

EIGHTY-FIFTH DAY

St. Paul, Minnesota, Tuesday, April 8, 2014

The Senate met at 11:00 a.m. and was called to order by the President.

CALL OF THE SENATE

Senator Sieben imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rabbi Adam Stock Spilker.

The members of the Senate gave the pledge of allegiance to the flag of the United States of America.

The roll was called, and the following Senators answered to their names:

Anderson	Eaton	Johnson	Osmek	Skoe
Bakk	Eken	Kent	Pappas	Sparks
Benson	Fischbach	Kiffmeyer	Pederson, J.	Stumpf
Bonoff	Franzen	Koenen	Petersen, B.	Thompson
Brown	Gazelka	Latz	Pratt	Tomassoni
Carlson	Goodwin	Limmer	Reinert	Torres Ray
Chamberlain	Hall	Lourey	Rest	Weber
Champion	Hann	Marty	Rosen	Westrom
Clausen	Hawj	Metzen	Ruud	Wiger
Cohen	Hayden	Miller	Saxhaug	Wiklund
Dahle	Hoffman	Nelson	Scalze	
Dahms	Housley	Newman	Senjem	
Dibble	Ingebrigtsen	Nienow	Sheran	
Dziedzic	Jensen	Ortman	Sieben	

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communication was received.

April 8, 2014

The Honorable Sandra L. Pappas
President of the Senate

Dear Senator Pappas:

Pursuant to Senate Rule 8.2, the following appointment has been withdrawn from the following committee and placed on the Confirmation Calendar:

From the Committee on Education, to which was referred the following appointment as reported in the Journal for March 11, 2013:

BOARD OF TEACHING
Jim Grabowska

Sincerely,
JoAnne M. Zoff
Secretary of the Senate

MESSAGES FROM THE HOUSE

Madam President:

I have the honor to inform the Senate that the House of Representatives invites and is ready to meet with the Senate in Joint Convention at 6:45 p.m., on Wednesday, April 23, 2014, to receive the message of the Honorable Mark Dayton, Governor of the State of Minnesota, said message to be delivered at 7:00 p.m.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted April 7, 2014

Senator Bakk moved that the Senate accept the invitation of the House of Representatives to meet in Joint Convention in the House Chamber at 6:45 p.m., Wednesday, April 23, 2014, to receive the message of the Honorable Mark Dayton, Governor of the State of Minnesota. The motion prevailed.

Madam President:

I have the honor to announce that the House has appointed a committee of five members of the House to act with a similar committee on the part of the Senate to escort the Governor to the Joint Convention to be held in the House Chamber on Wednesday, April 23, 2014, said Joint Convention to be convened at 6:45 p.m., and said message of the Governor to be delivered at 7:00 p.m.

McNamar, Savick, Yarusso, Gruenhagen and Erickson, S., have been appointed as such committee on the part of the House.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted April 7, 2014

Madam President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S.F. Nos. 1737 and 1509.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned April 7, 2014

Madam President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 2090, 2318, 2658, 2659, 2937, 2180, 2276, 3014, 2948 and 3072.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted April 7, 2014

FIRST READING OF HOUSE BILLS

The following bills were read the first time.

H.F. No. 2090: A bill for an act relating to civil actions; prohibiting certain indemnification agreements; proposing coding for new law in Minnesota Statutes, chapter 604.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1757, now on General Orders.

H.F. No. 2318: A bill for an act relating to school board elections; authorizing Special School District No. 6, South St. Paul, to dissolve election districts.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1924, now on General Orders.

H.F. No. 2658: A bill for an act relating to workers' compensation; adopting the recommendations of the Workers' Compensation Advisory Council; amending Minnesota Statutes 2012, sections 176.129, subdivisions 2a, 7; 176.135, subdivision 7; 176.136, subdivision 1a; 176.231, subdivision 2; 176.305, subdivision 1a; Minnesota Statutes 2013 Supplement, section 176.011, subdivision 15; repealing Minnesota Statutes 2012, sections 175.006, subdivision 1; 175.08; 175.14; 175.26; 176.1311; 176.136, subdivision 3; 176.2615; 176.641.

Referred to the Committee on Finance.

H.F. No. 2659: A bill for an act relating to state government; exempting a person who performs threading from licensing; authorizing the good cause exemption for rulemaking; amending Minnesota Statutes 2012, sections 155A.23, by adding a subdivision; 155A.27, subdivision 9; 155A.29, by adding a subdivision.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2110, now on General Orders.

H.F. No. 2937: A bill for an act relating to state government; making technical changes affecting the Minnesota Historical Society; amending Minnesota Statutes 2012, sections 3.732, subdivision

1; 43A.24, subdivision 2; 138.081, subdivision 2; 138.662, subdivision 21, by adding subdivisions; 138.94; repealing Minnesota Statutes 2012, section 138.662, subdivisions 4, 34.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2654, now on General Orders.

H.F. No. 2180: A bill for an act relating to insurance; amending provisions relating to health coverage for school district employees; amending Minnesota Statutes 2012, sections 43A.316, subdivision 10, by adding a subdivision; 123B.09, subdivision 12; 123B.75, by adding a subdivision; 471.6161, subdivisions 1, 3, by adding a subdivision; 471.895, subdivision 1; Minnesota Statutes 2013 Supplement, section 124D.10, subdivisions 4a, 11, 21.

Referred to the Committee on Finance.

H.F. No. 2276: A bill for an act relating to the safe at home program; regulating participant data and real property records; amending Minnesota Statutes 2013 Supplement, sections 5B.05; 13.045.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2277, now on General Orders.

H.F. No. 3014: A bill for an act relating to labor; creating the Public Employment Relations Board; authorizing rulemaking; appropriating money; amending Minnesota Statutes 2012, sections 179A.03, subdivisions 14, 15, by adding a subdivision; 179A.04, subdivision 3; 179A.051; 179A.06, by adding a subdivision; 179A.10, subdivision 1; 179A.13; proposing coding for new law in Minnesota Statutes, chapter 179A.

Referred to the Committee on Finance.

H.F. No. 2948: A bill for an act relating to economic development; repealing obsolete, redundant, and unnecessary laws administered by the Department of Employment and Economic Development; making conforming changes; amending Minnesota Statutes 2012, sections 15.991, subdivision 1; 116C.34, subdivision 3; 116D.04, subdivision 2a; 116L.02; 116L.05, subdivision 5; 116L.20, subdivision 2; 256J.49, subdivision 4; 256J.51, subdivision 2; 268.105, subdivision 7; 268.186; repealing Minnesota Statutes 2012, sections 116C.22; 116C.23; 116C.24; 116C.25; 116C.26; 116C.261; 116C.27; 116C.28; 116C.29; 116C.30; 116C.31; 116C.32; 116C.33; 116J.037; 116J.422; 116J.658; 116J.68, subdivision 5; 116J.74, subdivision 7a; 116J.874, subdivisions 1, 2, 3, 4, 5; 116J.885; 116J.987; 116J.988; 116J.989; 116J.990, subdivisions 1, 2, 3, 4, 5, 6; 116L.06; 116L.10; 116L.11; 116L.12, subdivisions 1, 3, 4, 5, 6; 116L.13; 116L.14; 116L.15; 116L.361, subdivision 2; 116L.363; 116L.871; 116L.872; 469.109; 469.124; Minnesota Statutes 2013 Supplement, sections 116J.6581; 116J.70, subdivision 2a.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2617, now on General Orders.

H.F. No. 3072: A bill for an act relating to transportation; modernizing provisions relating to traffic regulations; eliminating certain reporting requirements; distribution of motor vehicle sales tax revenues; eliminating antiquated, unnecessary, and obsolete provisions; making conforming changes; eliminating and extending sunsets; amending Minnesota Statutes 2012, sections 168.021, subdivision 1; 168.056; 168.10, subdivision 1b; 168.12, subdivisions 1, 2, 2b, 2c, 2d, 2e; 168.123, subdivision 1; 168.1235, subdivision 1; 168.124, subdivision 1; 168.125, subdivision 1; 168.1253, subdivision 1; 168.129, subdivision 1; 168.1296, subdivision 1; 168.1298, subdivision 1; 169.685,

subdivision 7; 169.751; 171.12, subdivision 6; Laws 2009, chapter 158, section 10, as amended; repealing Minnesota Statutes 2012, sections 168.0422; 168.055; 168A.20, subdivision 1a; 169.11; 169.36; 169.39; 169.725; 169.743; 169.754; 169.78; 169.7961; 169.983; 169A.60, subdivision 18; 171.28; 299D.02; 299D.04; 299D.05; 609B.202; Minnesota Rules, part 7409.4700, subpart 2.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2613, now on General Orders.

REPORTS OF COMMITTEES

Senator Bakk moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

Senator Bakk, from the Committee on Rules and Administration, to which was referred

H.F. No. 2397 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
2397	1889				

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 2397 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2397, the third engrossment; and insert the language after the enacting clause of S.F. No. 1889, the first engrossment; further, delete the title of H.F. No. 2397, the third engrossment; and insert the title of S.F. No. 1889, the first engrossment.

And when so amended H.F. No. 2397 will be identical to S.F. No. 1889, and further recommends that H.F. No. 2397 be given its second reading and substituted for S.F. No. 1889, and that the Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Senator Cohen from the Committee on Finance, to which was re-referred

S.F. No. 2214: A bill for an act relating to criminal justice; modifying provisions governing expungement of criminal records; requiring business screening services to delete expunged records; allowing expungement of eviction records in certain cases; amending Minnesota Statutes 2012, sections 260B.198, subdivision 6; 332.70, by adding a subdivision; 504B.345, subdivision 1; 609A.02, subdivision 3; 609A.03, subdivisions 5, 7, 8; proposing coding for new law in Minnesota Statutes, chapter 609A.

Reports the same back with the recommendation that the bill be amended as follows:

Page 6, after line 12, insert:

"Sec. 6. Minnesota Statutes 2012, section 609A.03, subdivision 1, is amended to read:

Subdivision 1. **Petition; filing fee.** An individual who is the subject of a criminal record who is seeking the expungement of the record shall file a petition under this section and pay a filing fee in the amount required under section 357.021, subdivision 2, clause (1). The filing fee may be waived in cases of indigency and shall be waived in the cases described in section 609A.02, subdivision 3, paragraph (a), clause (1)."

Page 8, after line 4, insert:

"(d) Notwithstanding section 138.17, a criminal justice agency that receives an expunged record under paragraph (b), clause (1), shall destroy the record when the investigation becomes inactive or the record is no longer needed for the purpose for which it was obtained."

Page 8, line 5, delete "(d)" and insert "(e)"

Page 8, after line 16, insert:

"Sec. 10. **609A.04 REMEDY.**

An individual whose record is expunged under this chapter or other law may bring an action under section 13.08 against a government entity that opens or exchanges the expunged record in a manner not authorized by law."

Renumber the sections in sequence

Amend the title numbers accordingly

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Cohen from the Committee on Finance, to which was referred

H.F. No. 2091: A bill for an act relating to state employees; expanding the use of the vacation donation to sick leave account; amending Minnesota Statutes 2012, section 43A.1815.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2012, section 43A.1815, is amended to read:

43A.1815 VACATION DONATION TO SICK LEAVE ACCOUNT.

(a) In addition to donations under section 43A.181, a state employee may donate a total of up to 40 hours of accrued vacation leave each fiscal year to the sick leave account of one or more state employees. A state employee may not be paid for more than 80 hours in a payroll period during which the employee uses sick leave credited to the employee's account as a result of a transfer from another state employee's vacation account.

(b) The recipient employee must receive donations, as available, for a life-threatening condition of the employee or spouse or dependent child that prevents the employee from working. A recipient may use program donations retroactively to when all forms of paid leave are exhausted if the employee has sufficient donations to cover the period of retroactivity. A recipient who receives program donations under this section may use up to 80 hours of program donations after the death of a spouse or dependent child.

(c) An applicant for benefits under this section who receives an unfavorable determination may select a designee to consult with the commissioner or commissioner's designee on the reasons for the determination.

(d) The commissioner shall establish procedures under section 43A.04, subdivision 4, for eligibility, duration of need based on individual cases, monitoring and evaluation of individual eligibility status, and other topics related to administration of this program.

Sec. 2. Minnesota Statutes 2012, section 177.24, subdivision 1, is amended to read:

Subdivision 1. **Amount.** (a) For purposes of this subdivision, the terms defined in this paragraph have the meanings given them.

(1) "Large employer" means an enterprise whose annual gross volume of sales made or business done is not less than ~~\$625,000~~ \$500,000 (exclusive of excise taxes at the retail level that are separately stated) and covered by the Minnesota Fair Labor Standards Act, sections 177.21 to 177.35.

(2) "Small employer" means an enterprise whose annual gross volume of sales made or business done is less than ~~\$625,000~~ \$500,000 (exclusive of excise taxes at the retail level that are separately stated) and covered by the Minnesota Fair Labor Standards Act, sections 177.21 to 177.35.

(b) Except as otherwise provided in sections 177.21 to 177.35, ~~every large employer must pay each employee wages at a rate of at least \$5.15 an hour beginning September 1, 1997, and at a rate of at least \$6.15 an hour beginning August 1, 2005. Every small employer must pay each employee at a rate of at least \$4.90 an hour beginning January 1, 1998, and at a rate of at least \$5.25 an hour beginning August 1, 2005:~~

(1) every large employer must pay each employee wages at a rate of at least:

(i) \$8.00 per hour beginning August 1, 2014;

(ii) \$9.00 per hour beginning August 1, 2015;

(iii) \$9.50 per hour beginning August 1, 2016; and

(iv) the rate established under paragraph (f) beginning January 1, 2018; and

(2) every small employer must pay each employee at a rate of at least:

(i) \$6.50 per hour beginning August 1, 2014;

(ii) \$7.25 per hour beginning August 1, 2015;

(iii) \$7.75 per hour beginning August 1, 2016; and

(iv) the rate established under paragraph (f) beginning January 1, 2018.

(c) Notwithstanding paragraph (b), during the first 90 consecutive days of employment, an employer may pay an employee under the age of 20 years a wage of ~~\$4.90 an hour. No employer may take any action to displace any employee, including a partial displacement through a reduction in hours, wages, or employment benefits, in order to hire an employee at the wage authorized in this paragraph~~ at least:

(1) \$6.50 per hour beginning August 1, 2014;

- (2) \$7.25 per hour beginning August 1, 2015;
- (3) \$7.75 per hour beginning August 1, 2016; and
- (4) the rate established under paragraph (f) beginning January 1, 2018.

No employer may take any action to displace an employee, including a partial displacement through a reduction in hours, wages, or employment benefits, in order to hire an employee at the wage authorized in this paragraph.

(d) Notwithstanding paragraph (b), an employer must pay an employee working under and as an Exchange Visitor (J) nonimmigrant visa holder a wage of at least:

- (1) \$6.50 per hour beginning August 1, 2014;
- (2) \$7.25 per hour beginning August 1, 2015;
- (3) \$7.75 per hour beginning August 1, 2016; and
- (4) the rate established under paragraph (f) beginning January 1, 2018.

No employer may take any action to displace an employee, including a partial displacement through a reduction in hours, wages, or employment benefits, in order to hire an employee at the wage authorized in this paragraph.

(e) Notwithstanding paragraph (b), a large employer must pay an employee under the age of 18 at a rate of at least:

- (1) \$6.50 per hour beginning August 1, 2014;
- (2) \$7.25 per hour beginning August 1, 2015;
- (3) \$7.75 per hour beginning August 1, 2016; and
- (4) the rate established under paragraph (f) beginning January 1, 2018.

No employer may take any action to displace an employee, including a partial displacement through a reduction in hours, wages, or employment benefits, in order to hire an employee at the wage authorized in this paragraph.

(f) No later than August 31 of each year, beginning in 2017, the commissioner shall determine the percentage increase in the rate of inflation, as measured by the implicit price deflator, national data for personal consumption expenditures as determined by the United States Department of Commerce, Bureau of Economic Analysis during the 12-month period immediately preceding that August or, if that data is unavailable, during the most recent 12-month period for which data is available. The minimum wage rates in paragraphs (b), (c), (d), and (e) are increased by the lesser of: (1) 2.5 percent, rounded to the nearest cent; or (2) the percentage calculated by the commissioner, rounded to the nearest cent. A minimum wage rate shall not be reduced under this paragraph. The new minimum wage rates determined under this paragraph take effect on the next January 1.

(g)(1) No later than September 30 of each year, beginning in 2017, the commissioner may issue an order that an increase calculated under paragraph (f) not take effect. The commissioner may issue the order only if the commissioner, after consultation with the commissioner of management and budget, finds that leading economic indicators, including but not limited to projections of gross domestic product calculated by the United States Department of Commerce, Bureau of Economic

Analysis; the Consumer Confidence Index issued by the Conference Board; and seasonally adjusted Minnesota unemployment rates, indicate the potential for a substantial downturn in the state's economy. Prior to issuing an order, the commissioner shall also calculate and consider the ratio of the rate of the calculated change in the minimum wage rate to the rate of change in state median income over the same time period used to calculate the change in wage rate. Prior to issuing the order, the commissioner shall hold a public hearing, notice of which must be published in the state register, on the department's Web site, in newspapers of general circulation, and by other means likely to inform interested persons of the hearing, at least 10 days prior to the hearing. The commissioner must allow interested persons to submit written comments to the commissioner before the public hearing and for 20 days after the public hearing.

(2) The commissioner may in a year subsequent to issuing an order under clause (1), make a supplemental increase in the minimum wage rate in addition to the increase for a year calculated under paragraph (f). The supplemental increase may be in an amount up to the full amount of the increase not put into effect because of the order. If the supplemental increase is not the full amount, the commissioner may make a supplemental increase of the difference, or any part of a difference, in a subsequent year until the full amount of the increase ordered not to take effect has been included in a supplemental increase. In making a determination to award a supplemental increase under this clause, the commissioner shall use the same considerations and use the same process as for an order under clause (1). A supplemental wage increase is not subject to and shall not be considered in determining whether a wage rate increase exceeds the limits for annual wage rate increases allowed under paragraph (f).

EFFECTIVE DATE. This section is effective August 1, 2014.

Sec. 3. **SEVERABILITY.**

If any provision of this act or its application to any person or circumstance is judged invalid, the invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of this act are declared severable.

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

Delete the title and insert:

"A bill for an act relating to employment; providing labor standards for private and public employees; regulating the minimum wage; regulating state employee use of donated vacation leave; amending Minnesota Statutes 2012, sections 43A.1815; 177.24, subdivision 1."

And when so amended the bill do pass. Amendments adopted. Report adopted.

SECOND READING OF SENATE BILLS

S.F. No. 2214 was read the second time.

SECOND READING OF HOUSE BILLS

H.F. Nos. 2397 and 2091 were read the second time.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

Senator Dziejczak introduced—

S.F. No. 2960: A bill for an act relating to metropolitan government; requiring development of a model ordinance and a building code for urban riverfronts.

Referred to the Committee on State and Local Government.

Senator Hoffman introduced—

S.F. No. 2961: A bill for an act relating to taxation; sales and use; clarifying payment of refunds for certain biopharmaceutical manufacturing facilities; amending Laws 2013, chapter 143, article 8, section 37.

Referred to the Committee on Taxes.

Senator Senjem introduced—

S.F. No. 2962: A bill for an act relating to commerce; providing that Minnesota-chartered financial institutions are not liable for illegal actions of money transmitters licensed in this state; amending Minnesota Statutes 2012, section 53B.27, by adding a subdivision.

Referred to the Committee on Commerce.

MOTIONS AND RESOLUTIONS

Senator Clausen moved that the name of Senator Nelson be added as a co-author to S.F. No. 2151. The motion prevailed.

Senator Senjem moved that the name of Senator Nelson be added as a co-author to S.F. No. 2898. The motion prevailed.

Senator Hann introduced —

Senate Resolution No. 202: A Senate resolution honoring Peter Humbert for being named a National Merit Scholarship Program Finalist.

Referred to the Committee on Rules and Administration.

Senator Hann introduced —

Senate Resolution No. 203: A Senate resolution honoring Ella Johnson for being named a National Merit Scholarship Program Finalist.

Referred to the Committee on Rules and Administration.

Senator Hann introduced –

Senate Resolution No. 204: A Senate resolution honoring Maxson Smith for being named a National Merit Scholarship Program Finalist.

Referred to the Committee on Rules and Administration.

Senator Hann introduced –

Senate Resolution No. 205: A Senate resolution honoring Alina Ahmad for being named a National Merit Scholarship Program Finalist.

Referred to the Committee on Rules and Administration.

Senator Hann introduced –

Senate Resolution No. 206: A Senate resolution honoring Erik Savereide for being named a National Merit Scholarship Program Finalist.

Referred to the Committee on Rules and Administration.

Senator Hann introduced –

Senate Resolution No. 207: A Senate resolution honoring Boxiao (Michelle) Zhang for being named a National Merit Scholarship Program Finalist.

Referred to the Committee on Rules and Administration.

Senator Hann introduced –

Senate Resolution No. 208: A Senate resolution honoring Varun Sagi for being named a National Merit Scholarship Program Finalist.

Referred to the Committee on Rules and Administration.

Senator Hann introduced –

Senate Resolution No. 209: A Senate resolution honoring Chris Hu for being named a National Merit Scholarship Program Finalist.

Referred to the Committee on Rules and Administration.

Senator Hann introduced –

Senate Resolution No. 210: A Senate resolution honoring Susane Cho for being named a National Merit Scholarship Program Finalist.

Referred to the Committee on Rules and Administration.

Senator Hann introduced –

Senate Resolution No. 211: A Senate resolution honoring Kevin Khieu for being named a National Merit Scholarship Program Finalist.

Referred to the Committee on Rules and Administration.

Senator Hann introduced –

Senate Resolution No. 212: A Senate resolution honoring Joseph Hassler for being named a National Merit Scholarship Program Finalist.

Referred to the Committee on Rules and Administration.

Senator Hann introduced –

Senate Resolution No. 213: A Senate resolution honoring Raghav Vadhul for being named a National Merit Scholarship Program Finalist.

Referred to the Committee on Rules and Administration.

Senator Hann introduced –

Senate Resolution No. 214: A Senate resolution honoring Sienna Ramos for being named a National Merit Scholarship Program Finalist.

Referred to the Committee on Rules and Administration.

Senator Hann introduced –

Senate Resolution No. 215: A Senate resolution honoring Liangbo (James) Wang for being named a National Merit Scholarship Program Finalist.

Referred to the Committee on Rules and Administration.

Senator Hann introduced –

Senate Resolution No. 216: A Senate resolution honoring Hannah Jeter for being named a National Merit Scholarship Program Finalist.

Referred to the Committee on Rules and Administration.

Senators Bakk and Hann introduced –

Senate Resolution No. 217: A Senate resolution relating to appointment of a committee to escort the Governor to the House Chamber for a Joint Convention.

BE IT RESOLVED, by the Senate of the State of Minnesota:

The President of the Senate shall appoint a committee of five members of the Senate to act with a like committee on the part of the House of Representatives to escort the Honorable Mark Dayton,

Governor of the State of Minnesota, to the House Chamber on the occasion of the Joint Convention on Wednesday, April 23, 2014, at 6:45 p.m.

Senator Bakk moved the adoption of the foregoing resolution. The motion prevailed. So the resolution was adopted.

APPOINTMENTS

Pursuant to the forgoing resolution, the President made the following appointments:

Senators Dahle, Hall, Housley, Johnson and Scalze.

Senator Torres Ray moved that the appointment withdrawn from the Committee on Education and placed on the Confirmation Calendar under Senate Rule 8.2, reported in the Journal for April 8, 2014, be returned to the committee from which it was withdrawn.

BOARD OF TEACHING

Jim Grabowska

The motion prevailed.

RECESS

Senator Bakk moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

APPOINTMENTS

Senator Bakk from the Subcommittee on Conference Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

H.F. No. 183: Senators Dibble, Sheran and Limmer.

Senator Bakk moved that the foregoing appointments be approved. The motion prevailed.

RECESS

Senator Bakk moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

CALL OF THE SENATE

Senator Bakk imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

MOTIONS AND RESOLUTIONS - CONTINUED**SPECIAL ORDERS**

Pursuant to Rule 26, Senator Bakk, Chair of the Committee on Rules and Administration, designated the following bills a Special Orders Calendar to be heard immediately:

S.F. No. 1900 and H.F. No. 3172.

