

1.1 ..... moves to amend H.F. No. 3389 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "ARTICLE 1

1.4 PROPERTY TAXES AND AIDS

1.5 Section 1. Minnesota Statutes 2018, section 272.02, is amended by adding a subdivision  
1.6 to read:

1.7 Subd. 104. Certain property owned by an Indian tribe. (a) Property is exempt that:

1.8 (1) is located in a county with a population greater than 28,000 but less than 29,000 as  
1.9 of the 2010 federal census;

1.10 (2) was on January 2, 2016, and is for the current assessment owned by a federally  
1.11 recognized Indian tribe or its instrumentality, that is located in Minnesota;

1.12 (3) was on January 2, 2016, exempt under subdivision 7; and

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

1.15 (b) For purposes of this subdivision, a "tribal purpose" means a public purpose as defined  
1.16 in subdivision 8 and includes noncommercial tribal government activities. Property acquired  
1.17 for single-family housing, market-rate apartments, agriculture, or forestry does not qualify  
1.18 for this exemption.

1.19 (c) For assessment years 2019 and 2020, an exemption application under this subdivision  
1.20 must be filed with the county assessor by July 1, 2020. Property taxes paid on property  
1.21 exempt under this section for taxes payable in 2020 only shall be refunded by the county  
1.22 by August 1, 2020.

1.23 EFFECTIVE DATE. This section is effective retroactively from assessment year 2019.

2.1 Sec. 2. Minnesota Statutes 2018, section 273.124, subdivision 1, is amended to read:

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

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

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

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

2.11 The assessor shall require proof, as provided in subdivision 13, of the facts upon which  
2.12 classification as a homestead may be determined. Notwithstanding any other law, the assessor  
2.13 may at any time require a homestead application to be filed in order to verify that any  
2.14 property classified as a homestead continues to be eligible for homestead status.

2.15 Notwithstanding any other law to the contrary, the Department of Revenue may, upon  
2.16 request from an assessor, verify whether an individual who is requesting or receiving  
2.17 homestead classification has filed a Minnesota income tax return as a resident for the most  
2.18 recent taxable year for which the information is available.

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

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

2.31 (c) Residential real estate that is occupied and used for purposes of a homestead by a  
2.32 relative of the owner is a homestead but only to the extent of the homestead treatment that  
2.33 would be provided if the related owner occupied the property. For purposes of this paragraph

3.1 and paragraph (g), "relative" means a parent, stepparent, child, stepchild, grandparent,  
3.2 grandchild, brother, sister, uncle, aunt, nephew, or niece. This relationship may be by blood  
3.3 or marriage. Property that has been classified as seasonal residential recreational property  
3.4 at any time during which it has been owned by the current owner or spouse of the current  
3.5 owner will not be reclassified as a homestead unless it is occupied as a homestead by the  
3.6 owner; this prohibition also applies to property that, in the absence of this paragraph, would  
3.7 have been classified as seasonal residential recreational property at the time when the  
3.8 residence was constructed. Neither the related occupant nor the owner of the property may  
3.9 claim a property tax refund under chapter 290A for a homestead occupied by a relative. In  
3.10 the case of a residence located on agricultural land, only the house, garage, and immediately  
3.11 surrounding one acre of land shall be classified as a homestead under this paragraph, except  
3.12 as provided in paragraph (d).

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

3.17 (1) the relative who is occupying the agricultural property is a grandchild, child, sibling,  
3.18 ~~or parent, grandparent, stepparent, stepchild, uncle, aunt, nephew, or niece~~ of the owner of  
3.19 the agricultural property or of the spouse of the owner;

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

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

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

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

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

3.32 (e) In the case of property owned by a property owner who is married, the assessor must  
3.33 not deny homestead treatment in whole or in part if only one of the spouses occupies the

4.1 property and the other spouse is absent due to: (1) marriage dissolution proceedings, (2)  
4.2 legal separation, (3) employment or self-employment in another location, or (4) other  
4.3 personal circumstances causing the spouses to live separately, not including an intent to  
4.4 obtain two homestead classifications for property tax purposes. To qualify under clause (3),  
4.5 the spouse's place of employment or self-employment must be at least 50 miles distant from  
4.6 the other spouse's place of employment, and the homesteads must be at least 50 miles distant  
4.7 from each other.

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

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

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

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

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

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

4.33 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable  
4.34 in 2021.

5.1 Sec. 3. [273.129] ELDERLY LIVING FACILITY DEFERRAL.

5.2 Subdivision 1. Requirements. An elderly living facility is eligible for tax deferment  
5.3 under this section if it meets all of the following requirements:

5.4 (1) the facility is located in a city of the first class with a population of fewer than  
5.5 110,000;

5.6 (2) the facility is owned and operated by a nonprofit organization organized under section  
5.7 501(c)(3) of the Internal Revenue Code;

5.8 (3) construction of the facility was completed between January 1, 1963, and January 1,  
5.9 1964;

5.10 (4) the facility has a housing with services license under chapter 144D and a  
5.11 comprehensive home care license under chapter 144A;

5.12 (5) residents of the facility must be (i) at least 62 years of age, or (ii) disabled; and

5.13 (6) at least 30 percent of the units in the facility are occupied by persons whose annual  
5.14 income does not exceed 50 percent of the median family income for the area.

5.15 Subd. 2. Deferral of taxes. An elderly living facility meeting the requirements of  
5.16 subdivision 1 must, upon timely application by the owner in the manner provided in  
5.17 subdivision 3, be treated as exempt property as defined in section 272.02. The assessor must  
5.18 make a separate determination of market value of such property and the tax based upon the  
5.19 appropriate tax rate applicable to such property in the taxing district must be recorded on  
5.20 the property assessment records.

5.21 Subd. 3. Application. A nonprofit organization meeting the requirements of subdivision  
5.22 1 must file an application for a deferment of taxes under this section by December 1 of the  
5.23 year prior to the year in which the taxes are payable. Any application filed and granted  
5.24 under this subdivision shall continue in effect for subsequent years until the property no  
5.25 longer qualifies. The application must be filed with the assessor in the taxing district in  
5.26 which the property is located on the form prescribed by the commissioner of revenue.

5.27 Subd. 4. Payment of taxes. Property receiving tax deferment under this section continues  
5.28 to qualify until it is sold, transferred, or no longer qualifies under subdivision 1. If a portion  
5.29 of the property is sold, transferred, or no longer qualifies under subdivision 1, that portion  
5.30 is subject to taxes in the amount equal to the tax that would have been due on the property  
5.31 had it not been treated as exempt property under subdivision 2. The county auditor must  
5.32 extend these taxes against the property for taxes payable in the year the property is sold,  
5.33 transferred, or no longer qualifies under subdivision 1, plus the four prior years, to the extent

6.1 that the property qualifies for a tax deferment under this section. No interest or penalties  
6.2 shall be levied on the taxes due under this subdivision if timely paid.

6.3 Subd. 5. **Lien.** The taxes imposed by this section are a lien upon the property assessed  
6.4 to the same extent and for the same duration as other taxes imposed on the property in this  
6.5 state. The tax shall be annually extended by the county auditor and if and when payable  
6.6 shall be collected and distributed in the manner provided by law for the collection and  
6.7 distribution of other property taxes.

6.8 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable  
6.9 in 2021.

6.10 Sec. 4. Minnesota Statutes 2018, section 273.13, subdivision 25, is amended to read:

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

6.18 (b) Class 4b includes:

6.19 (1) residential real estate containing less than four units, including property rented as a  
6.20 short-term rental property for more than 14 days in the preceding year, that does not qualify  
6.21 as class 4bb, other than seasonal residential recreational property;

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

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

6.25 (4) unimproved property that is classified residential as determined under subdivision  
6.26 33.

6.27 For the purposes of this paragraph, "short-term rental property" means nonhomestead  
6.28 residential real estate rented for periods of less than 30 consecutive days.

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

6.30 (c) Class 4bb includes:

7.1 (1) nonhomestead residential real estate containing one unit, other than seasonal  
7.2 residential recreational property;

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

7.5 (3) a condominium-type storage unit having an individual property identification number  
7.6 that is not used for a commercial purpose.

7.7 Class 4bb property has the same classification rates as class 1a property under subdivision  
7.8 22.

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

7.12 (d) Class 4c property includes:

7.13 (1) except as provided in subdivision 22, paragraph (c), real and personal property  
7.14 devoted to commercial temporary and seasonal residential occupancy for recreation purposes,  
7.15 for not more than 250 days in the year preceding the year of assessment. For purposes of  
7.16 this clause, property is devoted to a commercial purpose on a specific day if any portion of  
7.17 the property is used for residential occupancy, and a fee is charged for residential occupancy.  
7.18 Class 4c property under this clause must contain three or more rental units. A "rental unit"  
7.19 is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site  
7.20 equipped with water and electrical hookups for recreational vehicles. A camping pad offered  
7.21 for rent by a property that otherwise qualifies for class 4c under this clause is also class 4c  
7.22 under this clause regardless of the term of the rental agreement, as long as the use of the  
7.23 camping pad does not exceed 250 days. In order for a property to be classified under this  
7.24 clause, either (i) the business located on the property must provide recreational activities,  
7.25 at least 40 percent of the annual gross lodging receipts related to the property must be from  
7.26 business conducted during 90 consecutive days, and either (A) at least 60 percent of all paid  
7.27 bookings by lodging guests during the year must be for periods of at least two consecutive  
7.28 nights; or (B) at least 20 percent of the annual gross receipts must be from charges for  
7.29 providing recreational activities, or (ii) the business must contain 20 or fewer rental units,  
7.30 and must be located in a township or a city with a population of 2,500 or less located outside  
7.31 the metropolitan area, as defined under section 473.121, subdivision 2, that contains a portion  
7.32 of a state trail administered by the Department of Natural Resources. For purposes of item  
7.33 (i)(A), a paid booking of five or more nights shall be counted as two bookings. Class 4c  
7.34 property also includes commercial use real property used exclusively for recreational

8.1 purposes in conjunction with other class 4c property classified under this clause and devoted  
8.2 to temporary and seasonal residential occupancy for recreational purposes, up to a total of  
8.3 two acres, provided the property is not devoted to commercial recreational use for more  
8.4 than 250 days in the year preceding the year of assessment and is located within two miles  
8.5 of the class 4c property with which it is used. In order for a property to qualify for  
8.6 classification under this clause, the owner must submit a declaration to the assessor  
8.7 designating the cabins or units occupied for 250 days or less in the year preceding the year  
8.8 of assessment by January 15 of the assessment year. Those cabins or units and a proportionate  
8.9 share of the land on which they are located must be designated class 4c under this clause  
8.10 as otherwise provided. The remainder of the cabins or units and a proportionate share of  
8.11 the land on which they are located will be designated as class 3a. The owner of property  
8.12 desiring designation as class 4c property under this clause must provide guest registers or  
8.13 other records demonstrating that the units for which class 4c designation is sought were not  
8.14 occupied for more than 250 days in the year preceding the assessment if so requested. The  
8.15 portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center  
8.16 or meeting room, and (5) other nonresidential facility operated on a commercial basis not  
8.17 directly related to temporary and seasonal residential occupancy for recreation purposes  
8.18 does not qualify for class 4c. For the purposes of this paragraph, "recreational activities"  
8.19 means renting ice fishing houses, boats and motors, snowmobiles, downhill or cross-country  
8.20 ski equipment; providing marina services, launch services, or guide services; or selling bait  
8.21 and fishing tackle;

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

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

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

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

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

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



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

9.5 For purposes of this clause:

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

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

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

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

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

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

9.31 (4) postsecondary student housing of not more than one acre of land that is owned by a  
9.32 nonprofit corporation organized under chapter 317A and is used exclusively by a student

10.1 cooperative, sorority, or fraternity for on-campus housing or housing located within two  
10.2 miles of the border of a college campus;

10.3 (5)(i) manufactured home parks as defined in section 327.14, subdivision 3, excluding  
10.4 manufactured home parks described in items (ii) and (iii), (ii) manufactured home parks as  
10.5 defined in section 327.14, subdivision 3, that are described in section 273.124, subdivision  
10.6 3a, and (iii) class I manufactured home parks as defined in section 327C.01, subdivision  
10.7 13;

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

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

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

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

10.17 If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must be  
10.18 filed by the new owner with the assessor of the county where the property is located within  
10.19 60 days of the sale;

10.20 (8) a privately owned noncommercial aircraft storage hangar not exempt under section  
10.21 272.01, subdivision 2, and the land on which it is located, provided that:

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

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

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

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

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

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

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

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

11.8 (10) real property up to a maximum of three acres and operated as a restaurant as defined  
11.9 under section 157.15, subdivision 12, provided it: (i) is located on a lake as defined under  
11.10 section 103G.005, subdivision 15, paragraph (a), clause (3); and (ii) is either devoted to  
11.11 commercial purposes for not more than 250 consecutive days, or receives at least 60 percent  
11.12 of its annual gross receipts from business conducted during four consecutive months. Gross  
11.13 receipts from the sale of alcoholic beverages must be included in determining the property's  
11.14 qualification under item (ii). The property's primary business must be as a restaurant and  
11.15 not as a bar. Gross receipts from gift shop sales located on the premises must be excluded.  
11.16 Owners of real property desiring 4c classification under this clause must submit an annual  
11.17 declaration to the assessor by February 1 of the current assessment year, based on the  
11.18 property's relevant information for the preceding assessment year;

11.19 (11) lakeshore and riparian property and adjacent land, not to exceed six acres, used as  
11.20 a marina, as defined in section 86A.20, subdivision 5, which is made accessible to the public  
11.21 and devoted to recreational use for marina services. The marina owner must annually provide  
11.22 evidence to the assessor that it provides services, including lake or river access to the public  
11.23 by means of an access ramp or other facility that is either located on the property of the  
11.24 marina or at a publicly owned site that abuts the property of the marina. No more than 800  
11.25 feet of lakeshore may be included in this classification. Buildings used in conjunction with  
11.26 a marina for marina services, including but not limited to buildings used to provide food  
11.27 and beverage services, fuel, boat repairs, or the sale of bait or fishing tackle, are classified  
11.28 as class 3a property; and

11.29 (12) real and personal property devoted to noncommercial temporary and seasonal  
11.30 residential occupancy for recreation purposes.

11.31 Class 4c property has a classification rate of 1.5 percent of market value, except that (i)  
11.32 each parcel of noncommercial seasonal residential recreational property under clause (12)  
11.33 has the same classification rates as class 4bb property, (ii) manufactured home parks assessed  
11.34 under clause (5), item (i), have the same classification rate as class 4b property, the market

12.1 value of manufactured home parks assessed under clause (5), item (ii), have a classification  
12.2 rate of 0.75 percent if more than 50 percent of the lots in the park are occupied by  
12.3 shareholders in the cooperative corporation or association and a classification rate of one  
12.4 percent if 50 percent or less of the lots are so occupied, and class I manufactured home  
12.5 parks as defined in section 327C.01, subdivision 13, have a classification rate of 1.0 percent,  
12.6 (iii) commercial-use seasonal residential recreational property and marina recreational land  
12.7 as described in clause (11), has a classification rate of one percent for the first \$500,000 of  
12.8 market value, and 1.25 percent for the remaining market value, (iv) the market value of  
12.9 property described in clause (4) has a classification rate of one percent, (v) the market value  
12.10 of property described in clauses (2), (6), and (10) has a classification rate of 1.25 percent,  
12.11 (vi) that portion of the market value of property in clause (9) qualifying for class 4c property  
12.12 has a classification rate of 1.25 percent, and (vii) property qualifying for classification under  
12.13 clause (3) that is owned or operated by a congressionally chartered veterans organization  
12.14 has a classification rate of one percent. The commissioner of veterans affairs must provide  
12.15 a list of congressionally chartered veterans organizations to the commissioner of revenue  
12.16 by June 30, 2017, and by January 1, 2018, and each year thereafter.

12.17 (e) Class 4d property is qualifying low-income rental housing certified to the assessor  
12.18 by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion of  
12.19 the units in the building qualify as low-income rental housing units as certified under section  
12.20 273.128, subdivision 3, only the proportion of qualifying units to the total number of units  
12.21 in the building qualify for class 4d. The remaining portion of the building shall be classified  
12.22 by the assessor based upon its use. Class 4d also includes the same proportion of land as  
12.23 the qualifying low-income rental housing units are to the total units in the building. For all  
12.24 properties qualifying as class 4d, the market value determined by the assessor must be based  
12.25 on the normal approach to value using normal unrestricted rents.

12.26 (f) The first tier of market value of class 4d property has a classification rate of 0.75  
12.27 percent. The remaining value of class 4d property has a classification rate of 0.25 percent.  
12.28 For the purposes of this paragraph, the "first tier of market value of class 4d property" means  
12.29 the market value of each housing unit up to the first tier limit. For the purposes of this  
12.30 paragraph, all class 4d property value must be assigned to individual housing units. The  
12.31 first tier limit is \$100,000 for assessment year 2014. For subsequent years, the limit is  
12.32 adjusted each year by the average statewide change in estimated market value of property  
12.33 classified as class 4a and 4d under this section for the previous assessment year, excluding  
12.34 valuation change due to new construction, rounded to the nearest \$1,000, provided, however,  
12.35 that the limit may never be less than \$100,000. Beginning with assessment year 2015, the

13.1 commissioner of revenue must certify the limit for each assessment year by November 1  
13.2 of the previous year.

13.3 **EFFECTIVE DATE.** This section is effective beginning with assessments in 2020 and  
13.4 thereafter.

13.5 Sec. 5. Minnesota Statutes 2019 Supplement, section 273.13, subdivision 34, is amended  
13.6 to read:

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

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

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

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

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

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

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

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

14.11 (h) To qualify for a valuation exclusion under this subdivision a property owner must  
14.12 apply to the assessor by December 15 of the first assessment year for which the exclusion  
14.13 is sought. For an application received after December 15, the exclusion shall become effective  
14.14 for the following assessment year. Except as provided in paragraph (c), the owner of a  
14.15 property that has been accepted for a valuation exclusion must notify the assessor if there  
14.16 is a change in ownership of the property or in the use of the property as a homestead.

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

14.19 (j) For purposes of this subdivision:

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

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

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

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

14.27 (k) If a veteran dying after December 31, 2011, did not apply for or receive the exclusion  
14.28 under paragraph (b), clause (2), before dying, the veteran's spouse is entitled to the benefit  
14.29 under paragraph (b), clause (2), until the spouse remarries or sells, transfers, or otherwise  
14.30 disposes of the property, except as otherwise provided in paragraph (n), if:

14.31 (1) the spouse files a first-time application within two years of the death of the service  
14.32 member or by June 1, 2019, whichever is later;

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

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

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

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

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

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

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

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

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

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

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

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

15.28 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2021.

15.29 **Sec. 6. DISTRIBUTION OF FUNDS.**

15.30 (a) Notwithstanding the settlement procedures prescribed by Minnesota Statutes, sections  
 15.31 276.09 to 276.112, for receipts received after the settlement day determined in Minnesota

16.1 Statutes, section 276.09, distributions of collections received after the settlement day  
 16.2 determined in Minnesota Statutes, section 276.09, may be made as provided in this section  
 16.3 for property taxes payable in 2020:

16.4 (1) on a date determined by the county board, the county treasurer must make full  
 16.5 settlement with the county auditor of all collections under this paragraph, and the county  
 16.6 auditor and county treasurer must distribute all undistributed funds in the treasury. The  
 16.7 funds must be apportioned as provided by law and credited to the town, city, school district,  
 16.8 special taxing district, and each county fund. The county treasurer must then pay the treasurer  
 16.9 of a town, city, school district, or special taxing district all receipts of taxes levied by the  
 16.10 taxing district as soon as practical; and

16.11 (2) on the same date determined by the county board under clause (1), the county treasurer  
 16.12 must make full settlement with the county auditor for all receipts of state property taxes  
 16.13 levied under Minnesota Statutes, section 275.025, and must transmit those receipts to the  
 16.14 commissioner of revenue as soon as practical.

16.15 (b) For the purposes of this section, "collections" means all first half property tax  
 16.16 payments due on May 15 received by the county treasurer.

16.17 (c) Reports required by the state auditor for the settlement of taxes under Minnesota  
 16.18 Statutes, sections 276.09 and 276.10, must be made within 30 days of the date determined  
 16.19 by the county board under clause (1) for settlements of taxes under this section.

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

16.21 Sec. 7. **2019 AID PENALTY FORGIVENESS; ADDITIONAL FILING REQUIRED**  
 16.22 **IN 2020.**

16.23 (a) Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the  
 16.24 commissioner of revenue shall make a payment of \$9,280 to the city of Sargeant by June  
 16.25 30, 2020, to compensate the city for its 2019 aid payment under Minnesota Statutes, section  
 16.26 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision 3.

16.27 (b) The first half of the calendar year 2020 aid payment to the city under Minnesota  
 16.28 Statutes, section 477A.013, will be withheld until the state auditor certifies to the  
 16.29 commissioner of revenue that the city has complied with all reporting requirements under  
 16.30 Minnesota Statutes, section 477A.017, subdivision 3, for calendar years 2018 and 2019.  
 16.31 The commissioner of revenue must make the first payment for calendar year 2020 within  
 16.32 one month of receiving this certification from the state auditor. If the city has not complied  
 16.33 with all reporting requirements under Minnesota Statutes, section 477A.017, subdivision



17.1 3, for calendar years 2018 and 2019 by December 1, 2020, the city will receive no aid  
 17.2 payment under Minnesota Statutes, section 477A.013, for calendar year 2020.

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

17.4 **Sec. 8. 2019 AID PENALTY FORGIVENESS.**

17.5 Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of  
 17.6 Roosevelt shall receive its aid payment for calendar year 2019 under Minnesota Statutes,  
 17.7 section 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision  
 17.8 3, provided that the state auditor certifies to the commissioner of revenue that the state  
 17.9 auditor received the annual financial reporting form for 2018 from the city as well as all  
 17.10 forms, including the financial statement and annual financial reporting form for calendar  
 17.11 year 2019 by June 1, 2020. The commissioner of revenue shall make a payment of \$25,410  
 17.12 by June 30, 2020.

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

17.14 **ARTICLE 2**

17.15 **FEDERAL CONFORMITY**

17.16 Section 1. Minnesota Statutes 2019 Supplement, section 289A.02, subdivision 7, is  
 17.17 amended to read:

17.18 Subd. 7. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal  
 17.19 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December~~  
 17.20 March 31, 2018 2020.

17.21 **EFFECTIVE DATE.** This section is effective the day following final enactment, except  
 17.22 the changes incorporated by federal changes are effective retroactively at the same time as  
 17.23 the changes were effective for federal purposes.

17.24 Sec. 2. Minnesota Statutes 2019 Supplement, section 290.01, subdivision 19, is amended  
 17.25 to read:

17.26 Subd. 19. **Net income.** (a) For a trust or estate taxable under section 290.03, and a  
 17.27 corporation taxable under section 290.02, the term "net income" means the federal taxable  
 17.28 income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through  
 17.29 the date named in this subdivision, incorporating the federal effective dates of changes to  
 17.30 the Internal Revenue Code and any elections made by the taxpayer in accordance with the

18.1 Internal Revenue Code in determining federal taxable income for federal income tax  
18.2 purposes, and with the modifications provided in sections 290.0131 to 290.0136.

18.3 (b) For an individual, the term "net income" means federal adjusted gross income with  
18.4 the modifications provided in sections 290.0131, 290.0132, and 290.0135 to 290.0137.

18.5 (c) In the case of a regulated investment company or a fund thereof, as defined in section  
18.6 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment  
18.7 company taxable income as defined in section 852(b)(2) of the Internal Revenue Code,  
18.8 except that:

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

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

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

18.18 (d) The net income of a real estate investment trust as defined and limited by section  
18.19 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust  
18.20 taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

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

18.24 (f) The Internal Revenue Code of 1986, as amended through ~~December~~ March 31, 2018  
18.25 2020, shall be in effect for taxable years beginning after December 31, 1996.

