5 percent in fiscal year 2030;

232.23 (viii) 36.5 percent in fiscal year 2031;

232.24 (ix) 44.5 percent in fiscal year 2032; and

232.25 (x) 56.5 percent in fiscal year 2033 and thereafter; and

232.26 (3) the remainder in each fiscal year to the general fund.

232.27 After each February forecast, and prior to the following April 15, the commissioner shall  
 232.28 estimate the monthly deposit amount for use in the following fiscal year based on the estimate  
 232.29 of average revenue derived from the taxes imposed under section 297A.62, subdivision 1,  
 232.30 on the sale and purchase of motor vehicle repair and replacement parts from the department's  
 232.31 three most recent consumption tax models. For purposes of this paragraph, "motor vehicle"

233.1 has the meaning given in section 297B.01, subdivision 11, and "motor vehicle repair and  
233.2 replacement parts" includes (i) all parts, tires, accessories, and equipment incorporated into  
233.3 or affixed to the motor vehicle as part of the motor vehicle maintenance and repair, and (ii)  
233.4 paint, oil, and other fluids that remain on or in the motor vehicle as part of the motor vehicle  
233.5 maintenance or repair. For purposes of this paragraph, "tire" means any tire of the type used  
233.6 on highway vehicles, if wholly or partially made of rubber and if marked according to  
233.7 federal regulations for highway use.

233.8 (h) 81.56 percent of the revenues, including interest and penalties, transmitted to the  
233.9 commissioner under section 297A.65, must be deposited by the commissioner in the state  
233.10 treasury as follows:

233.11 (1) 47.5 percent of the receipts must be deposited in the heritage enhancement account  
233.12 in the game and fish fund, and may be spent only on activities that improve, enhance, or  
233.13 protect fish and wildlife resources, including conservation, restoration, and enhancement  
233.14 of land, water, and other natural resources of the state;

233.15 (2) 22.5 percent of the receipts must be deposited in the natural resources fund, and may  
233.16 be spent only for state parks and trails;

233.17 (3) 22.5 percent of the receipts must be deposited in the natural resources fund, and may  
233.18 be spent only on metropolitan park and trail grants;

233.19 (4) three percent of the receipts must be deposited in the natural resources fund, and  
233.20 may be spent only on local trail grants;

233.21 (5) two percent of the receipts must be deposited in the natural resources fund, and may  
233.22 be spent only for the Minnesota Zoological Garden, the Como Park Zoo and Conservatory,  
233.23 and the Duluth Zoo; and

233.24 (6) 2.5 percent of the receipts must be deposited in the pollinator account established in  
233.25 section 103B.101, subdivision 19.

233.26 (i) 1.5 percent of the revenues, including interest and penalties, transmitted to the  
233.27 commissioner under section 297A.65 must be deposited in a regional parks and trails account  
233.28 in the natural resources fund and may only be spent for parks and trails of regional  
233.29 significance outside of the seven-county metropolitan area under section 85.535, based on  
233.30 recommendations from the Greater Minnesota Regional Parks and Trails Commission under  
233.31 section 85.536.

233.32 (j) 1.5 percent of the revenues, including interest and penalties, transmitted to the  
233.33 commissioner under section 297A.65 must be deposited in an outdoor recreational

234.1 opportunities for underserved communities account in the natural resources fund and may  
234.2 only be spent on projects and activities that connect diverse and underserved Minnesotans  
234.3 through expanding cultural environmental experiences, exploration of their environment,  
234.4 and outdoor recreational activities.

234.5 (k) The revenue dedicated under paragraph (h) may not be used as a substitute for  
234.6 traditional sources of funding for the purposes specified, but the dedicated revenue shall  
234.7 supplement traditional sources of funding for those purposes. Land acquired with money  
234.8 deposited in the game and fish fund under paragraph (h) must be open to public hunting  
234.9 and fishing during the open season, except that in aquatic management areas or on lands  
234.10 where angling easements have been acquired, fishing may be prohibited during certain times  
234.11 of the year and hunting may be prohibited. At least 87 percent of the money deposited in  
234.12 the game and fish fund for improvement, enhancement, or protection of fish and wildlife  
234.13 resources under paragraph (h) must be allocated for field operations.