SPECIAL ORDER

S.F. No. 1900: A bill for an act relating to health; providing for drug overdose prevention and medical assistance; limiting liability; amending Minnesota Statutes 2012, section 151.37, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 604A.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Dziedzic	Ingebrigtsen	Newman	Scalze
Bakk	Eaton	Jensen	Nienow	Senjem
Benson	Eken	Johnson	Ortman	Sheran
Bonoff	Fischbach	Kent	Osmek	Sieben
Brown	Franzen	Kiffmeyer	Pappas	Skoe
Carlson	Gazelka	Koenen	Pederson, J.	Sparks
Chamberlain	Goodwin	Latz	Petersen, B.	Thompson
Champion	Hall	Limmer	Pratt	Tomassoni
Clausen	Hann	Lourey	Reinert	Torres Ray
Cohen	Hawj	Marty	Rest	Weber
Dahle	Hayden	Metzen	Rosen	Westrom
Dahms	Hoffman	Miller	Ruud	Wiger
Dibble	Housley	Nelson	Saxhaug	Wiklund

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 3172: A bill for an act relating to state government; providing supplemental appropriations for higher education, jobs and economic development, public safety, corrections, transportation, environment, natural resources, and agriculture, kindergarten through grade 12 and adult education, health and human services; making forecast adjustments; modifying prior appropriations; modifying disposition of certain revenues; dedicating money to the Board of Trustees of the Minnesota State Colleges and Universities for compensation costs associated with settlement of employment contracts; dedicating certain funds for homeownership opportunities for families evicted or given notice of eviction due to a disabled child in the home; requiring the housing finance agency to improve efforts to reduce racial and ethnic inequalities in homeownership rates; creating an office of regenerative medicine development; modifying workforce program outcomes; creating job training programs; providing funding for the Minnesota Racing Commission; providing a grant to the Mille Lacs Tourism Council; funding Peace Officer Standards and Training Board; modifying certain provisions pertaining to victims of domestic violence and sentencing for criminal sexual conduct; continuing the fire safety advisory committee; providing for disaster assistance for public entities when federal aid is granted and when federal

aid is absent; establishing certain transportation oversight authority; modifying provisions for railroad and pipeline safety; modifying certain transportation provisions; providing compensation for bee deaths due to pesticide poisoning; establishing pollinator emergency response team; providing nonresident off-highway motorcycle state trail pass; requiring certain recycling; modifying solid waste reduction; regulating harmful chemicals in children's products; providing for state parks and trails license plates, and licensing and inspection of commercial dog and cat breeders; providing for invasive terrestrial plants and pests center; providing funding and policy modifications for early childhood, kindergarten through grade 12, and adult education, including general education, education excellence, special education, facilities, nutrition, community education, self-sufficiency and lifelong learning, and state agencies; making changes to provisions governing the Department of Health, Department of Human Services, children and family services, continuing care, community first services and supports, health care, public assistance programs, and chemical dependency; providing for unborn child protection; modifying the hospital payment system; modifying provisions governing background studies and home and community-based services standards; setting fees; providing rate increases; establishing grant programs; modifying medical assistance provisions; modifying the use of positive support strategies and emergency manual restraint; providing for certain grants; defining terms; creating accounts; requiring reports; providing penalties; authorizing rulemaking; amending Minnesota Statutes 2012, sections 12.03, by adding subdivisions; 12.221, subdivision 4, by adding a subdivision; 12A.02, subdivision 2, by adding subdivisions; 12A.03, subdivision 3; 12A.15, subdivision 1; 13.46, subdivision 4; 13.643, subdivision 6; 13.7411, subdivision 8; 13.84, subdivisions 5, 6; 16A.28, by adding a subdivision; 18B.01, by adding subdivisions; 18B.03, by adding a subdivision; 18B.04; 84.788, subdivision 2; 85.053, subdivision 2; 85.34, subdivision 7; 85A.02, subdivision 2; 103G.271, subdivision 6; 115A.151; 115A.55, subdivision 4; 115A.551, subdivisions 1, 2a; 115A.557, subdivisions 2, 3; 115B.39, subdivision 2; 115E.01, by adding subdivisions; 115E.08, by adding subdivisions; 116.9401; 116.9402; 116.9403; 116.9405; 116.9406; 116L.98; 119B.09, subdivision 9a, by adding a subdivision; 121A.19; 122A.40, subdivision 13; 122A.41, subdivision 6; 122A.415, subdivision 1; 123A.05, subdivision 2; 123A.485; 123A.64; 123B.57, subdivision 6; 123B.71, subdivisions 8, 9; 124D.09, subdivisions 9, 13; 124D.111, by adding a subdivision; 124D.16, subdivision 2; 124D.522; 124D.531, subdivision 3; 124D.59, subdivision 2; 125A.76, subdivision 2; 126C.10, subdivisions 25, 26; 127A.45, subdivisions 2, 3; 127A.49, subdivisions 2, 3; 129C.10, subdivision 3, by adding a subdivision; 144.0724, as amended; 144.551, subdivision 1; 145.4131, subdivision 1; 165.15, subdivision 2; 169.826, by adding a subdivision; 169.8261, by adding a subdivision; 169.86, subdivision 5; 169.863, by adding a subdivision; 169.865, subdivisions 1, 2, by adding a subdivision; 169.866, subdivision 3, by adding a subdivision; 174.24, by adding a subdivision; 174.56, subdivision 1, by adding a subdivision; 179.02, by adding a subdivision; 181A.07, by adding a subdivision; 219.015, subdivisions 1, 2; 243.167, subdivision 1; 245A.03, subdivision 2c; 245C.03, by adding a subdivision; 245C.04, by adding a subdivision; 245C.05, subdivision 5; 245C.10, by adding a subdivision; 245C.33, subdivisions 1, 4; 252.27, by adding a subdivision; 252.451, subdivision 2; 254B.12; 256.01, by adding a subdivision; 256.9685, subdivisions 1, 1a; 256.9686, subdivision 2; 256.969, subdivisions 1, 2, 2b, 3a, 3b, 3c, 6a, 8, 8a, 9, 10, 12, 14, 17, 18, 25, 30, by adding subdivisions; 256.9752, subdivision 2; 256B.04, by adding a subdivision; 256B.0625, subdivisions 18b, 18c, 18d, 18g, 30, by adding a subdivision; 256B.0751, by adding a subdivision; 256B.199; 256B.35, subdivision 1; 256B.431, by adding a subdivision; 256B.434, by adding a subdivision; 256B.441, by adding a subdivision; 256B.5012, by adding a subdivision; 256I.04, subdivision 2b; 256I.05, subdivision 2; 256J.49, subdivision 13; 256J.53, subdivisions 1, 2, 5; 256J.531; 257.85, subdivision 11; 260C.212, subdivision 1; 260C.515, subdivision 4;

260C.611; 299F.012, subdivisions 1, 2; 469.084, by adding a subdivision; 473.408, by adding a subdivision; 609.135, subdivision 2; 609.3451, subdivision 3; 611A.06, by adding a subdivision; Minnesota Statutes 2013 Supplement, sections 16A.724, subdivision 2; 123B.53, subdivisions 1, 5; 123B.54; 123B.75, subdivision 5; 124D.11, subdivision 1; 124D.111, subdivision 1; 124D.165, subdivision 5; 124D.531, subdivision 1; 124D.65, subdivision 5; 124D.862, subdivisions 1, 2; 125A.0942; 125A.11, subdivision 1; 125A.76, subdivisions 1, 2a, 2b, 2c; 125A.79, subdivisions 1, 5, 8; 126C.05, subdivision 15; 126C.10, subdivisions 2, 2a, 2d, 24, 31; 126C.17, subdivisions 6, 7b, 9, 9a; 126C.44; 126C.48, subdivision 8; 127A.47, subdivision 7; 145.4716, subdivision 2; 168.123, subdivision 2; 174.42, subdivision 2; 245.8251; 245A.03, subdivision 7; 245A.042, subdivision 3; 245A.16, subdivision 1; 245C.08, subdivision 1; 245D.02, subdivisions 3, 4b, 8b, 11, 15b, 29, 34, 34a, by adding a subdivision; 245D.03, subdivisions 1, 2, 3, by adding a subdivision; 245D.04, subdivision 3; 245D.05, subdivisions 1, 1a, 1b, 2, 4, 5; 245D.051; 245D.06, subdivisions 1, 2, 4, 6, 7, 8; 245D.071, subdivisions 3, 4, 5; 245D.081, subdivision 2; 245D.09, subdivisions 3, 4a; 245D.091, subdivisions 2, 3, 4; 245D.10, subdivisions 3, 4; 245D.11, subdivision 2; 256B.04, subdivision 21; 256B.056, subdivision 5c; 256B.0625, subdivisions 17, 18e; 256B.0949, subdivisions 4, 11; 256B.439, subdivisions 1, 7; 256B.441, subdivision 53; 256B.4912, subdivision 1; 256B.492; 256B.69, subdivision 34; 256B.85, subdivisions 2, 3, 5, 6, 7, 8, 9, 10, 11, 12, 13, 15, 16, 17, 18, 23, 24, by adding subdivisions; 256N.22, subdivisions 1, 2, 4; 256N.23, subdivision 4; 256N.25, subdivisions 2, 3; 256N.26, subdivision 1; 256N.27, subdivision 4; Laws 2008, chapter 363, article 5, section 4, subdivision 7, as amended; Laws 2009, chapter 83, article 1, section 10, subdivision 7; Laws 2010, chapter 189, sections 15, subdivision 12; 26, subdivision 4; Laws 2012, chapter 249, section 11; Laws 2012, chapter 263, section 1; Laws 2012, chapter 287, article 2, sections 1; 3; Laws 2012, First Special Session chapter 1, article 1, section 28; Laws 2013, chapter 1, section 6, as amended; Laws 2013, chapter 85, article 1, sections 3, subdivisions 2, 5, 6; 4, subdivisions 1, 2; 5; 13, subdivision 5; Laws 2013, chapter 86, article 1, sections 12, subdivision 3, as amended; 13; Laws 2013, chapter 108, article 1, section 24; article 3, section 48; article 7, sections 14; 49; article 14, sections 2, subdivisions 1, 4, as amended, 5, 6, as amended; 3, subdivisions 1, 4; 4, subdivision 8; 12; Laws 2013, chapter 114, article 3, section 4, subdivision 3; Laws 2013, chapter 116, article 1, section 58, subdivisions 2, 3, 4, 5, 6, 7, 11; article 3, section 37, subdivisions 3, 4, 5, 6, 8, 11, 15, 20; article 4, section 9, subdivision 2; article 5, section 31, subdivisions 2, 3, 4, 8; article 6, section 12, subdivisions 2, 3, 4, 5, 6; article 7, section 21, subdivisions 2, 3, 4, 6, 7, 9; article 8, section 5, subdivisions 2, 3, 4, 10, 11, 14; article 9, sections 1, subdivision 2; 2; Laws 2013, chapter 117, article 1, sections 3, subdivisions 2, 3; 4; proposing coding for new law in Minnesota Statutes, chapters 8; 18B; 19; 84; 85; 87A; 115E; 116; 116J; 123A; 123B; 124D; 129C; 144; 144A; 145; 168; 219; 299A; 347; 473; proposing coding for new law as Minnesota Statutes, chapter 12B; repealing Minnesota Statutes 2012, sections 115A.551, subdivision 2; 116J.997; 123B.71, subdivision 1; 256.969, subdivisions 2c, 8b, 9a, 9b, 11, 13, 20, 21, 22, 26, 27, 28; 256.9695, subdivisions 3, 4; Minnesota Statutes 2013 Supplement, sections 256B.0625, subdivision 18f; 256N.26, subdivision 7.

CALL OF THE SENATE

Senator Cohen imposed a call of the Senate for the balance of the proceedings on H.F. No. 3172. The Sergeant at Arms was instructed to bring in the absent members.

Senator Cohen moved to amend H.F. No. 3172, the unofficial engrossment, as follows:

Page 94, line 25, delete "5" and insert "4"

Page 142, line 7, after the first "revenue" insert ", local optional revenue,"

Page 176, line 30, strike "at least" and insert "between" and after "90" insert "and 100"

Page 176, line 32, after "skills" insert "revenue, local optional revenue,"

Page 177, line 8, strike "at least" and insert "between" and after "90" insert "and 100"

Page 177, line 10, after "skills" insert "revenue, local optional revenue,"

Page 191, line 1, after "revenue" insert ", local optional revenue,"

Page 211, line 30, delete "16,068,000" and insert "15,867,000"

Page 211, line 33, strike "\$2,099,000" and insert "\$1,898,000"

Page 212, line 5, delete "18,566,000" and insert "18,500,000"

Page 212, line 8, strike "\$2,668,000" and insert "\$2,602,000"

Page 213, line 31, delete "2,144,000" and insert "2,044,000"

Page 213, line 34, strike "\$266,000" and insert "\$166,000"

Page 214, line 15, delete "54,763,000" and insert "54,625,000"

Page 214, line 18, strike "\$6,819,000" and insert "\$6,681,000"

Page 214, line 27, delete "1,038,514,000" and insert "1,038,465,000"

Page 214, line 30, strike "\$118,232,000" and insert "\$118,183,000"

Page 215, line 32, delete "473,000" and insert "471,000"

Page 215, line 35, strike "\$26,000" and insert "\$24,000"

Page 216, line 28, delete "3,858,000" and insert "3,877,000"

Page 216, line 31, strike "\$456,000" and insert "\$475,000"

Page 219, line 2, delete "735,000" and insert "734,000"

Page 219, line 4, strike "\$96,000" and insert "\$95,000"

Page 219, line 25, delete "93,149,000" and insert "92,803,000"

Page 219, line 31, delete "92,247,000" and insert "91,901,000"

Page 221, line 19, delete "83,258,000" and insert "82,912,000"

Page 223, line 32, delete "3,757,000" and insert "3,761,000"

Page 224, line 3, delete "722,000" and insert "726,000"

Page 224, delete lines 5 to 9 and insert:

"Subd. 2. **Health Improvement**

(25,000)

1,525,000"

Page 225, delete lines 7 to 24

Page 225, line 33, after "in" insert "two" and delete the second "two" and insert "a community health board or tribal government. One community must be in the seven-county metropolitan area and one must be outside the seven-county metropolitan area."

Page 225, delete lines 34 and 35

Page 226, line 1, delete "county."

Page 226, line 20, delete "The"

Page 226, delete lines 21 to 23

Page 226, line 28, delete "48,000" and insert "78,000"

Page 227, line 27, after the period, insert "The state government special revenue fund base is increased by \$4,000 in fiscal years 2016 and 2017."

Page 227, delete subdivisions 4 and 5 and insert:

"Subd. 4. Health Protection

	<u>Appropriations by Fund</u>	
	<u>2014</u>	<u>2015</u>
<u>General</u>	<u>-0-</u>	<u>500,000</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>817,000</u>	<u>648,000</u>

Healthy Housing Grants. (a) \$100,000 of the general fund appropriation in fiscal year 2015 is for education and training grants under Minnesota Statutes, section 144.9513, subdivision 3.

(b) \$300,000 of the general fund appropriation in fiscal year 2015 is for healthy homes implementation grants under Minnesota Statutes, section 144.9513, subdivision 4.

(c) \$100,000 of the general fund appropriation in fiscal year 2015 is for lead poisoning prevention activities under Minnesota Statutes, sections 144.9501 to 144.9512.

(d) No more than one full-time employee may be hired to administer the grants under Minnesota Statutes, section 144.9513.

Subd. 5. Administrative Support Services

975,000

-0-

Lawsuit settlement. The general fund appropriation in fiscal year 2014 is a onetime appropriation for the cost of settling the lawsuit Bearder v. State of Minnesota."

Page 378, line 4, delete "or (i)"

Page 473, line 3, delete "(196,927)" and insert "(196,927,000)" and delete "64,288" and insert "64,288,000"

Page 473, line 5, delete "(153,497)" and insert "(153,497,000)" and delete "(25,282)" and insert "(25,282,000)"

Page 473, line 7, delete "(36,533)" and insert "(36,533,000)" and delete "91,294" and insert "91,294,000"

Page 473, line 8, delete "(6,897)" and insert "(6,897,000)" and delete "(1,724)" and insert "(1,724,000)"

Page 473, line 12, delete "3,571" and insert "3,571,000" and delete "173" and insert "173,000"

Page 473, line 13, delete "(6,475)" and insert "(6,475,000)" and delete "(1,298)" and insert "(1,298,000)"

Page 473, line 14, delete "(684)" and insert "(684,000)" and delete "11,114" and insert "11,114,000"

Page 473, line 15, delete "(2,569)" and insert "(2,569,000)" and delete "(1,940)" and insert "(1,940,000)"

Page 473, line 16, delete "(690)" and insert "(690,000)" and delete "(614)" and insert "(614,000)"

Page 473, line 17, delete "250" and insert "250,000" and delete "(1,740)" and insert "(1,740,000)"

Page 473, line 18, delete "(34,838)" and insert "(34,838,000)" and delete "96,340" and insert "96,340,000"

Page 473, line 23, delete "(149,494)" and insert "(149,494,000)" and delete "(27,075)" and insert "(27,075,000)"

Page 473, line 25, delete "(1,695)" and insert "(1,695,000)" and delete "(5,046)" and insert "(5,046,000)"

Page 473, line 26, delete "(6,936)" and insert "(6,936,000)" and delete "(13,260)" and insert "(13,260,000)"

Page 473, line 27, delete "3,055" and insert "3,707,000" and delete "8,060" and insert "8,060,000"

Page 473, line 28, delete "(422)" and insert "(422,000)" and delete "(426)" and insert "(426,000)"

Correct the section totals and the appropriation summary

The motion prevailed. So the amendment was adopted.

Senator Petersen, B. moved that H.F. No. 3172 be re-referred to the Committee on Finance.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 27 and nays 38, as follows:

Those who voted in the affirmative were:

Anderson	Gazelka	Limmer	Osmek	Senjem
Benson	Hall	Miller	Pederson, J.	Weber
Brown	Hann	Nelson	Petersen, B.	Westrom
Chamberlain	Housley	Newman	Pratt	
Dahms	Ingebrigtsen	Nienow	Rosen	
Fischbach	Kiffmeyer	Ortman	Ruud	

Those who voted in the negative were:

Bakk	Dziedzic	Jensen	Pappas	Sparks
Bonoff	Eaton	Johnson	Reinert	Stumpf
Carlson	Eken	Kent	Rest	Tomassoni
Champion	Franzen	Koenen	Saxhaug	Torres Ray
Clausen	Goodwin	Latz	Scalze	Wiger
Cohen	Hawj	Lourey	Sheran	Wiklund
Dahle	Hayden	Marty	Sieben	
Dibble	Hoffman	Metzen	Skoe	

The motion did not prevail.

Senator Saxhaug moved to amend H.F. No. 3172, the unofficial engrossment, as follows:

Page 123, delete section 2

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Pederson, J. moved to amend H.F. No. 3172, the unofficial engrossment, as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

TRANSPORTATION

Section 1. Minnesota Statutes 2012, section 3.972, is amended by adding a subdivision to read:

Subd. 2a. **Audit of Department of Transportation efficiencies.** The legislative auditor shall, in every even-numbered fiscal year in connection with its audit of the Department of Transportation under subdivision 2: (1) examine the department's efforts to achieve the level of construction expenditure reduction due to implemented efficiencies required under section 174.56, subdivision 2b; and (2) determine whether the savings have been appropriately and transparently applied to advance priority projects of statewide or regional significance through the corridors of commerce program.

Sec. 2. Minnesota Statutes 2012, section 3.972, is amended by adding a subdivision to read:

Subd. 2b. **Audit of Metropolitan Council efficiencies.** The legislative auditor shall, in every even-numbered fiscal year: (1) examine the efforts of the Metropolitan Council to achieve the level of metropolitan transit expenditure reduction due to implemented efficiencies required under section

473.4485; and (2) determine whether the savings have been appropriately and transparently applied to expand the metropolitan area transit system.

Sec. 3. Minnesota Statutes 2012, section 174.56, subdivision 1, is amended to read:

Subdivision 1. **Report required.** (a) The commissioner of transportation shall submit a report by December 15 of each year on (1) the status of major highway projects completed during the previous two years or under construction or planned during the year of the report and for the ensuing 15 years, **and** (2) trunk highway fund expenditures, and (3) efficiencies achieved in the previous fiscal year.

(b) For purposes of this section, a "major highway project" is a highway project that has a total cost for all segments that the commissioner estimates at the time of the report to be at least (1) \$15,000,000 in the metropolitan highway construction district, or (2) \$5,000,000 in any nonmetropolitan highway construction district.

Sec. 4. Minnesota Statutes 2012, section 174.56, is amended by adding a subdivision to read:

Subd. 2b. **Efficiencies.** The commissioner shall include in the report information on efficiencies implemented in the previous year in operations, planning, and project management and delivery, along with an explanation of the efficiency measures utilized to calculate efficiency-related savings. The level of savings achieved must equal, in comparison with the previous three-year average of construction expenditures, a minimum of five percent in fiscal year 2015, ten percent in fiscal year 2016, and 15 percent each fiscal year thereafter. The savings must be utilized to advance priority projects of statewide or regional significance through the corridors of commerce program under section 161.088. The report must identify the projects that have been advanced or completed due to the implementation of efficiency measures.

Sec. 5. **[473.4485] METROPOLITAN COUNCIL TRANSIT EFFICIENCIES.**

Subdivision 1. **Reduction of expenditures and expansion of system.** The council shall adopt innovations in financial management, planning, operations, procurement, and use of technology in order to reduce expenditures related to metropolitan area transit. The level of savings achieved in the annual transit operating budget must equal or exceed five percent in calendar year 2015, ten percent in calendar year 2016, and 15 percent each calendar year thereafter. Savings achieved must be reinvested in a transparent manner to expand the metropolitan area transit system.

Subd. 2. **Report.** Beginning in 2015 and annually thereafter, by February 15, the Metropolitan Council shall submit a report to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over transportation policy and budget, describing the efficiencies implemented and the resulting savings realized under this section. The report must also include details concerning the application of the savings to the expansion of the metropolitan area transit system.

ARTICLE 2

CONTINUING CARE

Section 1. Minnesota Statutes 2012, section 256B.5012, is amended by adding a subdivision to read:

Subd. 16. ICF/DD rate increases effective July 1, 2014. (a) For the rate period beginning July 1, 2014, the commissioner shall increase operating payments for each facility reimbursed under this section equal to five percent of the operating payment rates in effect on June 30, 2014.

(b) For each facility, the commissioner shall apply the rate increase based on occupied beds, using the percentage specified in this subdivision multiplied by the total payment rate, including the variable rate but excluding the property-related payment rate in effect on June 30, 2014. The total rate increase shall include the adjustment provided in section 256B.501, subdivision 12.

(c) Facilities that receive a rate increase under this subdivision shall use 80 percent of the additional revenue to increase compensation-related costs for employees directly employed by the facility on or after July 1, 2014, except:

(1) persons employed in the central office of a corporation or entity that has an ownership interest in the facility or exercises control over the facility; and

(2) persons paid by the facility under a management contract.

(d) Compensation-related costs include:

(1) wages and salaries;

(2) the employer's share of FICA taxes, Medicare taxes, state and federal unemployment taxes, workers' compensation, and mileage reimbursement;

(3) the employer's share of health and dental insurance, life insurance, disability insurance, long-term care insurance, uniform allowance, pensions, and contributions to employee retirement accounts; and

(4) other benefits provided and workforce needs, including the recruiting and training of employees as specified in the distribution plan required under paragraph (f).

(e) For public employees under a collective bargaining agreement, the increase for wages and benefits is available and pay rates must be increased only to the extent that the increases comply with laws governing public employees' collective bargaining. Money received by a facility under paragraph (c) for pay increases for public employees must be used only for pay increases implemented between July 1, 2014, and August 1, 2014.

(f) For a facility that has employees that are represented by an exclusive bargaining representative, the provider shall obtain a letter of acceptance of the distribution plan required under paragraph (g), in regard to the members of the bargaining unit, signed by the exclusive bargaining agent. Upon receipt of the letter of acceptance, the facility shall be deemed to have met all the requirements of this subdivision in regard to the members of the bargaining unit. Upon request, the facility shall produce the letter of acceptance for the commissioner.

(g) A facility that receives a rate adjustment under paragraph (a) that is subject to paragraph (c) shall prepare, and upon request submit to the commissioner, a distribution plan that specifies the amount of money the facility expects to receive that is subject to the requirements of paragraph (c), including how that money will be distributed to increase compensation for employees.

(h) Using forms prescribed by the commissioner, facilities must submit to the commissioner verification that they have complied with paragraph (c).

(i) By January 1, 2015, the facility shall post the distribution plan required under paragraph (g) for a period of at least six weeks in an area of the facility's operation to which all eligible employees have access and shall provide instructions for employees who do not believe they have received the wage and other compensation-related increases specified in the distribution plan. The instructions must include a mailing address, e-mail address, and telephone number that an employee may use to contact the commissioner or the commissioner's representative.

Sec. 2. PROVIDER RATE AND GRANT INCREASES EFFECTIVE JULY 1, 2014.

(a) The commissioner of human services shall increase reimbursement rates, grants, allocations, individual limits, and rate limits, as applicable, by five percent for the rate period beginning July 1, 2014, for services rendered on or after July 1, 2014. County or tribal contracts for services, grants, and programs under paragraph (b) must be amended to pass through these rate increases by September 1, 2014.

(b) The rate changes described in this section must be provided to:

(1) home and community-based waived services for persons with developmental disabilities, including consumer-directed community supports, under Minnesota Statutes, section 256B.501;

(2) waived services under community alternatives for disabled individuals, including consumer-directed community supports, under Minnesota Statutes, section 256B.49;

(3) community alternative care waived services, including consumer-directed community supports, under Minnesota Statutes, section 256B.49;

(4) brain injury waived services, including consumer-directed community supports, under Minnesota Statutes, section 256B.49;

(5) home and community-based waived services for the elderly under Minnesota Statutes, section 256B.0915;

(6) nursing services and home health services under Minnesota Statutes, section 256B.0625, subdivision 6a;

(7) personal care services and qualified professional supervision of personal care services under Minnesota Statutes, section 256B.0625, subdivisions 6a and 19a;

(8) private duty nursing services under Minnesota Statutes, section 256B.0625, subdivision 7;

(9) day training and habilitation services for adults with developmental disabilities under Minnesota Statutes, sections 252.41 to 252.46, including the additional cost to counties of the rate adjustments on day training and habilitation services, provided as a social service;

(10) alternative care services under Minnesota Statutes, section 256B.0913;

(11) living skills training programs for persons with intractable epilepsy who need assistance in the transition to independent living under Laws 1988, chapter 689;

(12) semi-independent living services (SILS) under Minnesota Statutes, section 252.275, including SILS funding under county social services grants formerly funded under Minnesota Statutes, chapter 256M;

(13) consumer support grants under Minnesota Statutes, section 256.476;

(14) family support grants under Minnesota Statutes, section 252.32;

(15) housing access grants under Minnesota Statutes, section 256B.0658;

(16) self-advocacy grants under Laws 2009, chapter 101; and

(17) technology grants under Laws 2009, chapter 79.