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

18.29 **EFFECTIVE DATE.** This section is effective the day following final enactment, except  
18.30 the changes incorporated by federal changes are effective retroactively at the same time as  
18.31 the changes were effective for federal purposes.

19.1 Sec. 3. Minnesota Statutes 2019 Supplement, section 290.01, subdivision 31, is amended  
19.2 to read:

19.3 Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal  
19.4 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December~~  
19.5 March 31, 2018 2020. Internal Revenue Code also includes any uncodified provision in  
19.6 federal law that relates to provisions of the Internal Revenue Code that are incorporated  
19.7 into Minnesota law.

19.8 **EFFECTIVE DATE.** This section is effective the day following final enactment, except  
19.9 the changes incorporated by federal changes are effective retroactively at the same time as  
19.10 the changes were effective for federal purposes.

19.11 Sec. 4. Minnesota Statutes 2018, section 290.0131, is amended by adding a subdivision  
19.12 to read:

19.13 Subd. 19. **Business interest.** The amount allowed as a deduction for business interest  
19.14 under section 163 of the Internal Revenue Code is an addition.

19.15 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
19.16 31, 2019, except that for changes in net income, as defined under Minnesota Statutes, section  
19.17 290.01, subdivision 19, due to Public Law 116-136, this section is effective retroactively  
19.18 and applies to the same tax periods to which Public Law 116-136 applies.

19.19 Sec. 5. Minnesota Statutes 2018, section 290.0131, is amended by adding a subdivision  
19.20 to read:

19.21 Subd. 20. **Excess business losses.** The amount of losses allowed under section 461(l)  
19.22 of the Internal Revenue Code that exceeds \$250,000 for individuals and \$500,000 for married  
19.23 filing jointly is an addition.

19.24 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
19.25 31, 2019, except that for changes in net income, as defined under Minnesota Statutes, section  
19.26 290.01, subdivision 19, due to Public Law 116-136, this section is effective retroactively  
19.27 and applies to the same tax periods to which Public Law 116-136 applies.

19.28 Sec. 6. Minnesota Statutes 2018, section 290.0131, is amended by adding a subdivision  
19.29 to read:

19.30 Subd. 21. **Net operating loss.** The amount of the net operating loss deduction under  
19.31 section 172 of the Internal Revenue Code is an addition.

20.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
20.2 31, 2019, except that for changes in net income, as defined under Minnesota Statutes, section  
20.3 290.01, subdivision 19, due to Public Law 116-136, this section is effective retroactively  
20.4 and applies to the same tax periods to which Public Law 116-136 applies.

20.5 Sec. 7. Minnesota Statutes 2018, section 290.0132, subdivision 18, is amended to read:

20.6 Subd. 18. **Net operating losses.** The amount of the net operating loss allowed under  
20.7 section 290.095, ~~subdivision 11, paragraph (e)~~, is a subtraction.

20.8 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
20.9 31, 2019, except that for changes in net income, as defined under Minnesota Statutes, section  
20.10 290.01, subdivision 19, due to Public Law 116-136, this section is effective retroactively  
20.11 and applies to the same tax periods to which Public Law 116-136 applies.

20.12 Sec. 8. Minnesota Statutes 2018, section 290.0132, is amended by adding a subdivision  
20.13 to read:

20.14 Subd. 30. **Business interest.** The amount allowed as a deduction for business interest  
20.15 under section 163 of the Internal Revenue Code of 1986, as amended through December  
20.16 31, 2018, is a subtraction.

20.17 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
20.18 31, 2019, except that for changes in net income, as defined under Minnesota Statutes, section  
20.19 290.01, subdivision 19, due to Public Law 116-136, this section is effective retroactively  
20.20 and applies to the same tax periods to which Public Law 116-136 applies.

20.21 Sec. 9. Minnesota Statutes 2018, section 290.0133, is amended by adding a subdivision  
20.22 to read:

20.23 Subd. 15. **Business interest.** The amount allowed as a deduction for business interest  
20.24 under section 163 of the Internal Revenue Code is an addition.

20.25 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
20.26 31, 2019, except that for changes in net income, as defined under Minnesota Statutes, section  
20.27 290.01, subdivision 19, due to Public Law 116-136, this section is effective retroactively  
20.28 and applies to the same tax periods to which Public Law 116-136 applies.

21.1 Sec. 10. Minnesota Statutes 2018, section 290.0134, is amended by adding a subdivision  
21.2 to read:

21.3 Subd. 20. **Business interest.** The amount allowed as a deduction for business interest  
21.4 under section 163 of the Internal Revenue Code of 1986, as amended through December  
21.5 31, 2018, is a subtraction.

21.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
21.7 31, 2019, except that for changes in net income, as defined under Minnesota Statutes, section  
21.8 290.01, subdivision 19, due to Public Law 116-136, this section is effective retroactively  
21.9 and applies to the same tax periods to which Public Law 116-136 applies.

21.10 Sec. 11. Minnesota Statutes 2018, section 290.095, as amended by Laws 2019, First Special  
21.11 Session chapter 6, article 1, section 55, is amended to read:

21.12 **290.095 OPERATING LOSS DEDUCTION.**

21.13 Subdivision 1. **Allowance of deduction.** (a) For corporations, there shall be allowed as  
21.14 a deduction for the taxable year the amount of any net operating loss deduction as provided  
21.15 in section 172 of the Internal Revenue Code, subject to the limitations and modifications  
21.16 provided in this section.

21.17 (b) ~~A net operating loss deduction shall be available under this section only to corporate~~  
21.18 ~~taxpayers except that subdivisions 9 and 11 hereof apply only to individuals, estates, and~~  
21.19 ~~trusts.~~ For individuals, estates, and trusts, there shall be allowed as a deduction for the  
21.20 taxable year the amount of any net operating loss deduction as provided in section 172 of  
21.21 the Internal Revenue Code, as amended through December 31, 2018, subject to the limitations  
21.22 and modifications provided in this section.

21.23 (c) In the case of a regulated investment company or fund thereof, as defined in section  
21.24 851(a) or 851(g) of the Internal Revenue Code, the deduction provided by this section shall  
21.25 not be allowed.

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

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

22.1 (c) The amount of net operating loss deduction under this section must not exceed 80  
22.2 percent of taxable net income in a single taxable year.

22.3 Subd. 3. **Carryover.** (a) For a corporation, a net operating loss incurred during the  
22.4 taxable year shall be a net operating loss carryover to each of the 15 taxable years following  
22.5 the taxable year of such loss.

22.6 (b) The entire amount of the net operating loss for any taxable year shall be carried to  
22.7 the earliest of the taxable years to which such loss may be carried. The portion of such loss  
22.8 which shall be carried to each of the other taxable years shall be the excess, if any, of the  
22.9 amount of such loss over the sum of the taxable net income, adjusted by the modifications  
22.10 specified in subdivision 4, for each of the taxable years to which such loss may be carried.

22.11 (c) Where a corporation apportions its income under the provisions of section 290.191,  
22.12 the net operating loss deduction incurred in any taxable year shall be allowed to the extent  
22.13 of the apportionment ratio of the loss year.

22.14 (d) The provisions of sections 381, 382, and 384 of the Internal Revenue Code apply to  
22.15 carryovers in certain corporate acquisitions and special limitations on net operating loss  
22.16 carryovers. The limitation amount determined under section 382 shall be applied to net  
22.17 income, before apportionment, in each post change year to which a loss is carried.

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

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

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

22.25 (c) The amount deductible on account of losses from sales or exchanges of capital assets  
22.26 shall not exceed the amount includable on account of gains from sales or exchanges of  
22.27 capital assets.

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

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

23.1 Subd. 5. **Return covering less than 12 months.** Wherever, under the provisions of this  
23.2 chapter, any taxpayer is required or permitted to make a return for a period of less than 12  
23.3 months, such period shall be deemed a taxable year in the application of the provisions of  
23.4 this section.

23.5 Subd. 9. **Special period of limitation with respect to net operating loss carrybacks.** For  
23.6 individuals, estates, and trusts, for the purposes of sections 289A.40 and 289A.50 if the  
23.7 claim for refund relates to an overpayment attributable to a net operating loss carryback  
23.8 under this section, in lieu of the period of limitation prescribed in section 289A.40, the  
23.9 period shall be that period which ends with the expiration of the 15th day of the 46th month  
23.10 following the end of the taxable year of the net operating loss which results in such carryback,  
23.11 plus any extension of time granted for filing the return, but only if the return was filed within  
23.12 the extended time.

23.13 Subd. 11. **Carryback or carryover adjustments.** (a) Except as provided in paragraph  
23.14 (c), for individuals, estates, and trusts the amount of a net operating loss that may be carried  
23.15 back or carried over shall be the same dollar amount allowable in the determination of  
23.16 federal taxable income, provided that, notwithstanding any other provision, estates and  
23.17 trusts must apply the following adjustments to the amount of the net operating loss that may  
23.18 be carried back or carried over:

23.19 (1) Nonassignable income or losses as required by section 290.17.

23.20 (2) Deductions not allocable to Minnesota under section 290.17.

23.21 (b) The net operating loss carryback or carryover applied as a deduction in the taxable  
23.22 year to which the net operating loss is carried back or carried over shall be equal to the net  
23.23 operating loss carryback or carryover applied in the taxable year in arriving at federal taxable  
23.24 income provided that trusts and estates must apply the following modifications:

23.25 (1) Increase the amount of carryback or carryover applied in the taxable year by the  
23.26 amount of losses and interest, taxes and other expenses not assignable or allowable to  
23.27 Minnesota incurred in the taxable year.

23.28 (2) Decrease the amount of carryback or carryover applied in the taxable year by the  
23.29 amount of income not assignable to Minnesota earned in the taxable year. For estates and  
23.30 trusts, the net operating loss carryback or carryover to the next consecutive taxable year  
23.31 shall be the net operating loss carryback or carryover as calculated in clause (b) less the  
23.32 amount applied in the earlier taxable year(s). No additional net operating loss carryback or  
23.33 carryover shall be allowed to estates and trusts if the entire amount has been used to offset  
23.34 Minnesota income in a year earlier than was possible on the federal return. However, if a

24.1 net operating loss carryback or carryover was allowed to offset federal income in a year  
 24.2 earlier than was possible on the Minnesota return, an estate or trust shall still be allowed to  
 24.3 offset Minnesota income but only if the loss was assignable to Minnesota in the year the  
 24.4 loss occurred.

24.5 (c) This paragraph does not apply to eligible small businesses that make a valid election  
 24.6 to carry back their losses for federal purposes under section 172(b)(1)(H) of the Internal  
 24.7 Revenue Code as amended through March 31, 2009.

24.8 (1) A net operating loss of an individual, estate, or trust that is allowed under this  
 24.9 subdivision and for which the taxpayer elects to carry back for more than two years under  
 24.10 section 172(b)(1)(H) of the Internal Revenue Code is a net operating loss carryback to each  
 24.11 of the two taxable years preceding the loss, and unused portions may be carried forward for  
 24.12 20 taxable years after the loss.

24.13 (2) The entire amount of the net operating loss for any taxable year must be carried to  
 24.14 the earliest of the taxable years to which the loss may be carried. The portion of the loss  
 24.15 which may be carried to each of the other taxable years is the excess, if any, of the amount  
 24.16 of the loss over the greater of the taxable net income or alternative minimum taxable income  
 24.17 for each of the taxable years to which the loss may be carried.

24.18 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 24.19 31, 2019, except that for changes in net income, as defined under Minnesota Statutes, section  
 24.20 290.01, subdivision 19, due to Public Law 116-136, this section is effective retroactively  
 24.21 and applies to the same tax periods to which Public Law 116-136 applies.

24.22 Sec. 12. Minnesota Statutes 2019 Supplement, section 290.993, is amended to read:

24.23 **290.993 SPECIAL LIMITED ADJUSTMENT.**

24.24 (a) For an individual income taxpayer subject to tax under section 290.06, subdivision  
 24.25 2c, or a partnership that elects to file a composite return under section 289A.08, subdivision  
 24.26 7, for taxable years beginning after December 31, 2017, and before January 1, 2019, the  
 24.27 following special rules apply:

24.28 (1) an individual income taxpayer may: (i) take the standard deduction; or (ii) make an  
 24.29 election under section 63(e) of the Internal Revenue Code to itemize, for Minnesota individual  
 24.30 income tax purposes, regardless of the choice made on their federal return; and

24.31 (2) there is an adjustment to tax equal to the difference between the tax calculated under  
 24.32 this chapter using the Internal Revenue Code as amended through December 16, 2016, and  
 24.33 the tax calculated under this chapter using the Internal Revenue Code amended through



25.1 December 31, 2018, before the application of credits. The end result must be zero additional  
25.2 tax due or refund.

25.3 (b) The adjustment in paragraph (a), clause (2), does not apply to any changes due to  
25.4 sections 11012, 13101, 13201, 13202, 13203, 13204, 13205, 13207, 13301, 13302, 13303,  
25.5 13313, 13502, 13503, 13801, 14101, 14102, 14211 through 14215, and 14501 of Public  
25.6 Law 115-97; and section 40411 of Public Law 115-123.

25.7 (c) For an individual income taxpayer or partnership subject to an adjustment under this  
25.8 section, any change in tax as a result of this act, including amendments to the Internal  
25.9 Revenue Code in Public Law 116-94 and Public Law 116-136 that are incorporated in this  
25.10 act, must be calculated after the adjustment.

25.11 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
25.12 after December 31, 2017, and before January 1, 2019.

25.13 Sec. 13. Minnesota Statutes 2019 Supplement, section 290A.03, subdivision 15, is amended  
25.14 to read:

25.15 Subd. 15. **Internal Revenue Code.** "Internal Revenue Code" means the Internal Revenue  
25.16 Code of 1986, as amended through ~~December~~ March 31, 2018 2020.

25.17 **EFFECTIVE DATE.** This section is effective for property tax refunds based on property  
25.18 taxes payable after December 31, 2020, and rent paid after December 31, 2019.

25.19 Sec. 14. Minnesota Statutes 2019 Supplement, section 291.005, subdivision 1, is amended  
25.20 to read:

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

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

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

25.30 (3) "Internal Revenue Code" means the United States Internal Revenue Code of 1986,  
25.31 as amended through ~~December~~ March 31, 2018 2020.

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

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

26.7 (6) "Personal representative" means the executor, administrator or other person appointed  
26.8 by the court to administer and dispose of the property of the decedent. If there is no executor,  
26.9 administrator or other person appointed, qualified, and acting within this state, then any  
26.10 person in actual or constructive possession of any property having a situs in this state which  
26.11 is included in the federal gross estate of the decedent shall be deemed to be a personal  
26.12 representative to the extent of the property and the Minnesota estate tax due with respect  
26.13 to the property.

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

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

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

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

26.23 (iii) a qualified work of art, as defined in section 2503(g)(2) of the Internal Revenue  
26.24 Code, owned by a nonresident decedent and that is normally kept or located in this state  
26.25 because it is on loan to an organization, qualifying as exempt from taxation under section  
26.26 501(c)(3) of the Internal Revenue Code, that is located in Minnesota, the situs of the art is  
26.27 deemed to be outside of Minnesota, notwithstanding the provisions of item (ii); and

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

26.31 For a nonresident decedent with an ownership interest in a pass-through entity with  
26.32 assets that include real or tangible personal property, situs of the real or tangible personal  
26.33 property, including qualified works of art, is determined as if the pass-through entity does

27.1 not exist and the real or tangible personal property is personally owned by the decedent. If  
 27.2 the pass-through entity is owned by a person or persons in addition to the decedent, ownership  
 27.3 of the property is attributed to the decedent in proportion to the decedent's capital ownership  
 27.4 share of the pass-through entity.

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

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

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

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

27.12 (iv) a trust to the extent the property is includable in the decedent's federal gross estate;  
 27.13 but excludes

27.14 (v) an entity whose ownership interest securities are traded on an exchange regulated  
 27.15 by the Securities and Exchange Commission as a national securities exchange under section  
 27.16 6 of the Securities Exchange Act, United States Code, title 15, section 78f.

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

27.19 **Sec. 15. INDIVIDUAL INCOME TAX COLLECTION ACTION PROHIBITED.**

27.20 Notwithstanding any law to the contrary, the commissioner of revenue shall not increase  
 27.21 the amount due or decrease the refund for an individual income tax return for the taxable  
 27.22 year beginning after December 31, 2017, and before January 1, 2020, to the extent the  
 27.23 amount due was understated on the original return or the refund was overstated on the  
 27.24 original return because the taxpayer calculated the tax or refund based on the Internal  
 27.25 Revenue Code, as amended through December 31, 2018, rather than based on the Internal  
 27.26 Revenue Code, as amended through March 31, 2020, as provided in this act.

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

27.28 **Sec. 16. TEMPORARY NONCONFORMITY ADDITIONS AND SUBTRACTIONS.**

27.29 **Subdivision 1. Definitions.** For the purposes of this section, the following terms have  
 27.30 the meanings given:

28.1 (1) for an individual, estate, or trust, "addition" has the meaning given in Minnesota  
 28.2 Statutes, section 290.0131, subdivision 1;

28.3 (2) for an individual, estate, or trust, "subtraction" has the meaning given in Minnesota  
 28.4 Statutes, section 290.0132, subdivision 1; and

28.5 (3) for a corporation other than an S corporation, "subtraction" has the meaning given  
 28.6 in Minnesota Statutes, section 290.0134, subdivision 1.

28.7 Subd. 2. **Addition for tuition.** For taxable years beginning after December 31, 2017,  
 28.8 and before January 1, 2021, the amount deducted under section 222 of the Internal Revenue  
 28.9 Code is an addition.

28.10 Subd. 3. **Subtraction; wages used to claim the employer retention credit.** For taxable  
 28.11 years beginning after December 31, 2019, and before January 1, 2021, the amount of qualified  
 28.12 wages used to claim the credit under section 2301 of Public Law 116-136 is a subtraction.

28.13 **EFFECTIVE DATE.** This section is effective retroactively for the taxable years specified  
 28.14 in this section.

### 28.15 **ARTICLE 3**

#### 28.16 **INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES**

28.17 Section 1. Minnesota Statutes 2019 Supplement, section 289A.08, subdivision 7, is  
 28.18 amended to read:

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

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

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

29.1 (d) The electing partner must not have any Minnesota source income other than the  
29.2 income from the partnership and other electing partnerships. If it is determined that the  
29.3 electing partner has other Minnesota source income, the inclusion of the income and tax  
29.4 liability for that partner under this provision will not constitute a return to satisfy the  
29.5 requirements of subdivision 1. The tax paid for the individual as part of the composite return  
29.6 is allowed as a payment of the tax by the individual on the date on which the composite  
29.7 return payment was made. If the electing nonresident partner has no other Minnesota source  
29.8 income, filing of the composite return is a return for purposes of subdivision 1.

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

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

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

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

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

29.28 (j) For the purposes of this subdivision, "income" means the partner's share of federal  
29.29 adjusted gross income from the partnership modified by the additions provided in section  
29.30 290.0131, subdivisions 8 to 10 ~~and~~, 16, and 22, and the subtractions provided in: (1) section  
29.31 290.0132, subdivision 9, to the extent the amount is assignable or allocable to Minnesota  
29.32 under section 290.17; ~~and~~ (2) section 290.0132, subdivision 14; and (3) section 290.0132,  
29.33 subdivision 30. The subtraction allowed under section 290.0132, subdivision 9, is only

30.1 allowed on the composite tax computation to the extent the electing partner would have  
30.2 been allowed the subtraction.

30.3 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
30.4 after December 31, 2017.

30.5 Sec. 2. Minnesota Statutes 2018, section 290.0131, is amended by adding a subdivision  
30.6 to read:

30.7 Subd. 22. **Gain on a like-kind exchange; addition.** In each of the five taxable years  
30.8 immediately following the taxable year in which a taxpayer claims the subtraction allowed  
30.9 under section 290.0132, subdivision 31, an amount equal to one-fifth of the subtraction  
30.10 made by the taxpayer under section 290.0132, subdivision 31, is an addition.

30.11 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
30.12 31, 2019.

30.13 Sec. 3. Minnesota Statutes 2018, section 290.0132, is amended by adding a subdivision  
30.14 to read:

30.15 Subd. 31. **Gain on a like-kind exchange; subtraction.** A subtraction is allowed equal  
30.16 to 80 percent of the amount of a previously deferrable gain. For purposes of this subdivision,  
30.17 "previously deferrable gain" means the gain from an exchange of property that would have  
30.18 qualified for recognition deferral under section 1031 of the Internal Revenue Code, as  
30.19 amended through December 16, 2016, but does not qualify for recognition deferral under  
30.20 section 1031 of the Internal Revenue Code, as amended through December 31, 2018.

30.21 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
30.22 31, 2019.

30.23 Sec. 4. Minnesota Statutes 2018, section 290.0132, is amended by adding a subdivision  
30.24 to read:

30.25 Subd. 32. **Volunteer driver reimbursement.** (a) A taxpayer is allowed a subtraction  
30.26 equal to the amount of mileage reimbursement paid by a charitable organization to the  
30.27 taxpayer for work as a volunteer driver. The subtraction is limited to amounts paid by the  
30.28 organization that:

30.29 (1) are in excess of the mileage rate for use of an automobile in rendering gratuitous  
30.30 services to a charitable organization under section 170(i) of the Internal Revenue Code; and

31.1 (2) do not exceed the standard mileage rate for businesses established under Code of  
 31.2 Federal Regulations, title 26, section 1.274-5(j)(2).

31.3 (b) For the purposes of this section, "charitable organization" means an organization  
 31.4 eligible for a charitable contribution under section 170(c) of the Internal Revenue Code.

31.5 (c) This section expires for taxable years beginning after December 31, 2029.

31.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 31.7 31, 2019, and before January 1, 2030.

31.8 Sec. 5. Minnesota Statutes 2018, section 290.0133, is amended by adding a subdivision  
 31.9 to read:

31.10 Subd. 16. **Gain on a like-kind exchange; addition.** In each of the five taxable years  
 31.11 immediately following the taxable year in which a taxpayer claims the subtraction allowed  
 31.12 under section 290.0134, subdivision 21, an amount equal to one-fifth of the subtraction  
 31.13 made by the taxpayer under section 290.0134, subdivision 21, is an addition.

31.14 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 31.15 31, 2019.

31.16 Sec. 6. Minnesota Statutes 2018, section 290.0134, is amended by adding a subdivision  
 31.17 to read:

31.18 Subd. 21. **Gain on a like-kind exchange; subtraction.** A subtraction is allowed equal  
 31.19 to 80 percent of the amount of a previously deferrable gain. For purposes of this subdivision,  
 31.20 "previously deferrable gain" means the gain from an exchange of property that would have  
 31.21 qualified for recognition deferral under section 1031 of the Internal Revenue Code, as  
 31.22 amended through December 16, 2016, but does not qualify for recognition deferral under  
 31.23 section 1031 of the Internal Revenue Code, as amended through December 31, 2018.

31.24 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 31.25 31, 2019.

31.26 Sec. 7. Minnesota Statutes 2019 Supplement, section 290.06, subdivision 2c, is amended  
 31.27 to read:

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

32.1 (1) On the first \$38,770, 5.35 percent;

32.2 (2) On all over \$38,770, but not over \$154,020, 6.8 percent;

32.3 (3) On all over \$154,020, but not over \$269,010, 7.85 percent;

32.4 (4) On all over \$269,010, 9.85 percent.

32.5 Married individuals filing separate returns, estates, and trusts must compute their income  
32.6 tax by applying the above rates to their taxable income, except that the income brackets  
32.7 will be one-half of the above amounts after the adjustment required in subdivision 2d.

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

32.10 (1) On the first \$26,520, 5.35 percent;

32.11 (2) On all over \$26,520, but not over \$87,110, 6.8 percent;

32.12 (3) On all over \$87,110, but not over \$161,720, 7.85 percent;

32.13 (4) On all over \$161,720, 9.85 percent.