234.14 (l) The commissioner must deposit the revenues, including interest and penalties minus  
234.15 any refunds, derived from the sale of items regulated under section 624.20, subdivision 1,  
234.16 that may be sold to persons 18 years old or older and that are not prohibited from use by  
234.17 the general public under section 624.21, in the state treasury and credit:

234.18 (1) 25 percent to the volunteer fire assistance grant account established under section  
234.19 88.068;

234.20 (2) 25 percent to the fire safety account established under section 297I.06, subdivision  
234.21 3; and

234.22 (3) the remainder to the general fund.

234.23 For purposes of this paragraph, the percentage of total sales and use tax revenue derived  
234.24 from the sale of items regulated under section 624.20, subdivision 1, that are allowed to be  
234.25 sold to persons 18 years old or older and are not prohibited from use by the general public  
234.26 under section 624.21, is a set percentage of the total sales and use tax revenues collected in  
234.27 the state, with the percentage determined under Laws 2017, First Special Session chapter  
234.28 1, article 3, section 39.

234.29 (m) The revenues deposited under paragraphs (a) to (l) do not include the revenues,  
234.30 including interest and penalties, generated by the sales tax imposed under section 297A.62,  
234.31 subdivision 1a, which must be deposited as provided under the Minnesota Constitution,  
234.32 article XI, section 15.

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

235.1 Sec. 6. Minnesota Statutes 2024, section 297A.99, subdivision 10, is amended to read:

235.2 Subd. 10. **Use of zip code in determining location of sale.** (a) The lowest combined  
235.3 tax rate imposed in the zip code area applies if the area includes more than one tax rate in  
235.4 any level of taxing jurisdictions.

235.5 (b) If a nine-digit zip code designation is not available for a street address or if a seller  
235.6 is unable to determine the nine-digit zip code designation of a purchaser after exercising  
235.7 due diligence to determine the designation, the seller may apply the rate for the five-digit  
235.8 zip code area.

235.9 (c) For the purposes of this subdivision, there is a rebuttable presumption that a seller  
235.10 has exercised due diligence for a sale that requires a full street address to be completed if  
235.11 the seller has attempted to determine the nine-digit zip code designation by utilizing (1) the  
235.12 look-up application form the United States Postal Service; (2) software certified by the  
235.13 Coding Accuracy Support System; or (3) other software approved by the governing board  
235.14 that makes this designation from the street address and the five-digit zip code of the  
235.15 purchaser. For a sale that does not require a full street address to be completed, a seller has  
235.16 not exercised due diligence unless the seller has obtained or requested from the purchaser  
235.17 (1) the complete street address, including the five-digit zip code; or (2) the nine-digit zip  
235.18 code. A seller that has not exercised due diligence is not relieved from any additional liability  
235.19 that may be due as a result of incorrect sourcing.

235.20 (d) Notwithstanding subdivision 13, this subdivision applies to all local sales taxes  
235.21 without regard to the date of authorization. This subdivision does not apply when the  
235.22 purchased product is received by the purchaser at the business location of the seller.

235.23 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
235.24 30, 2025.

235.25 Sec. 7. Minnesota Statutes 2024, section 297A.995, subdivision 2, is amended to read:

235.26 Subd. 2. **Definitions.** As used in this section:

235.27 (a) "Agreement" means the Streamlined Sales and Use Tax Agreement.

235.28 (b) "Certified automated system" means software certified jointly by the states that are  
235.29 signatories to the agreement to calculate the tax imposed by each jurisdiction on a transaction,  
235.30 determine the amount of tax to remit to the appropriate state, and maintain a record of the  
235.31 transaction.