(c) For individual service rates determined under Minnesota Statutes, section 256B.4914, the commissioner shall adjust the calculations in subdivisions 6, 7, 8, and 9, after any adjustments under Minnesota Statutes, section 256B.4914, subdivision 16, to reflect a five percent increase.

(d) The commissioner shall increase the banding values for all service recipients as defined in Minnesota Statutes, section 256B.4913, subdivision 4a, paragraph (b), by five percent, effective July 1, 2014.

(e) A managed care plan or county-based purchasing plan receiving state payments for the services grants and programs in paragraph (b) must include these increases in their payments to providers. To implement the rate increase in paragraph (a), capitation rates paid by the commissioner to managed care plans and county-based purchasing plans under Minnesota Statutes, section 256B.69, shall reflect a five percent increase for the services and programs specified in paragraph (b) for the period beginning July 1, 2014.

(f) Counties shall increase the budget for each recipient of consumer-directed community supports by the amount in paragraph (a) on July 1, 2014.

(g) Providers that receive a rate increase under paragraph (a) shall use 80 percent of the additional revenue to increase compensation-related costs for employees directly employed by the program on or after July 1, 2014, except:

(1) persons employed in the central office of a corporation or entity that has an ownership interest in the provider or exercises control over the provider; and

(2) persons paid by the provider under a management contract.

(h) Compensation-related costs include:

(1) wages and salaries;

(2) the employer's share of FICA taxes, Medicare taxes, state and federal unemployment taxes, workers' compensation, and mileage reimbursement;

(3) the employer's share of health and dental insurance, life insurance, disability insurance, long-term care insurance, uniform allowance, pensions, and contributions to employee retirement accounts; and

(4) other benefits provided and workforce needs, including the recruiting and training of employees as specified in the distribution plan required under paragraph (l).

(i) For public employees under a collective bargaining agreement, the increase for wages and benefits is available and pay rates must be increased only to the extent that the increases comply with laws governing public employees' collective bargaining. Money received by a provider for pay increases for public employees under paragraph (g) must be used only for pay increases implemented between July 1, 2014, and August 1, 2014.

(j) For a provider that has employees that are represented by an exclusive bargaining representative, the provider shall obtain a letter of acceptance of the distribution plan required under paragraph (m), in regard to the members of the bargaining unit, signed by the exclusive bargaining agent. Upon receipt of the letter of acceptance, the provider shall be deemed to have met all the requirements of this section in regard to the members of the bargaining unit. Upon request, the provider shall produce the letter of acceptance for the commissioner.

(k) The commissioner shall amend state grant contracts that include direct personnel-related grant expenditures to include the allocation for the portion of the contract related to employee compensation. Grant contracts for compensation-related services must be amended to pass through these adjustments by September 1, 2014, and must be retroactive to July 1, 2014.

(l) The Board on Aging and its area agencies on aging shall amend their grants that include direct personnel-related grant expenditures to include the rate adjustment for the portion of the grant related to employee compensation. Grants for compensation-related services must be amended to pass through these adjustments by September 1, 2014, and must be retroactive to July 1, 2014.

(m) A provider that receives a rate adjustment under paragraph (a) that is subject to paragraph (g) shall prepare, and upon request submit to the commissioner, a distribution plan that specifies the amount of money the provider expects to receive that is subject to the requirements of paragraph (g), including how that money will be distributed to increase compensation for employees.

(n) Using forms prescribed by the commissioner, providers must submit to the commissioner verification that they have complied with paragraph (g).

(o) By January 1, 2015, the provider shall post the distribution plan required under paragraph (l) for a period of at least six weeks in an area of the provider's operation to which all eligible employees have access and shall provide instructions for employees who do not believe they have received the wage and other compensation-related increases specified in the distribution plan. The instructions must include a mailing address, e-mail address, and telephone number that the employee may use to contact the commissioner or the commissioner's representative.

(p) For providers with rates established under Minnesota Statutes, section 256B.4914, and with a banding value established under Minnesota Statutes, section 256B.4913, subdivision 4a, paragraph (b), that is greater than the rate established under Minnesota Statutes, section 256B.4914, the requirements in paragraph (g) must only apply to the portion of the rate increase that exceeds the difference between the rate established under Minnesota Statutes, section 256B.4914, and the banding value established under Minnesota Statutes, section 256B.4913, subdivision 4a, paragraph (b).

Sec. 3. **APPROPRIATION.**

\$80,234,000 is appropriated from the general fund to the commissioner of human services in fiscal year 2015 to carry out the requirements in sections 1 and 2."

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 28 and nays 38, as follows:

Those who voted in the affirmative were:

Anderson	Gazelka	Limmer	Osmek	Senjem
Benson	Hall	Miller	Pederson, J.	Thompson
Brown	Hann	Nelson	Petersen, B.	Weber
Chamberlain	Housley	Newman	Pratt	Westrom
Dahms	Ingebrigtsen	Nienow	Rosen	
Fischbach	Kiffmeyer	Ortman	Ruud	

Those who voted in the negative were:

Bakk	Dziedzic	Jensen	Pappas	Sparks
Bonoff	Eaton	Johnson	Reinert	Stumpf
Carlson	Eken	Kent	Rest	Tomassoni
Champion	Franzen	Koenen	Saxhaug	Torres Ray
Clausen	Goodwin	Latz	Scalze	Wiger
Cohen	Hawj	Lourey	Sheran	Wiklund
Dahle	Hayden	Marty	Sieben	
Dibble	Hoffman	Metzen	Skoe	

The motion did not prevail. So the amendment was not adopted.

Senator Pederson, J. moved to amend H.F. No. 3172, the unofficial engrossment, as follows:

Page 62, after line 21, insert:

"Sec. 24. Minnesota Statutes 2012, section 174.56, subdivision 1, is amended to read:

Subdivision 1. **Report required.** (a) The commissioner of transportation shall submit a report by December 15 of each year on (1) the status of major highway projects completed during the previous two years or under construction or planned during the year of the report and for the ensuing 15 years, and (2) trunk highway fund expenditures, and (3) beginning with the report due in 2016, efficiencies achieved during the previous two fiscal years.

(b) For purposes of this section, a "major highway project" is a highway project that has a total cost for all segments that the commissioner estimates at the time of the report to be at least (1) \$15,000,000 in the metropolitan highway construction district, or (2) \$5,000,000 in any nonmetropolitan highway construction district."

Page 67, after line 23, insert:

"Sec. 32. TRANSPORTATION EFFICIENCIES.

The commissioner of transportation shall include in the report under Minnesota Statutes, section 174.56, due by December 15, 2015, information on efficiencies implemented in fiscal year 2015 in planning and project management and delivery, along with an explanation of the efficiencies employed to achieve the savings and the methodology used in the calculations. The level of savings achieved must equal, in comparison with the total state road construction budget for that year, a minimum of five percent in fiscal year 2015. The report must identify the projects that have been advanced or completed due to the implementation of efficiency measures."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Ruud moved to amend H.F. No. 3172, the unofficial engrossment, as follows:

Page 428, after line 31, insert:

"Sec. 36. **PROHIBITION ON USE OF FUNDS.**

Subdivision 1. Use of funds. Funding for state-sponsored health programs shall not be used for funding abortions, except to the extent necessary for continued participation in a federal program. For purposes of this section, abortion has the meaning given in Minnesota Statutes, section 144.343, subdivision 3.

Subd. 2. Severability. If any one or more provision, section, subdivision, sentence, clause, phrase, or word of this section or the application of it to any person or circumstance is found to be unconstitutional, it is declared to be severable and the balance of this section shall remain effective notwithstanding such unconstitutionality. The legislature intends that it would have passed this section, and each provision, section, subdivision, sentence, clause, phrase, or word irrespective of the fact that any one provision, section, subdivision, sentence, clause, phrase, or word is declared unconstitutional."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 31 and nays 35, as follows:

Those who voted in the affirmative were:

Anderson	Gazelka	Limmer	Pederson, J.	Thompson
Benson	Hall	Miller	Petersen, B.	Weber
Brown	Hann	Nelson	Pratt	Westrom
Chamberlain	Housley	Newman	Rosen	
Dahms	Ingebrigtsen	Nienow	Ruud	
Eken	Kiffmeyer	Ortman	Senjem	
Fischbach	Koenen	Osmek	Stumpf	

Those who voted in the negative were:

Bakk	Dibble	Hoffman	Metzen	Sieben
Bonoff	Dziedzic	Jensen	Pappas	Skoe
Carlson	Eaton	Johnson	Reinert	Sparks
Champion	Franzen	Kent	Rest	Tomassoni
Clausen	Goodwin	Latz	Saxhaug	Torres Ray
Cohen	Hawj	Lourey	Scalze	Wiger
Dahle	Hayden	Marty	Sheran	Wiklund

The motion did not prevail. So the amendment was not adopted.

Senator Gazelka moved to amend H.F. No. 3172, the unofficial engrossment, as follows:

Page 208, delete section 96

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 29 and nays 37, as follows:

Those who voted in the affirmative were:

Anderson	Bonoff	Chamberlain	Fischbach	Hall
Benson	Brown	Dahms	Gazelka	Hann

Housley	Miller	Ortman	Pratt	Thompson
Ingebrigtsen	Nelson	Osmek	Rosen	Weber
Kiffmeyer	Newman	Pederson, J.	Ruud	Westrom
Limmer	Nienow	Petersen, B.	Senjem	

Those who voted in the negative were:

Bakk	Eaton	Johnson	Reinert	Stumpf
Carlson	Eken	Kent	Rest	Tomassoni
Champion	Franzen	Koenen	Saxhaug	Torres Ray
Clausen	Goodwin	Latz	Scalze	Wiger
Cohen	Hawj	Lourey	Sheran	Wiklund
Dahle	Hayden	Marty	Sieben	
Dibble	Hoffman	Metzen	Skoe	
Dziedzic	Jensen	Pappas	Sparks	

The motion did not prevail. So the amendment was not adopted.

Senator Brown moved to amend H.F. No. 3172, the unofficial engrossment, as follows:

Page 492, after line 18, insert:

"ARTICLE 23

MISCELLANEOUS

Section 1. HEALTH INSURANCE RATE DISCLOSURE.

Notwithstanding any other law, the commissioner of commerce must publish on the department Web site on October 1, 2014, the rates for all small group market and individual market health plans approved for sale in this state for calendar year 2015, including plans sold both through the Minnesota Insurance Marketplace and outside the marketplace."

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 28 and nays 38, as follows:

Those who voted in the affirmative were:

Anderson	Gazelka	Limmer	Osmek	Senjem
Benson	Hall	Miller	Pederson, J.	Thompson
Brown	Hann	Nelson	Petersen, B.	Weber
Chamberlain	Housley	Newman	Pratt	Westrom
Dahms	Ingebrigtsen	Nienow	Rosen	
Fischbach	Kiffmeyer	Ortman	Ruud	

Those who voted in the negative were:

Bakk	Dziedzic	Jensen	Pappas	Sparks
Bonoff	Eaton	Johnson	Reinert	Stumpf
Carlson	Eken	Kent	Rest	Tomassoni
Champion	Franzen	Koenen	Saxhaug	Torres Ray
Clausen	Goodwin	Latz	Scalze	Wiger
Cohen	Hawj	Lourey	Sheran	Wiklund
Dahle	Hayden	Marty	Sieben	
Dibble	Hoffman	Metzen	Skoe	

The motion did not prevail. So the amendment was not adopted.

Senator Gazelka moved to amend H.F. No. 3172, the unofficial engrossment, as follows:

Page 492, after line 18, insert:

**"ARTICLE 23
MISCELLANEOUS**

Section 1. Minnesota Statutes 2013 Supplement, section 62V.05, subdivision 2, is amended to read:

Subd. 2. **Operations funding.** (a) Prior to January 1, 2015, MNsure shall retain or collect up to 1.5 percent of total premiums for individual and small group market health plans and dental plans sold through MNsure to fund the cash reserves of MNsure, but the amount collected shall not exceed a dollar amount equal to 25 percent of the funds collected under section 62E.11, subdivision 6, for calendar year 2012.

(b) Beginning January 1, 2015, MNsure shall retain or collect up to 3.5 percent of total premiums for individual and small group market health plans and dental plans sold through MNsure to fund the operations of MNsure, but the amount collected shall not exceed a dollar amount equal to 50 percent of the funds collected under section 62E.11, subdivision 6, for calendar year 2012.

~~(c) Beginning January 1, 2016, MNsure shall retain or collect up to 3.5 percent of total premiums for individual and small group market health plans and dental plans sold through MNsure to fund the operations of MNsure, but the amount collected may never exceed a dollar amount greater than 100 percent of the funds collected under section 62E.11, subdivision 6, for calendar year 2012.~~
Beginning July 1, 2015, any change in the percent of total premiums collected or the percentage limit for funds collected under section 62E.11, subdivision 6, for calendar year 2012, must be approved in law.

(d) For fiscal years 2014 and 2015, the commissioner of management and budget is authorized to provide cash flow assistance of up to \$20,000,000 from the special revenue fund or the statutory general fund under section 16A.671, subdivision 3, paragraph (a), to MNsure. Any funds provided under this paragraph shall be repaid, with interest, by June 30, 2015.

(e) Funding for the operations of MNsure shall cover any compensation provided to navigators participating in the navigator program."

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 28 and nays 38, as follows:

Those who voted in the affirmative were:

Anderson	Gazelka	Limmer	Osmek	Senjem
Benson	Hall	Miller	Pederson, J.	Thompson
Brown	Hann	Nelson	Petersen, B.	Weber
Chamberlain	Housley	Newman	Pratt	Westrom
Dahms	Ingebrigtsen	Nienow	Rosen	
Fischbach	Kiffmeyer	Ortman	Ruud	

Those who voted in the negative were:

Bakk	Clausen	Dziedzic	Goodwin	Jensen
Bonoff	Cohen	Eaton	Hawj	Johnson
Carlson	Dahle	Eken	Hayden	Kent
Champion	Dibble	Franzen	Hoffman	Koenen

Latz
Lourey
Marty
Metzen

Pappas
Reinert
Rest
Saxhaug

Scalze
Sheran
Sieben
Skoe

Sparks
Stumpf
Tomassoni
Torres Ray

Wiger
Wiklund

The motion did not prevail. So the amendment was not adopted.

Senator Gazelka moved to amend H.F. No. 3172, the unofficial engrossment, as follows:

Page 492, after line 18, insert:

"ARTICLE 23

MISCELLANEOUS

Section 1. Minnesota Statutes 2013 Supplement, section 62V.05, is amended by adding a subdivision to read:

Subd. 5a. **Health carrier and health plan requirements; participation.** Effective for qualified health plans offered through MNsure, on or after January 1, 2015, the board shall permit all health plans that meet the certification requirements under section 1311(c)(1) of the Affordable Care Act, Public Law 111-148, to be offered through MNsure.

Sec. 2. **REPEALER.**

Minnesota Statutes 2013 Supplement, section 62V.05, subdivision 5, is repealed effective July 1, 2014."

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 29 and nays 37, as follows:

Those who voted in the affirmative were:

Anderson
Benson
Bonoff
Brown
Chamberlain
Dahms

Fischbach
Gazelka
Hall
Hann
Housley
Ingebrigtsen

Kiffmeyer
Limmer
Miller
Nelson
Newman
Nienow

Ortman
Osmek
Pederson, J.
Petersen, B.
Pratt
Rosen

Ruud
Senjem
Thompson
Weber
Westrom

Those who voted in the negative were:

Bakk
Carlson
Champion
Clausen
Cohen
Dahle
Dibble
Dziedzic

Eaton
Eken
Franzen
Goodwin
Hawj
Hayden
Hoffman
Jensen

Johnson
Kent
Koenen
Latz
Lourey
Marty
Metzen
Pappas

Reinert
Rest
Saxhaug
Latz
Sheran
Sieben
Skoe
Sparks

Stumpf
Tomassoni
Torres Ray
Wiger
Wiklund

The motion did not prevail. So the amendment was not adopted.

Senator Rosen moved to amend H.F. No. 3172, the unofficial engrossment, as follows:

Page 492, after line 18, insert:

"ARTICLE 23
MISCELLANEOUS

Section 1. Minnesota Statutes 2012, section 62A.02, subdivision 2, is amended to read:

Subd. 2. **Approval.** (a) The health plan form shall not be issued, nor shall any application, rider, endorsement, or rate be used in connection with it, until the expiration of 60 days after it has been filed unless the commissioner approves it before that time.

(b) Notwithstanding paragraph (a), a rate filed with respect to a policy of accident and sickness insurance as defined in section 62A.01 by an insurer licensed under chapter 60A, may be used on or after the date of filing with the commissioner. Rates that are not approved or disapproved within the 60-day time period are deemed approved. This paragraph does not apply to Medicare-related coverage as defined in section 62A.3099, subdivision 17.

(c) Health plans to be offered outside of MNsure for coverage to begin on or after January 1, 2015, and each January 1 thereafter must receive rate approval from the commissioner no later than September 1 of the preceding calendar year, beginning September 1, 2014, and each September 1 thereafter. Premium rates for the next calendar year must be made available to the public by the commissioner by September 1 of the preceding calendar year.

Sec. 2. Minnesota Statutes 2013 Supplement, section 62A.02, subdivision 8, is amended to read:

Subd. 8. **Filing by health carriers for purposes of complying with the certification requirements of MNsure.** (a) No qualified health plan shall be offered through MNsure until its form and the premium rates pertaining to the form have been approved by the commissioner of commerce or health, as appropriate, and the health plan has been determined to comply with the certification requirements of MNsure in accordance with an agreement between the commissioners of commerce and health and MNsure.

(b) Qualified health plans to be offered through MNsure for coverage to begin January 1, 2015, and each January thereafter, must satisfy all requirements of paragraph (a) no later than September 1 of the preceding calendar year, beginning September 1, 2014, and each September 1 thereafter. Premium rates, and plan enrollment, for the next calendar year must be available to the public through MNsure by September 1 of the preceding calendar year.

Sec. 3. Minnesota Statutes 2013 Supplement, section 62V.05, subdivision 2, is amended to read:

Subd. 2. **Operations funding.** (a) Prior to January 1, 2015, MNsure shall retain or collect up to 1.5 percent of total premiums for individual and small group market health plans and dental plans sold through MNsure to fund the cash reserves of MNsure, but the amount collected shall not exceed a dollar amount equal to 25 percent of the funds collected under section 62E.11, subdivision 6, for calendar year 2012.

(b) Beginning January 1, 2015, MNsure shall retain or collect up to 3.5 percent of total premiums for individual and small group market health plans and dental plans sold through MNsure to fund the operations of MNsure, but the amount collected shall not exceed a dollar amount equal to 50 percent of the funds collected under section 62E.11, subdivision 6, for calendar year 2012.

~~(c) Beginning January 1, 2016, MNsure shall retain or collect up to 3.5 percent of total premiums for individual and small group market health plans and dental plans sold through MNsure to fund~~

the operations of MNsure, but the amount collected may never exceed a dollar amount greater than 100 percent of the funds collected under section 62E.11, subdivision 6, for calendar year 2012. Beginning July 1, 2015, any change in the percent of total premiums collected or the percentage limit for funds collected under section 62E.11, subdivision 6, for calendar year 2012, must be approved in law.

(d) For fiscal years 2014 and 2015, the commissioner of management and budget is authorized to provide cash flow assistance of up to \$20,000,000 from the special revenue fund or the statutory general fund under section 16A.671, subdivision 3, paragraph (a), to MNsure. Any funds provided under this paragraph shall be repaid, with interest, by June 30, 2015.

(e) Funding for the operations of MNsure shall cover any compensation provided to navigators participating in the navigator program.

Sec. 4. Minnesota Statutes 2013 Supplement, section 62V.07, is amended to read:

62V.07 FUNDS.

(a) The MNsure account is created in the special revenue fund of the state treasury. All funds received by MNsure shall be deposited in the account. ~~Funds in the account are appropriated to MNsure for the operation of MNsure.~~ Notwithstanding section 11A.20, all investment income and all investment losses attributable to the investment of the MNsure account not currently needed, shall be credited to the MNsure account.

(b) The budget submitted to the legislature under section 16A.11 must include budget information and budget requests for MNsure. Beginning July 1, 2015, funds for MNsure operations are available to the MNsure Board only to the extent they are appropriated in law.

Sec. 5. Minnesota Statutes 2013 Supplement, section 62V.08, is amended to read:

62V.08 REPORTS.

(a) MNsure shall contract with an independent third party to prepare and submit a report to the legislature by January 15, 2015 ~~September 1, 2014, and each January 15~~ September 1 thereafter, on: (1) the performance of MNsure operations; (2) meeting MNsure responsibilities; (3) an accounting of MNsure budget activities; (4) practices and procedures that have been implemented to ensure compliance with data practices laws, and a description of any violations of data practices laws or procedures; and (5) the effectiveness of the outreach and implementation activities of MNsure in reducing the rate of uninsurance.

(b) MNsure must publish its administrative and operational costs on a Web site to educate consumers on those costs. All cost information published on the Web site must be audited and verified by an independent third party. The information published must include: (1) the amount of premiums and federal premium subsidies collected; (2) the amount and source of revenue received under section 62V.05, subdivision 1, paragraph (b), clause (3); (3) the amount and source of any other fees collected for purposes of supporting operations; and (4) any misuse of funds as identified in accordance with section 3.975. The Web site must be updated at least annually.

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

Amend the title accordingly

The motion did not prevail. So the amendment was not adopted.

Senator Westrom moved to amend H.F. No. 3172, the unofficial engrossment, as follows:

Page 394, after line 31, insert:

"Sec. 73. [256B.5017] LONG-TERM CARE PROVIDER CONTINGENT PAYMENT ADJUSTMENT.

Subdivision 1. **Contingent payment adjustment.** The commissioner shall increase payments to long-term care providers by an amount equal to the dollar value of any increased health care costs or assessable penalties a long-term care provider is subject to as part of the employer shared responsibility requirements under section 1513 of the Affordable Care Act. The commissioner, in consultation with long-term care providers, shall develop a process and timeline for reporting and verifying the increased health care costs and assessable penalties and increasing provider payment rates.

Subd. 2. **Definitions.** (a) For purposes of this section, the following definitions apply.

(b) "Affordable Care Act" means Public Law 111-148, as amended by the federal Health Care and Education Reconciliation Act of 2010 (Public Law 111-152), and any amendments to, or regulations or guidance issued under, those acts.

(c) "Long-term care provider" means a nursing facility, intermediate care facility for persons with developmental disabilities, housing with services establishment, or a provider of home care, private duty nursing, personal care assistant, or home and community-based waived services."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Pursuant to Rule 7.4, Senator Cohen questioned whether the Westrom amendment was in order. The President ruled the amendment was not in order.

Senator Westrom appealed the decision of the President.

The question was taken on "Shall the decision of the President be the judgment of the Senate?"

The roll was called, and there were yeas 38 and nays 28, as follows:

Those who voted in the affirmative were:

Bakk	Dziedzic	Jensen	Pappas	Sparks
Bonoff	Eaton	Johnson	Reinert	Stumpf
Carlson	Eken	Kent	Rest	Tomassoni
Champion	Franzen	Koenen	Saxhaug	Torres Ray
Clausen	Goodwin	Latz	Scalze	Wiger
Cohen	Hawj	Lourey	Sheran	Wiklund
Dahle	Hayden	Marty	Sieben	
Dibble	Hoffman	Metzen	Skoe	

Those who voted in the negative were:

Anderson	Gazelka	Limmer	Osmek	Senjem
Benson	Hall	Miller	Pederson, J.	Thompson
Brown	Hann	Nelson	Petersen, B.	Weber
Chamberlain	Housley	Newman	Pratt	Westrom
Dahms	Ingebrigtsen	Nienow	Rosen	
Fischbach	Kiffmeyer	Ortman	Ruud	

So the decision of the President was sustained.

Senator Rosen moved to amend H.F. No. 3172, the unofficial engrossment, as follows:

Page 492, after line 18, insert:

"ARTICLE 23
MISCELLANEOUS

Section 1. Minnesota Statutes 2012, section 62A.02, subdivision 2, is amended to read:

Subd. 2. **Approval.** (a) The health plan form shall not be issued, nor shall any application, rider, endorsement, or rate be used in connection with it, until the expiration of 60 days after it has been filed unless the commissioner approves it before that time.

(b) Notwithstanding paragraph (a), a rate filed with respect to a policy of accident and sickness insurance as defined in section 62A.01 by an insurer licensed under chapter 60A, may be used on or after the date of filing with the commissioner. Rates that are not approved or disapproved within the 60-day time period are deemed approved. This paragraph does not apply to Medicare-related coverage as defined in section 62A.3099, subdivision 17.

(c) Health plans to be offered outside of MNsure for coverage to begin on or after January 1, 2015, and each January 1 thereafter must receive rate approval from the commissioner no later than October 1 of the preceding calendar year, beginning October 1, 2014, and each October 1 thereafter. Premium rates for the next calendar year must be made available to the public by the commissioner by October 1 of the preceding calendar year.

Sec. 2. Minnesota Statutes 2013 Supplement, section 62A.02, subdivision 8, is amended to read:

Subd. 8. **Filing by health carriers for purposes of complying with the certification requirements of MNsure.** (a) No qualified health plan shall be offered through MNsure until its form and the premium rates pertaining to the form have been approved by the commissioner of commerce or health, as appropriate, and the health plan has been determined to comply with the certification requirements of MNsure in accordance with an agreement between the commissioners of commerce and health and MNsure.