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

32.17 (1) On the first \$32,650, 5.35 percent;

32.18 (2) On all over \$32,650, but not over \$131,190, 6.8 percent;

32.19 (3) On all over \$131,190, but not over \$214,980, 7.85 percent;

32.20 (4) On all over \$214,980, 9.85 percent.

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

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



33.1 (1) the numerator is the individual's Minnesota source federal adjusted gross income as  
 33.2 defined in section 62 of the Internal Revenue Code and increased by:

33.3 (i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, ~~and~~  
 33.4 17, and 19, and 290.0137, paragraph (a); and reduced by

33.5 (ii) the Minnesota assignable portion of the subtraction for United States government  
 33.6 interest under section 290.0132, subdivision 2, the subtractions under sections 290.0132,  
 33.7 subdivisions 9, 10, 14, 15, 17, 18, ~~and 27~~, and 31, and 290.0137, paragraph (c), after applying  
 33.8 the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

33.9 (2) the denominator is the individual's federal adjusted gross income as defined in section  
 33.10 62 of the Internal Revenue Code, increased by:

33.11 (i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, ~~and~~  
 33.12 17, and 19, and 290.0137, paragraph (a); and reduced by

33.13 (ii) the subtractions under sections 290.0132, subdivisions 2, 9, 10, 14, 15, 17, 18, ~~and~~  
 33.14 27, and 31, and 290.0137, paragraph (c).

33.15 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
 33.16 after December 31, 2017.

33.17 Sec. 8. Minnesota Statutes 2018, section 290.0682, subdivision 2, is amended to read:

33.18 Subd. 2. **Credit allowed; refundable; appropriation.** (a) An eligible individual is  
 33.19 allowed a credit against the tax due under this chapter.

33.20 (b) The credit for an eligible individual equals the least of:

33.21 (1) eligible loan payments minus ten percent of an amount equal to adjusted gross income  
 33.22 in excess of \$10,000, but in no case less than zero;

33.23 (2) the earned income for the taxable year of the eligible individual, if any;

33.24 (3) the sum of:

33.25 (i) the interest portion of eligible loan payments made during the taxable year; and

33.26 (ii) ten percent of the original loan amount of all qualified education loans of the eligible  
 33.27 individual; or

33.28 (4) \$500.

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

34.1 (d) In the case of a married couple, each spouse is eligible for the credit in this section.

34.2 (e) If the amount of credit which a claimant is eligible to receive under this section  
34.3 exceeds the claimant's tax liability under this chapter, the commissioner shall refund the  
34.4 excess to the claimant.

34.5 (f) An amount sufficient to pay the refunds required by this section is appropriated to  
34.6 the commissioner from the general fund.

34.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
34.8 31, 2019.

34.9 Sec. 9. Minnesota Statutes 2019 Supplement, section 290.091, subdivision 2, is amended  
34.10 to read:

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

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

34.15 (1) the taxpayer's federal alternative minimum taxable income as defined in section  
34.16 55(b)(2) of the Internal Revenue Code;

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

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

34.20 (ii) the medical expense deduction;

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

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

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

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

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

35.3 (6) the amount of addition required by section 290.0131, subdivisions 9, 10, ~~and 16,~~ and  
35.4 19;

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

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

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

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

35.12 (ii) an overpayment of state income tax as provided by section 290.0132, subdivision  
35.13 3, to the extent included in federal alternative minimum taxable income;

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

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

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

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

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

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

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

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

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

36.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 36.7 31, 2019.

36.8 Sec. 10. Minnesota Statutes 2019 Supplement, section 290.993, is amended to read:

36.9 **290.993 SPECIAL LIMITED ADJUSTMENT.**

36.10 (a) For an individual income taxpayer subject to tax under section 290.06, subdivision  
 36.11 2c, or a partnership that elects to file a composite return under section 289A.08, subdivision  
 36.12 7, for taxable years beginning after December 31, 2017, and before January 1, 2019, the  
 36.13 following special rules apply:

36.14 (1) an individual income taxpayer may: (i) take the standard deduction; or (ii) make an  
 36.15 election under section 63(e) of the Internal Revenue Code to itemize, for Minnesota individual  
 36.16 income tax purposes, regardless of the choice made on their federal return; and

36.17 (2) there is an adjustment to tax equal to the difference between the tax calculated under  
 36.18 this chapter using the Internal Revenue Code as amended through December 16, 2016, and  
 36.19 the tax calculated under this chapter using the Internal Revenue Code amended through  
 36.20 December 31, 2018, before the application of credits. The end result must be zero additional  
 36.21 tax due or refund.

36.22 (b) The adjustment in paragraph (a), clause (2), does not apply to any changes due to  
 36.23 sections 11012, 11031, 13101, 13201, 13202, 13203, 13204, 13205, 13207, 13301, 13302,  
 36.24 13303, 13313, 13502, 13503, 13801, 14101, 14102, 14211 through 14215, and 14501 of  
 36.25 Public Law 115-97; and section 40411 of Public Law 115-123.

36.26 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
 36.27 after December 31, 2017, and before January 1, 2019.

36.28 Sec. 11. **SPECIAL PROVISION FOR EXCHANGED PROPERTY IN 2018 AND**  
 36.29 **2019.**

36.30 The additions required by Minnesota Statutes, sections 290.0131, subdivision 10, and  
 36.31 290.0133, subdivision 12, do not apply to qualifying depreciable property acquired in taxable

37.1 years beginning after December 31, 2017, and before January 1, 2020. For purposes of this  
37.2 section, "qualifying depreciable property" means property that is acquired in an exchange,  
37.3 for which the exchanged property would have qualified for recognition deferral under section  
37.4 1031 of the Internal Revenue Code, as amended through December 16, 2016, but does not  
37.5 qualify for recognition deferral under section 1031 of the Internal Revenue Code, as amended  
37.6 through December 31, 2018.

37.7 **EFFECTIVE DATE.** This section is effective retroactively for property placed in  
37.8 service in taxable years beginning after December 31, 2017, and before January 1, 2020.

37.9 **Sec. 12. DEPARTMENT OF REVENUE FREE FILING REPORT.**

37.10 (a) By January 15, 2022, the commissioner of revenue must provide a written report to  
37.11 the chairs and ranking minority members of the legislative committees with jurisdiction  
37.12 over taxes. The report must comply with the requirements of Minnesota Statutes, sections  
37.13 3.195 and 3.197, and must also provide information on free electronic filing options for  
37.14 preparing and filing Minnesota individual income tax returns.

37.15 (b) The commissioner must survey tax preparation software vendors for information on  
37.16 a free electronic preparation and filing option for taxpayers to file Minnesota individual  
37.17 income tax returns. The survey must request information from vendors that addresses the  
37.18 following concerns:

37.19 (1) system development, capability, security, and costs for consumer-based tax filing  
37.20 software;

37.21 (2) costs per return that would be charged to the state of Minnesota to provide an  
37.22 electronic individual income tax return preparation, submission, and payment remittance  
37.23 process;

37.24 (3) providing customer service and issue resolution to taxpayers using the software;

37.25 (4) providing and maintaining an appropriate link between the Department of Revenue  
37.26 and the Internal Revenue Service Modernized Electronic Filing Program;

37.27 (5) ensuring that taxpayer return information is maintained and protected as required by  
37.28 Minnesota Statutes, chapters 13 and 270B, Internal Revenue Service Publication 1075, and  
37.29 any other applicable requirements; and

37.30 (6) current availability of products for the free filing and submitting of both Minnesota  
37.31 and federal returns offered to customers and the income thresholds for using those products.

37.32 (c) The report by the commissioner must include at a minimum:

- 38.1 (1) a review of options that other states use for state electronic filing;  
 38.2 (2) an assessment of taxpayer needs for electronic filing, including current filing practices;  
 38.3 (3) an analysis of alternative options to provide free filing, such as tax credits, vendor  
 38.4 incentives, or other benefits; and  
 38.5 (4) an analysis of the Internal Revenue Service Free File Program usage.

38.6 Sec. 13. **APPROPRIATION; DEPARTMENT OF REVENUE FREE FILING**  
 38.7 **REPORT.**

38.8 \$175,000 in fiscal year 2022 is appropriated from the general fund to the commissioner  
 38.9 of revenue for the free filing report required under section 1.

38.10 **ARTICLE 4**

38.11 **C-OPTION CORPORATION ELECTION**

38.12 Section 1. Minnesota Statutes 2018, section 289A.08, is amended by adding a subdivision  
 38.13 to read:

38.14 Subd. 7a. Election to file as C-option corporation. (a) A qualifying entity may elect  
 38.15 to file a return as a C-option corporation. Except as provided in this subdivision, a C-option  
 38.16 corporation must calculate its tax liability as a corporation subject to the franchise tax on  
 38.17 corporations imposed in section 290.02 and must allocate its income as a corporation as  
 38.18 required under sections 290.17, 290.191, and 290.20.

38.19 (b) The election under paragraph (a):

38.20 (1) must be made on or before the due date or extended due date of the qualifying entity's  
 38.21 return as a C-option corporation;

38.22 (2) may only be made by persons who hold more than 50 percent ownership interest in  
 38.23 the qualifying entity; and

38.24 (3) is binding on all persons who have an ownership interest in the qualifying entity.

38.25 (c) The election is binding for a period of four taxable years following the taxable year  
 38.26 of the election. The election may be revoked before the expiration of the period if:

38.27 (1) the revocation is requested by persons who hold more than 50 percent ownership  
 38.28 interest in the qualifying entity; and

38.29 (2) the revocation is made on or before the due date or the extended due date of the  
 38.30 qualifying entity's return for that year.

39.1 (d) If an election is revoked before the expiration of the period, a new election to file as  
39.2 a C-option corporation may not be made by the qualifying entity for the following four  
39.3 taxable years.

39.4 (e) The expiration or revocation of an election is effective at the close of a taxable year  
39.5 and nothing in this section releases a C-option corporation from complying with the  
39.6 requirements of this chapter for that taxable year.

39.7 (f) For purposes of this subdivision:

39.8 (1) "qualifying entity" means a:

39.9 (i) partnership;

39.10 (ii) limited liability company; or

39.11 (iii) corporation organized under subchapter S of the Internal Revenue Code for federal  
39.12 income tax purposes, including a qualified subsidiary also organized under subchapter S of  
39.13 the Internal Revenue Code; and

39.14 (2) "C-option corporation" means a qualifying entity that has made the election under  
39.15 paragraph (a).

39.16 (g) Tax liability must be calculated by multiplying the Minnesota taxable income of the  
39.17 qualifying entity by a tax rate of 9.85 percent.

39.18 (h) A member's, partner's, or shareholder's adjusted basis in the member's, partner's, or  
39.19 shareholder's interest in the limited liability company, partnership, or S corporation is  
39.20 determined as if the election under this subdivision is not made.

39.21 (i) A qualifying entity must not have a partnership, limited liability company, or  
39.22 corporation as a member or partner.

39.23 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
39.24 31, 2019.

39.25 Sec. 2. Minnesota Statutes 2018, section 289A.38, is amended by adding a subdivision to  
39.26 read:

39.27 Subd. 17. **C-option corporations.** For purposes of this section, "taxpayer" includes a  
39.28 C-option corporation, and all applicable reports, amendments, adjustments, assessments,  
39.29 changes in tax, refunds, and statements under this section apply to a C-option corporation  
39.30 for those taxable years in which the C-option election under section 289A.08, subdivision  
39.31 7a, is effective. For purposes of this subdivision, "C-option corporation" means a qualifying

40.1 entity under section 289A.08, subdivision 7a, paragraph (e), that made the election in section  
40.2 289A.08, subdivision 7a, paragraph (a), for the applicable tax year.

40.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
40.4 31, 2019.

40.5 Sec. 3. Minnesota Statutes 2018, section 290.01, is amended by adding a subdivision to  
40.6 read:

40.7 Subd. 4d. **C-option corporation.** "C-option corporation" means a qualifying entity  
40.8 under section 289A.08, subdivision 7a, paragraph (e), that made the election in section  
40.9 289A.08, subdivision 7a, paragraph (a), for the applicable tax year.

40.10 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
40.11 31, 2019.

40.12 Sec. 4. Minnesota Statutes 2018, section 290.0132, is amended by adding a subdivision  
40.13 to read:

40.14 Subd. 33. **Income of partners, members, or shareholders.** The amount of income  
40.15 determined after allowable deductions and the additions and subtractions required under  
40.16 this chapter that is received from a qualifying entity, as defined under section 289A.08,  
40.17 subdivision 7a, for purposes of calculating adjusted gross income by a partner, member, or  
40.18 shareholder of a qualifying entity that has elected to file as a C-option corporation under  
40.19 section 289A.08, subdivision 7a, is a subtraction. The amount of net income as adjusted  
40.20 under this subdivision must not be less than zero. The amount of the subtraction allowed  
40.21 under this subdivision may not exceed the partner's, member's, or shareholder's portions of  
40.22 the qualifying entity's net income after assignment under section 290.17, or apportionment  
40.23 under section 290.191 or 290.20, as may be required.

40.24 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
40.25 31, 2019.

40.26 Sec. 5. Minnesota Statutes 2019 Supplement, section 290.06, subdivision 2c, is amended  
40.27 to read:

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



41.1 (1) On the first \$38,770, 5.35 percent;

41.2 (2) On all over \$38,770, but not over \$154,020, 6.8 percent;

41.3 (3) On all over \$154,020, but not over \$269,010, 7.85 percent;

41.4 (4) On all over \$269,010, 9.85 percent.

41.5 Married individuals filing separate returns, estates, and trusts must compute their income  
41.6 tax by applying the above rates to their taxable income, except that the income brackets  
41.7 will be one-half of the above amounts after the adjustment required in subdivision 2d.

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

41.10 (1) On the first \$26,520, 5.35 percent;

41.11 (2) On all over \$26,520, but not over \$87,110, 6.8 percent;

41.12 (3) On all over \$87,110, but not over \$161,720, 7.85 percent;

41.13 (4) On all over \$161,720, 9.85 percent.

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

41.17 (1) On the first \$32,650, 5.35 percent;

41.18 (2) On all over \$32,650, but not over \$131,190, 6.8 percent;

41.19 (3) On all over \$131,190, but not over \$214,980, 7.85 percent;

41.20 (4) On all over \$214,980, 9.85 percent.

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

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

42.1 (1) the numerator is the individual's Minnesota source federal adjusted gross income as  
42.2 defined in section 62 of the Internal Revenue Code and increased by:

42.3 (i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, and  
42.4 17, and 290.0137, paragraph (a); and reduced by

42.5 (ii) the Minnesota assignable portion of the subtraction for United States government  
42.6 interest under section 290.0132, subdivision 2, the subtractions under sections 290.0132,  
42.7 subdivisions 9, 10, 14, 15, 17, 18, ~~and 27, and 33~~, and 290.0137, paragraph (c), after applying  
42.8 the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

42.9 (2) the denominator is the individual's federal adjusted gross income as defined in section  
42.10 62 of the Internal Revenue Code, increased by:

42.11 (i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, and  
42.12 17, and 290.0137, paragraph (a); and reduced by

42.13 (ii) the subtractions under sections 290.0132, subdivisions 2, 9, 10, 14, 15, 17, 18, ~~and~~  
42.14 ~~27, and 33~~, and 290.0137, paragraph (c).

42.15 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
42.16 31, 2019.

42.17 Sec. 6. Minnesota Statutes 2018, section 290.06, subdivision 22, is amended to read:

42.18 Subd. 22. **Credit for taxes paid to another state.** (a) A taxpayer who is liable for taxes  
42.19 based on net income to another state, as provided in paragraphs (b) through (f), upon income  
42.20 allocated or apportioned to Minnesota, is entitled to a credit for the tax paid to another state  
42.21 if the tax is actually paid in the taxable year or a subsequent taxable year. A taxpayer who  
42.22 is a resident of this state pursuant to section 290.01, subdivision 7, paragraph (b), and who  
42.23 is subject to income tax as a resident in the state of the individual's domicile is not allowed  
42.24 this credit unless the state of domicile does not allow a similar credit.

42.25 (b) For an individual, estate, or trust, the credit is determined by multiplying the tax  
42.26 payable under this chapter by the ratio derived by dividing the income subject to tax in the  
42.27 other state that is also subject to tax in Minnesota while a resident of Minnesota by the  
42.28 taxpayer's federal adjusted gross income, as defined in section 62 of the Internal Revenue  
42.29 Code, modified by the addition required by section 290.0131, subdivision 2, and the  
42.30 subtraction allowed by section 290.0132, subdivision 2, to the extent the income is allocated  
42.31 or assigned to Minnesota under sections 290.081 and 290.17.

43.1 (c) If the taxpayer is an athletic team that apportions all of its income under section  
43.2 290.17, subdivision 5, the credit is determined by multiplying the tax payable under this  
43.3 chapter by the ratio derived from dividing the total net income subject to tax in the other  
43.4 state by the taxpayer's Minnesota taxable income.

43.5 (d)(1) The credit determined under paragraph (b) or (c) shall not exceed the amount of  
43.6 tax so paid to the other state on the gross income earned within the other state subject to  
43.7 tax under this chapter; and

43.8 (2) the allowance of the credit does not reduce the taxes paid under this chapter to an  
43.9 amount less than what would be assessed if the gross income earned within the other state  
43.10 were excluded from taxable net income.

43.11 (e) In the case of the tax assessed on a lump-sum distribution under section 290.032, the  
43.12 credit allowed under paragraph (a) is the tax assessed by the other state on the lump-sum  
43.13 distribution that is also subject to tax under section 290.032, and shall not exceed the tax  
43.14 assessed under section 290.032. To the extent the total lump-sum distribution defined in  
43.15 section 290.032, subdivision 1, includes lump-sum distributions received in prior years or  
43.16 is all or in part an annuity contract, the reduction to the tax on the lump-sum distribution  
43.17 allowed under section 290.032, subdivision 2, includes tax paid to another state that is  
43.18 properly apportioned to that distribution.

43.19 (f) If a Minnesota resident reported an item of income to Minnesota and is assessed tax  
43.20 in such other state on that same income after the Minnesota statute of limitations has expired,  
43.21 the taxpayer shall receive a credit for that year under paragraph (a), notwithstanding any  
43.22 statute of limitations to the contrary. The claim for the credit must be submitted within one  
43.23 year from the date the taxes were paid to the other state. The taxpayer must submit sufficient  
43.24 proof to show entitlement to a credit.

43.25 (g) For the purposes of this subdivision, a resident shareholder of a corporation treated  
43.26 as an "S" corporation under section 290.9725, must be considered to have paid a tax imposed  
43.27 on the shareholder in an amount equal to the shareholder's pro rata share of any net income  
43.28 tax paid by the S corporation to another state. For the purposes of the preceding sentence,  
43.29 the term "net income tax" means any tax imposed on or measured by a corporation's net  
43.30 income.

43.31 (h) For the purposes of this subdivision, a resident partner of an entity taxed as a  
43.32 partnership under the Internal Revenue Code must be considered to have paid a tax imposed  
43.33 on the partner in an amount equal to the partner's pro rata share of any net income tax paid

44.1 by the partnership to another state. For purposes of the preceding sentence, the term "net  
44.2 income" tax means any tax imposed on or measured by a partnership's net income.

44.3 (i) For the purposes of this subdivision, "another state":

44.4 (1) includes:

44.5 (i) the District of Columbia; and

44.6 (ii) a province or territory of Canada; but

44.7 (2) excludes Puerto Rico and the several territories organized by Congress.

44.8 (j) The limitations on the credit in paragraphs (b), (c), and (d), are imposed on a state  
44.9 by state basis.

44.10 (k) For a tax imposed by a province or territory of Canada, the tax for purposes of this  
44.11 subdivision is the excess of the tax over the amount of the foreign tax credit allowed under  
44.12 section 27 of the Internal Revenue Code. In determining the amount of the foreign tax credit  
44.13 allowed, the net income taxes imposed by Canada on the income are deducted first. Any  
44.14 remaining amount of the allowable foreign tax credit reduces the provincial or territorial  
44.15 tax that qualifies for the credit under this subdivision.

44.16 (l)(1) The credit allowed to a qualifying individual under this section for tax paid to a  
44.17 qualifying state equals the credit calculated under paragraphs (b) and (d), plus the amount  
44.18 calculated by multiplying:

44.19 (i) the difference between the preliminary credit and the credit calculated under paragraphs  
44.20 (b) and (d), by

44.21 (ii) the ratio derived by dividing the income subject to tax in the qualifying state that  
44.22 consists of compensation for performance of personal or professional services by the total  
44.23 amount of income subject to tax in the qualifying state.

44.24 (2) If the amount of the credit that a qualifying individual is eligible to receive under  
44.25 clause (1) for tax paid to a qualifying state exceeds the tax due under this chapter before  
44.26 the application of the credit calculated under clause (1), the commissioner shall refund the  
44.27 excess to the qualifying individual. An amount sufficient to pay the refunds required by this  
44.28 subdivision is appropriated to the commissioner from the general fund.

44.29 (3) For purposes of this paragraph, "preliminary credit" means the credit that a qualifying  
44.30 individual is eligible to receive under paragraphs (b) and (d) for tax paid to a qualifying  
44.31 state without regard to the limitation in paragraph (d), clause (2); "qualifying individual"  
44.32 means a Minnesota resident under section 290.01, subdivision 7, paragraph (a), who received

45.1 compensation during the taxable year for the performance of personal or professional services  
45.2 within a qualifying state; and "qualifying state" means a state with which an agreement  
45.3 under section 290.081 is not in effect for the taxable year but was in effect for a taxable  
45.4 year beginning before January 1, 2010.

45.5 (m) A qualifying entity making an election to be taxed as a C-option corporation under  
45.6 section 289A.08, subdivision 7a, may claim a credit for the amount of any net income tax  
45.7 paid to another state on a composite return filed with that state on behalf of its Minnesota  
45.8 resident partners, members, or shareholders. For purposes of this paragraph, "net income  
45.9 tax" means any tax imposed on or measured by net income, but "net income" does not  
45.10 include any income that is apportioned to this state under section 290.191 or 290.20.

45.11 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
45.12 31, 2019.

45.13 Sec. 7. Minnesota Statutes 2019 Supplement, section 290.091, subdivision 2, is amended  
45.14 to read:

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

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

45.19 (1) the taxpayer's federal alternative minimum taxable income as defined in section  
45.20 55(b)(2) of the Internal Revenue Code;

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

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

45.24 (ii) the medical expense deduction;

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

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

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

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

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

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

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

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

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

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

46.14 (ii) an overpayment of state income tax as provided by section 290.0132, subdivision  
46.15 3, to the extent included in federal alternative minimum taxable income;

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

46.20 (iv) amounts subtracted from federal taxable or adjusted gross income as provided by  
46.21 section 290.0132, subdivisions 7, 9 to 15, 17, 21, 24, and 26 to ~~29~~ 33;

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

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

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

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

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

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

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

47.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
47.7 31, 2019.

47.8 **Sec. 8. [290.096] SPECIAL RULES FOR C-OPTION CORPORATIONS.**

47.9 **Subdivision 1. Allocation of subtractions and credits.** No carryover generated by a  
47.10 C-option corporation for a subtraction or credit allowed under this chapter that remains after  
47.11 the revocation or expiration of the election in section 289A.08, subdivision 7, paragraph  
47.12 (a), may be claimed by a partner, member, or shareholder of that C-option corporation.

47.13 **Subd. 2. Credits.** (a) Credits and credit carryovers against the tax due under this chapter  
47.14 that are claimed by a C-option corporation must be distributed as follows:

47.15 (1) for a nonrefundable credit, the credit is distributed to the C-option corporation; and

47.16 (2) for a refundable credit, the amount of the credit that does not exceed the C-option  
47.17 corporation's taxable income is distributed to the C-option corporation and the amount of  
47.18 the credit that exceeds the amount of the C-option corporation's taxable income is distributed  
47.19 in the same manner as the subtraction in section 290.0132, subdivision 33.

47.20 (b) A credit carryover generated by an individual taxpayer may be claimed by a C-option  
47.21 corporation of which the individual is a partner, member, or shareholder.