236.1 (c) "Certified service provider" means an agent certified ~~jointly by the states that are~~  
 236.2 ~~signatories to the agreement to perform all of the seller's sales tax functions~~ under the  
 236.3 Agreement to perform the seller's sales and use tax functions as outlined in the contract  
 236.4 between the Streamlined Sales Tax Governing Board and the certified service providers,  
 236.5 except that sellers retain the obligation to remit tax on their own purchases.

236.6 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
 236.7 30, 2025.

236.8 Sec. 8. Minnesota Statutes 2024, section 297A.995, subdivision 10, is amended to read:

236.9 Subd. 10. **Relief from certain liability.** (a) Notwithstanding subdivision 9, sellers and  
 236.10 certified service providers are relieved from liability to the state for having charged and  
 236.11 collected the incorrect amount of sales or use tax resulting from the seller or certified service  
 236.12 provider (1) relying on erroneous data provided by the commissioner in the database files  
 236.13 on tax rates, boundaries, or taxing jurisdiction assignments, or (2) relying on erroneous data  
 236.14 provided by the state in its taxability matrix concerning the taxability of products and  
 236.15 services.

236.16 (b) Notwithstanding subdivision 9, sellers and certified service providers are relieved  
 236.17 from liability to the state for having charged and collected the incorrect amount of sales or  
 236.18 use tax resulting from the seller or certified service provider relying on the certification by  
 236.19 the commissioner as to the accuracy of a certified automated system as to the taxability of  
 236.20 product categories. The relief from liability provided by this paragraph does not apply when  
 236.21 the sellers or certified service providers have incorrectly classified an item or transaction  
 236.22 into a product category, unless the item or transaction within a product category was approved  
 236.23 by the commissioner or approved jointly by the states that are signatories to the agreement.  
 236.24 The sellers and certified service providers must revise a classification within ten days after  
 236.25 receipt of notice from the commissioner that an item or transaction within a product category  
 236.26 is incorrectly classified as to its taxability, or they are not relieved from liability for the  
 236.27 incorrect classification following the notification.

236.28 (c) Notwithstanding subdivision 9, if there are not at least 30 days between the enactment  
 236.29 of a new tax rate and the effective date of the new rate, sellers and certified service providers  
 236.30 shall be relieved from liability for failing to collect tax at the new rate during the first 30  
 236.31 days of the rate change, beginning on the day after the date of enactment of the rate change,  
 236.32 provided the seller or certified service provider continued to impose and collect the tax at  
 236.33 the immediately preceding tax rate during this period. Relief from liability provided by this  
 236.34 paragraph shall not apply if the failure to collect at the newly effective rate extends beyond

237.1 30 days after the enactment of the new rate. The relief provided by this paragraph shall not  
 237.2 apply if the commissioner determines that the seller or certified service provider fraudulently  
 237.3 failed to collect at the new rate or that the seller or certified service provider solicited  
 237.4 purchasers based on the immediately preceding tax rate.

237.5 (d) Certified service providers are relieved from liability to the state when a seller fails  
 237.6 to remit all or a portion of the seller's taxes prior to the due date of the remittance if the  
 237.7 certified service provider has provided notification as outlined in the contract between the  
 237.8 Streamlined Sales Tax Governing Board and the certified service provider.

237.9 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
 237.10 30, 2025.