(b) Qualified health plans to be offered through MNsure for coverage to begin January 1, 2015, and each January thereafter, must satisfy all requirements of paragraph (a) no later than October 1 of the preceding calendar year, beginning October 1, 2014, and each October 1 thereafter. Premium rates, and plan enrollment, for the next calendar year must be available to the public through MNsure by October 1 of the preceding calendar year.

Sec. 3. Minnesota Statutes 2013 Supplement, section 62V.05, subdivision 2, is amended to read:

Subd. 2. **Operations funding.** (a) Prior to January 1, 2015, MNsure shall retain or collect up to 1.5 percent of total premiums for individual and small group market health plans and dental plans sold through MNsure to fund the cash reserves of MNsure, but the amount collected shall not exceed a dollar amount equal to 25 percent of the funds collected under section 62E.11, subdivision 6, for calendar year 2012.

(b) Beginning January 1, 2015, MNsure shall retain or collect up to 3.5 percent of total premiums for individual and small group market health plans and dental plans sold through MNsure to fund the operations of MNsure, but the amount collected shall not exceed a dollar amount equal to 50 percent of the funds collected under section 62E.11, subdivision 6, for calendar year 2012.

(c) ~~Beginning January 1, 2016, MNsure shall retain or collect up to 3.5 percent of total premiums for individual and small group market health plans and dental plans sold through MNsure to fund the operations of MNsure, but the amount collected may never exceed a dollar amount greater than 100 percent of the funds collected under section 62E.11, subdivision 6, for calendar year 2012. Beginning July 1, 2015, any change in the percent of total premiums collected or the percentage limit for funds collected under section 62E.11, subdivision 6, for calendar year 2012, must be approved in law.~~

(d) For fiscal years 2014 and 2015, the commissioner of management and budget is authorized to provide cash flow assistance of up to \$20,000,000 from the special revenue fund or the statutory general fund under section 16A.671, subdivision 3, paragraph (a), to MNsure. Any funds provided under this paragraph shall be repaid, with interest, by June 30, 2015.

(e) Funding for the operations of MNsure shall cover any compensation provided to navigators participating in the navigator program.

Sec. 4. Minnesota Statutes 2013 Supplement, section 62V.07, is amended to read:

62V.07 FUNDS.

(a) The MNsure account is created in the special revenue fund of the state treasury. All funds received by MNsure shall be deposited in the account. ~~Funds in the account are appropriated to MNsure for the operation of MNsure.~~ Notwithstanding section 11A.20, all investment income and all investment losses attributable to the investment of the MNsure account not currently needed, shall be credited to the MNsure account.

(b) The budget submitted to the legislature under section 16A.11 must include budget information and budget requests for MNsure. Beginning July 1, 2015, funds for MNsure operations are available to the MNsure Board only to the extent they are appropriated in law.

Sec. 5. Minnesota Statutes 2013 Supplement, section 62V.08, is amended to read:

62V.08 REPORTS.

(a) MNsure shall contract with an independent third party to prepare and submit a report to the legislature by January 15, 2015 October 1, 2014, and each January 15 October 1 thereafter, on: (1) the performance of MNsure operations; (2) meeting MNsure responsibilities; (3) an accounting of MNsure budget activities; (4) practices and procedures that have been implemented to ensure compliance with data practices laws, and a description of any violations of data practices laws or procedures; and (5) the effectiveness of the outreach and implementation activities of MNsure in reducing the rate of uninsurance.

(b) MNsure must publish its administrative and operational costs on a Web site to educate consumers on those costs. All cost information published on the Web site must be audited and verified by an independent third party. The information published must include: (1) the amount of premiums and federal premium subsidies collected; (2) the amount and source of revenue received under section 62V.05, subdivision 1, paragraph (b), clause (3); (3) the amount and source of any other fees collected for purposes of supporting operations; and (4) any misuse of funds as identified in accordance with section 3.975. The Web site must be updated at least annually.

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

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 28 and nays 38, as follows:

Those who voted in the affirmative were:

Anderson	Gazelka	Limmer	Osmek	Senjem
Benson	Hall	Miller	Pederson, J.	Thompson
Brown	Hann	Nelson	Petersen, B.	Weber
Chamberlain	Housley	Newman	Pratt	Westrom
Dahms	Ingebrigtsen	Nienow	Rosen	
Fischbach	Kiffmeyer	Ortman	Ruud	

Those who voted in the negative were:

Bakk	Dziedzic	Jensen	Pappas	Sparks
Bonoff	Eaton	Johnson	Reinert	Stumpf
Carlson	Eken	Kent	Rest	Tomassoni
Champion	Franzen	Koenen	Saxhaug	Torres Ray
Clausen	Goodwin	Latz	Scalze	Wiger
Cohen	Hawj	Lourey	Sheran	Wiklund
Dahle	Hayden	Marty	Sieben	
Dibble	Hoffman	Metzen	Skoe	

The motion did not prevail. So the amendment was not adopted.

Senator Nienow moved to amend H.F. No. 3172, the unofficial engrossment, as follows:

Page 200, line 15, delete "6,125,000" and insert "6,419,000"

Page 200, line 16, delete "\$6,125,000" and insert "\$6,419,000"

Page 208, delete section 96

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion did not prevail. So the amendment was not adopted.

Senator Nienow moved to amend H.F. No. 3172, the unofficial engrossment, as follows:

Page 155, lines 11 and 19, delete "2015" and insert "2016"

Page 155, after line 29, insert:

"EFFECTIVE DATE. This section is effective for fiscal year 2016 and later."

Page 156, after line 3, insert:

"EFFECTIVE DATE. This section is effective for fiscal year 2016 and later."

Page 159, line 6, delete "year" and insert "years" and after "2014" insert "and 2015,"

Page 159, line 7, delete "2015" and insert "2016"

Page 164, line 12, delete "2015" and insert "2016"

Page 200, delete section 77

Page 201, delete sections 79, 80, and 82

Page 201, line 20, delete "13,529,000" and insert "10,162,000"

Page 201, line 24, delete "\$12,520,000" and insert "\$9,153,000"

Page 201, after line 24, insert:

"The base for fiscal year 2016 is \$13,911,000."

Page 202, delete sections 83 to 85

Page 204, delete section 89

Page 205, delete section 91

Page 206, delete section 93

Page 207, delete section 95

Page 208, delete section 96 and insert:

"Sec. 85. **ONETIME SUPPLEMENTAL REVENUE.**

For fiscal year 2015 only, onetime supplemental revenue for a school district or charter school equals \$47 times the adjusted pupil units. Revenue under this section may be used for teacher development and evaluation, capital improvements, English learner education, school breakfast or lunch, or any other educational purpose allowed under the law."

Page 208, delete lines 25 to 32 and insert:

"Subd. 2. **Onetime supplemental revenue.** For fiscal year 2015 onetime supplemental revenue.

 \$ 43,038,000 2015

The base for fiscal year 2016 and later is \$0."

Page 209, delete lines 1 to 32

Page 210, delete lines 1 to 16

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 24 and nays 42, as follows:

Those who voted in the affirmative were:

Anderson	Fischbach	Ingebrigtsen	Ortman	Senjem
Benson	Gazelka	Kiffmeyer	Osmek	Thompson
Brown	Hall	Limmer	Petersen, B.	Weber
Chamberlain	Hann	Newman	Pratt	Westrom
Dahms	Housley	Nienow	Ruud	

Those who voted in the negative were:

Bakk	Bonoff	Carlson	Champion	Clausen
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Cohen
Dahle
Dibble
Dziedzic
Eaton
Eken
Franzen
Goodwin

Hawj
Hayden
Hoffman
Jensen
Johnson
Kent
Koenen
Latz

Lourey
Marty
Metzen
Miller
Nelson
Pappas
Pederson, J.
Reinert

Rest
Rosen
Saxhaug
Scalze
Sheran
Sieben
Skoe
Sparks

Stumpf
Tomassoni
Torres Ray
Wiger
Wiklund

The motion did not prevail. So the amendment was not adopted.

Senator Westrom moved to amend H.F. No. 3172, the unofficial engrossment, as follows:

Page 208, delete section 96

Page 209, delete subdivision 7

Page 371, after line 6, insert:

"Sec. 57. Minnesota Statutes 2012, section 256B.434, is amended by adding a subdivision to read:

Subd. 19c. Rate adjustment for a group of nursing facilities to cover the cost of group health insurance. Effective October 1, 2014, for a group of nursing facilities under common ownership and located in Aitkin, Dakota, Olmsted, Pennington, Renville, St. Louis, Stevens, and Traverse Counties that did not provide group health insurance coverage to its employees in calendar year 2013, and receives payments under this section or section 256B.441, the operating payment rate shall be increased by an amount sufficient to cover the cost of newly acquired health insurance as determined by the commissioner, for a resource utilization group rate with a weight of 1.00, subject to appropriation. The rate adjustment under this subdivision shall be applied before any other operating payment rate adjustments effective on October 1, 2014, are computed. The percentage of the operating payment rate to be case-mix adjusted shall be equal to the percentage that is case-mix adjusted on September 30, 2014."

Page 402, after line 19, insert:

"Sec. 81. **BUDGET RESERVE.**

On July 1, 2015, the commissioner of management and budget shall cancel \$343,000 of the balance in the budget reserve account in Minnesota Statutes, section 16A.152, to the general fund.

Sec. 82. **APPROPRIATION.**

\$343,000 in fiscal year 2015 is appropriated from the general fund to the commissioner of human services for the nursing facility rate adjustments under Minnesota Statutes, section 256B.434, subdivision 19c."

Renumber the subdivisions and sections in sequence and correct the internal references

Amend the title accordingly

Pursuant to Rule 7.4, Senator Cohen questioned whether the Westrom amendment was in order. The President ruled the amendment was not in order.

Senator Miller moved to amend H.F. No. 3172, the unofficial engrossment, as follows:

Page 4, delete line 32 and insert "This appropriation is added to the budget base for the next biennium."

Pursuant to Rule 7.4, Senator Cohen questioned whether the Miller amendment was in order. The President ruled the amendment was not in order.

Senator Miller appealed the decision of the President.

The question was taken on "Shall the decision of the President be the judgment of the Senate?"

The roll was called, and there were yeas 38 and nays 27, as follows:

Those who voted in the affirmative were:

Bakk	Dziedzic	Jensen	Pappas	Sparks
Bonoff	Eaton	Johnson	Reinert	Stumpf
Carlson	Eken	Kent	Rest	Tomassoni
Champion	Franzen	Koenen	Saxhaug	Torres Ray
Clausen	Goodwin	Latz	Scalze	Wiger
Cohen	Hawj	Lourey	Sheran	Wiklund
Dahle	Hayden	Marty	Sieben	
Dibble	Hoffman	Metzen	Skoe	

Those who voted in the negative were:

Anderson	Hall	Miller	Pederson, J.	Thompson
Benson	Hann	Nelson	Petersen, B.	Weber
Chamberlain	Housley	Newman	Pratt	Westrom
Dahms	Ingebrigtsen	Nienow	Rosen	
Fischbach	Kiffmeyer	Ortman	Ruud	
Gazelka	Limmer	Osmek	Senjem	

So the decision of the President was sustained.

Senator Pederson, J. moved to amend H.F. No. 3172, the unofficial engrossment, as follows:

Page 62, delete section 24

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 26 and nays 39, as follows:

Those who voted in the affirmative were:

Anderson	Hann	Newman	Pratt	Weber
Benson	Housley	Nienow	Rosen	Westrom
Brown	Ingebrigtsen	Ortman	Ruud	
Dahms	Kiffmeyer	Osmek	Scalze	
Fischbach	Miller	Pederson, J.	Senjem	
Gazelka	Nelson	Petersen, B.	Thompson	

Those who voted in the negative were:

Bakk	Dibble	Hawj	Latz	Rest
Bonoff	Dziedzic	Hayden	Limmer	Saxhaug
Carlson	Eaton	Hoffman	Lourey	Sheran
Champion	Eken	Jensen	Marty	Sieben
Clausen	Franzen	Johnson	Metzen	Skoe
Cohen	Goodwin	Kent	Pappas	Sparks
Dahle	Hall	Koenen	Reinert	Stumpf

Tomassoni

Torres Ray

Wiger

Wiklund

The motion did not prevail. So the amendment was not adopted.

Senator Westrom moved to amend H.F. No. 3172, the unofficial engrossment, as follows:

Page 208, delete section 96

Page 209, delete subdivision 7

Page 371, after line 6, insert:

"Sec. 57. Minnesota Statutes 2012, section 256B.434, is amended by adding a subdivision to read:

Subd. 19c. Rate adjustment for a group of nursing facilities to cover the cost of group health insurance. Effective October 1, 2014, for a group of nursing facilities under common ownership and located in Aitkin, Dakota, Olmsted, Pennington, Renville, St. Louis, Stevens, and Traverse Counties that did not provide group health insurance coverage to its employees in calendar year 2013, and receives payments under this section or section 256B.441, the operating payment rate shall be increased by an amount sufficient to cover the cost of newly acquired health insurance as determined by the commissioner, for a resource utilization group rate with a weight of 1.00, subject to appropriation. The rate adjustment under this subdivision shall be applied before any other operating payment rate adjustments effective on October 1, 2014, are computed. The percentage of the operating payment rate to be case-mix adjusted shall be equal to the percentage that is case-mix adjusted on September 30, 2014."

Page 402, after line 19, insert:

"Sec. 81. **APPROPRIATION.**

\$343,000 in fiscal year 2015 is appropriated from the general fund to the commissioner of human services for the nursing facility rate adjustments under Minnesota Statutes, section 256B.434, subdivision 19c."

Renumber the subdivisions and sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 28 and nays 35, as follows:

Those who voted in the affirmative were:

Anderson	Hall	Limmer	Osmek	Senjem
Benson	Hann	Miller	Pederson, J.	Thompson
Brown	Housley	Nelson	Petersen, B.	Weber
Dahms	Ingebrigtsen	Newman	Pratt	Westrom
Fischbach	Kiffmeyer	Nienow	Rosen	
Gazelka	Koenen	Ortman	Ruud	

Those who voted in the negative were:

Bakk	Clausen	Dziedzic	Goodwin	Jensen
Bonoff	Cohen	Eaton	Hawj	Johnson
Carlson	Dahle	Eken	Hayden	Kent
Champion	Dibble	Franzen	Hoffman	Latz

Lourey
Metzen
Pappas

Reinert
Rest
Saxhaug

Sheran
Sieben
Skoe

Sparks
Stumpf
Tomassoni

Torres Ray
Wiger
Wiklund

The motion did not prevail. So the amendment was not adopted.

Senator Westrom moved to amend H.F. No. 3172, the unofficial engrossment, as follows:

Page 70, after line 32, insert:

"The commissioner shall investigate using private correctional facilities to house inmates in excess of the capacity of state correctional facilities. This investigation must consider the per diem costs of housing offenders at private facilities compared to publicly operated facilities, including all capital costs and other costs. By January 15, 2015, the commissioner shall report on the results of the investigation to the chairs and ranking minority members of the senate and house of representatives committees having jurisdiction over criminal justice policy and finance. The commissioner may not begin an expansion of an existing correctional facility or the construction of a new facility until the report is submitted."

Pursuant to Rule 7.4, Senator Cohen questioned whether the Westrom amendment was in order. The President ruled the amendment was in order.

Senator Latz moved to amend the Westrom amendment to H.F. No. 3172 as follows:

Page 1, line 17, delete everything after the period

Page 1, delete lines 18 to 20

The motion prevailed. So the amendment to the amendment was adopted.

The question recurred on the Westrom amendment, as amended.

The roll was called, and there were yeas 40 and nays 23, as follows:

Those who voted in the affirmative were:

Anderson
Benson
Bonoff
Brown
Cohen
Dahms
Eken
Fischbach

Franzen
Gazelka
Goodwin
Hall
Hann
Housley
Ingebrigtsen
Jensen

Johnson
Kiffmeyer
Koenen
Latz
Limmer
Miller
Nelson
Newman

Nienow
Ortman
Osmek
Pederson, J.
Pratt
Reinert
Rosen
Ruud

Senjem
Sheran
Stumpf
Thompson
Weber
Westrom
Wiger
Wiklund

Those who voted in the negative were:

Bakk
Carlson
Champion

Clausen
Dahle
Dibble

Dziedzic
Eaton
Hawj

Hayden
Hoffman
Kent

Lourey
Metzen
Pappas

Petersen, B.
Rest

Saxhaug
Scalze

Sieben
Skoe

Tomassoni
Torres Ray

The motion prevailed. So the Westrom amendment, as amended, was adopted.

Senator Housley moved to amend H.F. No. 3172, the unofficial engrossment, as follows:

Page 47, after line 14, insert:

"Section 1. Minnesota Statutes 2012, section 161.14, is amended by adding a subdivision to read:

Subd. 74. Trooper Glen Skalman Memorial Highway. That segment of signed U.S. Highway 61 from the intersection with signed U.S. Highway 8 in Forest Lake to the intersection with 260th Street in Wyoming is designated as "Trooper Glen Skalman Memorial Highway." Subject to section 161.139, the commissioner shall adopt a suitable design to mark this highway and erect appropriate signs in the vicinity of the location where Trooper Skalman died.

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

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Osmek moved to amend H.F. No. 3172, the unofficial engrossment, as follows:

Page 63, after line 4, insert:

"(3) be turned off when not needed;"

Page 63, line 5, delete "(3)" and insert "(4)"

Page 63, line 6, delete "(4)" and insert "(5)"

The motion prevailed. So the amendment was adopted.

Senator Dahms moved to amend H.F. No. 3172, the unofficial engrossment, as follows:

Page 93, line 5, delete "\$490,000" and insert "\$390,000"

Page 93, after line 35, insert:

"\$100,000 in 2015 is from the environment and natural resources trust fund for the Veterinary Diagnostic Laboratory to research porcine epidemic diarrhea virus."

Correct the section totals and the appropriation summary

The motion prevailed. So the amendment was adopted.

Senator Senjem moved to amend H.F. No. 3172, the unofficial engrossment, as follows:

Page 61, after line 16, insert:

"Sec. 20. Minnesota Statutes 2012, section 171.12, subdivision 6, is amended to read:

Subd. 6. **Certain convictions not recorded.** (a) Except as provided in paragraph (c), the department shall not keep on the record of a driver any conviction for a violation of a speed limit of 55 miles per hour unless the violation consisted of a speed greater than ten miles per hour in excess of the speed limit.

(b) Except as provided in paragraph (c), the department shall not keep on the record of a driver any conviction for a violation of a speed limit of 60 miles per hour unless the violation consisted of a speed greater than:

(1) ten miles per hour in excess of the speed limit, for any violation occurring on or after August 1, 2012, and before August 1, 2014; or

(2) five miles per hour in excess of the speed limit, for any violation occurring on or after August 1, 2014.

(c) This subdivision does not apply to (1) a violation that occurs in a commercial motor vehicle, or (2) a violation committed by a holder of a class A, B, or C commercial driver's license, without regard to whether the violation was committed in a commercial motor vehicle or another vehicle.

(d) Except as provided in paragraph (c), the department shall not keep on the record of a driver any conviction for a violation of a speed limit on marked Interstate 35E in the city of St. Paul, from its intersection with West Seventh Street to its intersection with marked Interstate Highway 94, unless the violation consists of a speed greater than ten miles per hour in excess of the speed limit."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 31 and nays 32, as follows:

Those who voted in the affirmative were:

Anderson	Hann	Miller	Petersen, B.	Thompson
Benson	Housley	Nelson	Pratt	Weber
Brown	Ingebrigtsen	Newman	Reinert	Westrom
Dahms	Kiffmeyer	Nienow	Rosen	
Fischbach	Koenen	Ortman	Ruud	
Gazelka	Limmer	Osmeck	Senjem	
Hall	Metzen	Pederson, J.	Stumpf	

Those who voted in the negative were:

Bonoff	Dziedzic	Hoffman	Rest	Tomassoni
Carlson	Eaton	Jensen	Saxhaug	Torres Ray
Champion	Eken	Johnson	Scalze	Wiger
Clausen	Franzen	Kent	Sheran	Wiklund
Cohen	Goodwin	Latz	Sieben	
Dahle	Hawj	Lourey	Skoe	
Dibble	Hayden	Pappas	Sparks	

The motion did not prevail. So the amendment was not adopted.

H.F. No. 3172 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 37 and nays 27, as follows:

Those who voted in the affirmative were:

Bakk	Dziedzic	Jensen	Reinert	Stumpf
Bonoff	Eaton	Johnson	Rest	Tomassoni
Carlson	Eken	Kent	Saxhaug	Torres Ray
Champion	Franzen	Koenen	Scalze	Wiger
Clausen	Goodwin	Latz	Sheran	Wiklund
Cohen	Hawj	Lourey	Sieben	
Dahle	Hayden	Metzen	Skoe	
Dibble	Hoffman	Pappas	Sparks	

Those who voted in the negative were:

Anderson	Hall	Miller	Pederson, J.	Thompson
Benson	Hann	Nelson	Petersen, B.	Weber
Brown	Housley	Newman	Pratt	Westrom
Dahms	Ingebrigtsen	Nienow	Rosen	
Fischbach	Kiffmeyer	Ortman	Ruud	
Gazelka	Limmer	Osmek	Senjem	

So the bill, as amended, was passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Orders of Business of Reports of Committees and Second Reading of House Bills.

REPORTS OF COMMITTEES

Senator Bakk moved that the Committee Report at the Desk be now adopted. The motion prevailed.

Senator Skoe from the Committee on Taxes, to which was re-referred

H.F. No. 3167: A bill for an act relating to financing of state and local government; making changes to individual income, property, sales and use, excise, estate, mineral, tobacco, alcohol, special, local, and other taxes and tax-related provisions; providing for and increasing credits; modifying local government aids; modifying exclusions, exemptions, and levy deadlines; imposing a tax on solar energy production; modifying sales, use, and excise tax exemptions; changing sales, use, and excise tax remittances; modifying certain local sales and use taxes; allowing for temporary sales and use tax amnesty; modifying income tax credits and subtractions; clarifying estate tax provisions; providing for certain local development projects; changing license revocation procedures; modifying installment payments; modifying certain county levy authority; allocating additional tax reductions for border cities; removing obsolete, redundant, and unnecessary laws and administrative rules administered by the Department of Revenue; making various policy and technical changes; requiring a report; appropriating money; amending Minnesota Statutes 2012, sections 16D.02, subdivisions 3, 6; 16D.04, subdivisions 3, 4; 16D.07; 16D.11, subdivisions 1, 3, 7; 84A.20, subdivision 2; 84A.31, subdivision 2; 115B.49, subdivision 4; 116J.8737, by adding a subdivision; 163.06, subdivision 1; 270.11, subdivision 1; 270.12, subdivisions 2, 4; 270.87; 270A.03, subdivision 2; 270B.14, subdivision 3; 270C.085; 270C.34, subdivision 2; 270C.52, subdivision 2; 270C.56, subdivision 3; 270C.72, subdivisions 1, 3; 272.01, subdivisions 1, 3; 272.02, subdivisions 10, 24; 272.0211, subdivisions 1, 2; 272.025, subdivision 1; 272.027, subdivision 1; 272.029, subdivisions 4a, 6; 272.03, subdivision 1; 273.01; 273.061, subdivision