47.22 **Subd. 3. Refunds.** (a) A C-option corporation may make a claim for a refund under  
47.23 section 289A.50. Refunds must be paid to each partner, member, or shareholder in the same  
47.24 manner as the distribution of the subtraction in section 290.0132, subdivision 33.

47.25 (b) For purposes of applying interest to refunds under paragraph (a), the amount refunded  
47.26 bears interest under section 289A.56, subdivision 2, from the later of when the partner's,  
47.27 member's, or shareholder's individual return is filed or when the C-option corporation's  
47.28 return is filed.

47.29 **Subd. 4. Estimated tax.** (a) A C-option corporation must make payments of estimated  
47.30 tax as required under section 289A.26.

47.31 (b) Payments of estimated tax under paragraph (a) made by a C-option corporation for  
47.32 a taxable year for which the taxpayer is not a C-option corporation must be distributed to

48.1 each partner, member, or shareholder in the same manner as the distribution of the subtraction  
48.2 in section 290.0132, subdivision 33.

48.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
48.4 31, 2019.

48.5 Sec. 9. Minnesota Statutes 2018, section 290.92, subdivision 4b, is amended to read:

48.6 Subd. 4b. **Withholding by partnerships.** (a) A partnership shall deduct and withhold  
48.7 a tax as provided in paragraph (b) for nonresident individual partners based on their  
48.8 distributive shares of partnership income for a taxable year of the partnership.

48.9 (b) The amount of tax withheld is determined by multiplying the partner's distributive  
48.10 share allocable to Minnesota under section 290.17, paid or credited during the taxable year  
48.11 by the highest rate used to determine the income tax liability for an individual under section  
48.12 290.06, subdivision 2c, except that the amount of tax withheld may be determined by the  
48.13 commissioner if the partner submits a withholding exemption certificate under subdivision  
48.14 5.

48.15 (c) The commissioner may reduce or abate the tax withheld under this subdivision if the  
48.16 partnership had reasonable cause to believe that no tax was due under this section.

48.17 (d) Notwithstanding paragraph (a), a partnership is not required to deduct and withhold  
48.18 tax for a nonresident partner if:

48.19 (1) the partner elects to have the tax due paid as part of the partnership's composite return  
48.20 under section 289A.08, subdivision 7;

48.21 (2) the partner has Minnesota assignable federal adjusted gross income from the  
48.22 partnership of less than \$1,000; or

48.23 (3) the partnership is liquidated or terminated, the income was generated by a transaction  
48.24 related to the termination or liquidation, and no cash or other property was distributed in  
48.25 the current or prior taxable year;

48.26 (4) the distributive shares of partnership income are attributable to:

48.27 (i) income required to be recognized because of discharge of indebtedness;

48.28 (ii) income recognized because of a sale, exchange, or other disposition of real estate,  
48.29 depreciable property, or property described in section 179 of the Internal Revenue Code;

48.30 or



49.1 (iii) income recognized on the sale, exchange, or other disposition of any property that  
 49.2 has been the subject of a basis reduction pursuant to section 108, 734, 743, 754, or 1017 of  
 49.3 the Internal Revenue Code

49.4 to the extent that the income does not include cash received or receivable or, if there is cash  
 49.5 received or receivable, to the extent that the cash is required to be used to pay indebtedness  
 49.6 by the partnership or a secured debt on partnership property; ~~or~~

49.7 (5) the partnership is a publicly traded partnership, as defined in section 7704(b) of the  
 49.8 Internal Revenue Code; or

49.9 (6) the partnership has elected to be taxed as a C-option corporation under section  
 49.10 289A.08, subdivision 7a.

49.11 (e) For purposes of sections 270C.60, 289A.09, subdivision 2, 289A.20, subdivision 2,  
 49.12 paragraph (c), 289A.50, 289A.56, 289A.60, and 289A.63, a partnership is considered an  
 49.13 employer.

49.14 (f) To the extent that income is exempt from withholding under paragraph (d), clause  
 49.15 (4), the commissioner has a lien in an amount up to the amount that would be required to  
 49.16 be withheld with respect to the income of the partner attributable to the partnership interest,  
 49.17 but for the application of paragraph (d), clause (4). The lien arises under section 270C.63  
 49.18 from the date of assessment of the tax against the partner, and attaches to that partner's share  
 49.19 of the profits and any other money due or to become due to that partner in respect of the  
 49.20 partnership. Notice of the lien may be sent by mail to the partnership, without the necessity  
 49.21 for recording the lien. The notice has the force and effect of a levy under section 270C.67,  
 49.22 and is enforceable against the partnership in the manner provided by that section. Upon  
 49.23 payment in full of the liability subsequent to the notice of lien, the partnership must be  
 49.24 notified that the lien has been satisfied.

49.25 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 49.26 31, 2019.

49.27 Sec. 10. Minnesota Statutes 2018, section 290.92, subdivision 4c, is amended to read:

49.28 Subd. 4c. **Withholding by S corporations.** (a) A corporation having a valid election in  
 49.29 effect under section 290.9725 shall deduct and withhold a tax as provided in paragraph (b)  
 49.30 for nonresident individual shareholders their share of the corporation's income for the taxable  
 49.31 year.

49.32 (b) The amount of tax withheld is determined by multiplying the amount of income  
 49.33 allocable to Minnesota under section 290.17 by the highest rate used to determine the income

50.1 tax liability of an individual under section 290.06, subdivision 2c, except that the amount  
 50.2 of tax withheld may be determined by the commissioner if the shareholder submits a  
 50.3 withholding exemption certificate under subdivision 5.

50.4 (c) Notwithstanding paragraph (a), a corporation is not required to deduct and withhold  
 50.5 tax for a nonresident shareholder, if:

50.6 (1) the shareholder elects to have the tax due paid as part of the corporation's composite  
 50.7 return under section 289A.08, subdivision 7;

50.8 (2) the shareholder has Minnesota assignable federal adjusted gross income from the  
 50.9 corporation of less than \$1,000; ~~or~~

50.10 (3) the corporation is liquidated or terminated, the income was generated by a transaction  
 50.11 related to the termination or liquidation, and no cash or other property was distributed in  
 50.12 the current or prior taxable year; or

50.13 (4) the S corporation has elected to be taxed as a C-option corporation under section  
 50.14 289A.08, subdivision 7a.

50.15 (d) For purposes of sections 270C.60, 289A.09, subdivision 2, 289A.20, subdivision 2,  
 50.16 paragraph (c), 289A.50, 289A.56, 289A.60, and 289A.63, a corporation is considered an  
 50.17 employer.

50.18 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 50.19 31, 2019.

## 50.20 ARTICLE 5

### 50.21 SALES AND USE TAXES

50.22 Section 1. Minnesota Statutes 2018, section 297A.70, subdivision 13, is amended to read:

50.23 Subd. 13. **Fund-raising sales by or for nonprofit groups.** (a) The following sales by  
 50.24 the specified organizations for fund-raising purposes are exempt, subject to the limitations  
 50.25 listed in paragraph (b):

50.26 (1) all sales made by a nonprofit organization that exists solely for the purpose of  
 50.27 providing educational or social activities for young people primarily age 18 and under;

50.28 (2) all sales made by an organization that is a senior citizen group or association of  
 50.29 groups if (i) in general it limits membership to persons age 55 or older; (ii) it is organized  
 50.30 and operated exclusively for pleasure, recreation, and other nonprofit purposes; and (iii) no  
 50.31 part of its net earnings inures to the benefit of any private shareholders;

51.1 (3) the sale or use of tickets or admissions to a golf tournament held in Minnesota if the  
 51.2 beneficiary of the tournament's net proceeds qualifies as a tax-exempt organization under  
 51.3 section 501(c)(3) of the Internal Revenue Code; and

51.4 (4) sales of candy sold for fund-raising purposes by a nonprofit organization that provides  
 51.5 educational and social activities primarily for young people age 18 and under.

51.6 (b) The exemptions listed in paragraph (a) are limited in the following manner:

51.7 (1) the exemption under paragraph (a), clauses (1) and (2), applies only to the first  
 51.8 \$20,000 of the gross annual receipts of the organization from fund-raising; ~~and~~

51.9 (2) the exemption under paragraph (a), clause (1), does not apply if the sales are derived  
 51.10 from admission charges or from activities for which the money must be deposited with the  
 51.11 school district treasurer under section 123B.49, subdivision 2, ~~or~~; and

51.12 (3) the exemption under paragraph (a), clause (1), does not apply if the sales are derived  
 51.13 from admission charges or from activities for which the money must be recorded in the  
 51.14 same manner as other revenues or expenditures of the school district under section 123B.49,  
 51.15 subdivision 4-, unless the following conditions are both met:

51.16 (i) the sales are made for fund-raising purposes of a club, association, or other  
 51.17 organization of elementary or secondary school students organized for the purpose of  
 51.18 carrying on sports activities, educational activities, or other extracurricular activities; and

51.19 (ii) the school district reserves revenue raised for extracurricular activities, as provided  
 51.20 in section 123B.49, subdivision 4, paragraph (e), and spends the revenue raised by a particular  
 51.21 extracurricular activity only for that extracurricular activity.

51.22 (c) Sales of tangible personal property and services are exempt if the entire proceeds,  
 51.23 less the necessary expenses for obtaining the property or services, will be contributed to a  
 51.24 registered combined charitable organization described in section 43A.50, to be used  
 51.25 exclusively for charitable, religious, or educational purposes, and the registered combined  
 51.26 charitable organization has given its written permission for the sale. Sales that occur over  
 51.27 a period of more than 24 days per year are not exempt under this paragraph.

51.28 (d) For purposes of this subdivision, a club, association, or other organization of  
 51.29 elementary or secondary school students organized for the purpose of carrying on sports,  
 51.30 educational, or other extracurricular activities is a separate organization from the school  
 51.31 district or school for purposes of applying the \$20,000 limit.

51.32 **EFFECTIVE DATE.** This section is effective for sales and purchases made after the  
 51.33 date of final enactment.

52.1 Sec. 2. Minnesota Statutes 2019 Supplement, section 297A.71, subdivision 52, is amended  
52.2 to read:

52.3 Subd. 52. **Construction; certain local government facilities.** (a) Materials and supplies  
52.4 used in and equipment incorporated into the construction, reconstruction, upgrade, expansion,  
52.5 or remodeling of the following local government owned facilities are exempt:

52.6 (1) a new fire station, which includes firefighting, emergency management, public safety  
52.7 training, and other public safety facilities in the city of Monticello if materials, supplies,  
52.8 and equipment are purchased after January 31, 2019, and before January 1, 2022;

52.9 (2) a new fire station, which includes firefighting and public safety training facilities  
52.10 and public safety facilities, in the city of Inver Grove Heights if materials, supplies, and  
52.11 equipment are purchased after June 30, 2018, and before January 1, 2021;

52.12 (3) a fire station and police station, including access roads, lighting, sidewalks, and  
52.13 utility components, on or adjacent to the property on which the fire station or police station  
52.14 are located that are necessary for safe access to and use of those buildings, in the city of  
52.15 Minnetonka if materials, supplies, and equipment are purchased after May 23, 2019, and  
52.16 before January 1, ~~2021~~ 2022;

52.17 (4) the school building in Independent School District No. 414, Minneota, if materials,  
52.18 supplies, and equipment are purchased after January 1, 2018, and before January 1, 2021;

52.19 (5) a fire station in the city of Mendota Heights, if materials, supplies, and equipment  
52.20 are purchased after December 31, 2018, and before January 1, 2021; ~~and~~

52.21 (6) a Dakota County law enforcement collaboration center, also known as the Safety  
52.22 and Mental Health Alternative Response Training (SMART) Center, if materials, supplies,  
52.23 and equipment are purchased after June 30, 2019, and before July 1, 2021;

52.24 (7) a new fire station and emergency management operations center, including on-site  
52.25 infrastructure improvements of parking lot, road access, lighting, sidewalks, and utility  
52.26 components in the city of Maplewood if materials, supplies, and equipment are purchased  
52.27 after September 30, 2020, and before April 1, 2023;

52.28 (8) a new police station, which includes police administration, meeting, training, and  
52.29 short-term detention facilities in the city of Crystal, if materials, supplies, and equipment  
52.30 are purchased after December 31, 2020, and before January 1, 2024;

52.31 (9) a new fire station, which includes firefighting, emergency management, public safety  
52.32 training, and other public safety facilities in the city of Buffalo, if materials, supplies, and  
52.33 equipment are purchased after April 30, 2020, and before November 1, 2021;

53.1 (10) a new fire station in the city of Grand Rapids, if materials, supplies, and equipment  
 53.2 are purchased after July 31, 2020, and before August 1, 2022;

53.3 (11) a new fire station constructed on the site of a previous fire station in the city of  
 53.4 Bloomington, if materials, supplies, and equipment are purchased after December 31, 2020,  
 53.5 and before January 1, 2023; and

53.6 (12) a fire station in the city of St. Peter if materials, supplies, and equipment are  
 53.7 purchased after June 30, 2020, and before March 1, 2022.

53.8 (b) The tax must be imposed and collected as if the rate under section 297A.62,  
 53.9 subdivision 1, applied and then refunded in the manner provided in section 297A.75.

53.10 (c) The total refund for the project listed in paragraph (a), clause (3), must not exceed  
 53.11 \$850,000.

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

53.13 Sec. 3. Minnesota Statutes 2018, section 297A.71, is amended by adding a subdivision to  
 53.14 read:

53.15 **Subd. 53. Properties destroyed or damaged by a fire.** (a) Building materials and  
 53.16 supplies used or consumed in, and equipment incorporated into, the construction or  
 53.17 replacement of real property affected by, and capital equipment to replace equipment  
 53.18 destroyed in, the fire on February 25, 2020, in the city of Alexandria are exempt. For purposes  
 53.19 of this subdivision, "capital equipment" includes durable equipment used in a restaurant for  
 53.20 food storage, preparation, and serving.

53.21 (b) Building cleaning and disinfecting services related to mitigating smoke damage in  
 53.22 buildings impacted by the fire on February 25, 2020, in the city of Alexandria are exempt.

53.23 (c) The tax must be imposed and collected as if the rate under section 297A.62,  
 53.24 subdivision 1, applied and then refunded in the manner provided in section 297A.75. The  
 53.25 exemption under paragraph (a) applies to sales and purchases made after February 24, 2020,  
 53.26 and before February 28, 2023. The exemption under paragraph (b) applies to sales and  
 53.27 purchases made after February 24, 2020, and before January 1, 2021.

53.28 (d) This subdivision expires March 1, 2023.

53.29 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
 53.30 applies retroactively to sales and purchases made after February 24, 2020.

54.1 Sec. 4. Minnesota Statutes 2019 Supplement, section 297A.75, subdivision 1, is amended  
54.2 to read:

54.3 Subdivision 1. **Tax collected.** The tax on the gross receipts from the sale of the following  
54.4 exempt items must be imposed and collected as if the sale were taxable and the rate under  
54.5 section 297A.62, subdivision 1, applied. The exempt items include:

54.6 (1) building materials for an agricultural processing facility exempt under section  
54.7 297A.71, subdivision 13;

54.8 (2) building materials for mineral production facilities exempt under section 297A.71,  
54.9 subdivision 14;

54.10 (3) building materials for correctional facilities under section 297A.71, subdivision 3;

54.11 (4) building materials used in a residence for veterans with a disability exempt under  
54.12 section 297A.71, subdivision 11;

54.13 (5) elevators and building materials exempt under section 297A.71, subdivision 12;

54.14 (6) materials and supplies for qualified low-income housing under section 297A.71,  
54.15 subdivision 23;

54.16 (7) materials, supplies, and equipment for municipal electric utility facilities under  
54.17 section 297A.71, subdivision 35;

54.18 (8) equipment and materials used for the generation, transmission, and distribution of  
54.19 electrical energy and an aerial camera package exempt under section 297A.68, subdivision  
54.20 37;

54.21 (9) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, paragraph  
54.22 (a), clause (10);

54.23 (10) materials, supplies, and equipment for construction or improvement of projects and  
54.24 facilities under section 297A.71, subdivision 40;

54.25 (11) materials, supplies, and equipment for construction, improvement, or expansion  
54.26 of:

54.27 (i) an aerospace defense manufacturing facility exempt under Minnesota Statutes 2014,  
54.28 section 297A.71, subdivision 42;

54.29 (ii) a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision  
54.30 45;

55.1 (iii) a research and development facility exempt under Minnesota Statutes 2014, section  
55.2 297A.71, subdivision 46; and

55.3 (iv) an industrial measurement manufacturing and controls facility exempt under  
55.4 Minnesota Statutes 2014, section 297A.71, subdivision 47;

55.5 (12) enterprise information technology equipment and computer software for use in a  
55.6 qualified data center exempt under section 297A.68, subdivision 42;

55.7 (13) materials, supplies, and equipment for qualifying capital projects under section  
55.8 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);

55.9 (14) items purchased for use in providing critical access dental services exempt under  
55.10 section 297A.70, subdivision 7, paragraph (c);

55.11 (15) items and services purchased under a business subsidy agreement for use or  
55.12 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision  
55.13 44;

55.14 (16) building materials, equipment, and supplies for constructing or replacing real  
55.15 property exempt under section 297A.71, subdivisions 49; 50, paragraph (b); ~~and 51; and~~  
55.16 53, paragraph (a); and cleaning services for smoke damaged property under section 297A.71,  
55.17 subdivision 53, paragraph (b); and

55.18 (17) building materials, equipment, and supplies for qualifying capital projects under  
55.19 section 297A.71, subdivision 52.

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

55.21 **Sec. 5. STATE HIGH SCHOOL LEAGUE; FUNDING FLEXIBILITY.**

55.22 Notwithstanding Minnesota Statutes, section 128C.24, the Minnesota State High School  
55.23 League may reduce the transfer of sales tax savings to a nonprofit charitable foundation  
55.24 created for the purpose of promoting high school extracurricular activities by up to \$500,000  
55.25 in total over the 2019-2020 and 2020-2021 school years. Any sales tax savings amounts  
55.26 not transferred must be used for operations of the Minnesota State High School League.

55.27 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
55.28 applies retroactively to sales tax savings in the 2019-2020 and 2020-2021 school years.

56.1 Sec. 6. **APPROPRIATION.**

56.2 (a) \$150,000 in fiscal year 2020 is appropriated from the general fund to the commissioner  
 56.3 of public safety for grants to remediate the effects of the fire in the city of Alexandria on  
 56.4 February 25, 2020.

56.5 (b) A grant recipient may use the money appropriated under this section for remediation  
 56.6 costs, including disaster recovery, infrastructure, reimbursement for emergency personnel  
 56.7 costs, reimbursement for equipment costs, and reimbursement for property tax abatements  
 56.8 incurred by public or private entities as a result of the fire. This is a onetime appropriation  
 56.9 and is available until June 30, 2022.

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

56.11 **ARTICLE 6**56.12 **MISCELLANEOUS**

56.13 Section 1. Minnesota Statutes 2018, section 462A.38, as amended by Laws 2019 First  
 56.14 Special Session chapter 1, article 6, section 28, is amended to read:

56.15 **462A.38 WORKFORCE AND AFFORDABLE HOMEOWNERSHIP**  
 56.16 **DEVELOPMENT PROGRAM.**

56.17 Subdivision 1. **Establishment.** A workforce and affordable homeownership development  
 56.18 program is established to award homeownership development grants and loans to cities,  
 56.19 tribal governments, nonprofit organizations, cooperatives created under chapter 308A or  
 56.20 308B, and community land trusts created for the purposes outlined in section 462A.31,  
 56.21 subdivision 1, for development of workforce and affordable homeownership projects. The  
 56.22 purpose of the program is to increase the supply of workforce and affordable, owner-occupied  
 56.23 multifamily or single-family housing throughout Minnesota.

56.24 Subd. 2. **Use of funds.** (a) Grant funds and loans awarded under this program may be  
 56.25 used for:

56.26 (1) development costs;

56.27 (2) rehabilitation;

56.28 (3) land development; and

56.29 (4) residential housing, including storm shelters and related community facilities.



57.1 (b) A project funded through ~~the grant~~ this program shall serve households that meet  
 57.2 the income limits as provided in section 462A.33, subdivision 5, unless a project is intended  
 57.3 for the purpose outlined in section 462A.02, subdivision 6.

57.4 Subd. 3. **Application.** The commissioner shall develop forms and procedures for soliciting  
 57.5 and reviewing applications for grants and loans under this section. The commissioner shall  
 57.6 consult with interested stakeholders when developing the guidelines and procedures for the  
 57.7 program. In making grants and loans, the commissioner shall establish semiannual application  
 57.8 deadlines in which grants and loans will be authorized from all or part of the available  
 57.9 appropriations.

57.10 Subd. 4. **Awarding grants and loans.** Among comparable proposals, preference must  
 57.11 be given to proposals that include contributions from nonstate resources for the greatest  
 57.12 portion of the total development cost.

57.13 Subd. 5. **Statewide program.** The agency shall attempt to make grants and loans in  
 57.14 approximately equal amounts to applicants outside and within the metropolitan area, as  
 57.15 defined under section 473.121, subdivision 2.

57.16 Subd. 6. **Report.** Beginning January 15, ~~2018~~ 2021, the commissioner must annually  
 57.17 submit a report to the chairs and ranking minority members of the senate and house of  
 57.18 representatives committees having jurisdiction over housing and workforce development  
 57.19 specifying the projects that received grants and loans under this section and the specific  
 57.20 purposes for which the grant or loan funds were used.

57.21 Subd. 7. **Workforce and affordable homeownership development account.** A  
 57.22 workforce and affordable homeownership development account is established in the housing  
 57.23 development fund. Money in the account, including interest, is appropriated to the  
 57.24 commissioner of the Housing Finance Agency for the purposes of this section. The amount  
 57.25 appropriated under this section must supplement traditional sources of funding for this  
 57.26 purpose and must not be used as a substitute or to pay debt service on bonds.

57.27 Subd. 8. **Deposits; funding amount.** (a) In fiscal years 2022 to 2032, the commissioner  
 57.28 of management and budget shall annually transfer, by September 15, an amount equal to  
 57.29 \$4,000,000 of the state's portion of the proceeds derived from the mortgage registry tax  
 57.30 imposed under section 287.035 and the deed tax imposed under section 287.21, from the  
 57.31 general fund into the workforce and affordable homeownership account in the housing  
 57.32 development fund.

57.33 (b) All loan repayments received under this section are to be deposited into the workforce  
 57.34 and affordable homeownership development account in the housing development fund.

58.1 **EFFECTIVE DATE.** This section is effective July 1, 2020.

58.2 Sec. 2. Minnesota Statutes 2018, section 469.176, is amended by adding a subdivision to  
58.3 read:

58.4 Subd. 4n. **Temporary use of increment authorized.** (a) Notwithstanding any other  
58.5 provision of this section, section 469.1763, or special law, upon the request of the  
58.6 municipality, the authority may elect, by resolution, to transfer unobligated increments from  
58.7 a district to the municipality for deposit into the municipality's general fund. The permitted  
58.8 transfer is allowed only after the spending plan and public hearing requirements under  
58.9 paragraph (c) are met. Transferred increments may be expended for any purpose the  
58.10 municipality's general fund permits.

58.11 (b) For each calendar year for which transfers are permitted under this section, the  
58.12 maximum transfer equals the excess of the district's unobligated increment which includes  
58.13 any increment not required for payments of obligations due during the six months following  
58.14 the transfer on outstanding bonds, binding contracts, and other outstanding financial  
58.15 obligations of the district to which the district's increments are pledged.

58.16 (c) The authority may undertake actions pursuant to this subdivision only after creating  
58.17 a written spending plan that authorizes the authority to take the action described in paragraph  
58.18 (a) and details the use of transferred increment. Additionally, the municipality must approve  
58.19 the authority's spending plan and modify the authority's tax increment financing plan after  
58.20 holding a public hearing. The municipality must publish notice of the hearing in a newspaper  
58.21 of general circulation in the municipality and on the municipality's public website at least  
58.22 ten days, but not more than 30 days, prior to the date of the hearing.