## 237.11 **ARTICLE 13**

### 237.12 **DEPARTMENT OF REVENUE; MISCELLANEOUS**

237.13 Section 1. Minnesota Statutes 2024, section 270C.445, subdivision 3, is amended to read:

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

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

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

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

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

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

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

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

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

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

- 238.1 (10) require a client to enter into a loan arrangement in order to complete a client's return;
- 238.2 (11) claim credits or deductions on a client's return for which the tax preparer knows or  
238.3 reasonably should know the client does not qualify;
- 238.4 (12) report a household income on a client's claim filed under chapter 290A that the tax  
238.5 preparer knows or reasonably should know is not accurate;
- 238.6 (13) engage in any conduct that is subject to a penalty under section 289A.60, subdivision  
238.7 13, 20, 20a, 26, or 28;
- 238.8 (14) whether or not acting as a taxpayer representative, fail to conform to the standards  
238.9 of conduct required by Minnesota Rules, part 8052.0300, subpart 4;
- 238.10 (15) whether or not acting as a taxpayer representative, engage in any conduct that is  
238.11 incompetent conduct under Minnesota Rules, part 8052.0300, subpart 5;
- 238.12 (16) whether or not acting as a taxpayer representative, engage in any conduct that is  
238.13 disreputable conduct under Minnesota Rules, part 8052.0300, subpart 6;
- 238.14 (17) charge, offer to accept, or accept a fee based upon a percentage of an anticipated  
238.15 refund for tax preparation services;
- 238.16 (18) under any circumstances, withhold or fail to return to a client a document provided  
238.17 by the client for use in preparing the client's return;
- 238.18 (19) take control or ownership of a client's refund or department payment by any means,  
238.19 including:
- 238.20 (i) directly or indirectly endorsing or otherwise negotiating a check or other refund  
238.21 instrument, including an electronic version of a check;
- 238.22 (ii) directing an electronic or direct deposit of the refund or department payment into an  
238.23 account unless the client's name is on the account; and
- 238.24 (iii) establishing or using an account in the preparer's name to receive a client's refund  
238.25 or department payment through a direct deposit or any other instrument unless the client's  
238.26 name is also on the account, except that a taxpayer may assign the portion of a refund  
238.27 representing the Minnesota education credit available under section 290.0674 to a bank  
238.28 account without the client's name, as provided under section 290.0679;
- 238.29 (20) fail to act in the best interests of the client;
- 238.30 (21) fail to safeguard and account for any money handled for the client;

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

239.3 (23) violate any provision of section 332.37;

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

239.6 (i) a hold harmless clause;

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

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

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

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

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

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

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

239.22 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
239.23 31, 2024.

239.24 Sec. 2. Minnesota Statutes 2024, section 270C.445, subdivision 6, is amended to read:

239.25 Subd. 6. **Enforcement; administrative order; penalties; cease and desist.** (a) The  
239.26 commissioner may impose an administrative penalty of not more than \$1,000 per violation  
239.27 of subdivision 3 or 5, or section 270C.4451, provided that a penalty may not be imposed  
239.28 for any conduct for which a tax preparer penalty is imposed under section 289A.60,  
239.29 subdivision 13. The commissioner may terminate a tax preparer's authority to transmit  
239.30 returns electronically to the state, if the commissioner determines the tax preparer engaged  
239.31 in a pattern and practice of violating this section. Imposition of a penalty under this paragraph

240.1 is subject to the contested case procedure under chapter 14. The commissioner shall collect  
240.2 the penalty in the same manner as the income tax. There is no right to make a claim for  
240.3 refund under section 289A.50 of the penalty imposed under this paragraph. Penalties imposed  
240.4 under this paragraph are public data.

240.5 (b) In addition to the penalty under paragraph (a), if the commissioner determines that  
240.6 a tax preparer has violated subdivision 3 or 5, or section 270C.4451, the commissioner may  
240.7 issue an administrative order to the tax preparer requiring the tax preparer to cease and  
240.8 desist from committing the violation. The administrative order may include an administrative  
240.9 penalty provided in paragraph (a).

240.10 (c) If the commissioner issues an administrative order under paragraph (b), the  
240.11 commissioner must send the order to the tax preparer addressed to the last known address  
240.12 of the tax preparer.

240.13 (d) A cease and desist order under paragraph (b) must:

240.14 (1) describe the act, conduct, or practice committed and include a reference to the law  
240.15 that the act, conduct, or practice violates; and

240.16 (2) provide notice that the tax preparer may request a hearing as provided in this  
240.17 subdivision.