6; 273.10; 273.11, subdivision 13; 273.112, subdivision 6a; 273.13, subdivision 34; 273.1384, subdivision 2; 273.18; 273.33, subdivision 2; 273.37, subdivision 2; 273.3711; 274.01, subdivisions 1, 2; 274.014, subdivision 3; 275.025, subdivision 2; 275.065, subdivision 1; 275.08, subdivisions 1a, 1d; 275.74, subdivision 2; 275.75; 279.03; 279.16; 279.23; 279.25; 280.001; 280.03; 280.07; 280.11; 281.03; 281.327; 282.01, subdivision 6; 282.04, subdivision 4; 282.261, subdivisions 2, 4, 5; 282.322; 287.30; 289A.02, subdivision 7, as amended; 289A.18, subdivision 2; 289A.25, subdivision 1; 289A.60, subdivision 15; 290.01, subdivisions 5, 19f, 29; 290.015, subdivision 1; 290.068, subdivision 1; 290.07, subdivisions 1, 2; 290.0922, subdivision 3; 290.095, subdivision 3; 290.9728, subdivision 2; 296A.01, subdivision 16; 297A.67, subdivision 13a, by adding a subdivision; 297A.68, by adding a subdivision; 297A.70, subdivision 10; 297A.71, by adding a subdivision; 297A.94; 297B.03; 297B.09; 297F.03, subdivision 2; 297F.09, subdivision 10; 297G.03, by adding a subdivision; 297G.09, subdivision 9; 297I.05, subdivision 14; 298.75, subdivisions 1, 2; 383D.41, by adding a subdivision; 383E.21, subdivisions 1, 2; 412.131; 469.171, subdivision 6; 469.176, subdivisions 1b, 3; 469.1763, subdivision 3; 469.177, subdivision 3; 473.665, subdivision 5; 477A.0124, subdivision 5; 477A.014, subdivision 1; 477A.03, by adding a subdivision; 611.27, subdivisions 13, 15; Minnesota Statutes 2013 Supplement, sections 116J.8737, subdivision 2, as amended; 116J.8738, subdivisions 2, 3, 4; 270B.01, subdivision 8; 270B.03, subdivision 1; 273.032; 273.1325, subdivisions 1, 2; 273.1398, subdivisions 3, 4; 275.70, subdivision 5; 279.37, subdivision 2; 281.17; 289A.20, subdivision 4; 290.01, subdivisions 19, as amended, 19b, as amended, 19d, 31, as amended; 290.068, subdivisions 3, 6a; 290.091, subdivision 2, as amended; 290.0921, subdivision 3; 290.191, subdivision 5; 290A.03, subdivision 15, as amended; 290C.03; 291.005, subdivision 1, as amended; 297A.61, subdivision 3, as amended; 297A.68, subdivisions 42, 44; 297A.70, subdivisions 2, 13, 14; 297A.75, subdivisions 1, 2, 3; 297B.01, subdivision 16; 360.531, subdivision 2; 403.162, subdivision 5; 423A.02, subdivision 3; 423A.022, subdivisions 2, 3; 465.04; 469.169, by adding a subdivision; 469.1763, subdivision 2; 477A.013, subdivision 8; 477A.03, subdivision 2a; 477A.12, subdivision 1; 477A.14, subdivision 1; Laws 1980, chapter 511, sections 1, subdivision 2, as amended; 2, as amended; Laws 2005, First Special Session chapter 3, article 5, section 38, subdivision 4; Laws 2006, chapter 259, article 3, sections 10, subdivisions 3, 4, 5; 11, subdivisions 3, 4, 5; Laws 2008, chapter 366, article 10, section 15; Laws 2013, chapter 143, article 8, sections 3; 37; article 9, section 23; article 11, section 10; Laws 2014, chapter 150, article 3, section 4; proposing coding for new law in Minnesota Statutes, chapters 69; 116J; 168A; 272; 290; 383A; 477A; repealing Minnesota Statutes 2012, sections 16D.02, subdivisions 5, 8; 16D.11, subdivision 2; 270C.131; 270C.53; 270C.991, subdivision 4; 272.02, subdivisions 1, 1a, 43, 48, 51, 53, 67, 72, 82; 272.027, subdivision 2; 272.031; 273.015, subdivision 1; 273.03, subdivision 3; 273.075; 273.13, subdivision 21a; 273.1383; 273.1386; 273.1398, subdivision 4b; 273.80; 275.77; 279.32; 281.173, subdivision 8; 281.174, subdivision 8; 281.328; 282.10; 282.23; 287.20, subdivision 4; 287.27, subdivision 2; 289A.56, subdivision 7; 290.01, subdivisions 4b, 19e, 20e; 290.06, subdivisions 30, 31; 290.0674, subdivision 3; 290.191, subdivision 4; 290.33; 290C.02, subdivisions 5, 9; 290C.06; 295.52, subdivision 7; 297A.666; 297A.68, subdivision 38; 297A.71, subdivisions 4, 5, 7, 9, 10, 17, 18, 20, 32, 41; 297F.08, subdivision 11; 297H.10, subdivision 2; 469.174, subdivision 10c; 469.175, subdivision 2b; 469.176, subdivision 1i; 469.1764; 469.177, subdivision 10; 469.330; 469.331; 469.332; 469.333; 469.334; 469.335; 469.336; 469.337; 469.338; 469.339; 469.340, subdivisions 1, 2, 3, 5; 469.341; 477A.0124, subdivisions 1, 6; 505.173; Minnesota Statutes 2013 Supplement, sections 273.1103; 469.340, subdivision 4; 477A.085; Laws 1993, chapter 375, article 9, section 47; Laws 2014, chapter 150, article 1, section 17; Minnesota Rules, parts 8002.0200, subpart 8; 8007.0200; 8100.0800; 8130.7500, subpart 7; 8130.8900, subpart 3; 8130.9500, subparts 1, 1a, 2, 3, 4, 5.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

**"ARTICLE 1
PROPERTY TAX**

Section 1. Minnesota Statutes 2013 Supplement, section 144F.01, subdivision 4, is amended to read:

Subd. 4. **Property tax levy authority.** The district's board may levy a tax on the taxable real and personal property in the district. The ad valorem tax levy may not exceed 0.048 percent of the estimated market value of the district or ~~\$400,000~~ \$550,000, whichever is less. The proceeds of the levy must be used as provided in subdivision 5. The board shall certify the levy at the times as provided under section 275.07. The board shall provide the county with whatever information is necessary to identify the property that is located within the district. If the boundaries include a part of a parcel, the entire parcel shall be included in the district. The county auditors must spread, collect, and distribute the proceeds of the tax at the same time and in the same manner as provided by law for all other property taxes.

EFFECTIVE DATE. This section is effective for assessments in 2015, taxes payable in 2016, and thereafter.

Sec. 2. Minnesota Statutes 2012, section 272.02, subdivision 10, is amended to read:

Subd. 10. **Personal property used for pollution control.** Personal property used primarily for the abatement and control of air, water, or land pollution is exempt to the extent that it is so used, and real property is exempt if it is used primarily for abatement and control of air, water, or land pollution as part of an agricultural operation, as a part of a centralized treatment and recovery facility operating under a permit issued by the Minnesota Pollution Control Agency pursuant to chapters 115 and 116 and Minnesota Rules, parts 7001.0500 to 7001.0730, and 7045.0020 to 7045.1260, as a wastewater treatment facility and for the treatment, recovery, and stabilization of metals, oils, chemicals, water, sludges, or inorganic materials from hazardous industrial wastes, or as part of an electric generation system. For purposes of this subdivision, personal property includes ponderous machinery and equipment used in a business or production activity that at common law is considered real property.

Any taxpayer requesting exemption of all or a portion of any real property or any equipment or device, or part thereof, operated primarily for the control or abatement of air, water, or land pollution shall file an application with the commissioner of revenue. If the property is an electric power generation facility located in a city, then the commissioner shall notify the county assessor, city finance officer, and superintendent of the school district of the jurisdictions that host the facility that the application has been received. The Minnesota Pollution Control Agency shall upon request of the commissioner furnish information and advice to the commissioner.

The information and advice furnished by the Minnesota Pollution Control Agency must include statements as to whether the equipment, device, or real property meets a standard, rule, criteria, guideline, policy, or order of the Minnesota Pollution Control Agency, and whether the equipment, device, or real property is installed or operated in accordance with it. On determining that property qualifies for exemption, the commissioner shall issue an order exempting the property from taxation.

If the property is an electric power generation facility located in a city, then the commissioner shall provide notification of the order to the county assessor, city finance officer, and superintendent of the school district of the jurisdictions that host the facility. The equipment, device, or real property shall continue to be exempt from taxation as long as the order issued by the commissioner remains in effect.

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

Sec. 3. Minnesota Statutes 2012, section 272.02, subdivision 93, is amended to read:

Subd. 93. **Electric generation facility; personal property.** Notwithstanding subdivision 9, clause (a), attached machinery and other personal property that is part of a simple-cycle electric generation facility of more than 40 megawatts and less than 125 megawatts of installed capacity and that meets the requirements of this subdivision is exempt. At the time of construction, the facility must:

- (1) utilize natural gas as a primary fuel;
- (2) be located within two miles of parallel existing 36-inch natural gas pipelines and an existing 115-kilovolt high-voltage electric transmission line;
- (3) be designed to provide peaking, emergency backup, or contingency services;
- (4) satisfy a resource deficiency identified in an approved integrated resource plan filed under section 216B.2422; and
- (5) have an agreement with the host county, township, and school district for payment in lieu of personal property taxes to the host county, township, and school district for the operating life of the facility. Any amount distributed to the school district is not subject to the deductions under section 126C.21.

Construction of the facility must be commenced after January 1, ~~2010~~ 2015, and before January 1, ~~2014~~ 2019. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

EFFECTIVE DATE. This section is effective for assessments in 2015, taxes payable in 2016, and thereafter.

Sec. 4. Minnesota Statutes 2012, section 272.0211, subdivision 1, is amended to read:

Subdivision 1. **Efficiency determination and certification.** An owner or operator of a new or existing electric power generation facility, excluding wind energy conversion systems, may apply to the commissioner of revenue for a market value exclusion on the property as provided for in this section. This exclusion shall apply only to the market value of the equipment of the facility, and shall not apply to the structures and the land upon which the facility is located. The commissioner of revenue shall prescribe the forms and procedures for this application. Upon receiving the application, the commissioner of revenue shall: (1) request the commissioner of commerce to make a determination of the efficiency of the applicant's electric power generation facility; and (2) if the facility is in a city, notify the county assessor, city finance officer, and superintendent of the school district of the jurisdictions that host the facility that an application for an exclusion is being processed. The commissioner of commerce shall calculate efficiency as the ratio of useful energy outputs to energy inputs, expressed as a percentage, based on the performance of the facility's

equipment during normal full load operation. The commissioner must include in this formula the energy used in any on-site preparation of materials necessary to convert the materials into the fuel used to generate electricity, such as a process to gasify petroleum coke. The commissioner shall use the Higher Heating Value (HHV) for all substances in the commissioner's efficiency calculations, except for wood for fuel in a biomass-eligible project under section 216B.2424; for these instances, the commissioner shall adjust the heating value to allow for energy consumed for evaporation of the moisture in the wood. The applicant shall provide the commissioner of commerce with whatever information the commissioner deems necessary to make the determination. Within 30 days of the receipt of the necessary information, the commissioner of commerce shall certify the findings of the efficiency determination to the commissioner of revenue and to the applicant. The commissioner of commerce shall determine the efficiency of the facility and certify the findings of that determination to the commissioner of revenue every two years thereafter from the date of the original certification.

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

Sec. 5. Minnesota Statutes 2012, section 272.0211, subdivision 2, is amended to read:

Subd. 2. **Sliding scale exclusion.** Based upon the efficiency determination provided by the commissioner of commerce as described in subdivision 1, the commissioner of revenue shall subtract eight percent of the taxable market value of the qualifying property for each percentage point that the efficiency of the specific facility, as determined by the commissioner of commerce, is above 40 percent. The reduction in taxable market value shall be reflected in the taxable market value of the facility beginning with the assessment year immediately following the determination. If the facility is located in a city, the commissioner shall notify the county assessor, city finance officer, and superintendent of the school district of the jurisdictions that host the facility of the reduction in taxable market value. For a facility that is assessed by the county in which the facility is located, the commissioner of revenue shall certify to the assessor of that county the percentage of the taxable market value of the facility to be excluded.

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

Sec. 6. Minnesota Statutes 2012, section 272.0211, is amended by adding a subdivision to read:

Subd. 5. **Limitation.** This section applies only to an electric power generation facility that was eligible for the exclusion under this section for taxes payable in 2014.

EFFECTIVE DATE. This section is effective for taxes payable in 2014 and thereafter.

Sec. 7. Minnesota Statutes 2012, section 272.03, subdivision 1, is amended to read:

Subdivision 1. **Real property.** (a) For the purposes of taxation, "real property" includes the land itself, rails, ties, and other track materials annexed to the land, and all buildings, structures, and improvements or other fixtures on it, bridges of bridge companies, and all rights and privileges belonging or appertaining to the land, and all mines, iron ore and taconite minerals not otherwise exempt, quarries, fossils, and trees on or under it.

(b) A building or structure shall include the building or structure itself, together with all improvements or fixtures annexed to the building or structure, which are integrated with and of permanent benefit to the building or structure, regardless of the present use of the building, and which cannot be removed without substantial damage to itself or to the building or structure.

(c)(i) Real property does not include tools, implements, machinery, and equipment attached to or installed in real property for use in the business or production activity conducted thereon, regardless of size, weight or method of attachment, and mine shafts, tunnels, and other underground openings used to extract ores and minerals taxed under chapter 298 together with steel, concrete, and other materials used to support such openings.

(ii) The exclusion provided in clause (i) shall not apply to machinery and equipment includable as real estate by paragraphs (a) and (b) even though such machinery and equipment is used in the business or production activity conducted on the real property if and to the extent such business or production activity consists of furnishing services or products to other buildings or structures which are subject to taxation under this chapter.

(iii) The exclusion provided in clause (i) does not apply to the exterior shell of a structure which constitutes walls, ceilings, roofs, or floors if the shell of the structure has structural, insulation, or temperature control functions or provides protection from the elements, unless the structure is primarily used in the production of biofuels, wine, beer, distilled beverages, or dairy products. Such an exterior shell is included in the definition of real property even if it also has special functions distinct from that of a building, or if such an exterior shell is primarily used for the storage of ingredients or materials used in the production of biofuels, wine, beer, distilled beverages, or dairy products or the storage of finished biofuels, wine, beer, distilled beverages, or dairy products.

(d) The term real property does not include tools, implements, machinery, equipment, poles, lines, cables, wires, conduit, and station connections which are part of a telephone communications system, regardless of attachment to or installation in real property and regardless of size, weight, or method of attachment or installation.

EFFECTIVE DATE. This section is effective beginning with assessment year 2015.

Sec. 8. Minnesota Statutes 2012, section 275.065, subdivision 1, is amended to read:

Subdivision 1. **Proposed levy.** (a) Notwithstanding any law or charter to the contrary, on or before September ~~15~~ 30, each ~~taxing authority, other than a school district, shall adopt a proposed budget and county and each home rule charter or statutory city shall certify to the county auditor the proposed or, in the case of a town, the final~~ property tax levy for taxes payable in the following year.

(b) Notwithstanding any law or charter to the contrary, on or before September 15, each town and each special taxing district shall adopt and certify to the county auditor a proposed property tax levy for taxes payable in the following year. For towns, the final certified levy shall also be considered the proposed levy.

(c) On or before September 30, each school district that has not mutually agreed with its home county to extend this date shall certify to the county auditor the proposed property tax levy for taxes payable in the following year. Each school district that has agreed with its home county to delay the certification of its proposed property tax levy must certify its proposed property tax levy for the following year no later than October 7. The school district shall certify the proposed levy as:

(1) a specific dollar amount by school district fund, broken down between voter-approved and non-voter-approved levies and between referendum market value and tax capacity levies; or

(2) the maximum levy limitation certified by the commissioner of education according to section 126C.48, subdivision 1.

~~(e)~~ (d) If the board of estimate and taxation or any similar board that establishes maximum tax levies for taxing jurisdictions within a first class city certifies the maximum property tax levies for funds under its jurisdiction by charter to the county auditor by ~~September 15~~ the date specified in paragraph (a), the city shall be deemed to have certified its levies for those taxing jurisdictions.

~~(d)~~ (e) For purposes of this section, "taxing authority" includes all home rule and statutory cities, towns, counties, school districts, and "special taxing district" means a special taxing districts district as defined in section 275.066. Intermediate school districts that levy a tax under chapter 124 or 136D, joint powers boards established under sections 123A.44 to 123A.446, and Common School Districts No. 323, Franconia, and No. 815, Prinsburg, are also special taxing districts for purposes of this section.

~~(e)~~ (f) At the meeting at which ~~the~~ a taxing authority, other than a town, adopts its proposed tax levy under ~~paragraph (a) or (b)~~ this subdivision, the taxing authority shall announce the time and place of its subsequent regularly scheduled meetings at which the budget and levy will be discussed and at which the public will be allowed to speak. The time and place of those meetings must be included in the proceedings or summary of proceedings published in the official newspaper of the taxing authority under section 123B.09, 375.12, or 412.191.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2015.

Sec. 9. Minnesota Statutes 2012, section 279.03, subdivision 2, is amended to read:

Subd. 2. **Composite judgment.** ~~Amounts included in composite judgments authorized by section 279.37, subdivision 1, and confessed on or after July 1, 1982, are subject to interest at the rate determined pursuant to section 549.09. Amounts confessed under this authority after December 31, 1990, (a) Except as provided in paragraph (b), amounts included in composite judgments authorized by section 279.37, subdivision 1, are subject to interest at the rate calculated under subdivision 1a. During each calendar year, interest shall accrue on the unpaid balance of the composite judgment from the time it is confessed until it is paid. The rate of interest is subject to change each year in the same manner that section 549.09 or subdivision 1a, whichever is applicable, for rate changes. Interest on the unpaid contract balance on judgments confessed before July 1, 1982, is payable at the rate applicable to the judgment at the time that it was confessed. The interest rate established at the time the judgment is confessed shall remain for the duration of that judgment.~~

(b) A confession of judgment covering any part of a parcel classified as 1a or 1b, and used as the primary homestead of the owner, is subject to interest at the rate provided in section 279.37, subdivision 2, paragraph (b).

EFFECTIVE DATE. This section is effective January 1, 2015.

Sec. 10. Minnesota Statutes 2013 Supplement, section 279.37, subdivision 2, is amended to read:

Subd. 2. **Installment payments.** (a) The owner of any such parcel, or any person to whom the right to pay taxes has been given by statute, mortgage, or other agreement, may make and file with the county auditor of the county in which the parcel is located a written offer to pay the current taxes each year before they become delinquent, or to contest the taxes under Minnesota Statutes 1941, sections 278.01 to 278.13, and agree to confess judgment for the amount provided, as determined by the county auditor. By filing the offer, the owner waives all irregularities in connection with the tax proceedings affecting the parcel and any defense or objection which the owner may have to the proceedings, and also waives the requirements of any notice of default in the payment of any

installment or interest to become due pursuant to the composite judgment to be so entered. Unless the property is subject to subdivision 1a, with the offer, the owner shall (i) tender one-tenth of the amount of the delinquent taxes, costs, penalty, and interest, and (ii) tender all current year taxes and penalty due at the time the confession of judgment is entered. In the offer, the owner shall agree to pay the balance in nine equal installments, with interest as provided in section 279.03, payable annually on installments remaining unpaid from time to time, on or before December 31 of each year following the year in which judgment was confessed.

(b) If any part of the parcel consists of real estate classified as 1a or 1b and used as the primary homestead by the owner of the property, the interest rate on offers made under paragraph (a) shall be set annually by the commissioner of revenue at the greater of five percent or two percent above the prime rate charged by banks during the six-month period ending on September 30 of that year, rounded to the nearest full percent, provided that the rate shall not exceed the maximum annum rate specified under section 279.03, subdivision 1a. The rate of interest becomes effective on January 1 of the immediately succeeding year. The determination of the commissioner pursuant to this subdivision shall not be considered a "rule" and shall not be subject to the Administrative Procedure Act contained in chapter 14. In the event of default occurring in the payments to be made under any confessed judgment entered pursuant to this paragraph, the taxes and penalties due shall be subject to the interest rate specified in section 279.03.

For purposes of this subdivision:

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

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

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

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

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

(f) The offer must be substantially as follows:

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

..... Upon that real estate there are delinquent taxes for the year, and prior years, as follows: (here insert year of delinquency and the total amount of delinquent taxes, costs, interest, and penalty). By signing this document I offer to confess judgment in the sum of \$..... and waive all irregularities in the tax proceedings affecting these taxes and any defense or objection which I may have to them, and direct judgment to be entered for the amount stated above, minus the

sum of \$....., to be paid with this document, which is one-tenth or one-fifth of the amount of the taxes, costs, penalty, and interest stated above. I agree to pay the balance of the judgment in nine or four equal, annual installments, with interest as provided in section 279.03, payable annually, on the installments remaining unpaid. I agree to pay the installments and interest on or before December 31 of each year following the year in which this judgment is confessed and current taxes each year before they become delinquent, or within 30 days after the entry of final judgment in proceedings to contest the taxes under Minnesota Statutes, sections 278.01 to 278.13.

Dated,"

EFFECTIVE DATE. This section is effective for confessions of judgment entered into on or after January 1, 2015.

Sec. 11. Minnesota Statutes 2012, section 383E.21, subdivision 1, is amended to read:

Subdivision 1. **Authority to levy property taxes and incur debt.** (a) To finance the cost of designing, constructing, and acquiring countywide public safety improvements and equipment, including personal property, benefiting both Anoka County and the municipalities located within Anoka County, the governing body of Anoka County may levy property taxes for public safety improvements and equipment, and issue:

(1) capital improvement bonds under the provisions of section 373.40 as if the infrastructure and equipment qualified as a "capital improvement" within the meaning of section 373.40, subdivision 1, paragraph (b); and

(2) capital notes under the provisions of section 373.01, subdivision 3, as if the equipment qualified as "capital equipment" within the meaning of section 373.01, subdivision 3. Personal property acquired with the proceeds of the bonds or capital notes issued under this section must have an expected useful life at least as long as the term of debt.

(b) The outstanding principal amount of the bonds and the capital notes issued under this section may not exceed \$8,000,000 at any time. Any bonds or notes issued pursuant to this section must only be issued after approval by a majority vote of the Anoka County Joint Law Enforcement Council, a joint powers board.

EFFECTIVE DATE. This section is effective beginning for taxes payable in 2013 and expires under section 383E.21, subdivision 3.

Sec. 12. Minnesota Statutes 2012, section 383E.21, subdivision 2, is amended to read:

Subd. 2. **Treatment of levy.** Notwithstanding sections 275.065, subdivision 3, and 276.04, the county may report the tax attributable to any levy to fund public safety capital improvements or equipment projects approved by the Anoka County Joint Law Enforcement Council or pay principal and interest on bonds or notes issued under this section as a separate line item on the proposed property tax notice and the property tax statement. Notwithstanding any provision in chapter 275 or 373 to the contrary, bonds or notes issued by Anoka County under this section must not be included in the computation of the net debt of Anoka County.

EFFECTIVE DATE. This section is effective beginning for taxes payable in 2013 and expires under section 383E.21, subdivision 3.

Sec. 13. Minnesota Statutes 2013 Supplement, section 428A.02, subdivision 1, is amended to read:

Subdivision 1. **Ordinance.** (a) The governing body of a city may adopt an ordinance establishing a special service district. Only property that is wholly or partially classified as class 3 under section 273.13 and used for commercial, industrial, or public utility purposes, or is vacant land zoned or designated on a land use plan for commercial or industrial use and located in the special service district, may be subject to the charges imposed by the city on the special service district. ~~Other types of property properties~~ may be included within the boundaries of the special service district but are not subject to the levies or charges imposed by the city on the special service district.

(b) ~~If 50 percent or more of the estimated market value of a parcel of property is classified under section 273.13 as commercial, industrial, or vacant land zoned or designated on a land use plan for commercial or industrial use, or public utility for the current assessment year a property is subject to a service charge, then the entire taxable market value of the property, including any portion not classified as class 3, is may be subject to a the service charge based on net tax capacity for purposes of sections 428A.01 to 428A.10.~~

(c) The ordinance shall describe with particularity the area within the city to be included in the district and the special services to be furnished in the district. The ordinance may not be adopted until after a public hearing has been held on the question. Notice of the hearing shall include the time and place of hearing, a map showing the boundaries of the proposed district, and a statement that all persons owning property in the proposed district that would be subject to a service charge will be given opportunity to be heard at the hearing. Within 30 days after adoption of the ordinance under this subdivision, the governing body shall send a copy of the ordinance to the commissioner of revenue.

EFFECTIVE DATE. This section is effective the day following final enactment, and applies to service district charges for 2014 and thereafter.

Sec. 14. Minnesota Statutes 2013 Supplement, section 477A.0124, subdivision 2, is amended to read:

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

(b) "County program aid" means the sum of "county need aid," "county tax base equalization aid," and "county transition aid."

(c) "Age-adjusted population" means a county's population multiplied by the county age index.

(d) "County age index" means the percentage of the population over age 65 within the county divided by the percentage of the population over age 65 within the state, except that the age index for any county may not be greater than 1.8 nor less than 0.8.

(e) "Population over age 65" means the population over age 65 established as of July 15 in an aid calculation year by the most recent federal census, by a special census conducted under contract with the United States Bureau of the Census, by a population estimate made by the Metropolitan Council, or by a population estimate of the state demographer made pursuant to section 4A.02, whichever is the most recent as to the stated date of the count or estimate for the preceding calendar year and which has been certified to the commissioner of revenue on or before July 15 of the aid

calculation year. A revision to an estimate or count is effective for these purposes only if certified to the commissioner on or before July 15 of the aid calculation year. Clerical errors in the certification or use of estimates and counts established as of July 15 in the aid calculation year are subject to correction within the time periods allowed under section 477A.014.

(f) "Part I crimes" means the three-year average annual number of Part I crimes reported for each county by the Department of Public Safety for the most recent years available. By July 1 of each year, the commissioner of public safety shall certify to the commissioner of revenue the number of Part I crimes reported for each county for the three most recent calendar years available.

(g) "Households receiving food stamps" means the average monthly number of households receiving food stamps for the three most recent years for which data is available. By July 1 of each year, the commissioner of human services must certify to the commissioner of revenue the average monthly number of households in the state and in each county that receive food stamps, for the three most recent calendar years available.

(h) "Watercraft trailer launch" means any public water access site designed for launching watercraft.

(i) "Watercraft trailer parking space" means a parking space designated for a boat trailer at any public water access site designed for launching watercraft.

~~(h)~~ (j) "County net tax capacity" means the county's adjusted net tax capacity under section 273.1325.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2014 and thereafter.

Sec. 15. Minnesota Statutes 2012, section 477A.0124, subdivision 3, is amended to read:

Subd. 3. **County need aid.** ~~For 2005 and subsequent years,~~ (a) The money appropriated to county need aid each calendar year under section 477A.03, subdivision 2b, paragraph (a), shall be allocated as follows: 40 percent based on each county's share of age-adjusted population, 40 percent based on each county's share of the state total of households receiving food stamps, and 20 percent based on each county's share of the state total of Part I crimes.

(b) The money appropriated to the county need aid each calendar year under section 477A.03, subdivision 2b, paragraph (c), shall be allocated as follows: 50 percent based on each county's share of watercraft trailer launches and 50 percent based on each county's share of watercraft trailer parking spaces.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2014 and thereafter.