58.23 (d) Increment that is improperly received, spent, or transferred is not eligible for a transfer  
58.24 under this subdivision.

58.25 (e) An authority making a transfer under this subdivision must provide to the Office of  
58.26 the State Auditor a copy of the spending plan approved and signed by the municipality, as  
58.27 well as a copy of the updated tax increment financing plan.

58.28 (f) The authority to transfer increments under this subdivision expires on December 31,  
58.29 2021. All transferred increment must be spent by December 31, 2021. If the transferred  
58.30 increment cannot be spent by December 31, 2021, the municipality must adopt a plan that  
58.31 details the use of transferred increment.

59.1 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
59.2 applies to increments, unobligated as of the date of enactment, from any district, regardless  
59.3 of when the request for certification was made.

59.4 Sec. 3. Minnesota Statutes 2018, section 469.1763, subdivision 3, is amended to read:

59.5 Subd. 3. **Five-year rule.** (a) Revenues derived from tax increments paid by properties  
59.6 in the district are considered to have been expended on an activity within the district under  
59.7 subdivision 2 only if one of the following occurs:

59.8 (1) before or within five years after certification of the district, the revenues are actually  
59.9 paid to a third party with respect to the activity;

59.10 (2) bonds, the proceeds of which must be used to finance the activity, are issued and  
59.11 sold to a third party before or within five years after certification, the revenues are spent to  
59.12 repay the bonds, and the proceeds of the bonds either are, on the date of issuance, reasonably  
59.13 expected to be spent before the end of the later of (i) the five-year period, or (ii) a reasonable  
59.14 temporary period within the meaning of the use of that term under section 148(c)(1) of the  
59.15 Internal Revenue Code, or are deposited in a reasonably required reserve or replacement  
59.16 fund;

59.17 (3) binding contracts with a third party are entered into for performance of the activity  
59.18 before or within five years after certification of the district and the revenues are spent under  
59.19 the contractual obligation;

59.20 (4) costs with respect to the activity are paid before or within five years after certification  
59.21 of the district and the revenues are spent to reimburse a party for payment of the costs,  
59.22 including interest on unreimbursed costs; or

59.23 (5) expenditures are made for housing purposes as permitted by subdivision 2, paragraphs  
59.24 (b) and (d), or for public infrastructure purposes within a zone as permitted by subdivision  
59.25 2, paragraph (e).

59.26 (b) For purposes of this subdivision, bonds include subsequent refunding bonds if the  
59.27 original refunded bonds meet the requirements of paragraph (a), clause (2).

59.28 (c) For a redevelopment district or a renewal and renovation district certified after June  
59.29 30, 2003, and before April 20, 2009, the five-year periods described in paragraph (a) are  
59.30 extended to ten years after certification of the district. For a redevelopment district certified  
59.31 after April 20, 2009, and before June 30, 2012, the five-year periods described in paragraph  
59.32 (a) are extended to eight years after certification of the district. This extension is provided

60.1 primarily to accommodate delays in development activities due to unanticipated economic  
60.2 circumstances.

60.3 (d) For a redevelopment district that is located outside of the metropolitan area defined  
60.4 in section 473.121, subdivision 2, that is certified after June 30, 2020, the five-year periods  
60.5 described in paragraph (a) are extended to ten years after certification of the district.

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

60.7 Sec. 4. Minnesota Statutes 2018, section 469.1763, subdivision 4, is amended to read:

60.8 **Subd. 4. Use of revenues for decertification.** (a) In each year beginning with the sixth  
60.9 year following certification of the district, or beginning with the eleventh year following  
60.10 certification of the district for districts whose five-year rule is extended to ten years under  
60.11 subdivision 3, if the applicable in-district percent of the revenues derived from tax increments  
60.12 paid by properties in the district exceeds the amount of expenditures that have been made  
60.13 for costs permitted under subdivision 3, an amount equal to the difference between the  
60.14 in-district percent of the revenues derived from tax increments paid by properties in the  
60.15 district and the amount of expenditures that have been made for costs permitted under  
60.16 subdivision 3 must be used and only used to pay or defease the following or be set aside to  
60.17 pay the following:

60.18 (1) outstanding bonds, as defined in subdivision 3, paragraphs (a), clause (2), and (b);

60.19 (2) contracts, as defined in subdivision 3, paragraph (a), clauses (3) and (4);

60.20 (3) credit enhanced bonds to which the revenues derived from tax increments are pledged,  
60.21 but only to the extent that revenues of the district for which the credit enhanced bonds were  
60.22 issued are insufficient to pay the bonds and to the extent that the increments from the  
60.23 applicable pooling percent share for the district are insufficient; or

60.24 (4) the amount provided by the tax increment financing plan to be paid under subdivision  
60.25 2, paragraphs (b), (d), and (e).

60.26 (b) The district must be decertified and the pledge of tax increment discharged when  
60.27 the outstanding bonds have been defeased and when sufficient money has been set aside to  
60.28 pay, based on the increment to be collected through the end of the calendar year, the following  
60.29 amounts:

60.30 (1) contractual obligations as defined in subdivision 3, paragraph (a), clauses (3) and

60.31 (4);

61.1 (2) the amount specified in the tax increment financing plan for activities qualifying  
 61.2 under subdivision 2, paragraph (b), that have not been funded with the proceeds of bonds  
 61.3 qualifying under paragraph (a), clause (1); and

61.4 (3) the additional expenditures permitted by the tax increment financing plan for housing  
 61.5 activities under an election under subdivision 2, paragraph (d), that have not been funded  
 61.6 with the proceeds of bonds qualifying under paragraph (a), clause (1).

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

61.8 Sec. 5. Minnesota Statutes 2018, section 469.190, subdivision 1, is amended to read:

61.9 Subdivision 1. **Authorization.** (a) Notwithstanding section 477A.016 or any other law,  
 61.10 a statutory or home rule charter city may by ordinance, and a town may by the affirmative  
 61.11 vote of the electors at the annual town meeting, or at a special town meeting, impose a tax  
 61.12 of up to three percent on the gross receipts from the furnishing for consideration of lodging  
 61.13 at a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing  
 61.14 of it for a continuous period of 30 days or more. A statutory or home rule charter city may  
 61.15 by ordinance impose the tax authorized under this subdivision on the camping site receipts  
 61.16 of a municipal campground.

61.17 (b) Except as provided in paragraph (c), the tax imposed under this subdivision, under  
 61.18 a city charter, or under a special law applies to the entire consideration paid to obtain access  
 61.19 to lodging, including ancillary or related services, such as services provided by  
 61.20 accommodation intermediaries as defined under section 297A.61, subdivision 47, and similar  
 61.21 services.

61.22 (c) A statutory or home rule charter city upon an affirmative vote by the city council,  
 61.23 or a town by an affirmative vote by the voters at a regular or special town meeting, may  
 61.24 exempt accommodation intermediaries, as defined in section 297A.61, subdivision 47, and  
 61.25 similar services from a tax as required under paragraph (b), provided that:

61.26 (1) the taxing jurisdiction collects and administers its lodging tax; and

61.27 (2) there are ten or fewer lodging establishments located in the taxing jurisdiction.

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

61.29 Sec. 6. Minnesota Statutes 2018, section 469.190, subdivision 7, is amended to read:

61.30 Subd. 7. **Collection.** (a) The statutory or home rule charter city may agree with the  
 61.31 commissioner of revenue that a tax imposed pursuant to this section shall be collected by

62.1 the commissioner together with the tax imposed by chapter 297A, and subject to the same  
 62.2 interest, penalties, and other rules and that its proceeds, less the cost of collection, shall be  
 62.3 remitted to the city.

62.4 (b) If a tax under this section or under a special law is not collected by the commissioner  
 62.5 of revenue, the local government imposing the tax, may by ordinance, limit the required  
 62.6 filing and remittance of the tax by an accommodation intermediary, as defined in section  
 62.7 297A.61, subdivision 47, to once in every calendar year. The local government must inform  
 62.8 the accommodation intermediary of the date when the return or remittance is due and the  
 62.9 dates must coincide with one of the monthly dates for filing and remitting state sales tax  
 62.10 under chapter 297A. The local government must also provide accommodation intermediaries  
 62.11 electronically with geographic and zip code information necessary to correctly collect the  
 62.12 tax.

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

62.14 **Sec. 7. [469.1905] TEMPORARY USE OF SPECIAL TAX REVENUES.**

62.15 (a) Notwithstanding the provisions of the enabling special law, or local ordinances or  
 62.16 charter provisions, a city, town, or county may, subject to the limitations in paragraph (b)  
 62.17 and the notice and hearing requirements in paragraph (c), use the revenues for any allowed  
 62.18 municipal purpose, from the following local taxes enacted before 1972, imposed pursuant  
 62.19 to section 297A.993, or imposed under a special law:

62.20 (1) a general local sales tax;

62.21 (2) a food and beverage tax;

62.22 (3) a liquor tax;

62.23 (4) an amusement tax;

62.24 (5) an admissions tax; or

62.25 (6) a lodging tax, other than a lodging tax imposed under section 469.190.

62.26 (b) The amount of local taxes used by the municipality for purposes other than the  
 62.27 purposes allowed under the enabling special law or other ordinance or charter provisions  
 62.28 is limited in any calendar quarter to the amount of local taxes raised in excess of the sum  
 62.29 of:

62.30 (1) required payments of obligations due during the calendar quarter following the  
 62.31 transfer on outstanding bonds and binding contracts to which the revenues from the local  
 62.32 taxes are pledged; plus

63.1 (2) the amount of revenues from any lodging taxes under paragraph (a) that are required  
 63.2 to be used for the same purposes as a lodging tax imposed under section 469.190, subdivision  
 63.3 3.

63.4 (c) The municipality may undertake actions pursuant to this subdivision only after  
 63.5 approving a written spending plan that authorizes the municipality to take the action described  
 63.6 in paragraph (a) and details the use of transferred special tax revenues. The municipality  
 63.7 must approve the spending plan after holding a public hearing. The municipality must  
 63.8 publish notice of the hearing in a newspaper of general circulation in the municipality and  
 63.9 on the municipality's public website at least ten days, but not more than 30 days, prior to  
 63.10 the date of the hearing.

63.11 (d) This section expires on December 31, 2021.

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

63.13 **Sec. 8. LOCAL SALES TAX CRITERIA WORKING GROUP.**

63.14 Subdivision 1. **Working group established; purpose.** A local sales tax criteria working  
 63.15 group is established to develop definitions and criteria for evaluating local sales tax proposals  
 63.16 under Minnesota Statutes, section 297A.99, subdivisions 1a and 2. The goals of the working  
 63.17 group are to (1) identify specific types of capital projects that could potentially be deemed  
 63.18 as regionally significant, and (2) develop criteria for each type of project to use to determine  
 63.19 regional significance for purposes of granting a local sales tax as the funding mechanism  
 63.20 for the project.

63.21 Subd. 2. **Working group members.** The local sales tax criteria working group consists  
 63.22 of the following members:

63.23 (1) the commissioner of revenue or the commissioner's designee;

63.24 (2) one member appointed by the League of Minnesota Cities;

63.25 (3) one member appointed by the Association of Minnesota Counties;

63.26 (4) one member appointed by the Minnesota Association of Townships;

63.27 (5) one member appointed by the Minnesota Small City Association;

63.28 (6) one member appointed by the Coalition of Greater Minnesota Cities;

63.29 (7) one member appointed by the Association of Metropolitan Municipalities; and

63.30 (8) four public members appointed by the governor representing both metropolitan and  
 63.31 greater Minnesota, two members who represent the interests of residents of small cities and

64.1 rural areas with little retail base, one member who represents the interests of main street  
64.2 retailers, and one member who represents the interests of online retailers.

64.3 Subd. 3. Working group duties. (a) The working group shall make recommendations  
64.4 regarding lists and criteria that (1) are useful for local governments when making decisions  
64.5 on whether a capital project is a candidate for being funded through a local sales tax, and  
64.6 (2) provide the legislature with consistent standards for evaluating and approving the types  
64.7 of projects funded with local sales taxes.

64.8 (b) At a minimum, the working group must:

64.9 (1) develop a list of specific types of capital projects that could be considered regionally  
64.10 significant if they meet certain criteria, including a description of the project type and any  
64.11 information necessary to determine the scope of one rather than multiple projects;

64.12 (2) develop a list of capital projects that will generally not be considered projects of  
64.13 regional significance, either because the main purpose of the capital project is to serve the  
64.14 needs of the resident population and would be constructed absent any use by persons outside  
64.15 of the jurisdiction, or because the capital project is one provided by most local governments  
64.16 and generally funded in other jurisdictions in the state through property taxes or other sources  
64.17 of revenue other than a local sales tax; and

64.18 (3) for each type of capital project on the list developed under clause (1), develop  
64.19 minimum criteria for local government to meet to ensure the project is considered regionally  
64.20 significant. Criteria includes but is not limited to:

64.21 (i) documentation of some percentage of regular use of the facility by persons residing  
64.22 outside of the local taxing district;

64.23 (ii) a joint powers or other facility sharing arrangement with surrounding jurisdictions;

64.24 (iii) documentation of the absence of any other facility within a specified distance that  
64.25 could meet the same need; or

64.26 (iv) other information identified by the working group.

64.27 Measures of potential future economic or tourism development may not be used as the main  
64.28 criteria for determining regional significance.

64.29 (c) The working group must develop statutory language necessary to effectuate the  
64.30 group's recommendations. The recommendations must be included in the report under  
64.31 subdivision 5.



65.1 Subd. 4. **Administration.** (a) Each appointing authority under subdivision 2 must make  
65.2 appointments and notify the commissioner of revenue by September 1, 2020.

65.3 (b) The commissioner of revenue or the commissioner's designee must convene the  
65.4 initial meeting of the working group no later than October 1, 2020. At the initial meeting,  
65.5 the members of the working group must elect a chair or cochair from among the working  
65.6 group members.

65.7 (c) Upon request of the working group, the Department of Revenue must use existing  
65.8 resources to provide data, information, meeting space, and administrative services to the  
65.9 working group. The working group may also use nonpartisan legislative staff, and staff  
65.10 from any of the appointing authorities, except the governor's office, to provide information,  
65.11 drafting, and other support necessary to fulfill its duties.

65.12 (d) Members of the working group serve without compensation or payment of expenses.

65.13 Subd. 5. **Report.** By July 31, 2021, the working group must submit a report to the chairs,  
65.14 ranking minority members, and staff of the legislative committees with jurisdiction over  
65.15 local sales taxes. The report must contain at minimum:

65.16 (1) a recommended list of types of capital projects presumed to potentially meet a  
65.17 definition of regional significance for purposes of funding with a local sales tax;

65.18 (2) a recommended list of types of capital projects presumed not to meet a definition of  
65.19 regional significance for purposes of funding the project with a local sales tax;

65.20 (3) a recommended set of data and supporting documentation used to indicate the level  
65.21 of regional significance for each type of project listed in clause (1); and

65.22 (4) proposed language needed to incorporate the recommendations of clauses (1) to (3)  
65.23 into Minnesota Statutes.

65.24 Subd. 6. **Expiration date.** The working group under this section expires December 31,  
65.25 2021, or upon submission of the report required under subdivision 5, whichever is earlier.

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

65.27 Sec. 9. **WAIVER OF FEE FOR PAYMENT AGREEMENTS.**

65.28 The commissioner of revenue may waive the required fee for entering into a payment  
65.29 agreement under Minnesota Statutes, section 270C.52, subdivision 2, paragraph (h). The  
65.30 commissioner's authority to waive the fee under this section expires on June 30, 2022.

66.1 **EFFECTIVE DATE.** This section is effective for payment agreements entered into  
 66.2 after the date of final enactment and before July 1, 2022.

66.3 Sec. 10. **TAX EXPENDITURE STATEMENT OF PURPOSE.**

66.4 (a) In accordance with the requirements in Minnesota Statutes, section 3.192, the purpose  
 66.5 and goals for the tax expenditures in this article are listed in this section.

66.6 (b) The purpose of the volunteer driver reimbursement subtraction established in article  
 66.7 3, section 4, the amendment adding Minnesota Statutes, section 290.0132, subdivision 32,  
 66.8 is to encourage Minnesotans to volunteer as drivers for charitable organizations, and to treat  
 66.9 for-profit and nonprofit driver reimbursements consistently.

66.10 (c) The purpose of the sales tax exemptions for local government facilities established  
 66.11 in article 5, section 2, the amendment to Minnesota Statutes 2019 Supplement, section  
 66.12 297A.71, subdivision 52, is to reduce local government costs in providing public safety  
 66.13 services.

66.14 (d) The purpose of the sales tax exemptions for properties destroyed or damaged by a  
 66.15 fire established in article 5, section 3, the amendment adding Minnesota Statutes, section  
 66.16 297A.71, subdivision 53, is to provide emergency relief due to a fire.

## 66.17 **ARTICLE 7**

### 66.18 **DEPARTMENT OF REVENUE POLICY AND TECHNICAL:** 66.19 **INCOME AND CORPORATE FRANCHISE TAXES**

66.20 Section 1. Minnesota Statutes 2019 Supplement, section 289A.08, subdivision 7, is  
 66.21 amended to read:

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

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

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

67.5 (d) The electing partner must not have any Minnesota source income other than the  
67.6 income from the partnership and other electing partnerships. If it is determined that the  
67.7 electing partner has other Minnesota source income, the inclusion of the income and tax  
67.8 liability for that partner under this provision will not constitute a return to satisfy the  
67.9 requirements of subdivision 1. The tax paid for the individual as part of the composite return  
67.10 is allowed as a payment of the tax by the individual on the date on which the composite  
67.11 return payment was made. If the electing nonresident partner has no other Minnesota source  
67.12 income, filing of the composite return is a return for purposes of subdivision 1.

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

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

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

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

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

67.32 (j) For the purposes of this subdivision, "income" means the partner's share of federal  
67.33 adjusted gross income from the partnership modified by the additions provided in section  
67.34 290.0131, subdivisions 8 to 10 ~~and~~, 16, and 17, and the subtractions provided in: (1) section

68.1 290.0132, ~~subdivision~~ subdivisions 9, 27, and 28, to the extent the amount is assignable or  
 68.2 allocable to Minnesota under section 290.17; and (2) section 290.0132, subdivision 14. The  
 68.3 subtraction allowed under section 290.0132, subdivision 9, is only allowed on the composite  
 68.4 tax computation to the extent the electing partner would have been allowed the subtraction.

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

68.7 Sec. 2. Minnesota Statutes 2019 Supplement, section 290.0121, subdivision 3, is amended  
 68.8 to read:

68.9 Subd. 3. **Inflation adjustment.** For taxable years beginning after December 31, 2019,  
 68.10 the commissioner must adjust for inflation the exemption amount in subdivision 1, paragraph  
 68.11 (a), clause (1), and the threshold amounts in subdivision 2, as provided in section 270C.22.  
 68.12 The statutory year is taxable year 2019. The amounts as adjusted must be rounded down to  
 68.13 the nearest \$50 amount. ~~If the amount ends in \$25, the amount is rounded down to the~~  
 68.14 ~~nearest \$50 amount.~~ The threshold amount for married individuals filing separate returns  
 68.15 must be one-half of the adjusted amount for married individuals filing joint returns.

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

68.17 Sec. 3. Minnesota Statutes 2019 Supplement, section 290.0122, subdivision 8, is amended  
 68.18 to read:

68.19 Subd. 8. **Losses.** A taxpayer is allowed a deduction for losses. ~~The deduction equals the~~  
 68.20 ~~amount~~ allowed under ~~sections 165(d) and~~ section 165(a) of the Internal Revenue Code,  
 68.21 including the limitation provided by section 67(b)(3) of the Internal Revenue Code, for the  
 68.22 following:

68.23 (1) losses described in paragraph (2) or (3) of section 165(c) of the Internal Revenue  
 68.24 Code, including the provisions of section 165(h) of the Internal Revenue Code, but  
 68.25 disregarding the limitation on personal casualty losses in paragraph (h)(5); and

68.26 (2) losses described in section 165(d) of the Internal Revenue Code.

68.27 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
 68.28 after December 31, 2018.

69.1 Sec. 4. Minnesota Statutes 2019 Supplement, section 290.191, subdivision 5, is amended  
69.2 to read:

69.3 Subd. 5. **Determination of sales factor.** For purposes of this section, the following rules  
69.4 apply in determining the sales factor.

69.5 (a) The sales factor includes all sales, gross earnings, or receipts received in the ordinary  
69.6 course of the business, except that the following types of income are not included in the  
69.7 sales factor:

69.8 (1) interest;

69.9 (2) dividends;

69.10 (3) sales of capital assets as defined in section 1221 of the Internal Revenue Code;

69.11 (4) sales of property used in the trade or business, except sales of leased property of a  
69.12 type which is regularly sold as well as leased; ~~and~~

69.13 (5) sales of debt instruments as defined in section 1275(a)(1) of the Internal Revenue  
69.14 Code or sales of stock; and

69.15 (6) receipts from trading options, futures contracts, forward contracts, foreign currency  
69.16 transactions, and notional principal contracts such as currency and equity swaps.

69.17 (b) Sales of tangible personal property are made within this state if the property is  
69.18 received by a purchaser at a point within this state, regardless of the f.o.b. point, other  
69.19 conditions of the sale, or the ultimate destination of the property.

69.20 (c) Tangible personal property delivered to a common or contract carrier or foreign  
69.21 vessel for delivery to a purchaser in another state or nation is a sale in that state or nation,  
69.22 regardless of f.o.b. point or other conditions of the sale.

69.23 (d) Notwithstanding paragraphs (b) and (c), when intoxicating liquor, wine, fermented  
69.24 malt beverages, cigarettes, or tobacco products are sold to a purchaser who is licensed by  
69.25 a state or political subdivision to resell this property only within the state of ultimate  
69.26 destination, the sale is made in that state.

69.27 (e) Sales made by or through a corporation that is qualified as a domestic international  
69.28 sales corporation under section 992 of the Internal Revenue Code are not considered to have  
69.29 been made within this state.

69.30 (f) Sales, rents, royalties, and other income in connection with real property is attributed  
69.31 to the state in which the property is located.

70.1 (g) Receipts from the lease or rental of tangible personal property, including finance  
70.2 leases and true leases, must be attributed to this state if the property is located in this state  
70.3 and to other states if the property is not located in this state. Receipts from the lease or rental  
70.4 of moving property including, but not limited to, motor vehicles, rolling stock, aircraft,  
70.5 vessels, or mobile equipment are included in the numerator of the receipts factor to the  
70.6 extent that the property is used in this state. The extent of the use of moving property is  
70.7 determined as follows:

70.8 (1) A motor vehicle is used wholly in the state in which it is registered.

70.9 (2) The extent that rolling stock is used in this state is determined by multiplying the  
70.10 receipts from the lease or rental of the rolling stock by a fraction, the numerator of which  
70.11 is the miles traveled within this state by the leased or rented rolling stock and the denominator  
70.12 of which is the total miles traveled by the leased or rented rolling stock.

70.13 (3) The extent that an aircraft is used in this state is determined by multiplying the  
70.14 receipts from the lease or rental of the aircraft by a fraction, the numerator of which is the  
70.15 number of landings of the aircraft in this state and the denominator of which is the total  
70.16 number of landings of the aircraft.

70.17 (4) The extent that a vessel, mobile equipment, or other mobile property is used in the  
70.18 state is determined by multiplying the receipts from the lease or rental of the property by a  
70.19 fraction, the numerator of which is the number of days during the taxable year the property  
70.20 was in this state and the denominator of which is the total days in the taxable year.