240.18 (e) Within 30 days after the commissioner issues an administrative order under paragraph  
240.19 (b), the tax preparer may request a hearing to review the commissioner's action. The request  
240.20 for hearing must be made in writing and must be served on the commissioner at the address  
240.21 specified in the order. The hearing request must specifically state the reasons for seeking  
240.22 review of the order. The date on which a request for hearing is served by mail is the postmark  
240.23 date on the envelope in which the request for hearing is mailed.

240.24 (f) If a tax preparer does not timely request a hearing regarding an administrative order  
240.25 issued under paragraph (b), the order becomes a final order of the commissioner and is not  
240.26 subject to review by any court or agency.

240.27 (g) If a tax preparer timely requests a hearing regarding an administrative order issued  
240.28 under paragraph (b), the hearing must be commenced by the issuance of a notice of and  
240.29 order for hearing by the commissioner within ~~ten~~ 30 days after the commissioner receives  
240.30 the request for a hearing.

240.31 (h) A hearing timely requested under paragraph (e) is subject to the contested case  
240.32 procedure under chapter 14, as modified by this subdivision. The administrative law judge  
240.33 must issue a report containing findings of fact, conclusions of law, and a recommended

241.1 order within ~~ten~~ 30 days after the completion of the hearing, the receipt of late-filed exhibits,  
241.2 or the submission of written arguments, whichever is later.

241.3 (i) Within ~~five~~ 15 days of the date of the administrative law judge's report issued under  
241.4 paragraph (h), any party aggrieved by the administrative law judge's report may submit  
241.5 written exceptions and arguments to the commissioner. Within ~~15~~ 45 days after receiving  
241.6 the administrative law judge's report, the commissioner must issue an order vacating,  
241.7 modifying, or making final the administrative order.

241.8 (j) The commissioner and the tax preparer requesting a hearing may by agreement  
241.9 lengthen any time periods prescribed in paragraphs (g) to (i).

241.10 (k) An administrative order issued under paragraph (b) is in effect until it is modified  
241.11 or vacated by the commissioner or an appellate court. The administrative hearing provided  
241.12 by paragraphs (e) to (i) and any appellate judicial review as provided in chapter 14 constitute  
241.13 the exclusive remedy for a tax preparer aggrieved by the order.

241.14 (l) The commissioner may impose an administrative penalty, in addition to the penalty  
241.15 under paragraph (a), up to \$5,000 per violation of a cease and desist order issued under  
241.16 paragraph (b). Imposition of a penalty under this paragraph is subject to the contested case  
241.17 procedure under chapter 14. Within 30 days after the commissioner imposes a penalty under  
241.18 this paragraph, the tax preparer assessed the penalty may request a hearing to review the  
241.19 penalty order. The request for hearing must be made in writing and must be served on the  
241.20 commissioner at the address specified in the order. The hearing request must specifically  
241.21 state the reasons for seeking review of the order. The cease and desist order issued under  
241.22 paragraph (b) is not subject to review in a proceeding to challenge the penalty order under  
241.23 this paragraph. The date on which a request for hearing is served by mail is the postmark  
241.24 date on the envelope in which the request for hearing is mailed. If the tax preparer does not  
241.25 timely request a hearing, the penalty order becomes a final order of the commissioner and  
241.26 is not subject to review by any court or agency. A penalty imposed by the commissioner  
241.27 under this paragraph may be collected and enforced by the commissioner as an income tax  
241.28 liability. There is no right to make a claim for refund under section 289A.50 of the penalty  
241.29 imposed under this paragraph. A penalty imposed under this paragraph is public data.

241.30 (m) If a tax preparer violates a cease and desist order issued under paragraph (b), the  
241.31 commissioner may terminate the tax preparer's authority to transmit returns electronically  
241.32 to the state. Termination under this paragraph is public data.

241.33 (n) A cease and desist order issued under paragraph (b) is public data when it is a final  
241.34 order.