Sec. 16. Minnesota Statutes 2012, section 477A.0124, is amended by adding a subdivision to read:

Subd. 3a. **Use of proceeds.** A county that receives a distribution under subdivision 3, paragraph (b), must use the proceeds solely to prevent the introduction of or limit the spread of aquatic invasive species at all access sites within the county. The county must establish, by resolution or through adoption of a plan, guidelines for the use of the proceeds. The guidelines set by the county board may include, but are not limited to, providing for site-level management, countywide awareness, and

other procedures that the county finds necessary to achieve compliance. The county may appropriate the proceeds directly, or may use any portion of the proceeds to provide funding for a joint powers board or cooperative agreement with another political subdivision, a soil and water conservation district in the county, a watershed district in the county, or a lake association located in the county. Any money appropriated by the county to a different entity or political subdivision must be used as required under this section.

For purposes of this section, "aquatic invasive species" means nonnative aquatic organisms that invade water beyond their natural and historic range.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2014 and thereafter.

Sec. 17. Minnesota Statutes 2013 Supplement, section 477A.013, subdivision 8, is amended to read:

Subd. 8. **City formula aid.** (a) For aids payable in 2014 only, the formula aid for a city is equal to the sum of (1) its 2013 certified aid, and (2) the product of (i) the difference between its unmet need and its 2013 certified aid, and (ii) the aid gap percentage.

(b) For aids payable in 2015 and thereafter, the formula aid for a city is equal to the sum of (1) its formula aid in the previous year and (2) the product of (i) the difference between its unmet need and its certified formula aid in the previous year under subdivision 9, and (ii) the aid gap percentage.

(c) For aids payable in 2015 and thereafter, if a city's certified aid from the previous year is greater than the sum of its unmet need plus its aid adjustment under subdivision 13, its formula aid is adjusted to equal its unmet need.

(d) No city may have a formula aid amount less than zero. The aid gap percentage must be the same for all cities subject to paragraph (b).

(e) The applicable aid gap percentage must be calculated by the Department of Revenue so that the total of the aid under subdivision 9 equals the total amount available for aid under section 477A.03. Data used in calculating aids to cities under sections 477A.011 to 477A.013 shall be the most recently available data as of January 1 in the year in which the aid is calculated.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2015 and thereafter.

Sec. 18. Minnesota Statutes 2013 Supplement, section 477A.03, subdivision 2b, is amended to read:

Subd. 2b. **Counties.** (a) For aids payable in ~~2014~~ 2015 and thereafter, the total aid payable under section 477A.0124, subdivision 3, is \$100,795,000. Each calendar year, \$500,000 of this appropriation shall be retained by the commissioner of revenue to make reimbursements to the commissioner of management and budget for payments made under section 611.27. The reimbursements shall be to defray the additional costs associated with court-ordered counsel under section 611.27. Any retained amounts not used for reimbursement in a year shall be included in the next distribution of county need aid that is certified to the county auditors for the purpose of property tax reduction for the next taxes payable year.

(b) For aids payable in ~~2014~~ 2015 and thereafter, the total aid under section 477A.0124, subdivision 4, is \$104,909,575. The commissioner of revenue shall transfer to the commissioner of management and budget \$207,000 annually for the cost of preparation of local impact notes as required by section 3.987, and other local government activities. The commissioner of revenue shall transfer to the commissioner of education \$7,000 annually for the cost of preparation of local impact notes for school districts as required by section 3.987. The commissioner of revenue shall deduct the amounts transferred under this paragraph from the appropriation under this paragraph. The amounts transferred are appropriated to the commissioner of management and budget and the commissioner of education respectively.

(c) For aids payable in 2015 and thereafter, the total aid payable under section 477A.0124, subdivision 3, paragraph (b), is \$10,000,000. Notwithstanding section 477A.015, the first installment of aid payable in 2015 under this paragraph shall be made on March 15, 2015, and the second installment shall be made on July 20, 2015.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2015 and thereafter.

Sec. 19. Minnesota Statutes 2013 Supplement, section 477A.12, subdivision 1, is amended to read:

Subdivision 1. **Types of land; payments.** The following amounts are annually appropriated to the commissioner of natural resources from the general fund for transfer to the commissioner of revenue. The commissioner of revenue shall pay the transferred funds to counties as required by sections 477A.11 to 477A.14. The amounts, based on the acreage as of July 1 of each year prior to the payment year, are:

(1) \$5.133 multiplied by the total number of acres of acquired natural resources land or, at the county's option three-fourths of one percent of the appraised value of all acquired natural resources land in the county, whichever is greater;

(2) \$5.133, multiplied by the total number of acres of transportation wetland or, at the county's option, three-fourths of one percent of the appraised value of all transportation wetland in the county, whichever is greater;

(3) \$5.133, multiplied by the total number of acres of wildlife management land, or, at the county's option, three-fourths of one percent of the appraised value of all wildlife management land in the county, whichever is greater;

(4) 50 percent of the dollar amount as determined under clause (1), multiplied by the number of acres of military refuge land in the county;

(5) \$1.50, multiplied by the number of acres of county-administered other natural resources land in the county;

(6) \$5.133, multiplied by the total number of acres of land utilization project land in the county;

(7) \$1.50, multiplied by the number of acres of commissioner-administered other natural resources land in the county; and

(8) without regard to acreage, and notwithstanding the rules adopted under section 84A.55, \$300,000 for local assessments under section 84A.55, subdivision 9, that shall be divided and

distributed to the counties containing state-owned lands within a conservation area in proportion to each county's percentage of the total annual ditch assessments.

EFFECTIVE DATE. The amendments to clause (3) are effective for payments made in calendar year 2015 and later. The amendments to clause (8) are effective for assessments payable in calendar year 2014 and later.

Sec. 20. Minnesota Statutes 2013 Supplement, section 477A.12, subdivision 2, is amended to read:

Subd. 2. **Procedure.** (a) Each county auditor shall certify to the Department of Natural Resources during July of each year prior to the payment year the number of acres of county-administered other natural resources land within the county. The Department of Natural Resources may, in addition to the certification of acreage, require descriptive lists of land so certified. The commissioner of natural resources shall determine and certify to the commissioner of revenue by March 1 of the payment year:

(1) the number of acres and most recent appraised value of acquired natural resources land, wildlife management land, and military refuge land within each county;

(2) the number of acres of commissioner-administered natural resources land within each county;

(3) the number of acres of county-administered other natural resources land within each county, based on the reports filed by each county auditor with the commissioner of natural resources; and

(4) the number of acres of land utilization project land within each county.

(b) The commissioner of transportation shall determine and certify to the commissioner of revenue by March 1 of the payment year the number of acres of transportation wetland and the appraised value of the land, but only if it exceeds 500 acres in a county.

(c) Each auditor of a county that contains state-owned lands within a conservation area shall determine and certify to the commissioner of natural resources by May 31 of the payment year, the county's ditch assessments for state-owned lands subject to section 84A.55, subdivision 9. A joint certification for two or more counties may be submitted to the commissioner of natural resources through the Consolidated Conservation Counties Joint Powers Board. The commissioner of natural resources shall certify the ditch assessments to the commissioner of revenue by June 15 of the payment year.

(d) The commissioner of revenue shall determine the distributions provided for in this section using: (1) the number of acres and appraised values certified by the commissioner of natural resources and the commissioner of transportation by March 1 of the payment year; and (2) ditch assessments under paragraph (c), by June 30 of the payment year.

EFFECTIVE DATE. This section is effective for assessments payable in calendar year 2014 and later.

Sec. 21. Minnesota Statutes 2013 Supplement, section 477A.14, subdivision 1, is amended to read:

Subdivision 1. **General distribution.** Except as provided in subdivisions 2 and 3, 40 percent of the total payment to the county shall be deposited in the county general revenue fund to be used

to provide property tax levy reduction. The remainder shall be distributed by the county in the following priority:

(a) (1) 64.2 cents, for each acre of county-administered other natural resources land shall be deposited in a resource development fund to be created within the county treasury for use in resource development, forest management, game and fish habitat improvement, and recreational development and maintenance of county-administered other natural resources land. Any county receiving less than \$5,000 annually for the resource development fund may elect to deposit that amount in the county general revenue fund;

~~(b) from the funds remaining;~~ (2) within 30 days of receipt of the payment to the county, the county treasurer shall pay ~~each organized township ten percent of the amount received~~ a township with land that qualifies for payment under section 477A.12, subdivision 1, clauses (1), (2), and (5) to (7), ten percent of the payment the county received for such land within that township. Payments for natural resources lands not located in an organized township shall be deposited in the county general revenue fund. Payments to counties and townships pursuant to this paragraph shall be used to provide property tax levy reduction, except that of the payments for natural resources lands not located in an organized township, the county may allocate the amount determined to be necessary for maintenance of roads in unorganized townships. ~~Provided that, if the total payment to the county pursuant to section 477A.12 is not sufficient to fully fund the distribution provided for in this clause, the amount available shall be distributed to each township and the county general revenue fund on a pro rata basis; and~~

~~(c)~~ (3) any remaining funds shall be deposited in the county general revenue fund. Provided that, if the distribution to the county general revenue fund exceeds \$35,000, the excess shall be used to provide property tax levy reduction.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 22. Laws 1999, chapter 243, article 14, section 5, subdivision 1, is amended to read:

Subdivision 1. **Board plan and program.** The board shall adopt a comprehensive plan for the collection, treatment, and disposal of sewage in the district for a designated period the board deems proper and reasonable. The board shall prepare and adopt subsequent comprehensive plans for the collection, treatment, and disposal of sewage in the district for each succeeding designated period as the board deems proper and reasonable. All comprehensive plans of the district shall be subject to the planning and zoning authority of Scott county and in conformance with all planning and zoning ordinances of Scott county. The first plan, as modified by the board, and any subsequent plan shall take into account the preservation and best and most economic use of water and other natural resources in the area; the preservation, use, and potential for use of lands adjoining waters of the state to be used for the disposal of sewage; and the impact the disposal system will have on present and future land use in the area affected. In no case shall the comprehensive plan provide for more than ~~325~~ 364 connections to the disposal system. All connections must be charged a full assessment. Connections made after the initial assessment period ends must be charged an amount equal to the initial assessment plus an adjustment for inflation and plus any other charges determined to be reasonable and necessary by the board. Deferred assessments may be permitted, as provided for in Minnesota Statutes, chapter 429. The plans shall include the general location of needed interceptors and treatment works, a description of the area that is to be served by the various interceptors and treatment works, a long-range capital improvements program, and any other details as the board deems appropriate. In developing the plans, the board shall consult with persons designated for the

purpose by governing bodies of any governmental unit within the district to represent the entities and shall consider the data, resources, and input offered to the board by the entities and any planning agency acting on behalf of one or more of the entities. Each plan, when adopted, must be followed in the district and may be revised as often as the board deems necessary.

EFFECTIVE DATE. This section is effective the day after the governing body of the Cedar Lake area water and sanitary sewer district and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 23. CITY OF JACKSON; LIMITATION ON ABATEMENTS.

Notwithstanding the provisions of Minnesota Statutes, section 469.1813, subdivision 8, the total amount of property taxes abated by the city of Jackson in any year may not exceed the greater of (1) ten percent of the city's net tax capacity for the taxes payable year to which the abatement applies; or (2) \$240,000.

EFFECTIVE DATE. This section is effective for taxes payable in 2015 through taxes payable in 2019.

Sec. 24. FUND TRANSFER FROM IRON RANGE RESOURCES AND REHABILITATION BOARD.

The Iron Range Resources and Rehabilitation Board must transfer \$60,000 to the commissioner of management and budget for deposit into the general fund on July 1, 2014.

Sec. 25. HELENA TOWNSHIP, SCOTT COUNTY; REMOVAL OF SUBORDINATE SERVICE DISTRICT.

Subdivision 1. Application. This section applies to the subordinate service district established in Helena Township, Scott County, for the Silver Maple Bay Estates, under Minnesota Statutes, chapter 365A.

Subd. 2. Special provision for removal of the district. Notwithstanding the requirements of Minnesota Statutes, section 365A.095, subdivision 2, if the district is removed as provided in Minnesota Statutes, section 365A.095, subdivision 1, after all outstanding obligations of the district have been paid in full, the town board may vote to sell or use the surplus of any land or equipment, or the surplus of any tax revenue or service charge, or any part of it, collected from or associated with the district to connect the owners of any property within the discontinued district to another public sewer system. Any surplus not used to connect residents to such sewer system may be distributed equally to the owners of any property within the discontinued district that were charged the extra tax or service fee during the most recent tax year for which the tax or service fee was imposed. Any surplus not refunded under this section must be transferred to the town's general fund.

EFFECTIVE DATE. This section is effective the day after the governing body of Helena Township and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 26. IRON RANGE FISCAL DISPARITIES STUDY.

The commissioner of revenue, in consultation with the administrative auditor, as defined in Minnesota Statutes, section 276A.01, subdivision 2, shall conduct a study of the tax relief area

revenue distribution program contained in Minnesota Statutes, chapter 276A, commonly known as the Iron Range fiscal disparities program. By January 15, 2015, the commissioner of revenue shall submit a report to the chairs and ranking minority members of the house of representatives and senate tax committees consisting of the findings of the study and recommendations. The study must analyze:

(1) the ability to use a municipality's contribution based on its commercial, industrial, and utility values from the current year rather than the previous year; and

(2) recommended changes to the program to decrease the volatility of the program's distribution.

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

Sec. 27. PRIVATE SALE OF LAND; DISTRICT ONE HOSPITAL BOARD.

(a) Notwithstanding Laws 1963, chapter 118, section 5, or any other law to the contrary, the District One Hospital District may, without advertising for bids, sell, convey, and transfer management, control, and operation of the hospital, any of the hospital's personal property, and any of the real property described in paragraph (b). Notwithstanding any law to the contrary, the District One Hospital District may include some or all tangible and intangible personal property associated with the hospital as part of the negotiated sale price.

(b) The land referred to in paragraph (a), is located in Rice County and consists of the parcels of property known as the District One Hospital and adjacent property. Legal descriptions for the properties are as follows:

(1) LOT SIX (6), NORTH SEABURY ADDITION, FARIBAULT, RICE COUNTY, MINNESOTA;

(2) ALL OF BLOCK 4, AUDITOR'S PLAT NO. 1 OF THE SW1/4 OF SECTION 32, TOWNSHIP 110 NORTH, RANGE 20 WEST OF THE 5TH P.M., FARIBAULT, RICE COUNTY, MINNESOTA, EXCEPTING THEREFROM THAT PART OF SAID BLOCK 4 DESCRIBED AS FOLLOWS: BEGINNING AT A POINT IN THE NORTH LINE OF SAID BLOCK 4, A DISTANCE OF 179.00 FEET WESTERLY FROM THE NORTHEAST CORNER OF SAID BLOCK 4, THENCE SOUTHERLY, PARALLEL WITH THE EAST LINE OF SAID BLOCK 4, A DISTANCE OF 225.00 FEET; THENCE WESTERLY, PARALLEL WITH SAID NORTH LINE OF BLOCK 4, A DISTANCE OF 154.00 FEET; THENCE NORTHERLY, PARALLEL WITH SAID EAST LINE, 75.00 FEET; THENCE WESTERLY, PARALLEL WITH SAID NORTH LINE, 36.00 FEET; THENCE NORTHERLY, PARALLEL WITH SAID EAST LINE, 150.00 FEET TO A POINT IN SAID NORTH LINE; THENCE EASTERLY ALONG SAID NORTH LINE, 190.00 FEET TO SAID POINT OF BEGINNING;

(3) LOT THREE (3), NORTH SEABURY ADDITION, FARIBAULT, RICE COUNTY, MINNESOTA;

(4) LOT 5, NORTH SEABURY ADDITION, FARIBAULT, MINNESOTA, ACCORDING TO THE PLAT THEREOF ON FILE AND OF RECORD IN THE REGISTER OF DEEDS FOR RICE COUNTY, MINNESOTA;

(5) LOT 7, 8, 9, 10, AND THE EAST 82.4 FEET OF LOT 11, ALL IN NORTH SEABURY ADDITION, FARIBAULT, RICE COUNTY, MINNESOTA, AND THE EAST 82.4 FEET OF ALL OF LOTS 7 AND 8, BLOCK 1, FARIBAULT'S ADDITION TO FARIBAULT, WHICH LIES

NORTH AND WEST OF A LINE DRAWN FROM THE SOUTHWEST CORNER OF SAID BLOCK 1, NORTHEASTERLY TO THE NORTHEAST CORNER OF SAID LOT 7, OF BLOCK 1;

(6) LOTS 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, THE SOUTH 10 FEET OF LOT 18, THE WEST FIVE FEET OF LOT 32 AND LOT 23, EXCEPT THE EAST 141.22 FEET, ALL IN BLOCK 6, AUDITOR'S PLAT NO. 1, SW1/4 OF SECTION 32, TOWNSHIP 110 NORTH, RANGE 20 WEST OF THE 5TH PRINCIPAL MERIDIAN, FARIBAULT, RICE COUNTY, MINNESOTA;

(7) UNIT 2, CONDOMINIUM NUMBER 8, JOHNSTON HALL CONDOMINIUM, FARIBAULT, RICE COUNTY, MINNESOTA;

(8) UNIT 1, CONDOMINIUM NUMBER 8, JOHNSTON HALL CONDOMINIUM, FARIBAULT, RICE COUNTY, MINNESOTA; AND

(9) COMMON ELEMENTS, CONDOMINIUM NUMBER 8, JOHNSTON HALL CONDOMINIUM, FARIBAULT, RICE COUNTY, MINNESOTA.

(c) Upon determination by the District One Hospital Board that all sale requirements have been met, and sufficient funds exist to pay all outstanding principal and interest on any bonds issued prior to and in conjunction with the sale, each statutory or home rule charter city and town located within the hospital district must file a petition with the hospital board for dissolution under Minnesota Statutes, section 447.38.

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

Sec. 28. TRANSITION PROVISION.

The owner of any property lying within the boundaries of a special service district in existence as of June 1, 2014, that becomes potentially liable for a service charge due to the changes in eligibility requirements contained in section 1, may file a written objection with the city clerk as provided under Minnesota Statutes, section 428A.02, subdivision 4. The objection must be filed by August 1, 2014. The governing body of the city must make a determination on the objection within 30 days of its filing.

EFFECTIVE DATE. This section is effective the day following final enactment, and applies to service district charges for 2014 and thereafter.

Sec. 29. 2014 SUPPLEMENTAL PAYMENT FOR AQUATIC INVASIVE SPECIES PREVENTION AID; APPROPRIATION.

(a) For aids payable in 2014 only, the total aid payable under Minnesota Statutes, section 477A.0124, subdivision 3, paragraph (b), is \$5,000,000.

(b) Payment to the counties of the amounts determined under Minnesota Statutes, section 477A.0124, subdivision 3, paragraph (b), must be made by the commissioner of revenue from the general fund at the time provided in Minnesota Statutes, section 477A.015 for the first installment of local government aid.

(c) \$5,000,000 is appropriated from the general fund to the commissioner of revenue in fiscal year 2015 to make the aid payments under this section.

EFFECTIVE DATE. This section is effective for aids payable in 2014 only.

Sec. 30. **APPROPRIATION.**

The sum of \$60,000 in fiscal year 2015 is appropriated from the general fund to the commissioner of revenue to pay for the study required under section 26. This is a onetime appropriation.

Sec. 31. **STUDY OF NORTH DAKOTA OIL PRODUCTION; IMPACT ON MINNESOTA.**

(a) \$250,000 in fiscal year 2015 is appropriated from the general fund to the commissioner of employment and economic development, in consultation with the commissioner of revenue, to finance a study and analysis of the effects of current and projected oil production in North Dakota on the Minnesota economy with special focus on the northwestern region of Minnesota and area border cities as provided in paragraph (b).

(b) The study and analysis must address:

(1) current and projected economic, fiscal, and demographic effects and issues;

(2) direct and indirect costs and benefits;

(3) positive and negative effects; and

(4) economic challenges and opportunities for economic growth or diversification.

(c) The study must be objective, evidence-based, and designed to produce empirical data. Study data must be utilized to formulate policy recommendations on how the state, the northwestern region of the state, and border cities may respond to the challenges and opportunities for economic growth and financial investment that may be derived from the regional economic changes that are the result of oil production in North Dakota.

(d) For the purposes of this section, "border cities" has the meaning given in Minnesota Statutes, section 469.1731.

(e) The study and analysis must be conducted by an independent entity with demonstrated knowledge in the following areas:

(1) the economy and demography of Minnesota;

(2) the domestic and foreign oil industry; and

(3) technologies, markets, and geopolitical factors that have an impact on current and future oil production in the region.

(f) The commissioner shall report on the findings and recommendations of the study to the committees of the house of representatives and senate having jurisdiction over economic development and workforce issues by February 15, 2015.

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

Sec. 32. **STUDY OF ENERGY PRODUCING SYSTEMS.**

(a) \$150,000 in fiscal year 2015 is appropriated from the general fund to the commissioner of revenue to conduct a study and analysis of the property taxation of all energy producing systems in the state of Minnesota, including both traditional and renewable energy sources.

(b) The study and analysis must address:

(1) the various methods by which the personal and real property of energy producing systems are taxed;

(2) the availability of any exclusions, exemptions, or payment-in-lieu of taxation arrangements that apply to the systems; and

(3) recommendations on the taxation of solar energy producing systems, including both real and personal property.

(c) The commissioner shall report the findings of the study to the committees of the house of representatives and senate having jurisdiction over taxes by February 1, 2015.

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

Sec. 33. **REPEALER.**

Laws 1961, chapter 372, sections 1; and 2; Laws 1963, chapter 118, sections 1, as amended by Laws 1996, chapter 471, article 8, section 19; 2, as amended by Laws 1996, chapter 471, article 8, section 20; 3; 4, as amended by Laws 1996, chapter 471, article 8, section 21; 5; 6, as amended by Laws 1996, chapter 471, article 8, section 22; 7; 8; 9; and 10; and Laws 1996, chapter 471, article 8, sections 19; 20; 21; and 22, are repealed.

EFFECTIVE DATE. This section is effective upon the statutory and home rule charter cities located within the hospital district filing a petition with the hospital board for dissolution under Minnesota Statutes, section 447.38.

ARTICLE 2

SALES, USE, AND EXCISE TAXES

Section 1. Minnesota Statutes 2013 Supplement, section 116J.8738, subdivision 2, is amended to read:

Subd. 2. **Qualified business.** (a) A business is a qualified business if it satisfies the requirement of this paragraph and is not disqualified under the provisions of paragraph (b). To qualify, the business must:

(1) have operated its trade or business in a city or cities in greater Minnesota for at least one year before applying under subdivision 3;

(2) pay or agree to pay in the future each employee compensation, including benefits not mandated by law, that on an annualized basis equal at least 120 percent of the federal poverty level for a family of four;

(3) plan and agree to expand its employment in one or more cities in greater Minnesota by the minimum number of employees required under subdivision 3, paragraph (c); and

(4) have received certification from the commissioner under subdivision 3 that it is a qualified business.

(b) A business is not a qualified business if it is either:

(1) primarily engaged in making retail sales to purchasers who are physically present at the business's location or locations in greater Minnesota; ~~or~~

(2) a public utility, as defined in section 336B.01; or

(3) primarily engaged in lobbying; gambling; entertainment; professional sports; political consulting; leisure; hospitality; or professional services provided by attorneys, accountants, business consultants, physicians, or health care consultants.

(c) The requirements in paragraph (a) that the business's operations and expansion be located in a city do not apply to an agricultural processing facility.

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

Sec. 2. Minnesota Statutes 2013 Supplement, section 116J.8738, subdivision 3, is amended to read:

Subd. 3. **Certification of qualified business.** (a) A business may apply to the commissioner for certification as a qualified business under this section. The commissioner shall specify the form of the application, the manner and times for applying, and the information required to be included in the application. The commissioner may impose an application fee in an amount sufficient to defray the commissioner's cost of processing certifications. A business must file a copy of its application with the chief clerical officer of the city at the same time it applies to the commissioner. For an agricultural processing facility located outside the boundaries of a city, the business must file a copy of the application with the county auditor.

(b) The commissioner shall certify each business as a qualified business that:

(1) satisfies the requirements of subdivision 2;

(2) the commissioner determines would not expand its operations in greater Minnesota without the tax incentives available under subdivision 4; and

(3) enters a business subsidy agreement with the commissioner that pledges to satisfy the minimum expansion requirements of paragraph (c) within three years or less following execution of the agreement.

The commissioner must act on an application within ~~60~~ 90 days after its filing. Failure by the commissioner to take action within the ~~60-day~~ 90-day period is deemed approval of the application.

~~(c) The following minimum expansion requirements apply, based on the number of employees of the business at locations in greater Minnesota:~~

~~(1) a business that employs 50 or fewer full-time equivalent employees in greater Minnesota when the agreement is executed must increase its employment by five or more full-time equivalent employees;~~

~~(2) a business that employs more than 50 but fewer than 200 full-time equivalent employees in greater Minnesota when the agreement is executed must increase the number of its full-time equivalent employees in greater Minnesota by at least ten percent; or~~

~~(3) a business that employs 200 or more full-time equivalent employees in greater Minnesota when the agreement is executed must increase its employment by at least 21 full-time equivalent employees~~ (c) The business must increase the number of full-time equivalent employees in greater Minnesota from the time the business subsidy agreement is executed by two employees or ten percent, whichever is greater.

(d) The city, or a county for an agricultural processing facility located outside the boundaries of a city, in which the business proposes to expand its operations may file comments supporting or opposing the application with the commissioner. The comments must be filed within 30 days after receipt by the city of the application and may include a notice of any contribution the city or county intends to make to encourage or support the business expansion, such as the use of tax increment financing, property tax abatement, additional city or county services, or other financial assistance.