70.21 (h) Royalties and other income received for the use of or for the privilege of using  
70.22 intangible property, including patents, know-how, formulas, designs, processes, patterns,  
70.23 copyrights, trade names, service names, franchises, licenses, contracts, customer lists, or  
70.24 similar items, must be attributed to the state in which the property is used by the purchaser.  
70.25 If the property is used in more than one state, the royalties or other income must be  
70.26 apportioned to this state pro rata according to the portion of use in this state. If the portion  
70.27 of use in this state cannot be determined, the royalties or other income must be excluded  
70.28 from both the numerator and the denominator. Intangible property is used in this state if the  
70.29 purchaser uses the intangible property or the rights therein in the regular course of its business  
70.30 operations in this state, regardless of the location of the purchaser's customers.

70.31 (i) Sales of intangible property are made within the state in which the property is used  
70.32 by the purchaser. If the property is used in more than one state, the sales must be apportioned  
70.33 to this state pro rata according to the portion of use in this state. If the portion of use in this  
70.34 state cannot be determined, the sale must be excluded from both the numerator and the

71.1 denominator of the sales factor. Intangible property is used in this state if the purchaser used  
71.2 the intangible property in the regular course of its business operations in this state.

71.3 (j) Receipts from the performance of services must be attributed to the state where the  
71.4 services are received. For the purposes of this section, receipts from the performance of  
71.5 services provided to a corporation, partnership, or trust may only be attributed to a state  
71.6 where it has a fixed place of doing business. If the state where the services are received is  
71.7 not readily determinable or is a state where the corporation, partnership, or trust receiving  
71.8 the service does not have a fixed place of doing business, the services shall be deemed to  
71.9 be received at the location of the office of the customer from which the services were ordered  
71.10 in the regular course of the customer's trade or business. If the ordering office cannot be  
71.11 determined, the services shall be deemed to be received at the office of the customer to  
71.12 which the services are billed.

71.13 (k) For the purposes of this subdivision and subdivision 6, paragraph (l), receipts from  
71.14 management, distribution, or administrative services performed by a person or corporation  
71.15 for a fund of a person or corporation regulated under United States Code, title 15, chapter  
71.16 2D, subchapter I, must be attributed to the state where the shareholder of the fund resides.  
71.17 Under this paragraph, receipts for services attributed to shareholders are determined on the  
71.18 basis of the ratio of: (1) the average of the outstanding shares in the fund owned by  
71.19 shareholders residing within Minnesota at the beginning and end of each year; and (2) the  
71.20 average of the total number of outstanding shares in the fund at the beginning and end of  
71.21 each year. Residence of the shareholder, in the case of an individual, is determined by the  
71.22 mailing address furnished by the shareholder to the fund. Residence of the shareholder,  
71.23 when the shares are held by an insurance company as a depositor for the insurance company  
71.24 policyholders, is the mailing address of the policyholders. In the case of an insurance  
71.25 company holding the shares as a depositor for the insurance company policyholders, if the  
71.26 mailing address of the policyholders cannot be determined by the taxpayer, the receipts  
71.27 must be excluded from both the numerator and denominator. Residence of other shareholders  
71.28 is the mailing address of the shareholder.

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

71.30 Sec. 5. Minnesota Statutes 2019 Supplement, section 290.92, subdivision 5, is amended  
71.31 to read:

71.32 Subd. 5. **Exemptions Allowances.** ~~(1) Entitlement.~~ (a) An employee receiving wages  
71.33 shall on any day be entitled to claim withholding ~~exemptions~~ allowances in a number not  
71.34 to exceed the number of withholding ~~exemptions~~ allowances that the employee claims and

72.1 that are allowable pursuant to section 3402(f)(1), (m), and (n) of the Internal Revenue Code  
 72.2 for federal withholding purposes, except under paragraph (b), clause (1). Allowances must  
 72.3 be computed in the form and manner prescribed by the commissioner.

72.4 (b) Allowances allowed equal:

72.5 (1) the allowances allowed under section 3402(f)(1) of the Internal Revenue Code,  
 72.6 except:

72.7 (i) withholding allowances under section 3402(f)(1)(C) and (D) of the Internal Revenue  
 72.8 Code are not allowed; and

72.9 (ii) the amount allowed for the standard deduction under section 3402(f)(1)(E) of the  
 72.10 Internal Revenue Code is the amount allowed under section 290.0123;

72.11 (2) the amount allowed under section 290.0121;

72.12 (3) estimated itemized deductions allowable under section 290.0122, but only if the  
 72.13 employee's spouse does not have in effect a withholding certificate electing this allowance;  
 72.14 and

72.15 (4) any additional allowances, at the discretion of the commissioner, that are in the best  
 72.16 interests of determining the proper amount to withhold for the payment of taxes under this  
 72.17 chapter.

72.18 ~~(i) the standard deduction amount for the purposes of section 3402(f)(1)(E) of the Internal~~  
 72.19 ~~Revenue Code shall be the amount calculated under section 290.0123, subdivision 1; and~~

72.20 ~~(ii) the exemption amount for the purposes of section 3402(f)(1)(A) of the Internal~~  
 72.21 ~~Revenue Code shall be the amount calculated under section 290.0121, subdivision 1.~~

72.22 ~~(2) **Withholding exemption certificate.** (c) The provisions concerning exemption~~  
 72.23 ~~certificates contained in section 3402(f)(2) and (3) of the Internal Revenue Code shall apply.~~

72.24 ~~(3) **Form of certificate.** (d) Withholding exemption certificates shall be in such form~~  
 72.25 ~~and contain such information as the commissioner may by rule prescribe.~~

72.26 (e) An employer is not required to deduct and withhold tax under this chapter if an  
 72.27 employee certifies that the employee will incur no tax liability under section 3402(n) of the  
 72.28 Internal Revenue Code.

72.29 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 72.30 31, 2019.



73.1 Sec. 6. Minnesota Statutes 2019 Supplement, section 290.993, is amended to read:

73.2 **290.993 SPECIAL LIMITED ADJUSTMENT.**

73.3 (a) For an individual ~~income taxpayer subject to tax under section 290.06, subdivision~~  
 73.4 ~~2e, estate, or trust,~~ or a partnership that elects to file a composite return under section  
 73.5 289A.08, subdivision 7, for taxable years beginning after December 31, 2017, and before  
 73.6 January 1, 2019, the following special rules apply:

73.7 (1) an individual income taxpayer may: (i) take the standard deduction; or (ii) make an  
 73.8 election under section 63(e) of the Internal Revenue Code to itemize, for Minnesota individual  
 73.9 income tax purposes, regardless of the choice made on their federal return; and

73.10 (2) there is an adjustment to tax equal to the difference between the tax calculated under  
 73.11 this chapter using the Internal Revenue Code as amended through December 16, 2016, and  
 73.12 the tax calculated under this chapter using the Internal Revenue Code amended through  
 73.13 December 31, 2018, before the application of credits. The end result must be zero additional  
 73.14 tax due or refund.

73.15 (b) The adjustment in paragraph (a), clause (2), does not apply to any changes due to  
 73.16 sections 11012, 13101, 13201, 13202, 13203, 13204, 13205, 13207, 13301, 13302, 13303,  
 73.17 13313, 13502, 13503, 13801, 14101, 14102, 14211 through 14215, and 14501 of Public  
 73.18 Law 115-97; and section 40411 of Public Law 115-123.

73.19 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
 73.20 after December 31, 2017, and before January 1, 2019.

73.21 **ARTICLE 8**

73.22 **DEPARTMENT OF REVENUE POLICY AND TECHNICAL:**  
 73.23 **PROPERTY TAXES**

73.24 Section 1. Minnesota Statutes 2018, section 270.41, subdivision 3a, is amended to read:

73.25 Subd. 3a. **Report on disciplinary actions.** ~~Each odd-numbered year,~~ When issuing the  
 73.26 report required under section 214.07, the board must ~~publish a report detailing~~ include the  
 73.27 number and types of disciplinary actions recommended by the commissioner of revenue  
 73.28 under section 273.0645, subdivision 2, and the disposition of those recommendations by  
 73.29 the board. The report must be presented to the house of representatives and senate committees  
 73.30 with jurisdiction over property taxes by February 1 of each odd-numbered year in addition  
 73.31 to the recipients required under section 214.07.

73.32 **EFFECTIVE DATE.** This section is effective for reports issued in 2020 and thereafter.

74.1 Sec. 2. Minnesota Statutes 2018, section 272.029, subdivision 2, is amended to read:

74.2 Subd. 2. **Definitions.** (a) For the purposes of this section:

74.3 (1) "wind energy conversion system" has the meaning given in section 216C.06,  
74.4 subdivision 19, and also includes a substation that is used and owned by one or more wind  
74.5 energy conversion facilities;

74.6 (2) "large scale wind energy conversion system" means a wind energy conversion system  
74.7 of more than 12 megawatts, as measured by the nameplate capacity of the system or as  
74.8 combined with other systems as provided in paragraph (b);

74.9 (3) "medium scale wind energy conversion system" means a wind energy conversion  
74.10 system of over two and not more than 12 megawatts, as measured by the nameplate capacity  
74.11 of the system or as combined with other systems as provided in paragraph (b); and

74.12 (4) "small scale wind energy conversion system" means a wind energy conversion system  
74.13 of two megawatts and under, as measured by the nameplate capacity of the system or as  
74.14 combined with other systems as provided in paragraph (b).

74.15 (b) For systems installed and contracted for after January 1, 2002, the total size of a  
74.16 wind energy conversion system under this subdivision shall be determined according to this  
74.17 paragraph. Unless the systems are interconnected with different distribution systems, the  
74.18 nameplate capacity of one wind energy conversion system shall be combined with the  
74.19 nameplate capacity of any other wind energy conversion system that is:

74.20 (1) located within five miles of the wind energy conversion system;

74.21 (2) constructed within the same 12-month period as the wind energy conversion system;  
74.22 and

74.23 (3) under common ownership.

74.24 In the case of a dispute, the commissioner of commerce shall determine the total size of the  
74.25 system, and shall draw all reasonable inferences in favor of combining the systems.

74.26 For the purposes of making a determination under this paragraph, the original construction  
74.27 date of an existing wind energy conversion system is not changed if the system is replaced,  
74.28 repaired, or otherwise maintained or altered.

74.29 (c) In making a determination under paragraph (b), the commissioner of commerce may  
74.30 determine that two wind energy conversion systems are under common ownership when  
74.31 the underlying ownership structure contains similar persons or entities, even if the ownership  
74.32 shares differ between the two systems. Wind energy conversion systems are not under

75.1 common ownership solely because the same person or entity provided equity financing for  
75.2 the systems.

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

75.4 Sec. 3. Minnesota Statutes 2018, section 272.0295, subdivision 2, is amended to read:

75.5 Subd. 2. **Definitions.** (a) For the purposes of this section, the term "solar energy  
75.6 generating system" means a set of devices whose primary purpose is to produce electricity  
75.7 by means of any combination of collecting, transferring, or converting solar generated  
75.8 energy.

75.9 (b) The total size of a solar energy generating system under this subdivision shall be  
75.10 determined according to this paragraph. Unless the systems are interconnected with different  
75.11 distribution systems, the nameplate capacity of a solar energy generating system shall be  
75.12 combined with the nameplate capacity of any other solar energy generating system that:

75.13 (1) is constructed within the same 12-month period as the solar energy generating system;  
75.14 and

75.15 (2) exhibits characteristics of being a single development, including but not limited to  
75.16 ownership structure, an umbrella sales arrangement, shared interconnection, revenue-sharing  
75.17 arrangements, and common debt or equity financing.

75.18 In the case of a dispute, the commissioner of commerce shall determine the total size of the  
75.19 system and shall draw all reasonable inferences in favor of combining the systems.

75.20 For the purposes of making a determination under this paragraph, the original construction  
75.21 date of an existing solar energy conversion system is not changed if the system is replaced,  
75.22 repaired, or otherwise maintained or altered.

75.23 (c) In making a determination under paragraph (b), the commissioner of commerce may  
75.24 determine that two solar energy generating systems are under common ownership when the  
75.25 underlying ownership structure contains similar persons or entities, even if the ownership  
75.26 shares differ between the two systems. Solar energy generating systems are not under  
75.27 common ownership solely because the same person or entity provided equity financing for  
75.28 the systems.

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

76.1 Sec. 4. Minnesota Statutes 2018, section 272.0295, subdivision 5, is amended to read:

76.2 Subd. 5. **Notification of tax.** (a) On or before February 28, the commissioner of revenue  
76.3 shall notify the owner of each solar energy generating system of the tax due to each county  
76.4 for the current year and shall certify to the county auditor of each county in which the system  
76.5 is located the tax due from each owner for the current year.

76.6 (b) If the commissioner of revenue determines that the amount of production tax has  
76.7 been erroneously calculated, the commissioner may correct the error. The commissioner  
76.8 must notify the owner of the solar energy generating system of the correction and the amount  
76.9 of tax due to each county and must certify the correction to the county auditor of each county  
76.10 in which the system is located on or before April 1 of the current year. The commissioner  
76.11 may correct errors that are clerical in nature until December 31.

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

76.13 Sec. 5. Minnesota Statutes 2018, section 273.063, is amended to read:

76.14 **273.063 APPLICATION; LIMITATIONS.**

76.15 The provisions of sections 272.161, 273.061, 273.062, 273.063, 273.072, 273.08, 273.10,  
76.16 274.01, and 375.192 shall apply to all counties except Ramsey County. The following  
76.17 limitations shall apply as to the extent of the county assessors jurisdiction:

76.18 In counties having a city of the first class, the powers and duties of the county assessor  
76.19 within such city shall be performed by the duly appointed city assessor. In all other cities  
76.20 having a population of 30,000 persons or more, according to the last preceding federal  
76.21 census, except in counties having a county assessor on January 1, 1967, the powers and  
76.22 duties of the county assessor within such cities shall be performed by the duly appointed  
76.23 city assessor, provided that the county assessor shall retain the supervisory duties contained  
76.24 in section 273.061, subdivision 8. For purposes of this section, "powers and duties" means  
76.25 the powers and duties identified in section 273.061, subdivision 8, clauses (5) to (16).

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

76.27 Sec. 6. Minnesota Statutes 2019 Supplement, section 273.0755, is amended to read:

76.28 **273.0755 TRAINING AND EDUCATION OF PROPERTY TAX PERSONNEL.**

76.29 (a) Beginning with the four-year period starting on July 1, ~~2000~~ 2020, every person  
76.30 licensed by the state Board of Assessors at the Accredited Minnesota Assessor level or  
76.31 higher, shall successfully complete ~~a weeklong Minnesota laws course~~ 30 hours of  
76.32 educational coursework on Minnesota laws, assessment administration, and administrative

77.1 procedures sponsored by the Department of Revenue ~~at least once~~ in every four-year period.

77.2 ~~An assessor need not attend the course if they successfully pass the test for the course.~~

77.3 (b) The commissioner of revenue may require that each county, and each city for which  
77.4 the city assessor performs the duties of county assessor, have (1) a person on the assessor's  
77.5 staff who is certified by the Department of Revenue in sales ratio calculations, (2) an officer  
77.6 or employee who is certified by the Department of Revenue in tax calculations, and (3) an  
77.7 officer or employee who is certified by the Department of Revenue in the proper preparation  
77.8 of information reported to the commissioner under section 270C.85, subdivision 2, clause  
77.9 (4). Certifications under this paragraph expire after four years.

77.10 (c) Beginning with the four-year educational licensing period starting on July 1, 2004,  
77.11 every Minnesota assessor licensed by the State Board of Assessors must attend and participate  
77.12 in a seminar that focuses on ethics, professional conduct and the need for standardized  
77.13 assessment practices developed and presented by the commissioner of revenue. This  
77.14 requirement must be met at least once in every subsequent four-year period. This requirement  
77.15 applies to all assessors licensed for one year or more in the four-year period.

77.16 (d) When the commissioner of revenue determines that an individual or board that  
77.17 performs functions related to property tax administration has performed those functions in  
77.18 a manner that is not uniform or equitable, the commissioner may require that the individual  
77.19 or members of the board complete supplemental training. The commissioner may not require  
77.20 that an individual complete more than 32 hours of supplemental training pursuant to this  
77.21 paragraph. If the individual is required to complete supplemental training due to that  
77.22 individual's membership on a local or county board of appeal and equalization, the  
77.23 commissioner may not require that the individual complete more than two hours of  
77.24 supplemental training.

77.25 **EFFECTIVE DATE.** This section is effective for the four-year licensing period starting  
77.26 on July 1, 2020, and thereafter.

77.27 Sec. 7. Minnesota Statutes 2019 Supplement, section 273.124, subdivision 14, is amended  
77.28 to read:

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

77.32 (1) the parcel on which the house is located is contiguous on at least two sides to (i)  
77.33 agricultural land, (ii) land owned or administered by the United States Fish and Wildlife

78.1 Service, or (iii) land administered by the Department of Natural Resources on which in lieu  
78.2 taxes are paid under sections 477A.11 to 477A.14 or section 477A.17;

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

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

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

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

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

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

78.19 (2) the owner, the owner's spouse, or a grandchild, child, sibling, or parent of the owner  
78.20 or of the owner's spouse, is actively farming the agricultural property, either on the person's  
78.21 own behalf as an individual or on behalf of a partnership operating a family farm, family  
78.22 farm corporation, joint family farm venture, or limited liability company of which the person  
78.23 is a partner, shareholder, or member;

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

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

78.28 (5) neither the owner nor the person actively farming the agricultural property lives  
78.29 farther than four townships or cities, or a combination of four townships or cities, from the  
78.30 agricultural property, except that if the owner or the owner's spouse is required to live in  
78.31 employer-provided housing, the owner or owner's spouse, whichever is actively farming  
78.32 the agricultural property, may live more than four townships or cities, or combination of  
78.33 four townships or cities from the agricultural property.

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

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

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

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

79.14 (d) Agricultural land used for purposes of a homestead and actively farmed by a person  
79.15 holding a vested remainder interest in it must be classified as a homestead under section  
79.16 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other  
79.17 dwellings on the land used for purposes of a homestead by persons holding vested remainder  
79.18 interests who are actively engaged in farming the property, and up to one acre of the land  
79.19 surrounding each homestead and reasonably necessary for the use of the dwelling as a home,  
79.20 must also be assessed class 2a.

79.21 (e) Agricultural land and buildings that were class 2a homestead property under section  
79.22 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain classified as  
79.23 agricultural homesteads for subsequent assessments if:

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

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

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

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

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

80.6 (f) Agricultural land and buildings that were class 2a homestead property under section  
80.7 273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain classified  
80.8 agricultural homesteads for subsequent assessments if:

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

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

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

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

80.17 (5) the owner notifies the county assessor that the relocation was due to a March 29,  
80.18 1998, tornado, and the owner furnishes the assessor any information deemed necessary by  
80.19 the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the  
80.20 owner must notify the assessor by December 1, 1998. Further notifications to the assessor  
80.21 are not required if the property continues to meet all the requirements in this paragraph and  
80.22 any dwellings on the agricultural land remain uninhabited.

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

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

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

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



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

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

81.5 Homestead treatment applies under this paragraph even if:

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

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

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

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

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

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

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

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

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

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

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

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

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

82.11 (i) Agricultural land and buildings that were class 2a homestead property under section  
82.12 273.13, subdivision 23, paragraph (a), for the 2007 assessment shall remain classified  
82.13 agricultural homesteads for subsequent assessments if:

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

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

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

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

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

82.28 (j) Agricultural land and buildings that were class 2a homestead property under section  
82.29 273.13, subdivision 23, paragraph (a), for the 2008 assessment shall remain classified as  
82.30 agricultural homesteads for subsequent assessments if:

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

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

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

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

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

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

83.13 Sec. 8. Minnesota Statutes 2019 Supplement, section 273.18, is amended to read:

83.14 **273.18 LISTING, VALUATION, AND ASSESSMENT OF EXEMPT PROPERTY**  
83.15 **BY COUNTY AUDITORS.**

83.16 (a) In every sixth year after the year 2010, the county auditor shall enter the description  
83.17 of each tract of real property exempt by law from taxation, with the name of the owner, and  
83.18 the assessor shall value and assess the same in the same manner that other real property is  
83.19 valued and assessed, and shall designate in each case the purpose for which the property is  
83.20 used.

83.21 (b) The county auditor shall include in the exempt property information that the  
83.22 commissioner may require under section 270C.85, subdivision 2, clause (4), the total number  
83.23 of acres of all natural resources lands for which in lieu payments are made under sections  
83.24 477A.11 to 477A.14 and 477A.17. The assessor shall estimate its market value, provided  
83.25 that if the assessor is not able to estimate the market value of the land on a per parcel basis,  
83.26 the assessor shall furnish the commissioner of revenue with an estimate of the average value  
83.27 per acre of this land within the county.

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

83.29 Sec. 9. Minnesota Statutes 2018, section 287.04, is amended to read:

83.30 **287.04 EXEMPTIONS.**

83.31 The tax imposed by section 287.035 does not apply to:

- 84.1 ~~(a)~~ (1) a decree of marriage dissolution or an instrument made pursuant to it;
- 84.2 ~~(b)~~ (2) a mortgage given to correct a misdescription of the mortgaged property;
- 84.3 ~~(c)~~ (3) a mortgage or other instrument that adds additional security for the same debt
- 84.4 for which mortgage registry tax has been paid;
- 84.5 ~~(d)~~ (4) a contract for the conveyance of any interest in real property, including a contract
- 84.6 for deed;
- 84.7 ~~(e)~~ (5) a mortgage secured by real property subject to the minerals production tax of
- 84.8 sections 298.24 to 298.28;
- 84.9 ~~(f) The principal amount of~~ (6) a mortgage loan made under a low and moderate income
- 84.10 housing program, or other affordable housing program, if: (i) the mortgagee is a federal,
- 84.11 state, or local government agency; or (ii) the assignee is a federal, state, or local government
- 84.12 agency;
- 84.13 ~~(g)~~ (7) mortgages granted by fraternal benefit societies subject to section 64B.24;
- 84.14 ~~(h)~~ (8) a mortgage amendment or extension, as defined in section 287.01;
- 84.15 ~~(i)~~ (9) an agricultural mortgage if the proceeds of the loan secured by the mortgage are
- 84.16 used to acquire or improve real property classified under section 273.13, subdivision 23,
- 84.17 paragraph (a) or (b); and
- 84.18 ~~(j)~~ (10) a mortgage on an armory building as set forth in section 193.147.

84.19 **EFFECTIVE DATE.** This section is effective for mortgages recorded after July 31,

84.20 2020.

84.21 Sec. 10. Minnesota Statutes 2018, section 477A.10, is amended to read:

84.22 **477A.10 NATURAL RESOURCES LAND PAYMENTS IN LIEU; PURPOSE.**

84.23 The purposes of sections 477A.11 to 477A.14 and 477A.17 are:

- 84.24 (1) to compensate local units of government for the loss of tax base from state ownership
- 84.25 of land and the need to provide services for state land;
- 84.26 (2) to address the disproportionate impact of state land ownership on local units of
- 84.27 government with a large proportion of state land; and
- 84.28 (3) to address the need to manage state lands held in trust for the local taxing districts.

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

85.1 **ARTICLE 9**

85.2 **DEPARTMENT OF REVENUE POLICY AND TECHNICAL:**  
85.3 **FIRE AND POLICE STATE AIDS**

85.4 Section 1. Minnesota Statutes 2019 Supplement, section 6.495, subdivision 3, is amended  
85.5 to read:

85.6 Subd. 3. **Report to commissioner of revenue.** (a) On or before September 15, the state  
85.7 auditor shall must file with the commissioner of revenue a financial compliance report  
85.8 certifying for each relief association:

85.9 (1) the completion of the annual financial report required under section 424A.014 and  
85.10 the auditing or certification of those financial reports under subdivision 1; and

85.11 (2) the receipt of any actuarial valuations required under section 424A.093 or Laws  
85.12 2013, chapter 111, article 5, sections 31 to 42.

85.13 (b) The state auditor must file with the commissioner of revenue reports as described in  
85.14 paragraph (a) on or before November 1, March 1, and June 1 certifying relief associations  
85.15 that have satisfied the criteria of paragraph (a) since the previously filed financial compliance  
85.16 report.

85.17 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
85.18 and thereafter.