242.1 (o) Notwithstanding any other law, the commissioner may impose a penalty or take other  
242.2 action under this subdivision against a tax preparer, with respect to a return, within the  
242.3 period to assess tax on that return as provided by sections 289A.38 to 289A.382.

242.4 (p) Notwithstanding any other law, the imposition of a penalty or any other action against  
242.5 a tax preparer under this subdivision, other than with respect to a return, must be taken by  
242.6 the commissioner within five years of the violation of statute.

242.7 **EFFECTIVE DATE.** This section is effective for penalties assessed and orders issued  
242.8 after the day following final enactment.

242.9 Sec. 3. Minnesota Statutes 2024, section 273.13, subdivision 22, is amended to read:

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

242.15 The first \$500,000 of market value of class 1a property has a net classification rate of  
242.16 one percent of its market value; and the market value of class 1a property that exceeds  
242.17 \$500,000 has a classification rate of 1.25 percent of its market value.

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

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

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

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

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

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

243.1 Permanently and totally disabled for the purpose of this subdivision means a condition  
243.2 which is permanent in nature and totally incapacitates the person from working at an  
243.3 occupation which brings the person an income. The first \$50,000 market value of class 1b  
243.4 property has a net classification rate of ~~.45~~ 0.45 percent of its market value. The remaining  
243.5 market value of class 1b property is classified as class 1a ~~or property~~, class 2a property, or  
243.6 class 4d(2) property, whichever is appropriate.

243.7 (c) Class 1c property is commercial use real and personal property that abuts public  
243.8 water as defined in section 103G.005, subdivision 15, or abuts a state trail administered by  
243.9 the Department of Natural Resources, and is devoted to temporary and seasonal residential  
243.10 occupancy for recreational purposes but not devoted to commercial purposes for more than  
243.11 250 days in the year preceding the year of assessment, and that includes a portion used as  
243.12 a homestead by the owner, which includes a dwelling occupied as a homestead by a  
243.13 shareholder of a corporation that owns the resort, a partner in a partnership that owns the  
243.14 resort, or a member of a limited liability company that owns the resort even if the title to  
243.15 the homestead is held by the corporation, partnership, or limited liability company. For  
243.16 purposes of this paragraph, property is devoted to a commercial purpose on a specific day  
243.17 if any portion of the property, excluding the portion used exclusively as a homestead, is  
243.18 used for residential occupancy and a fee is charged for residential occupancy. Class 1c  
243.19 property must contain three or more rental units. A "rental unit" is defined as a cabin,  
243.20 condominium, townhouse, sleeping room, or individual camping site equipped with water  
243.21 and electrical hookups for recreational vehicles. Class 1c property must provide recreational  
243.22 activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill  
243.23 or cross-country ski equipment; provide marina services, launch services, or guide services;  
243.24 or sell bait and fishing tackle. Any unit in which the right to use the property is transferred  
243.25 to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies  
243.26 for class 1c even though it may remain available for rent. A camping pad offered for rent  
243.27 by a property that otherwise qualifies for class 1c is also class 1c, regardless of the term of  
243.28 the rental agreement, as long as the use of the camping pad does not exceed 250 days. If  
243.29 the same owner owns two separate parcels that are located in the same township, and one  
243.30 of those properties is classified as a class 1c property and the other would be eligible to be  
243.31 classified as a class 1c property if it was used as the homestead of the owner, both properties  
243.32 will be assessed as a single class 1c property; for purposes of this sentence, properties are  
243.33 deemed to be owned by the same owner if each of them is owned by a limited liability  
243.34 company, and both limited liability companies have the same membership. The portion of  
243.35 the property used as a homestead is class 1a property under paragraph (a). The remainder  
243.36 of the property is classified as follows: the first \$600,000 of market value is tier I, the next