(e) Certification of a qualified business is effective for the ~~12-year~~ seven-year period beginning on the first day of the calendar month immediately following ~~execution of the business subsidy agreement~~ the date that the commissioner informs the business of the award of the benefit.

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

Sec. 3. Minnesota Statutes 2013 Supplement, section 116J.8738, subdivision 4, is amended to read:

Subd. 4. **Available tax incentives.** A qualified business is entitled to a sales tax exemption, up to \$2,000,000 annually and \$10,000,000 during the total period of the agreement, as provided in section 297A.68, subdivision 44, for purchases made during the period the business was certified as a qualified business under this section. The commissioner has discretion to set the maximum amounts of the annual and total sales tax exemption allowed for each qualifying business as part of the business subsidy agreement.

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

Sec. 4. Minnesota Statutes 2013 Supplement, section 289A.20, subdivision 4, is amended to read:

Subd. 4. **Sales and use tax.** (a) The taxes imposed by chapter 297A are due and payable to the commissioner monthly on or before the 20th day of the month following the month in which the taxable event occurred, or following another reporting period as the commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph (f) or (g), except that use taxes due on an annual use tax return as provided under section 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

(b) A vendor having a liability of ~~\$120,000~~ \$250,000 or more during a fiscal year ending June 30 must remit the June liability for the next year in the following manner:

(1) Two business days before June 30 of the year, the vendor must remit ~~90~~ 81.4 percent of the estimated June liability to the commissioner.

(2) On or before August 20 of the year, the vendor must pay any additional amount of tax not remitted in June.

(c) A vendor having a liability of:

(1) \$10,000 or more, but less than ~~\$120,000~~ \$250,000 during a fiscal year ending June 30, 2013, and fiscal years thereafter, must remit by electronic means all liabilities on returns due for periods beginning in all subsequent calendar years on or before the 20th day of the month following the month in which the taxable event occurred, or on or before the 20th day of the month following the month in which the sale is reported under section 289A.18, subdivision 4; or

(2) ~~\$120,000~~ \$250,000 or more, during a fiscal year ending June 30, ~~2009~~ 2013, and fiscal years thereafter, must remit by electronic means all liabilities in the manner provided in paragraph (a) on returns due for periods beginning in the subsequent calendar year, except for ~~90~~ 81.4 percent of the estimated June liability, which is due two business days before June 30. The remaining amount of the June liability is due on August 20.

(d) Notwithstanding paragraph (b) or (c), a person prohibited by the person's religious beliefs from paying electronically shall be allowed to remit the payment by mail. The filer must notify the commissioner of revenue of the intent to pay by mail before doing so on a form prescribed by the commissioner. No extra fee may be charged to a person making payment by mail under this paragraph. The payment must be postmarked at least two business days before the due date for making the payment in order to be considered paid on a timely basis.

EFFECTIVE DATE. This section is effective for taxes remitted after May 30, 2014.

Sec. 5. Minnesota Statutes 2012, section 289A.60, subdivision 15, is amended to read:

Subd. 15. **Accelerated payment of June sales tax liability; penalty for underpayment.** For payments made after December 31, ~~2006~~ 2013, if a vendor is required by law to submit an estimation of June sales tax liabilities and ~~90~~ 81.4 percent payment by a certain date, the vendor shall pay a penalty equal to ten percent of the amount of actual June liability required to be paid in June less the amount remitted in June. The penalty must not be imposed, however, if the amount remitted in June equals the lesser of ~~90~~ 81.4 percent of the preceding May's liability or ~~90~~ 81.4 percent of the average monthly liability for the previous calendar year.

EFFECTIVE DATE. This section is effective for taxes remitted after May 30, 2014.

Sec. 6. Minnesota Statutes 2012, section 297A.67, subdivision 13a, is amended to read:

Subd. 13a. **Instructional materials.** Instructional materials, other than textbooks, that are prescribed for use in conjunction with a course of study in a postsecondary school, college, university, or private career school to students who are regularly enrolled at such institutions are exempt. For purposes of this subdivision, "instructional materials" means materials required to be used directly in the completion of the course of study, including, but not limited to, interactive CDs, tapes, digital audio works, digital audiovisual works, and computer software.

Instructional materials do not include general reference works or other items incidental to the instructional process such as pens, pencils, paper, folders, or computers. For purposes of this subdivision, "school" and "private career school" have the meanings given in subdivision 13.

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

Sec. 7. Minnesota Statutes 2012, section 297A.67, is amended by adding a subdivision to read:

Subd. 33. **Bullion coin.** Bullion coin as defined in section 80G.01, subdivision 2, are exempt.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2014.

Sec. 8. Minnesota Statutes 2012, section 297A.67, is amended by adding a subdivision to read:

Subd. 34. **Presentations accessed as digital audio and audiovisual works.** The charge for a live or prerecorded presentation, such as a lecture, seminar, workshop, or course, where participants access the presentation as a digital audio work or digital audiovisual work, and are connected to the presentation via the Internet, telecommunications equipment or other device that transfers the presentation electronically, is exempt if:

(1) participants and the presenter, during the time that participants access the presentation, are able to give, receive, and discuss the presentation with each other, although the amount of interaction and when in the presentation the interaction occurs may be limited by the presenter; and

(2) for those presentations where participants are given the option to attend the same presentation in person:

(i) any limitations on the amount of interaction and when it occurs during the presentation are the same for those participants accessing the presentation electronically as those attending in person; and

(ii) the admission to the in person presentation is not subject to tax under this chapter.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2014.

Sec. 9. Minnesota Statutes 2012, section 297A.68, is amended by adding a subdivision to read:

Subd. 3a. **Coin-operated entertainment and amusement devices.** Coin-operated entertainment and amusement devices, including, but not limited to, fortune-telling machines, cranes, foosball and pool tables, video and pinball games, batting cages, rides, photo or video booths, and jukeboxes, are exempt when purchased by retailers selling admission to places of amusement and making available amusement devices as provided in section 297A.61, subdivision 3, paragraph (g), clause (1).

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2014.

Sec. 10. Minnesota Statutes 2013 Supplement, section 297A.68, subdivision 42, is amended to read:

Subd. 42. **Qualified data centers.** (a) Purchases of enterprise information technology equipment and computer software for use in a qualified data center, or a qualified refurbished data center, are exempt, except that computer software maintenance agreements are exempt for purchases made after June 30, 2013. The tax on purchases exempt under this paragraph must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied, and then refunded after June 30, 2013, in the manner provided in section 297A.75. This exemption includes enterprise information technology equipment and computer software purchased to replace or upgrade enterprise information technology equipment and computer software in a qualified data center, or a qualified refurbished data center.

(b) Electricity used or consumed in the operation of a qualified data center or qualified refurbished data center is exempt.

(c) For purposes of this subdivision, "~~qualified data center, or a qualified refurbished data center,~~" means a facility in Minnesota:

(1) that is comprised of one or more buildings that consist in the aggregate of at least 25,000 square feet, and that are located on a single parcel or on contiguous parcels, where the total cost of construction or refurbishment, investment in enterprise information technology equipment, and computer software is at least \$30,000,000 within a 48-month period. The 48-month period begins no sooner than July 1, 2012, except that costs for computer software maintenance agreements purchased before July 1, 2013, are not included in determining if the \$30,000,000 threshold has been met;

(2) that is constructed or substantially refurbished after June 30, 2012, where "substantially refurbished" means that at least 25,000 square feet have been rebuilt or modified, including:

(i) installation of enterprise information technology equipment; environmental control, computer software, and energy efficiency improvements; and

(ii) building improvements; and

(3) that is used to house enterprise information technology equipment, where the facility has the following characteristics:

(i) uninterruptible power supplies, generator backup power, or both;

(ii) sophisticated fire suppression and prevention systems; and

(iii) enhanced security. A facility will be considered to have enhanced security if it has restricted access to the facility to selected personnel; permanent security guards; video camera surveillance; an electronic system requiring pass codes, keycards, or biometric scans, such as hand scans and retinal or fingerprint recognition; or similar security features.

In determining whether the facility has the required square footage, the square footage of the following spaces shall be included if the spaces support the operation of enterprise information technology equipment: office space, meeting space, and mechanical and other support facilities. For purposes of this subdivision, "computer software" includes, but is not limited to, software utilized or loaded at ~~the~~ a qualified data center or qualified refurbished data center, including maintenance, licensing, and software customization.

(d) For purposes of this subdivision, a "qualified refurbished data center" means an existing facility that qualifies as a data center under paragraph (c), clauses (2) and (3), but that is comprised of one or more buildings that consist in the aggregate of at least 25,000 square feet, and that are located on a single parcel or contiguous parcels, where the total cost of construction or refurbishment, investment in enterprise information technology equipment, and computer software is at least \$50,000,000 within a 24-month period.

(e) For purposes of this subdivision, "enterprise information technology equipment" means computers and equipment supporting computing, networking, or data storage, including servers and routers. It includes, but is not limited to: cooling systems, cooling towers, and other temperature control infrastructure; power infrastructure for transformation, distribution, or management of electricity used for the maintenance and operation of a qualified data center or qualified refurbished

data center, including but not limited to exterior dedicated business-owned substations, backup power generation systems, battery systems, and related infrastructure; and racking systems, cabling, and trays, which are necessary for the a maintenance and operation of the qualified data center or qualified refurbished data center.

(f) A qualified data center or qualified refurbished data center may claim the exemptions in this subdivision for purchases made either within 20 years of the date of its first purchase qualifying for the exemption under paragraph (a), or by June 30, 2042, whichever is earlier.

(g) The purpose of this exemption is to create jobs in the construction and data center industries.

(h) This subdivision is effective for sales and purchases made ~~after June 30, 2012, and before July 1, 2042.~~

(i) (1) The commissioner of employment and economic development must certify to the commissioner of revenue, in a format approved by the commissioner of revenue, when a qualified data center has met the requirements under paragraph (c) or a qualified refurbished data center has met the requirements under paragraph (d). The certification must provide the following information regarding each qualified data center or qualified refurbished data center:

(i) the total square footage amount;

(ii) the total amount of construction or refurbishment costs and the total amount of qualifying investments in enterprise information technology equipment and computer software; and

(iii) the beginning and ending of the applicable period under either paragraph (c) or (d) in which the qualifying expenditures and purchases under item (ii) were made, but in no case shall the period begin before July 1, 2012;

(2) Any refund for sales tax paid on qualifying purchases under this subdivision must not be issued unless the commissioner of revenue has received the certification required under clause (1) either from the commissioner of employment and economic development or the qualified data center or qualified refurbished data center claiming the refund; and

(3) The commissioner of employment and economic development must annually notify the commissioner of revenue of the qualified data centers that are projected to meet the requirements under paragraph (c) and the qualified refurbished data centers that are projected to meet the requirements under paragraph (d) in each of the next four years. The notification must provide the information required under clause (1), items (i) to (iii), for each qualified data center or qualified refurbished data center.

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

Sec. 11. Minnesota Statutes 2013 Supplement, section 297A.68, subdivision 44, is amended to read:

Subd. 44. **Greater Minnesota business expansions.** (a) Purchases and use of tangible personal property or taxable services by a qualified business, as defined in section 116J.8738, are exempt if:

(1) the business subsidy agreement provides that the exemption under this subdivision applies;

(2) the property or services are primarily used or consumed at the facility in greater Minnesota identified in the business subsidy agreement; and

(3) the purchase was made and delivery received during the duration of the certification of the business as a qualified business under section 116J.8738.

(b) Purchase and use of construction materials and supplies used or consumed in, and equipment incorporated into, the construction of improvements to real property in greater Minnesota are exempt if the improvements after completion of construction are to be used in the conduct of the trade or business of the qualified business, as defined in section 116J.8738. This exemption applies regardless of whether the purchases are made by the business or a contractor.

(c) The exemptions under this subdivision apply to a local sales and use tax.

(d) The tax on purchases imposed under this subdivision must be imposed and collected as if the rate under section 297A.62 applied, and then refunded in the manner provided in section 297A.75. The total amount refunded for a facility over the certification period is limited to the amount listed in the business subsidy agreement. No more than \$7,000,000 may be refunded in a fiscal year for all purchases under this subdivision. Refunds must be allocated on a first-come, first-served basis. If more than \$7,000,000 of eligible claims are made in a fiscal year, claims by qualified businesses carry over to the next fiscal year, and the commissioner must first allocate refunds to qualified businesses eligible for a refund in the preceding fiscal year. Any portion of the balance of funds allocated for refunds under this paragraph does not cancel and shall be carried forward to and available for refunds in subsequent fiscal years.

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

Sec. 12. Minnesota Statutes 2013 Supplement, section 297A.70, subdivision 2, is amended to read:

Subd. 2. **Sales to government.** (a) All sales, except those listed in paragraph (b), to the following governments and political subdivisions, or to the listed agencies or instrumentalities of governments and political subdivisions, are exempt:

(1) the United States and its agencies and instrumentalities;

(2) school districts, local governments, the University of Minnesota, state universities, community colleges, technical colleges, state academies, the Perpich Minnesota Center for Arts Education, and an instrumentality of a political subdivision that is accredited as an optional/special function school by the North Central Association of Colleges and Schools;

(3) hospitals and nursing homes owned and operated by political subdivisions of the state of tangible personal property and taxable services used at or by hospitals and nursing homes;

~~(4) the Metropolitan Council, for its purchases of vehicles and repair parts to equip operations provided for in section 473.4051;~~

~~(5) (4)~~ other states or political subdivisions of other states, if the sale would be exempt from taxation if it occurred in that state; and

~~(6) (5)~~ public libraries, public library systems, multicounty, multitype library systems as defined in section 134.001, county law libraries under chapter 134A, state agency libraries, the state library under section 480.09, and the Legislative Reference Library.

(b) This exemption does not apply to the sales of the following products and services:

(1) building, construction, or reconstruction materials purchased by a contractor or a subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed maximum price covering both labor and materials for use in the construction, alteration, or repair of a building or facility;

(2) construction materials purchased by tax exempt entities or their contractors to be used in constructing buildings or facilities which will not be used principally by the tax exempt entities;

(3) the leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except for leases entered into by the United States or its agencies or instrumentalities;

(4) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause (2), and prepared food, candy, soft drinks, and alcoholic beverages as defined in section 297A.67, subdivision 2, except for lodging, prepared food, candy, soft drinks, and alcoholic beverages purchased directly by the United States or its agencies or instrumentalities; or

(5) goods or services purchased by a local government as inputs to goods and services that are generally provided by a private business and the purchases would be taxable if made by a private business engaged in the same activity.

(c) As used in this subdivision, "school districts" means public school entities and districts of every kind and nature organized under the laws of the state of Minnesota, and any instrumentality of a school district, as defined in section 471.59.

(d) As used in this subdivision, "local governments" means cities, counties, and townships; special districts as defined under section 6.465; any instrumentality of a city, county, or township as defined in section 471.59; and any joint powers board or organization created under section 471.59.

(e) As used in this subdivision, "goods or services generally provided by a private business" include, but are not limited to, goods or services provided by liquor stores, gas and electric utilities, golf courses, marinas, health and fitness centers, campgrounds, cafes, and laundromats, solid waste management services, housing facility improvements and maintenance, fitness and special interest classes, recreational and athletic facilities, banquet and private party facilities, aquatic facilities, and cemeteries. "Goods or services generally provided by a private business" do not include housing services; sewer and water services, wastewater treatment, ambulance and other public safety services, correctional services, chore or homemaking services provided to elderly or disabled individuals, or computing services, ball fields, road and street maintenance or, lighting, or any goods or services provided by local government only to local governments, and housing, chore, or homemaking services provided to the poor, elderly, or disabled individuals.

EFFECTIVE DATE. This section is effective for sales and purchases made after December 31, 2014.

Sec. 13. Minnesota Statutes 2013 Supplement, section 297A.70, subdivision 13, is amended to read:

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

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

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

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

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

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

(1) the exemption under paragraph (a), clauses (1) and (2), applies only if to the first \$20,000 of the gross annual receipts of the organization from fund-raising do not exceed ~~\$10,000~~; and

(2) the exemption under paragraph (a), clause (1), does not apply if the sales are derived from admission charges or from activities for which the money must be deposited with the school district treasurer under section 123B.49, subdivision 2, or be recorded in the same manner as other revenues or expenditures of the school district under section 123B.49, subdivision 4.

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

(d) For purposes of this subdivision, a club, association, or other organization of elementary or secondary school students organized for the purpose of carrying on sports, educational, or other extracurricular activities is a separate organization from the school district or school for purposes of applying the ~~\$10,000~~ \$20,000 limit.

EFFECTIVE DATE. This section is effective for sales and purchases made after December 31, 2014.

Sec. 14. Minnesota Statutes 2013 Supplement, section 297A.70, subdivision 14, is amended to read:

Subd. 14. **Fund-raising events sponsored by nonprofit groups.** (a) Sales of tangible personal property or services at, and admission charges for fund-raising events sponsored by, a nonprofit organization are exempt if:

(1) all gross receipts are recorded as such, in accordance with generally accepted accounting practices, on the books of the nonprofit organization; and

(2) the entire proceeds, less the necessary expenses for the event, will be used solely and exclusively for charitable, religious, or educational purposes. Exempt sales include the sale of prepared food, candy, and soft drinks at the fund-raising event.

(b) This exemption is limited in the following manner:

(1) it does not apply to admission charges for events involving bingo or other gambling activities or to charges for use of amusement devices involving bingo or other gambling activities;

(2) all gross receipts are taxable if the profits are not used solely and exclusively for charitable, religious, or educational purposes;

(3) it does not apply unless the organization keeps a separate accounting record, including receipts and disbursements from each fund-raising event that documents all deductions from gross receipts with receipts and other records;

(4) it does not apply to any sale made by or in the name of a nonprofit corporation as the active or passive agent of a person that is not a nonprofit corporation;

(5) all gross receipts are taxable if fund-raising events exceed 24 days per year;

(6) it does not apply to fund-raising events conducted on premises leased for more than five days but less than 30 days; and

(7) it does not apply if the risk of the event is not borne by the nonprofit organization and the benefit to the nonprofit organization is less than the total amount of the state and local tax revenues forgone by this exemption.

(c) For purposes of this subdivision, a "nonprofit organization" means any unit of government, corporation, society, association, foundation, or institution organized and operated for charitable, religious, educational, civic, fraternal, and senior citizens' or veterans' purposes, no part of the net earnings of which inures to the benefit of a private individual.

(d) For purposes of this subdivision, "fund-raising events" means activities of limited duration, not regularly carried out in the normal course of business, that attract patrons for community, social, and entertainment purposes, such as auctions, bake sales, ice cream socials, block parties, carnivals, competitions, concerts, concession stands, craft sales, bazaars, dinners, dances, door-to-door sales of merchandise, fairs, fashion shows, festivals, galas, special event workshops, sporting activities such as marathons and tournaments, and similar events. Fund-raising events do not include the operation of a regular place of business in which services are provided or sales are made during regular hours such as bookstores, thrift stores, gift shops, restaurants, ongoing Internet sales, regularly scheduled classes, or other activities carried out in the normal course of business.

EFFECTIVE DATE. This section is effective for sales and purchases made after December 31, 2014.

Sec. 15. Minnesota Statutes 2012, section 297A.70, is amended by adding a subdivision to read:

Subd. 19. **Nonprofit snowmobile clubs; machinery and equipment.** Sales of tangible personal property to a nonprofit snowmobile club and that is used primarily and directly for the grooming of state or grant-in-aid snowmobile trails are exempt. The exemption applies to grooming machines, attachments, other associated accessories, and repair parts.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2014.

Sec. 16. Minnesota Statutes 2013 Supplement, section 297F.05, subdivision 1, is amended to read:

Subdivision 1. **Rates; cigarettes.** A tax is imposed upon the sale of cigarettes in this state, upon having cigarettes in possession in this state with intent to sell, upon any person engaged in business as a distributor, and upon the use or storage by consumers, at the ~~following rates:~~ rate of

(1) ~~on cigarettes weighing not more than three pounds per thousand, 141.5 mills, or 14.15 cents on each such cigarette; and~~

(2) ~~on cigarettes weighing more than three pounds per thousand, 283 mills on each such cigarette.~~

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 17. Minnesota Statutes 2012, section 297F.09, subdivision 10, is amended to read:

Subd. 10. **Accelerated tax payment; cigarette or tobacco products distributor.** A cigarette or tobacco products distributor having a liability of ~~\$120,000~~ \$250,000 or more during a fiscal year ending June 30, shall remit the June liability for the next year in the following manner:

(a) Two business days before June 30 of the year, the distributor shall remit the actual May liability and ~~90~~ 81.4 percent of the estimated June liability to the commissioner and file the return in the form and manner prescribed by the commissioner.

(b) On or before August 18 of the year, the distributor shall submit a return showing the actual June liability and pay any additional amount of tax not remitted in June. A penalty is imposed equal to ten percent of the amount of June liability required to be paid in June, less the amount remitted in June. However, the penalty is not imposed if the amount remitted in June equals the lesser of:

(1) ~~90~~ 81.4 percent of the actual June liability; or

(2) ~~90~~ 81.4 percent of the preceding ~~May's~~ May liability.

EFFECTIVE DATE. This section is effective for taxes remitted after May 30, 2014.

Sec. 18. Minnesota Statutes 2012, section 297G.09, subdivision 9, is amended to read:

Subd. 9. **Accelerated tax payment; penalty.** A person liable for tax under this chapter having a liability of ~~\$120,000~~ \$250,000 or more during a fiscal year ending June 30, shall remit the June liability for the next year in the following manner:

(a) Two business days before June 30 of the year, the taxpayer shall remit the actual May liability and ~~90~~ 81.4 percent of the estimated June liability to the commissioner and file the return in the form and manner prescribed by the commissioner.

(b) On or before August 18 of the year, the taxpayer shall submit a return showing the actual June liability and pay any additional amount of tax not remitted in June. A penalty is imposed equal to ten percent of the amount of June liability required to be paid in June less the amount remitted in June. However, the penalty is not imposed if the amount remitted in June equals the lesser of:

(1) ~~90~~ 81.4 percent of the actual June liability; or

(2) ~~90~~ 81.4 percent of the preceding May liability.

EFFECTIVE DATE. This section is effective for taxes remitted after May 30, 2014.

Sec. 19. Minnesota Statutes 2013 Supplement, section 360.531, subdivision 2, is amended to read:

Subd. 2. **Rate.** The tax shall be as follows:

Base Price	Tax
<u>Under \$499,999</u> <u>Not over \$500,000</u>	\$100
<u>over \$500,000 to \$999,999</u> <u>but not over \$1,000,000</u>	\$200
<u>over \$1,000,000 to \$2,499,999</u> <u>but not over \$2,500,000</u>	\$2,000
<u>over \$2,500,000 to \$4,999,999</u> <u>but not over \$5,000,000</u>	\$4,000
<u>over \$5,000,000 to \$7,499,999</u> <u>but not over \$7,500,000</u>	\$7,500
<u>over \$7,500,000 to \$9,999,999</u> <u>but not over \$10,000,000</u>	\$10,000
<u>over \$10,000,000 to \$12,499,999</u> <u>but not over \$12,500,000</u>	\$12,500
<u>over \$12,500,000 to \$14,999,999</u> <u>but not over \$15,000,000</u>	\$15,000
<u>over \$15,000,000 to \$17,499,999</u> <u>but not over \$17,500,000</u>	\$17,500
<u>over \$17,500,000 to \$19,999,999</u> <u>but not over \$20,000,000</u>	\$20,000
<u>over \$20,000,000 to \$22,499,999</u> <u>but not over \$22,500,000</u>	\$22,500
<u>over \$22,500,000 to \$24,999,999</u> <u>but not over \$25,000,000</u>	\$25,000
<u>over \$25,000,000 to \$27,499,999</u> <u>but not over \$27,500,000</u>	\$27,500
<u>over \$27,500,000 to \$29,999,999</u> <u>but not over \$30,000,000</u>	\$30,000
<u>over \$30,000,000 to \$39,999,999</u> <u>but not over \$40,000,000</u>	\$50,000
<u>over \$40,000,000 and over</u>	\$75,000

EFFECTIVE DATE. This section is effective July 1, 2014, and applies to aircraft tax due on or after that date.

Sec. 20. Laws 1980, chapter 511, section 1, subdivision 2, as amended by Laws 1991, chapter 291, article 8, section 22, Laws 1998, chapter 389, article 8, section 25, Laws 2003, First Special

Session chapter 21, article 8, section 11, and Laws 2008, chapter 154, article 5, section 2, is amended to read:

Subd. 2. (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance, impose an additional sales tax of up to two and one-quarter one and three-quarter percent on sales transactions which are described in Minnesota Statutes 2000, section 297A.01, subdivision 3, clause (c). When the city council determines that the taxes imposed under this subdivision and under Laws 1998, chapter 389, article 8, section 26, at a rate of one-half of one percent have produced revenue sufficient to pay (1) the debt service on bonds in a principal amount of \$8,000,000 issued for capital improvements to the Duluth Entertainment and Convention Center, and (2) debt service on outstanding bonds originally issued in the principal amount of \$4,970,000 to finance capital improvements to the Great Lakes Aquarium since the imposition of the taxes at the rate of one and one-half percent, the rate of the tax under this subdivision is reduced by one-half of one percent. The imposition of this tax shall not be subject to voter referendum under either state law or city charter provisions. When the city council determines that the taxes imposed under this subdivision paragraph at a rate of three-quarters of one percent and other sources of revenue produce revenue sufficient to pay debt service on bonds in the principal amount of \$40,285,000 plus issuance and discount costs, issued for capital improvements at the Duluth Entertainment and Convention Center, which include a new arena, the rate of tax under this subdivision must be reduced by three-quarters of one percent.