85.19 Sec. 2. Minnesota Statutes 2019 Supplement, section 297I.26, subdivision 2, is amended  
85.20 to read:

85.21 Subd. 2. **Penalties.** (a) A company that fails to file the report on or before the due date  
85.22 in subdivision 1 is liable for a penalty equal to \$25 for each seven days, or fraction thereof,  
85.23 that the report is delinquent, but not to exceed \$200.

85.24 ~~(b) Any person whose duty it is to file the report and who fails or refuses to file within~~  
85.25 ~~30 days after the postmark of the notice in subdivision 1 must be fined an amount of no~~  
85.26 ~~more than \$1,000.~~

85.27 ~~(c) Any~~ (b) A company that knowingly makes and files an inaccurate or false report is  
85.28 ~~liable for a fine in an amount not less than \$25 nor more than \$1,000, as determined by the~~  
85.29 ~~commissioner~~ may be prosecuted under section 609.41, and the commissioner of commerce  
85.30 may revoke the company's certificate of authority.

85.31 **EFFECTIVE DATE.** This section is effective for reports required to be filed after  
85.32 December 31, 2020.

86.1 Sec. 3. Minnesota Statutes 2019 Supplement, section 477B.01, is amended by adding a  
86.2 subdivision to read:

86.3 Subd. 1a. **Apportionment agreement.** "Apportionment agreement" means an agreement  
86.4 between two or more fire departments that provide contracted fire protection service to the  
86.5 same municipality and establishes the percentage of the population and the percentage of  
86.6 the estimated market value within the municipality serviced by each fire department.

86.7 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
86.8 and thereafter.

86.9 Sec. 4. Minnesota Statutes 2019 Supplement, section 477B.01, subdivision 5, is amended  
86.10 to read:

86.11 Subd. 5. **Fire department.** (a) "Fire department" ~~includes~~ means:

86.12 (1) a municipal fire department ~~and~~;

86.13 (2) an independent nonprofit firefighting corporation;

86.14 (3) a fire department established as or operated by a joint powers entity; or

86.15 (4) a fire protection special taxing district.

86.16 (b) This subdivision only applies to this chapter.

86.17 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
86.18 and thereafter.

86.19 Sec. 5. Minnesota Statutes 2019 Supplement, section 477B.01, is amended by adding a  
86.20 subdivision to read:

86.21 Subd. 6a. **Fire protection special taxing district.** "Fire protection special taxing district"  
86.22 means a special taxing district authorized by law or statute that provides fire protection  
86.23 services within the district and may exercise all the powers of the local governments that  
86.24 relate to fire protection within the district.

86.25 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
86.26 and thereafter.

86.27 Sec. 6. Minnesota Statutes 2019 Supplement, section 477B.01, is amended by adding a  
86.28 subdivision to read:

86.29 Subd. 7a. **Joint powers entity.** "Joint powers entity" means a joint powers entity under  
86.30 section 471.59.

87.1 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
 87.2 and thereafter.

87.3 Sec. 7. Minnesota Statutes 2019 Supplement, section 477B.01, subdivision 10, is amended  
 87.4 to read:

87.5 Subd. 10. **Municipality.** (a) "Municipality" means:

87.6 (1) a home rule charter or statutory city;

87.7 (2) an organized town;

87.8 (3) ~~a park district subject to chapter 398~~ a joint powers entity;

87.9 (4) ~~the University of Minnesota~~ a fire protection special taxing district; and or

87.10 (5) an American Indian tribal government entity located within a federally recognized  
 87.11 American Indian reservation.

87.12 (b) This subdivision only applies to this chapter 477B.

87.13 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
 87.14 and thereafter.

87.15 Sec. 8. Minnesota Statutes 2019 Supplement, section 477B.01, subdivision 11, is amended  
 87.16 to read:

87.17 Subd. 11. **Secretary.** (a) "Secretary" means:

87.18 (1) the secretary of an independent nonprofit firefighting corporation that has a subsidiary  
 87.19 incorporated firefighters' relief association or whose firefighters participate in the voluntary  
 87.20 statewide volunteer firefighter retirement plan; or

87.21 (2) the secretary of a joint powers entity or fire protection special taxing district or, if  
 87.22 there is no such person, the person primarily responsible for managing the finances of a  
 87.23 joint powers entity or fire protection special taxing district.

87.24 (b) This subdivision only applies to this chapter.

87.25 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
 87.26 and thereafter.

88.1 Sec. 9. Minnesota Statutes 2019 Supplement, section 477B.02, subdivision 2, is amended  
88.2 to read:

88.3 Subd. 2. **Establishment of fire department.** (a) An independent nonprofit firefighting  
88.4 corporation must be created under the nonprofit corporation act of this state operating for  
88.5 the exclusive purpose of firefighting, or the governing body of a municipality must officially  
88.6 establish a fire department.

88.7 (b) The fire department must have provided firefighting services for at least one calendar  
88.8 year, and must have a current fire department identification number issued by the state fire  
88.9 marshal.

88.10 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
88.11 and thereafter.

88.12 Sec. 10. Minnesota Statutes 2019 Supplement, section 477B.02, subdivision 3, is amended  
88.13 to read:

88.14 Subd. 3. ~~Personnel and Benefits requirements.~~ ~~(a) A fire department must have a~~  
88.15 ~~minimum of ten paid or volunteer firefighters, including a fire chief and assistant fire chief.~~

88.16 ~~(b) The fire department must have regular scheduled meetings and frequent drills that~~  
88.17 ~~include instructions in firefighting tactics and in the use, care, and operation of all fire~~  
88.18 ~~apparatus and equipment.~~

88.19 ~~(c)~~ (a) The fire department must have a separate subsidiary incorporated firefighters'  
88.20 relief association that provides retirement benefits or must participate in the voluntary  
88.21 statewide volunteer firefighter retirement plan; or if the municipality solely employs full-time  
88.22 firefighters as defined in section 299N.03, subdivision 5, retirement coverage must be  
88.23 provided by the public employees police and fire retirement plan. For purposes of retirement  
88.24 benefits, a fire department may be associated with only one volunteer firefighters' relief  
88.25 association or one account in the voluntary statewide volunteer firefighter retirement plan  
88.26 at one time.

88.27 ~~(d)~~ (b) Notwithstanding paragraph ~~(c)~~ (a), a municipality without a relief association as  
88.28 described under section 424A.08, paragraph (a), may still qualify to receive fire state aid if  
88.29 all other requirements of this section are met.

88.30 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
88.31 and thereafter.



89.1 Sec. 11. Minnesota Statutes 2019 Supplement, section 477B.02, is amended by adding a  
89.2 subdivision to read:

89.3 Subd. 4a. **Public safety answering point requirement.** The fire department must be  
89.4 dispatched by a public safety answering point as defined in section 403.02, subdivision 19.

89.5 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
89.6 and thereafter.

89.7 Sec. 12. Minnesota Statutes 2019 Supplement, section 477B.02, subdivision 5, is amended  
89.8 to read:

89.9 **Subd. 5. Fire service contract or agreement; apportionment agreement filing**  
89.10 **requirement.** (a) Every municipality or independent nonprofit firefighting corporation must  
89.11 file a copy of any duly executed and valid fire service contract ~~or agreement~~ with the  
89.12 commissioner. A written notification of contract termination must be filed with the  
89.13 commissioner when a fire service contract is terminated.

89.14 (b) If more than one fire department provides service to a municipality, the fire  
89.15 departments furnishing service must ~~enter into an agreement apportioning among themselves~~  
89.16 ~~the percentage of the population and the percentage of the estimated market value of each~~  
89.17 ~~shared service fire department service area. The agreement must be in writing and must be~~  
89.18 ~~filed~~ file an apportionment agreement with the commissioner.

89.19 (c) When a municipality is a joint powers entity, it must file its joint powers agreement  
89.20 with the commissioner. If the joint powers agreement does not include sufficient information  
89.21 defining the fire department service area of the joint powers entity for the purposes of  
89.22 calculating fire state aid, the secretary must file a written statement with the commissioner  
89.23 defining the fire department service area.

89.24 (d) When a municipality is a fire protection special taxing district, it must file its  
89.25 resolution establishing the fire protection special taxing district, and any agreements required  
89.26 for the establishment of the fire protection special taxing district, with the commissioner.  
89.27 If the resolution or agreement does not include sufficient information defining the fire  
89.28 department service area of the fire protection special taxing district, the secretary must file  
89.29 a written statement with the commissioner defining the fire department service area.

89.30 (e) The commissioner shall prescribe the format, manner, and time of filing of a written  
89.31 notification of contract termination, an apportionment agreement, a joint powers agreement,  
89.32 a resolution, or a written statement under paragraphs (a) to (d).

90.1 (f) A document filed with the commissioner under this subdivision must be refiled any  
 90.2 time it is updated. An apportionment agreement must be refiled only when a change in the  
 90.3 averaged sum of the percentage of population and percentage of estimated market value  
 90.4 serviced by a fire department subject to the apportionment agreement is at least one percent.  
 90.5 The percentage amount must be rounded to the nearest whole percentage.

90.6 (g) Upon the request of the commissioner, the county auditor must provide information  
 90.7 that the commissioner requires to accurately apportion the estimated market value of a fire  
 90.8 department service area for a fire department providing service to an unorganized territory  
 90.9 located in the county.

90.10 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
 90.11 and thereafter.

90.12 Sec. 13. Minnesota Statutes 2019 Supplement, section 477B.02, subdivision 8, is amended  
 90.13 to read:

90.14 Subd. 8. **PERA certification to commissioner.** On or before February 1 each year, if  
 90.15 ~~retirement coverage for a fire department is provided by the voluntary statewide volunteer~~  
 90.16 ~~firefighter retirement plan,~~ the executive director of the Public Employees Retirement  
 90.17 Association must certify ~~the existence of retirement coverage to the commissioner the fire~~  
 90.18 departments that transferred retirement coverage to, or terminated participation in, the  
 90.19 voluntary statewide volunteer firefighter retirement plan since the previous certification  
 90.20 under this paragraph.

90.21 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
 90.22 and thereafter.

90.23 Sec. 14. Minnesota Statutes 2019 Supplement, section 477B.02, subdivision 9, is amended  
 90.24 to read:

90.25 Subd. 9. **Fire department certification to commissioner.** On or before March 15 of  
 90.26 each year, the municipal clerk or the secretary, ~~and the fire chief,~~ must jointly certify to the  
 90.27 commissioner ~~that the fire department exists and meets the qualification requirements of~~  
 90.28 ~~this section~~ the fire department service area as of December 31 of the previous year, and  
 90.29 that the fire department meets the qualification requirements of this section. The fire  
 90.30 department must provide the commissioner with documentation that the commissioner  
 90.31 deems necessary for determining eligibility for fire state aid or for calculating and  
 90.32 apportioning fire state aid under section 477B.03. The certification must be on a form  
 90.33 prescribed by the commissioner and must include all other information that the commissioner

91.1 requires. The municipal clerk or the secretary must send a copy of the certification filed  
 91.2 under this subdivision to the fire chief within five business days of the date the certification  
 91.3 was filed with the commissioner.

91.4 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
 91.5 and thereafter.

91.6 Sec. 15. Minnesota Statutes 2019 Supplement, section 477B.02, subdivision 10, is amended  
 91.7 to read:

91.8 Subd. 10. **Penalty for failure to file or correct certification.** (a) If the certification  
 91.9 under subdivision 9 is not filed with the commissioner on or before March 15<sup>1</sup>, the  
 91.10 commissioner must notify the municipal clerk or the secretary that a penalty ~~equal to a~~  
 91.11 ~~portion or all of the current year aid will apply if the certification is not received within ten~~  
 91.12 ~~days of the postmark date of the notification~~ will be deducted from fire state aid certified  
 91.13 for the current year if the certification is not filed on or before March 15.

91.14 (b) If the commissioner rejects the certification by the municipal clerk or secretary under  
 91.15 subdivision 9 for inaccurate or incomplete information, the municipal clerk or the secretary  
 91.16 must file a corrective certification after taking corrective action as identified by the  
 91.17 commissioner in the notice of rejection. The corrective certification must be filed within  
 91.18 30 days of the date on the notice of rejection.

91.19 ~~(b)~~ (c) A penalty applies to (1) a certification under subdivision 9 filed after March 15  
 91.20 and (2) a corrective certification under paragraph (b) filed after March 15 that is also filed  
 91.21 more than 30 days after the date on the notice of rejection. The penalty for failure to file  
 91.22 ~~the certification under subdivision 9~~ is equal to the amount of fire state aid determined for  
 91.23 the municipality or the independent nonprofit firefighting corporation for the current year,  
 91.24 multiplied by five ten percent for each week or fraction of a week that the certification or  
 91.25 corrective certification is late filed after March 15. The penalty must be computed beginning  
 91.26 ~~ten days after the postmark date of the commissioner's notification.~~ Aid amounts forfeited  
 91.27 as a result of the penalty revert to the state general fund. Failure to receive the certification  
 91.28 form is not a defense for a failure to file.

91.29 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
 91.30 and thereafter.

92.1 Sec. 16. Minnesota Statutes 2019 Supplement, section 477B.03, subdivision 3, is amended  
92.2 to read:

92.3 Subd. 3. **Population and estimated market value.** (a) ~~Official statewide federal census~~  
92.4 ~~figures~~ Population estimates made by the state demographer pursuant to section 4A.02,  
92.5 paragraph (d), must be used in calculations requiring the use of population figures under  
92.6 this chapter. ~~Increases or decreases in population disclosed by reason of any special census~~  
92.7 ~~must not be taken into consideration.~~

92.8 (b) The latest available estimated market value property figures must be used in  
92.9 calculations requiring the use of estimated market value property figures under this chapter.

92.10 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
92.11 and thereafter.

92.12 Sec. 17. Minnesota Statutes 2019 Supplement, section 477B.03, subdivision 4, is amended  
92.13 to read:

92.14 Subd. 4. **Initial fire state aid allocation amount.** (a) The initial fire state aid allocation  
92.15 amount is the amount available for apportionment as fire state aid under subdivision 2,  
92.16 without the inclusion of any additional funding amount to support a minimum fire state aid  
92.17 amount under section 423A.02, subdivision 3. The initial fire state aid allocation amount  
92.18 is allocated one-half in proportion to the population for each fire department service area  
92.19 and one-half in proportion to the estimated market value of each fire department service  
92.20 area, including (1) the estimated market value of tax-exempt property, and (2) the estimated  
92.21 market value of natural resources lands receiving in lieu payments under sections 477A.11  
92.22 to 477A.14 and 477A.17. The estimated market value of minerals is excluded.

92.23 (b) In the case of a municipality or independent nonprofit firefighting corporation  
92.24 furnishing fire protection to other municipalities as evidenced by valid fire service contracts,  
92.25 joint powers agreements, resolutions, and other supporting documents filed with the  
92.26 commissioner under section 477B.02, subdivision 5, the distribution must be adjusted  
92.27 proportionately to take into consideration the crossover fire protection service. Necessary  
92.28 adjustments must be made to subsequent apportionments.

92.29 (c) In the case of municipalities or independent nonprofit firefighting corporations  
92.30 qualifying for aid, the commissioner must calculate the state aid for the municipality or  
92.31 independent nonprofit firefighting corporation on the basis of the population and the estimated  
92.32 market value of the area furnished fire protection service by the fire department as evidenced

93.1 by valid fire service agreements contracts, joint powers agreements, resolutions, and other  
 93.2 supporting documents filed with the commissioner under section 477B.02, subdivision 5.

93.3 (d) In the case of more than one fire department furnishing contracted fire service to a  
 93.4 municipality, the population and estimated market value in the apportionment agreement  
 93.5 filed with the commissioner under section 477B.02, subdivision 5, must be used in calculating  
 93.6 the state aid.

93.7 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
 93.8 and thereafter.

93.9 Sec. 18. Minnesota Statutes 2019 Supplement, section 477B.03, subdivision 7, is amended  
 93.10 to read:

93.11 Subd. 7. **Appeal.** A municipality, an independent nonprofit firefighting corporation, a  
 93.12 fire relief association, or the voluntary statewide volunteer firefighter retirement plan may  
 93.13 object to the amount of fire state aid apportioned to it by filing a written request with the  
 93.14 commissioner to review and adjust the apportionment of funds within the state. The objection  
 93.15 of a municipality, an independent nonprofit firefighting corporation, a fire relief association,  
 93.16 or the voluntary statewide volunteer firefighter retirement plan must be filed with the  
 93.17 commissioner within 60 days of the date the amount of apportioned fire state aid is paid.

93.18 The decision of the commissioner is subject to appeal, review, and adjustment by the district  
 93.19 court in the county in which the applicable municipality or independent nonprofit firefighting  
 93.20 corporation is located or by the Ramsey County District Court with respect to the voluntary  
 93.21 statewide volunteer firefighter retirement plan.

93.22 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
 93.23 and thereafter.

93.24 Sec. 19. Minnesota Statutes 2019 Supplement, section 477B.04, subdivision 1, is amended  
 93.25 to read:

93.26 Subdivision 1. **Payments.** (a) The commissioner must make payments to the Public  
 93.27 Employees Retirement Association for deposit in the voluntary statewide volunteer firefighter  
 93.28 retirement fund on behalf of a municipality or independent nonprofit firefighting corporation  
 93.29 that is a member of the voluntary statewide volunteer firefighter retirement plan under  
 93.30 chapter 353G, ~~or directly to a municipality or county designated by an independent nonprofit~~  
 93.31 ~~firefighting corporation.~~ The commissioner must directly pay all other municipalities  
 93.32 qualifying for fire state aid, except as provided in paragraph (d). The payment is equal to

94.1 the amount of fire state aid apportioned to the applicable fire state aid recipient under section  
94.2 477B.03.

94.3 (b) Fire state aid is payable on October 1 annually. The amount of state aid due and not  
94.4 paid by October 1 accrues interest payable to the recipient at the rate of one percent for each  
94.5 month or part of a month that the amount remains unpaid after October 1.

94.6 (c) In the event of noncompliance with sections 424A.014 and 477B.02, subdivision 7,  
94.7 the amount of fire state aid apportioned to a municipality or independent nonprofit firefighting  
94.8 corporation under section 477B.03 must be withheld from payment to the Public Employees  
94.9 Retirement Association or the municipality. The commissioner of revenue must issue a  
94.10 withheld payment within ten business days of receipt of a financial compliance report under  
94.11 section 6.495, subdivision 3, certifying that the municipality or independent nonprofit  
94.12 firefighting corporation has fulfilled the requirements of sections 424A.014 and 477B.02,  
94.13 subdivision 7. The interest under paragraph (b) does not apply when to a payment has not  
94.14 been made by October 1 due to noncompliance with sections 424A.014 and 477B.02,  
94.15 subdivision 7 withheld under this paragraph.

94.16 (d) A joint powers entity must designate the city or town to be paid fire state aid on its  
94.17 behalf in the first year the joint powers entity qualifies for fire state aid. An independent  
94.18 nonprofit firefighting corporation must designate the city or town within its fire department  
94.19 service area to be paid fire state aid on its behalf in the first year the independent nonprofit  
94.20 firefighting corporation qualifies for fire state aid. If there is no city or town within the fire  
94.21 department service area of an independent nonprofit firefighting corporation, fire state aid  
94.22 must be paid to the county where the independent nonprofit firefighting corporation is  
94.23 located. A local government payment designation under this paragraph must be in writing  
94.24 in the form and manner and at the time prescribed by the commissioner.

94.25 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
94.26 and thereafter.

94.27 Sec. 20. Minnesota Statutes 2019 Supplement, section 477B.04, is amended by adding a  
94.28 subdivision to read:

94.29 Subd. 4. **Aid amount corrections.** (a) An adjustment needed to correct a fire state aid  
94.30 overpayment or underpayment due to a clerical error must be made to subsequent fire state  
94.31 aid payments as provided in paragraphs (b) and (c). The authority to correct an aid payment  
94.32 under this subdivision is limited to three years after the payment was issued.

95.1 (b) If the adjustment equals more than ten percent of the most recently paid aid amount,  
 95.2 the commissioner must reduce the aid a municipality or independent nonprofit firefighting  
 95.3 corporation is to receive by the amount overpaid over a period of no more than three years.  
 95.4 If the adjustment equals or is less than ten percent of the most recently paid aid amount, the  
 95.5 commissioner must reduce the next aid payment occurring in 30 days or more by the amount  
 95.6 overpaid.

95.7 (c) In the event of an underpayment, the commissioner must distribute the amount of  
 95.8 underpaid funds to the municipality or independent nonprofit firefighting corporation over  
 95.9 a period of no more than three years. An additional distribution to a municipality or  
 95.10 independent nonprofit firefighting corporation must be paid from the general fund and must  
 95.11 not diminish the payments made to other municipalities or independent nonprofit firefighting  
 95.12 corporations under this chapter.

95.13 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
 95.14 and thereafter.

95.15 Sec. 21. Minnesota Statutes 2019 Supplement, section 477C.02, subdivision 4, is amended  
 95.16 to read:

95.17 **Subd. 4. Penalty for failure to file or correct certification.** (a) If a certification under  
 95.18 subdivision 1 or 2 is not filed with the commissioner on or before March ~~15~~ 1, the  
 95.19 commissioner must notify the municipal clerk, municipal clerk-treasurer, or county auditor  
 95.20 that a penalty ~~equal to a portion or all of its current year aid will apply if the certification~~  
 95.21 ~~is not received within ten days~~ will be deducted from police state aid certified for the current  
 95.22 year if the certification is not filed on or before March 15.

95.23 (b) If the commissioner rejects the certification under subdivision 1 or 2 for inaccurate  
 95.24 or incomplete information, the municipal clerk, municipal clerk-treasurer, or county auditor  
 95.25 must file a corrective certification after taking corrective action as identified by the  
 95.26 commissioner in the notice of rejection. The corrective certification must be filed within  
 95.27 30 days of the date on the notice of rejection.

95.28 ~~(b)~~ (c) A penalty applies to (1) a certification under subdivisions 1 and 2 filed after  
 95.29 March 15 and (2) a corrective certification under paragraph (b) filed after March 15 that is  
 95.30 also filed more than 30 days after the date on the notice of rejection. The penalty for failure  
 95.31 to file the certification under subdivision 1 or 2 is equal to the amount of police state aid  
 95.32 determined for the municipality for the current year, multiplied by five ten percent for each  
 95.33 week or fraction of a week that the certification or corrective certification is late filed after  
 95.34 March 15. The penalty must be computed beginning ten days after the postmark date of the

96.1 ~~commissioner's notification as required under this subdivision.~~ All aid amounts forfeited  
 96.2 as a result of the penalty revert to the state general fund. Failure to receive the certification  
 96.3 form may not be used as a defense for a failure to file.

96.4 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
 96.5 and thereafter.

96.6 Sec. 22. Minnesota Statutes 2019 Supplement, section 477C.03, subdivision 2, is amended  
 96.7 to read:

96.8 **Subd. 2. Apportionment of police state aid.** (a) The total amount available for  
 96.9 apportionment as police state aid is equal to 104 percent of the amount of premium taxes  
 96.10 paid to the state on the premiums reported to the commissioner by companies or insurance  
 96.11 companies on the Minnesota Aid to Police Premium Report. The total amount for  
 96.12 apportionment for the police state aid program must not be less than two percent of the  
 96.13 amount of premiums reported to the commissioner by companies or insurance companies  
 96.14 on the Minnesota Aid to Police Premium Report.

96.15 (b) The commissioner must calculate the percentage of increase or decrease reflected in  
 96.16 the apportionment over or under the previous year's available state aid using the same  
 96.17 premiums as a basis for comparison.

96.18 (c) In addition to the amount for apportionment of police state aid under paragraph (a),  
 96.19 each year \$100,000 must be apportioned for police state aid. An amount sufficient to pay  
 96.20 this increase is annually appropriated from the general fund.