244.1 \$1,700,000 of market value is tier II, and any remaining market value is tier III. The  
244.2 classification rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25  
244.3 percent. Owners of real and personal property devoted to temporary and seasonal residential  
244.4 occupancy for recreation purposes in which all or a portion of the property was devoted to  
244.5 commercial purposes for not more than 250 days in the year preceding the year of assessment  
244.6 desiring classification as class 1c, must submit a declaration to the assessor designating the  
244.7 cabins or units occupied for 250 days or less in the year preceding the year of assessment  
244.8 by January 15 of the assessment year. Those cabins or units and a proportionate share of  
244.9 the land on which they are located must be designated as class 1c as otherwise provided.  
244.10 The remainder of the cabins or units and a proportionate share of the land on which they  
244.11 are located must be designated as class 3a commercial. The owner of property desiring  
244.12 designation as class 1c property must provide guest registers or other records demonstrating  
244.13 that the units for which class 1c designation is sought were not occupied for more than 250  
244.14 days in the year preceding the assessment if so requested. The portion of a property operated  
244.15 as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5)  
244.16 other nonresidential facility operated on a commercial basis not directly related to temporary  
244.17 and seasonal residential occupancy for recreation purposes does not qualify for class 1c.

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

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

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

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

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

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

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

245.1 Sec. 4. Minnesota Statutes 2024, section 289A.12, subdivision 18, is amended to read:

245.2 Subd. 18. **Returns** Return by qualified heirs. A qualified heir, as defined in section  
245.3 291.03, subdivision 8, paragraph (c), must file ~~two returns~~ a return with the commissioner  
245.4 attesting that no disposition or cessation as provided by section 291.03, subdivision 11,  
245.5 paragraph (a), occurred. ~~The first return must be filed no earlier than 24 months and no later~~  
245.6 ~~than 26 months after the decedent's death.~~ The ~~second~~ return must be filed no earlier than  
245.7 36 months and no later than 39 months after the decedent's death.

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

245.9 Sec. 5. Minnesota Statutes 2024, section 297I.20, subdivision 4, is amended to read:

245.10 Subd. 4. **Film production credit.** (a) A taxpayer may claim a credit against the premiums  
245.11 tax imposed under this chapter equal to the amount indicated on the credit certificate  
245.12 statement issued to the company under section 116U.27. If the amount of the credit exceeds  
245.13 the taxpayer's liability for tax under this chapter, the excess is a credit carryover to each of  
245.14 the five succeeding taxable years. The entire amount of the excess unused credit for the  
245.15 taxable year must be carried first to the earliest of the taxable years to which the credit may  
245.16 be carried and then to each successive year to which the credit may be carried. This credit  
245.17 does not affect the calculation of fire state aid under section 477B.03 and police state aid  
245.18 under section 477C.03.

245.19 (b) This subdivision expires January 1, ~~2025~~ 2031, for taxable years beginning after and  
245.20 premiums received after December 31, ~~2024~~ 2030.

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

245.22 Sec. 6. Laws 2023, chapter 1, section 28, is amended to read:

245.23 Sec. 28. **EXTENSION OF STATUTE OF LIMITATIONS.**

245.24 (a) Notwithstanding any law to the contrary, a taxpayer whose tax liability changes as  
245.25 a result of this act may file an amended return by December 31, 2023. The commissioner  
245.26 may review and assess the return of a taxpayer covered by this provision for the later of:

245.27 (1) the periods under Minnesota Statutes, sections 289A.38; ~~289.39~~ 289A.39, subdivision  
245.28 3; and 289A.40; or

245.29 (2) one year from the time the amended return is filed as a result of a change in tax  
245.30 liability under this section.

246.1 (b) Interest on any additional liabilities as a result of any provision in this act accrue  
246.2 beginning on January 1, 2024.

246.3 **EFFECTIVE DATE.** This section is effective retroactively at the same time the changes  
246.4 incorporated in Laws 2023, chapter 1, were effective for federal purposes.

APPENDIX  
Article locations for S2374-1

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**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

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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

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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.

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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.

*Laws 2023, chapter 64, article 15, section 24*

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.