96.21 (d) The commissioner must apportion police state aid to all municipalities in proportion  
 96.22 to the relationship that the total number of peace officers employed by that municipality for  
 96.23 the prior calendar year and the proportional or fractional number who were employed less  
 96.24 than a calendar year as credited under section 477C.02, subdivision 1, paragraph (c), bears  
 96.25 to the total number of peace officers employed by all municipalities subject to any reduction  
 96.26 under subdivision 3.

96.27 ~~(e) Any necessary additional adjustments must be made to subsequent police state aid~~  
 96.28 ~~apportionments.~~

96.29 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
 96.30 and thereafter.



97.1 Sec. 23. Minnesota Statutes 2019 Supplement, section 477C.03, subdivision 5, is amended  
97.2 to read:

97.3 Subd. 5. **Appeal.** A municipality may object to the amount of police state aid apportioned  
97.4 to it by filing a written request with the commissioner to review and adjust the apportionment  
97.5 of funds to the municipality. The objection of a municipality must be filed with the  
97.6 commissioner within 60 days of the date the amount of apportioned police state aid is paid.  
97.7 The decision of the commissioner is subject to appeal, review, and adjustment by the district  
97.8 court in the county in which the applicable municipality is located or by the Ramsey County  
97.9 District Court with respect to the Departments of Natural Resources or Public Safety.

97.10 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
97.11 and thereafter.

97.12 Sec. 24. Minnesota Statutes 2019 Supplement, section 477C.04, is amended by adding a  
97.13 subdivision to read:

97.14 Subd. 4. **Aid amount corrections.** (a) An adjustment needed to correct a police state  
97.15 aid overpayment or underpayment due to a clerical error must be made to subsequent police  
97.16 state aid payments as provided in paragraphs (b) and (c). The authority to correct an aid  
97.17 payment under this subdivision is limited to three years after the payment was issued.

97.18 (b) If the adjustment equals more than ten percent of the most recently paid aid amount,  
97.19 the commissioner must reduce the aid a municipality is to receive by the amount overpaid  
97.20 over a period of no more than three years. If the adjustment equals or is less than ten percent  
97.21 of the most recently paid aid amount, the commissioner must reduce the next aid payment  
97.22 occurring in 30 days or more by the amount overpaid.

97.23 (c) In the event of an underpayment, the commissioner must distribute the amount of  
97.24 underpaid funds to the municipality over a period of no more than three years. An additional  
97.25 distribution to a municipality must be paid from the general fund and must not diminish the  
97.26 payments made to other municipalities under this chapter.

97.27 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
97.28 and thereafter.

97.29 Sec. 25. **REPEALER.**

97.30 Minnesota Statutes 2019 Supplement, sections 477B.02, subdivision 4; and 477B.03,  
97.31 subdivision 6, are repealed.

98.1 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
 98.2 and thereafter.

98.3 **ARTICLE 10**

98.4 **DEPARTMENT OF REVENUE POLICY AND TECHNICAL:**  
 98.5 **MISCELLANEOUS**

98.6 Section 1. Minnesota Statutes 2019 Supplement, section 270C.22, subdivision 1, is amended  
 98.7 to read:

98.8 Subdivision 1. **Adjustment; definition; period; rounding.** (a) The commissioner shall  
 98.9 annually make a cost of living adjustment to the dollar amounts noted in sections that  
 98.10 reference this section. The commissioner shall adjust the amounts based on the index as  
 98.11 provided in this section. For purposes of this section, "index" means the Chained Consumer  
 98.12 Price Index for All Urban Consumers published by the Bureau of Labor Statistics. The  
 98.13 values of the index used to determine the adjustments under this section are the latest  
 98.14 published values when the Bureau of Labor Statistics publishes the initial value of the index  
 98.15 for August of the year preceding the year to which the adjustment applies.

98.16 (b) For the purposes of this section, "statutory year" means the year preceding the first  
 98.17 year for which dollar amounts are to be adjusted for inflation under sections that reference  
 98.18 this section. For adjustments under chapter 290A, the statutory year refers to the year in  
 98.19 which a taxpayer's household income used to calculate refunds under chapter 290A was  
 98.20 earned and not the year in which refunds are payable. For all other adjustments, the statutory  
 98.21 year refers to the taxable year unless otherwise specified.

98.22 (c) To determine the dollar amounts for taxable year 2020, the commissioner shall  
 98.23 determine the percentage change in the index for the 12-month period ending on August  
 98.24 31, 2019, and increase each of the unrounded dollar amounts in the sections referencing  
 98.25 this section by that percentage change. For each subsequent taxable year, the commissioner  
 98.26 shall increase the dollar amounts by the percentage change in the index from August 31 of  
 98.27 the year preceding the statutory year to August 31 of the year preceding the taxable year.

98.28 (d) To determine the dollar amounts for refunds payable in 2020 under chapter 290A,  
 98.29 the commissioner shall determine the percentage change in the index for the 12-month  
 98.30 period ending on August 31, 2019, and increase each of the unrounded dollar amounts in  
 98.31 the sections referencing this section by that percentage change. For each subsequent year,  
 98.32 the commissioner shall increase the dollar amounts by the percentage change in the index  
 98.33 from August 31 of the ~~year preceding the~~ statutory year to August 31 of the year preceding  
 98.34 the year in which refunds are payable.

99.1 (e) Unless otherwise provided, the commissioner shall round the amounts as adjusted  
99.2 to the nearest \$10 amount. If an amount ends in \$5, the amount is rounded up to the nearest  
99.3 \$10 amount.

99.4 **EFFECTIVE DATE.** This section is effective for property tax refunds based on property  
99.5 taxes payable in 2020, and rent paid in 2019.

99.6 Sec. 2. Minnesota Statutes 2018, section 270C.445, subdivision 3, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

99.29 (13) engage in any conduct that is subject to a penalty under section 289A.60, subdivision  
99.30 13, 20, 20a, 26, or 28;

- 100.1 (14) whether or not acting as a taxpayer representative, fail to conform to the standards  
100.2 of conduct required by Minnesota Rules, part 8052.0300, subpart 4;
- 100.3 (15) whether or not acting as a taxpayer representative, engage in any conduct that is  
100.4 incompetent conduct under Minnesota Rules, part 8052.0300, subpart 5;
- 100.5 (16) whether or not acting as a taxpayer representative, engage in any conduct that is  
100.6 disreputable conduct under Minnesota Rules, part 8052.0300, subpart 6;
- 100.7 (17) charge, offer to accept, or accept a fee based upon a percentage of an anticipated  
100.8 refund for tax preparation services;
- 100.9 (18) under any circumstances, withhold or fail to return to a client a document provided  
100.10 by the client for use in preparing the client's return;
- 100.11 (19) ~~establish~~ take control or ownership of a client's refund by any means, including:
- 100.12 (i) directly or indirectly endorsing or otherwise negotiating a check or other refund  
100.13 instrument, including an electronic version of a check;
- 100.14 (ii) directing an electronic or direct deposit of the refund into an account unless the  
100.15 client's name is on the account; and
- 100.16 (iii) establishing or using an account in the preparer's name to receive a client's refund  
100.17 through a direct deposit or any other instrument unless the client's name is also on the  
100.18 account, except that a taxpayer may assign the portion of a refund representing the Minnesota  
100.19 education credit available under section 290.0674 to a bank account without the client's  
100.20 name, as provided under section 290.0679;
- 100.21 (20) fail to act in the best interests of the client;
- 100.22 (21) fail to safeguard and account for any money handled for the client;
- 100.23 (22) fail to disclose all material facts of which the preparer has knowledge which might  
100.24 reasonably affect the client's rights and interests;
- 100.25 (23) violate any provision of section 332.37;
- 100.26 (24) include any of the following in any document provided or signed in connection  
100.27 with the provision of tax preparation services:
- 100.28 (i) a hold harmless clause;
- 100.29 (ii) a confession of judgment or a power of attorney to confess judgment against the  
100.30 client or appear as the client in any judicial proceeding;

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

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

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

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

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

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

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

101.15 Sec. 3. Minnesota Statutes 2019 Supplement, section 289A.20, subdivision 4, is amended  
101.16 to read:

101.17 **Subd. 4. Sales and use tax.** (a) The taxes imposed by chapter 297A are due and payable  
101.18 to the commissioner monthly on or before the 20th day of the month following the month  
101.19 in which the taxable event occurred, or following another reporting period as the  
101.20 commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph (f)  
101.21 or (g), except that use taxes due on an annual use tax return as provided under section  
101.22 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

101.23 (b) A vendor having a liability of \$250,000 or more during a fiscal year ending June 30  
101.24 must remit the June liability for the next year in the following manner:

101.25 (1) Two business days before June 30 of calendar year 2020 and 2021, the vendor must  
101.26 remit 87.5 percent of the estimated June liability to the commissioner. Two business days  
101.27 before June 30 of calendar year 2022 and thereafter, the vendor must remit 84.5 percent of  
101.28 the estimated June liability to the commissioner.

101.29 (2) On or before August 20 of the year, the vendor must pay any additional amount of  
101.30 tax not remitted in June.

101.31 (c) A vendor having a liability of:

102.1 (1) \$10,000 or more, but less than \$250,000 during a fiscal year ending June 30, 2013,  
 102.2 and fiscal years thereafter, must remit by electronic means all liabilities on returns due for  
 102.3 periods beginning in all subsequent calendar years on or before the 20th day of the month  
 102.4 following the month in which the taxable event occurred, or on or before the 20th day of  
 102.5 the month following the month in which the sale is reported under section 289A.18,  
 102.6 subdivision 4; or

102.7 (2) \$250,000 or more, during a fiscal year ending June 30, 2013, and fiscal years  
 102.8 thereafter, must remit by electronic means all liabilities in the manner provided in paragraph  
 102.9 (a) on returns due for periods beginning in the subsequent calendar year, except for ~~90~~  
 102.10 ~~percent~~ the percentage of the estimated June liability, as provided in paragraph (b), clause  
 102.11 (1), which is due two business days before June 30. The remaining amount of the June  
 102.12 liability is due on August 20.

102.13 (d) Notwithstanding paragraph (b) or (c), a person prohibited by the person's religious  
 102.14 beliefs from paying electronically shall be allowed to remit the payment by mail. The filer  
 102.15 must notify the commissioner of revenue of the intent to pay by mail before doing so on a  
 102.16 form prescribed by the commissioner. No extra fee may be charged to a person making  
 102.17 payment by mail under this paragraph. The payment must be postmarked at least two business  
 102.18 days before the due date for making the payment in order to be considered paid on a timely  
 102.19 basis.

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

102.21 Sec. 4. Minnesota Statutes 2018, section 295.75, subdivision 2, is amended to read:

102.22 Subd. 2. **Gross receipts tax imposed.** A tax is imposed on each liquor retailer equal to  
 102.23 2.5 percent of gross receipts from retail sales in Minnesota of liquor. The liquor retailer  
 102.24 may, but is not required to, collect the tax from the purchaser. If separately stated on the  
 102.25 invoice, bill of sale, or similar document given to the purchaser, the tax is excluded from  
 102.26 the sales price for purposes of the tax imposed under Minnesota Statutes, chapter 297A.

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

102.28 Sec. 5. Minnesota Statutes 2019 Supplement, section 296A.06, subdivision 2, is amended  
 102.29 to read:

102.30 Subd. 2. **Suspension of license.** (a) Notwithstanding subdivision 1, the license of a  
 102.31 distributor, special fuel dealer, or bulk purchaser that has not filed a tax return or report or  
 102.32 paid a delinquent tax or fee within five days after notice and demand by the commissioner

103.1 is suspended. The suspension remains in effect until the demanded tax return or report has  
 103.2 been filed and the tax and fees shown on that return or report have been paid. If the  
 103.3 commissioner determines that the failure to file or failure to pay is due to reasonable cause,  
 103.4 then a license must not be suspended, or if suspended, must be reinstated.

103.5 (b) A licensee whose license is suspended under this subdivision may request a contested  
 103.6 case hearing under chapter 14. Any such hearing must be held within 20 days of the issuance  
 103.7 of the notice and demand issued under paragraph (a), unless the parties agree to a later  
 103.8 hearing date. The administrative law judge's report must be issued within 20 days after the  
 103.9 close of the hearing record, unless the parties agree to a later report issuance date. The  
 103.10 commissioner must issue a final decision within 30 days after receipt of the report of the  
 103.11 administrative law judge and subsequent exceptions and argument under section 14.61. The  
 103.12 suspension imposed under paragraph (a) remains in effect during any contested case hearing  
 103.13 process requested pursuant to this paragraph.

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

103.15 Sec. 6. Minnesota Statutes 2019 Supplement, section 297A.66, subdivision 3, is amended  
 103.16 to read:

103.17 Subd. 3. **Marketplace provider liability.** (a) A marketplace provider is deemed the  
 103.18 retailer or seller for all retail sales it facilitates, and is subject to audit on the retail sales it  
 103.19 facilitates if it is required to collect sales and use taxes and remit them to the commissioner  
 103.20 under subdivision 2, paragraphs (b) and (c).

103.21 (b) A marketplace provider is not liable for failing to file, collect, and remit sales and  
 103.22 use taxes to the commissioner if the marketplace provider demonstrates that the error was  
 103.23 due to incorrect or insufficient information given to the marketplace provider by the retailer.  
 103.24 This paragraph does not apply if the marketplace provider and the marketplace retailer are  
 103.25 related as defined in subdivision 4, paragraph (b).

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

103.27 Sec. 7. Minnesota Statutes 2018, section 297F.04, subdivision 2, is amended to read:

103.28 Subd. 2. **Refusal to issue or renew; revocation.** The commissioner must not issue or  
 103.29 renew a license under this chapter, and may revoke a license under this chapter, if the  
 103.30 applicant or licensee:

103.31 (1) owes \$500 or more in delinquent taxes as defined in section 270C.72, subdivision  
 103.32 2;

104.1 (2) after demand, has not filed tax returns required by the commissioner;

104.2 (3) had a cigarette or tobacco license revoked by the commissioner within the past two  
104.3 years;

104.4 (4) had a sales and use tax permit revoked by the commissioner within the past two  
104.5 years; or

104.6 (5) has been convicted of a crime involving cigarettes or tobacco products, including  
104.7 but not limited to: selling stolen cigarettes or tobacco products, receiving stolen cigarettes  
104.8 or tobacco products, or involvement in the smuggling of cigarettes or tobacco products.

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

104.10 Sec. 8. Minnesota Statutes 2019 Supplement, section 297F.09, subdivision 10, is amended  
104.11 to read:

104.12 **Subd. 10. Accelerated tax payment; cigarette or tobacco products distributor.** A  
104.13 cigarette or tobacco products distributor having a liability of \$250,000 or more during a  
104.14 fiscal year ending June 30, shall remit the June liability for the next year in the following  
104.15 manner:

104.16 (a) Two business days before June 30 of calendar years 2020 and 2021, the distributor  
104.17 shall remit the actual May liability and 87.5 percent of the estimated June liability to the  
104.18 commissioner and file the return in the form and manner prescribed by the commissioner.  
104.19 Two business days before June 30 of calendar year 2022 and each calendar year thereafter,  
104.20 the distributor must remit the actual May liability and 84.5 percent of the estimated June  
104.21 liability to the commissioner and file the return in the form and manner prescribed by the  
104.22 commissioner.

104.23 (b) On or before August 18 of the year, the distributor shall submit a return showing the  
104.24 actual June liability and pay any additional amount of tax not remitted in June. A penalty  
104.25 is imposed equal to ten percent of the amount of June liability required to be paid in June,  
104.26 less the amount remitted in June. However, the penalty is not imposed if the amount remitted  
104.27 in June equals ~~the lesser of:~~

104.28 (1) for calendar year 2020, the lesser of 87.5 percent of the actual June liability for the  
104.29 calendar year 2020 and 2021 June liabilities and 84.5 of the actual June liability for June  
104.30 2022 and thereafter or 87.5 percent of the preceding May liability; or



105.1 (2) for calendar year 2021, the lesser of 87.5 percent of the actual June liability or 87.5  
 105.2 percent of the preceding May liability for the calendar year 2020 and 2021 June liabilities  
 105.3 and 84.5 percent of the preceding May liability for June 2022 and thereafter; or

105.4 ~~(e)~~ (3) for calendar year 2022 and thereafter, the lesser of 84.5  
 105.5 percent of the actual June liability the vendor must remit by two business days before June  
 105.6 30 is for that year or 84.5 percent of the preceding May liability.

105.7 **EFFECTIVE DATE.** This section is effective for estimated payments required to be  
 105.8 made after the date of final enactment.

105.9 Sec. 9. Minnesota Statutes 2018, section 297F.17, subdivision 1, is amended to read:

105.10 Subdivision 1. **General rule.** Except as otherwise provided in this chapter, the amount  
 105.11 of any tax due must be assessed within 3-1/2 years after a return is filed. ~~The taxes are~~  
 105.12 ~~considered assessed within the meaning of this section when the commissioner has prepared~~  
 105.13 ~~a notice of tax assessment and mailed it to the person required to file a return to the post~~  
 105.14 ~~office address given in the return. The notice of tax assessment must be sent by mail to the~~  
 105.15 ~~post office address given in the return and the record of the mailing is presumptive evidence~~  
 105.16 ~~of the giving of such notice, and such records must be preserved by the commissioner.~~

105.17 **EFFECTIVE DATE.** This section is effective for notices of tax assessment issued after  
 105.18 the date of final enactment.

105.19 Sec. 10. Minnesota Statutes 2019 Supplement, section 297G.09, subdivision 9, is amended  
 105.20 to read:

105.21 Subd. 9. **Accelerated tax payment; penalty.** A person liable for tax under this chapter  
 105.22 having a liability of \$250,000 or more during a fiscal year ending June 30, shall remit the  
 105.23 June liability for the next year in the following manner:

105.24 (a) Two business days before June 30 of calendar years 2020 and 2021, the taxpayer  
 105.25 shall remit the actual May liability and 87.5 percent of the estimated June liability to the  
 105.26 commissioner and file the return in the form and manner prescribed by the commissioner.  
 105.27 Two business days before June 30 of calendar year 2022 and each calendar year thereafter,  
 105.28 the distributor must remit the actual May liability and 84.5 percent of the estimated June  
 105.29 liability to the commissioner and file the return in the form and manner prescribed by the  
 105.30 commissioner.

105.31 (b) On or before August 18 of the year, the taxpayer shall submit a return showing the  
 105.32 actual June liability and pay any additional amount of tax not remitted in June. A penalty

106.1 is imposed equal to ten percent of the amount of June liability required to be paid in June  
 106.2 less the amount remitted in June. However, the penalty is not imposed if the amount remitted  
 106.3 in June equals ~~the lesser of:~~

106.4 (1) for calendar year 2020, the lesser of 87.5 percent of the actual June liability for the  
 106.5 calendar year 2020 and 2021 June liabilities and 84.5 percent of the actual June liability for  
 106.6 June 2022 and thereafter or 87.5 percent of the preceding May liability; or

106.7 (2) for calendar year 2021, the lesser of 87.5 percent of the actual June liability or 87.5  
 106.8 percent of the preceding May liability for the calendar year 2020 and 2021 June liabilities  
 106.9 and 84.5 percent of the preceding May liability for June 2022 and thereafter.

106.10 ~~(e)~~ (3) for calendar year 2022 and thereafter, the percent of the estimated lesser of 84.5  
 106.11 percent of the actual June liability the vendor must remit by two business days before June  
 106.12 30 is for that year or 84.5 percent of the preceding May liability.

106.13 **EFFECTIVE DATE.** This section is effective for estimated payments required to be  
 106.14 made after the date of final enactment.

106.15 Sec. 11. Minnesota Statutes 2018, section 609B.153, is amended to read:

106.16 **609B.153 CIGARETTE AND TOBACCO DISTRIBUTOR OR SUBJOBBER**  
 106.17 **LICENSE; SUSPENSION OR REVOCATION.**

106.18 Under section 297F.04, the commissioner of revenue must not issue or renew a license  
 106.19 issued under chapter 297F, and may revoke a license issued under chapter 297F, if the  
 106.20 applicant has been convicted of a crime involving cigarettes or tobacco products.

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

106.22 Sec. 12. **REPEALER.**

106.23 Minnesota Statutes 2018, section 270C.17, subdivision 2, is repealed.

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

106.25 Delete the title and insert:

106.26 "A bill for an act  
 106.27 relating to taxation; providing for financing and operation of state and local  
 106.28 government; modifying provisions for property taxes, local government aids,  
 106.29 individual and corporate franchise taxes, sales and use taxes, and other  
 106.30 miscellaneous taxes and tax provisions; providing for certain property tax  
 106.31 classification and certain property tax deferral; providing local government aid  
 106.32 penalty forgiveness; allowing counties special authority to distribute funds;  
 106.33 providing for conformity and nonconformity to certain federal tax provisions;  
 106.34 providing for certain additions and subtractions for the individual income and

107.1 corporate franchise taxes; making the student loan credit refundable; providing  
107.2 for an election to file as C-option corporation; modifying sales tax exemptions;  
107.3 modifying the workforce and affordable homeownership development program;  
107.4 modifying tax increment financing provisions; modifying provisions for local  
107.5 lodging taxes; providing for temporary use of special tax revenues; providing for  
107.6 waiver of the required fee on taxpayers for entering into a payment agreement;  
107.7 making other minor policy, technical, and conforming changes; requiring reports;  
107.8 appropriating money; amending Minnesota Statutes 2018, sections 270.41,  
107.9 subdivision 3a; 270C.445, subdivision 3; 272.02, by adding a subdivision; 272.029,  
107.10 subdivision 2; 272.0295, subdivisions 2, 5; 273.063; 273.124, subdivision 1;  
107.11 273.13, subdivision 25; 287.04; 289A.08, by adding a subdivision; 289A.38, by  
107.12 adding a subdivision; 290.01, by adding a subdivision; 290.0131, by adding  
107.13 subdivisions; 290.0132, subdivision 18, by adding subdivisions; 290.0133, by  
107.14 adding subdivisions; 290.0134, by adding subdivisions; 290.06, subdivision 22;  
107.15 290.0682, subdivision 2; 290.095, as amended; 290.92, subdivisions 4b, 4c; 295.75,  
107.16 subdivision 2; 297A.70, subdivision 13; 297A.71, by adding a subdivision; 297F.04,  
107.17 subdivision 2; 297F.17, subdivision 1; 462A.38, as amended; 469.176, by adding  
107.18 a subdivision; 469.1763, subdivisions 3, 4; 469.190, subdivisions 1, 7; 477A.10;  
107.19 609B.153; Minnesota Statutes 2019 Supplement, sections 6.495, subdivision 3;  
107.20 270C.22, subdivision 1; 273.0755; 273.124, subdivision 14; 273.13, subdivision  
107.21 34; 273.18; 289A.02, subdivision 7; 289A.08, subdivision 7; 289A.20, subdivision  
107.22 4; 290.01, subdivisions 19, 31; 290.0121, subdivision 3; 290.0122, subdivision 8;  
107.23 290.06, subdivision 2c; 290.091, subdivision 2; 290.191, subdivision 5; 290.92,  
107.24 subdivision 5; 290.993; 290A.03, subdivision 15; 291.005, subdivision 1; 296A.06,  
107.25 subdivision 2; 297A.66, subdivision 3; 297A.71, subdivision 52; 297A.75,  
107.26 subdivision 1; 297F.09, subdivision 10; 297G.09, subdivision 9; 297I.26,  
107.27 subdivision 2; 477B.01, subdivisions 5, 10, 11, by adding subdivisions; 477B.02,  
107.28 subdivisions 2, 3, 5, 8, 9, 10, by adding a subdivision; 477B.03, subdivisions 3,  
107.29 4, 7; 477B.04, subdivision 1, by adding a subdivision; 477C.02, subdivision 4;  
107.30 477C.03, subdivisions 2, 5; 477C.04, by adding a subdivision; proposing coding  
107.31 for new law in Minnesota Statutes, chapters 273; 290; 469; repealing Minnesota  
107.32 Statutes 2018, section 270C.17, subdivision 2; Minnesota Statutes 2019  
107.33 Supplement, sections 477B.02, subdivision 4; 477B.03, subdivision 6."