(b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance, impose an additional sales tax of up to one-half of one percent on sales transactions which are described in Minnesota Statutes 2000, section 297A.01, subdivision 3, clause (c). This tax expires when the city council determines that the tax imposed under this paragraph has produced revenues sufficient to pay the debt service on bonds in a principal amount of no more than \$18,000,000, plus issuance and discount costs, to finance capital improvements to public facilities to support tourism and recreational activities in that portion of the city west of 34th Avenue West.

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

Sec. 21. Laws 2005, First Special Session chapter 3, article 5, section 38, subdivision 4, is amended to read:

Subd. 4. **Termination of taxes.** The taxes imposed under this section expire at the earlier of (1) ~~ten~~ 15 years after the taxes are first imposed, or (2) when the city council first determines that the amount of revenues raised to pay for the projects under subdivision 2, shall meet or exceed the sum of \$15,000,000. Any funds remaining after completion of the projects may be placed in the general fund of the city.

EFFECTIVE DATE. This section is effective the day after compliance by the governing body of the city of Albert Lea and its chief clerical officer with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 22. Laws 2006, chapter 257, section 2, the effective date, as amended by Laws 2011, First Special Session chapter 7, article 3, section 17, is amended to read:

EFFECTIVE DATE. This section is effective for sales and purchases after June 30, 2006, and before July 1, 2015.

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

Sec. 23. Laws 2013, chapter 143, article 8, section 22, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2013 retroactively for sales and purchases made after April 1, 2009. Purchasers may apply for a refund of tax paid for qualifying purchases under this subdivision made after April 1, 2009, and before July 1, 2013, in the manner provided in Minnesota Statutes, section 297A.75. Notwithstanding limitations on claims for refunds under Minnesota Statutes, section 289A.40, claims may be filed with the commissioner until June 30, 2015.

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

Sec. 24. Laws 2013, chapter 143, article 8, section 23, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2013 retroactively for sales and purchases made after April 1, 2009. Purchasers may apply for a refund of tax paid for qualifying purchases under this subdivision made after April 1, 2009, and before July 1, 2013, in the manner provided in Minnesota Statutes, section 297A.75. Notwithstanding limitations on claims for refunds under Minnesota Statutes, section 289A.40, claims may be filed with the commissioner until June 30, 2015.

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

Sec. 25. Laws 2013, chapter 143, article 8, section 27, the effective date, is amended to read:

EFFECTIVE DATE. For the purpose of qualifying under paragraphs (c) and (d), this section is effective retroactively for sales and purchases made after June 30, 2013 2012. For the purpose of determining eligibility for the exemptions provided in this section, this section is effective for sales and purchases of computer software maintenance agreements made after June 30, 2013, and for sales and purchases for either a "qualified refurbished data center" or a "qualified data center" made after June 30, 2013, except that if the data center qualifies as a "qualified data center" as defined in Laws 2011, First Special Session chapter 7, article 3, section 7, then the exemptions provided in this section, other than for computer software maintenance agreements, continue to be effective for sales and purchases made after June 30, 2012.

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

Sec. 26. Laws 2013, chapter 143, article 8, section 37, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective retroactively to capital investments made and jobs created after December 31, 2012, and effective retroactively for sales and purchases made after December 31, 2012, and before July 1, 2019. Applications for refunds on purchases exempt under this section must not be filed before June 30, 2015.

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

Sec. 27. **CITY OF PROCTOR; LOCAL TAXES AUTHORIZED.**

Subdivision 1. Food and beverage tax authorized. Notwithstanding Minnesota Statutes, section 297A.99 or 477A.016, or any ordinance, city charter, or other provision of law, the city of

Proctor may, by ordinance, impose a sales tax of up to one percent on the gross receipts of all food and beverages sold by a restaurant or place of refreshment, as defined by resolution of the city, that is located within the city. For purposes of this section, "food and beverages" include retail on-sale of intoxicating liquor and fermented malt beverages.

Subd. 2. **Use of proceeds from authorized taxes.** The proceeds of the taxes imposed under subdivisions 1 and 2 must be used by the city to fund: (1) construction and improvement of walking and bicycle trails; (2) a multiuse civic center facility and parking improvements; and (3) improvements related to the redevelopment and realignment of a road through the fairgrounds property ceded to the city of Proctor by the city of Duluth.

Subd. 3. **Collection, administration, and enforcement.** The city may enter into an agreement with the commissioner of revenue to administer, collect, and enforce the taxes under subdivision 1. If the commissioner agrees to collect the tax, the provisions of Minnesota Statutes, section 297A.99, related to collection, administration, and enforcement, and Minnesota Statutes, section 270C.171, apply.

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

Sec. 28. VALIDATION OF PRIOR ACT; AUTHORIZATION.

Notwithstanding the time limits in Minnesota Statutes, section 645.021, the city of Albert Lea may approve Laws 2005, First Special Session chapter 3, article 5, section 38, as amended by Laws 2006, chapter 259, article 3, section 6, and file its approval with the secretary of state by June 15, 2014. If approved as authorized under this section, actions undertaken by the city pursuant to the approval of the voters on November 8, 2005, and otherwise in accordance with Laws 2005, First Special Session chapter 3, article 5, section 38, as amended by Laws 2006, chapter 259, article 3, section 6, are validated.

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

Sec. 29. SALES TO INSTRUMENTALITIES OF THE STATES.

Sales of the following items to an organization defined by the Internal Revenue Service as an instrumentality of each, and all, of the states relating to the holding of an annual meeting in this state are exempt:

(1) prepared food, soft drinks, and candy, as defined in Minnesota Statutes, section 297A.61, subdivisions 31 to 33; and

(2) alcoholic beverages, as defined in Minnesota Statutes, section 297A.67, subdivision 2.

EFFECTIVE DATE. This section is applicable to sales and purchases made after June 30, 2014, and before January 1, 2015.

ARTICLE 3

INCOME AND ESTATE TAXES

Section 1. Minnesota Statutes 2012, section 116J.8737, subdivision 5, as amended by Laws 2014, chapter 150, article 1, section 3, is amended to read:

Subd. 5. **Credit allowed.** (a) (1) A qualified investor or qualified fund is eligible for a credit equal to 25 percent of the qualified investment in a qualified small business. Investments made by a pass-through entity qualify for a credit only if the entity is a qualified fund. The commissioner must not allocate more than \$15,000,000

\$15,000,000 in credits to qualified investors or qualified funds for taxable years beginning after December 31, 2013, and before January 1, 2017; and

(2) for taxable years beginning after December 31, 2014, and before January 1, 2017, \$7,500,000 must be allocated to credits for qualifying investments in qualified greater Minnesota businesses and minority- or women-owned qualified small businesses in Minnesota. Any portion of a taxable year's credits that is reserved for qualifying investments in greater Minnesota businesses and minority- or women-owned qualified small businesses in Minnesota that is not allocated by September 30 of the taxable year is available for allocation to other credit applications beginning on October 1. Any portion of a taxable year's credits that is not allocated by the commissioner does not cancel and may be carried forward to subsequent taxable years until all credits have been allocated.

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

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

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

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

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

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

(e) Qualified investors and qualified funds must apply to the commissioner for tax credits. Tax credits must be allocated to qualified investors or qualified funds in the order that the tax credit request applications are filed with the department. The commissioner must approve or reject tax credit request applications within 15 days of receiving the application. ~~The commissioner must allocate credits to approved applications if credits remain available.~~ The investment specified in the application must be made within 60 days of the allocation of the credits. If the investment is not made within 60 days, the credit allocation is canceled and available for reallocation. A qualified investor or qualified fund that fails to invest as specified in the application, within 60 days of allocation of

the credits, must notify the commissioner of the failure to invest within five business days of the expiration of the 60-day investment period. ~~Credit applications that were approved but that did not receive an allocation of credits at the time of approval because the aggregate limit of credits for the year was exhausted remain eligible for allocation of credits if additional credits become available due to cancellations under this paragraph or due to termination of the time period for credits reserved for investment in qualified greater Minnesota businesses and minority- and women-owned small businesses under paragraph (a). Approved credit applications that do not receive credit allocations in the tax year must be resubmitted to be eligible for credit allocations in the following tax year.~~

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

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

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

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

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

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

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

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

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

Sec. 2. Minnesota Statutes 2013 Supplement, section 136A.129, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For the purposes of this section, the terms defined in this subdivision have the meanings given to them.

(b) "Eligible employer" means a taxpayer under section 290.01 with employees located in greater Minnesota.

(c) "Eligible institution" means a Minnesota public postsecondary institution or a Minnesota private, nonprofit, baccalaureate, or graduate degree-granting college or university.

(d) "Eligible student" means a student enrolled in an eligible institution who has completed one-half of the credits necessary for the respective degree or certification, including a graduate degree.

(e) "Greater Minnesota" means the area of the state outside of the counties of Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, and Wright.

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

Sec. 3. Minnesota Statutes 2013 Supplement, section 136A.129, subdivision 3, is amended to read:

Subd. 3. **Program components.** (a) An intern must be an eligible student who has been admitted to a major program that is related to the intern experience as determined by the eligible institution.

(b) To participate in the program, an eligible institution must:

(1) enter into written agreements with eligible employers to provide internships that are at least ~~12~~ eight weeks long and located in greater Minnesota;

~~(2) determine that the work experience of the internship is related to the eligible student's course of study; and~~

~~(3) (2) provide academic credit for the successful completion of the internship or ensure that it fulfills requirements necessary to complete a vocational technical education program.~~

(c) To participate in the program, an eligible employer must enter into a written agreement with an eligible institution specifying that the intern:

(1) would not have been hired without the tax credit described in subdivision 4;

(2) did not work for the employer in the same or a similar job prior to entering the agreement;

(3) does not replace an existing employee;

(4) has not previously participated in the program;

(5) will be employed at a location in greater Minnesota;

(6) will be paid at least minimum wage for a minimum of 16 hours per week for a period of at least ~~12~~ eight weeks; and

(7) will be supervised and evaluated by the employer.

(d) The written agreement between the eligible institution and the eligible employer must certify a credit amount to the employer, not to exceed \$2,000 per intern. The total dollar amount of credits that an eligible institution certifies to eligible employers in a calendar year may not exceed the amount of its allocation under subdivision 4.

(e) Participating eligible institutions and eligible employers must report annually to the office. The report must include at least the following:

- (1) the number of interns hired;
- (2) the number of hours and weeks worked by interns; and
- (3) the compensation paid to interns.

(f) An internship required to complete an academic program does not qualify for the greater Minnesota internship program under this section.

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

Sec. 4. Minnesota Statutes 2013 Supplement, section 136A.129, subdivision 5, is amended to read:

Subd. 5. **Reports to the legislature.** (a) By February 1, ~~2015~~ 2016, the office and the Department of Revenue shall report to the legislature on the greater Minnesota internship program. The report must include at least the following:

- (1) the number and dollar amount of credits allowed;
- (2) the number of interns employed under the program; and
- (3) the cost of administering the program.

(b) By February 1, ~~2016~~ 2017, the office and the Department of Revenue shall report to the legislature with an analysis of the effectiveness of the program in stimulating businesses to hire interns and in assisting participating interns in finding permanent career positions. This report must include the number of students who participated in the program who were subsequently employed full-time by the employer.

Sec. 5. Minnesota Statutes 2013 Supplement, section 270B.01, subdivision 8, is amended to read:

Subd. 8. **Minnesota tax laws.** For purposes of this chapter only, unless expressly stated otherwise, "Minnesota tax laws" means:

(1) the taxes, refunds, and fees administered by or paid to the commissioner under chapters 115B, 289A (except taxes imposed under sections 298.01, 298.015, and 298.24), 290, 290A, 291, ~~292~~, 295, 297A, 297B, 297H, and 403, or any similar Indian tribal tax administered by the commissioner pursuant to any tax agreement between the state and the Indian tribal government, and includes any laws for the assessment, collection, and enforcement of those taxes, refunds, and fees; and

- (2) section 273.1315.

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

Sec. 6. Minnesota Statutes 2013 Supplement, section 270B.03, subdivision 1, is amended to read:

Subdivision 1. **Who may inspect.** Returns and return information must, on request, be made open to inspection by or disclosure to the data subject. The request must be made in writing or in accordance with written procedures of the chief disclosure officer of the department that have been approved by the commissioner to establish the identification of the person making the request as the data subject. For purposes of this chapter, the following are the data subject:

- (1) in the case of an individual return, that individual;
- (2) in the case of an income tax return filed jointly, either of the individuals with respect to whom the return is filed;
- (3) in the case of a return filed by a business entity, an officer of a corporation, a shareholder owning more than one percent of the stock, or any shareholder of an S corporation; a general partner in a partnership; the owner of a sole proprietorship; a member or manager of a limited liability company; a participant in a joint venture; the individual who signed the return on behalf of the business entity; or an employee who is responsible for handling the tax matters of the business entity, such as the tax manager, bookkeeper, or managing agent;
- (4) in the case of an estate return:
 - (i) the personal representative or trustee of the estate; and
 - (ii) any beneficiary of the estate as shown on the federal estate tax return;
- (5) in the case of a trust return:
 - (i) the trustee or trustees, jointly or separately; and
 - (ii) any beneficiary of the trust as shown in the trust instrument;
- (6) if liability has been assessed to a transferee under section 270C.58, subdivision 1, the transferee is the data subject with regard to the returns and return information relating to the assessed liability;
- (7) in the case of an Indian tribal government or an Indian tribal government-owned entity,
 - (i) the chair of the tribal government, or
 - (ii) any person authorized by the tribal government; and
- (8) in the case of a successor as defined in section 270C.57, subdivision 1, paragraph (b), the successor is the data subject and information may be disclosed as provided by section 270C.57, subdivision 4; and
- ~~(9) in the case of a gift return, the donor.~~

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

Sec. 7. Minnesota Statutes 2012, section 289A.02, subdivision 7, as amended by Laws 2014, chapter 150, article 1, section 7, is amended to read:

Subd. 7. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December 20, 2013~~ March 26, 2014.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2012.

Sec. 8. Minnesota Statutes 2012, section 290.01, subdivision 7, is amended to read:

Subd. 7. **Resident.** (a) The term "resident" means any individual domiciled in Minnesota, except that an individual is not a "resident" for the period of time that the individual is a "qualified individual" as defined in section 911(d)(1) of the Internal Revenue Code, if the qualified individual notifies the county within three months of moving out of the country that homestead status be revoked for the Minnesota residence of the qualified individual, and the property is not classified as a homestead while the individual remains a qualified individual.

(b) "Resident" also means any individual domiciled outside the state who maintains a place of abode in the state and spends in the aggregate more than one-half of the tax year in Minnesota, unless:

- (1) the individual or the spouse of the individual is in the armed forces of the United States; or
- (2) the individual is covered under the reciprocity provisions in section 290.081.

For purposes of this subdivision, presence within the state for any part of a calendar day constitutes a day spent in the state. Individuals shall keep adequate records to substantiate the days spent outside the state.

The term "abode" means a dwelling maintained by an individual, whether or not owned by the individual and whether or not occupied by the individual, and includes a dwelling place owned or leased by the individual's spouse.

(c) In determining if an individual is domiciled in Minnesota, neither the commissioner nor any court shall consider:

(1) charitable contributions made by an the individual within or without the state in determining if the individual is domiciled in Minnesota; or

(2) the location of the individual's attorneys, certified public accountants, or financial advisors within or without the state.

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

Sec. 9. Minnesota Statutes 2013 Supplement, section 290.01, subdivision 19, as amended by Laws 2014, chapter 150, article 1, section 9, is amended to read:

Subd. 19. **Net income.** The term "net income" means the federal taxable income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through the date named in this subdivision, incorporating the federal effective dates of changes to the Internal Revenue Code and any elections made by the taxpayer in accordance with the Internal Revenue Code in determining federal taxable income for federal income tax purposes, and with the modifications provided in subdivisions 19a to 19f.

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

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

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

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

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

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

The Internal Revenue Code of 1986, as amended through ~~December 20, 2013~~ March 26, 2014, shall be in effect for taxable years beginning after December 31, 1996.

Except as otherwise provided, references to the Internal Revenue Code in subdivisions 19 to 19f mean the code in effect for purposes of determining net income for the applicable year.

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

Sec. 10. Minnesota Statutes 2013 Supplement, section 290.01, subdivision 19b, as amended by Laws 2014, chapter 150, article 1, section 11, is amended to read:

Subd. 19b. **Subtractions from federal taxable income.** For individuals, estates, and trusts, there shall be subtracted from federal taxable income:

(1) net interest income on obligations of any authority, commission, or instrumentality of the United States to the extent includable in taxable income for federal income tax purposes but exempt from state income tax under the laws of the United States;

(2) if included in federal taxable income, the amount of any overpayment of income tax to Minnesota or to any other state, for any previous taxable year, whether the amount is received as a refund or as a credit to another taxable year's income tax liability;

(3) the amount paid to others, less the amount used to claim the credit allowed under section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and transportation of each qualifying child in attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363A. For the purposes of this clause,

"tuition" includes fees or tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause, "textbooks" includes books and other instructional materials and equipment purchased or leased for use in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. Equipment expenses qualifying for deduction includes expenses as defined and limited in section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for, or transportation to, extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs. No deduction is permitted for any expense the taxpayer incurred in using the taxpayer's or the qualifying child's vehicle to provide such transportation for a qualifying child. For purposes of the subtraction provided by this clause, "qualifying child" has the meaning given in section 32(c)(3) of the Internal Revenue Code;

(4) income as provided under section 290.0802;

(5) to the extent included in federal adjusted gross income, income realized on disposition of property exempt from tax under section 290.491;

(6) to the extent not deducted or not deductible pursuant to section 408(d)(8)(E) of the Internal Revenue Code in determining federal taxable income by an individual who does not itemize deductions for federal income tax purposes for the taxable year, an amount equal to 50 percent of the excess of charitable contributions over \$500 allowable as a deduction for the taxable year under section 170(a) of the Internal Revenue Code, under the provisions of Public Law 109-1 and Public Law 111-126;

(7) for individuals who are allowed a federal foreign tax credit for taxes that do not qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover of subnational foreign taxes for the taxable year, but not to exceed the total subnational foreign taxes reported in claiming the foreign tax credit. For purposes of this clause, "federal foreign tax credit" means the credit allowed under section 27 of the Internal Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed under section 904(c) of the Internal Revenue Code minus national level foreign taxes to the extent they exceed the federal foreign tax credit;

(8) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19a, clause (7), or 19c, clause (12), in the case of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the delayed depreciation. For purposes of this clause, "delayed depreciation" means the amount of the addition made by the taxpayer under subdivision 19a, clause (7), or subdivision 19c, clause (12), in the case of a shareholder of an S corporation, minus the positive value of any net operating loss under section 172 of the Internal Revenue Code generated for the tax year of the addition. The resulting delayed depreciation cannot be less than zero;

(9) job opportunity building zone income as provided under section 469.316;

(10) to the extent included in federal taxable income, the amount of compensation paid to members of the Minnesota National Guard or other reserve components of the United States military for active service, excluding compensation for services performed under the Active Guard Reserve (AGR) program. For purposes of this clause, "active service" means (i) state active service as defined in section 190.05, subdivision 5a, clause (1); or (ii) federally funded state active service

as defined in section 190.05, subdivision 5b, but "active service" excludes service performed in accordance with section 190.08, subdivision 3;

(11) to the extent included in federal taxable income, the amount of compensation paid to Minnesota residents who are members of the armed forces of the United States or United Nations for active duty performed under United States Code, title 10; or the authority of the United Nations;

(12) an amount, not to exceed \$10,000, equal to qualified expenses related to a qualified donor's donation, while living, of one or more of the qualified donor's organs to another person for human organ transplantation. For purposes of this clause, "organ" means all or part of an individual's liver, pancreas, kidney, intestine, lung, or bone marrow; "human organ transplantation" means the medical procedure by which transfer of a human organ is made from the body of one person to the body of another person; "qualified expenses" means unreimbursed expenses for both the individual and the qualified donor for (i) travel, (ii) lodging, and (iii) lost wages net of sick pay, except that such expenses may be subtracted under this clause only once; and "qualified donor" means the individual or the individual's dependent, as defined in section 152 of the Internal Revenue Code. An individual may claim the subtraction in this clause for each instance of organ donation for transplantation during the taxable year in which the qualified expenses occur;

(13) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19a, clause (8), or 19c, clause (13), in the case of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the addition made by the taxpayer under subdivision 19a, clause (8), or 19c, clause (13), in the case of a shareholder of a corporation that is an S corporation, minus the positive value of any net operating loss under section 172 of the Internal Revenue Code generated for the tax year of the addition. If the net operating loss exceeds the addition for the tax year, a subtraction is not allowed under this clause;

(14) to the extent included in the federal taxable income of a nonresident of Minnesota, compensation paid to a service member as defined in United States Code, title 10, section 101(a)(5), for military service as defined in the Servicemembers Civil Relief Act, Public Law 108-189, section 101(2);

(15) to the extent included in federal taxable income, the amount of national service educational awards received from the National Service Trust under United States Code, title 42, sections 12601 to 12604, for service in an approved Americorps National Service program;

(16) to the extent included in federal taxable income, discharge of indebtedness income resulting from reacquisition of business indebtedness included in federal taxable income under section 108(i) of the Internal Revenue Code. This subtraction applies only to the extent that the income was included in net income in a prior year as a result of the addition under section 290.01, subdivision 19a, clause (13);

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

(18) the amount of expenses not allowed for federal income tax purposes due to claiming the railroad track maintenance credit under section 45G(a) of the Internal Revenue Code;

(19) the amount of the limitation on itemized deductions under section 68(b) of the Internal Revenue Code; and

(20) the amount of the phaseout of personal exemptions under section 151(d) of the Internal Revenue Code;

(21) to extent included in federal taxable income, the amount of qualified transportation fringe benefits described in section 132(f)(1)(A) and (B) of the Internal Revenue Code. The subtraction is limited to the lesser of the amount of qualified transportation fringe benefits received in excess of the limitations under section 132(f)(2)(A) of the Internal Revenue Code for the year or the difference between the maximum qualified parking benefits excludable under section 132(f)(2)(B) of the Internal Revenue Code minus the amount of transit benefits excludable under section 132(f)(2)(A) of the Internal Revenue Code; and

(22) for taxable years beginning after December 31, 2013, and before January 1, 2015, to the extent included in federal taxable income, discharge of qualified principal residence indebtedness, as provided in subparagraph (E) of section 108(a)(1) of the Internal Revenue Code, without regard to whether subparagraph (E) of section 108(a)(1) of the Internal Revenue Code is in effect for the taxable year.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2013.

Sec. 11. Minnesota Statutes 2013 Supplement, section 290.01, subdivision 31, as amended by Laws 2014, chapter 150, article 1, section 13, is amended to read:

Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December 20, 2013~~ March 26, 2014. Internal Revenue Code also includes any uncodified provision in federal law that relates to provisions of the Internal Revenue Code that are incorporated into Minnesota law. When used in this chapter, the reference to "subtitle A, chapter 1, subchapter N, part 1, of the Internal Revenue Code" is to the Internal Revenue Code as amended through March 18, 2010.

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

Sec. 12. Minnesota Statutes 2012, section 290.0677, subdivision 1, is amended to read:

Subdivision 1. **Credit allowed; current military service.** (a) An individual is allowed a credit against the tax due under this chapter equal to \$59 for each month or portion thereof that the individual was in active military service in a designated area after September 11, 2001, and before January 1, 2009, while a Minnesota domiciliary.

(b) An individual is allowed a credit against the tax due under this chapter equal to \$120 for each month or portion thereof that the individual was in active military service in a designated area after December 31, 2008, while a Minnesota domiciliary.

(c) An individual is allowed a credit against the tax due under this chapter equal to \$200 for each month or portion thereof that the individual was in active military service in a designated area after December 31, 2013, while a Minnesota domiciliary.

~~(c)~~ (d) For active service performed after September 11, 2001, and before December 31, 2006, the individual may claim the credit in the taxable year beginning after December 31, 2005, and before January 1, 2007.

~~(d)~~ (e) For active service performed after December 31, 2006, the individual may claim the credit for the taxable year in which the active service was performed.

~~(e)~~ (f) If an individual entitled to the credit died prior to January 1, 2006, the individual's estate or heirs at law, if the individual's probate estate has closed or the estate was not probated, may claim the credit.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2013.

Sec. 13. Minnesota Statutes 2012, section 290.0677, subdivision 1a, is amended to read:

Subd. 1a. **Credit allowed; past military service.** (a) A qualified individual is allowed a credit against the tax imposed under this chapter for past military service. The credit equals ~~\$750~~ \$1,500. The credit allowed under this subdivision is reduced by ten percent of adjusted gross income in excess of \$30,000, but in no case is the credit less than zero.

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

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2013.

Sec. 14. **[290.0682] VOLUNTEER FIRST RESPONDER CREDIT.**

Subdivision 1. **Credit allowed; volunteer first responders.** (a) A qualified individual is allowed a credit against the tax due under this chapter equal to \$450.

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

Subd. 2. **Definitions.** For purposes of this section, "qualified individual" means an individual who is:

(1) a volunteer firefighter as defined in section 424A.001, subdivision 10;

(2) a volunteer ambulance attendant as defined in section 144E.001, subdivision 15; or

(3) an emergency medical responder as defined in section 144E.001, subdivision 6, who provides emergency medical services as a volunteer.

Subd. 3. **Credit to be refundable.** If the amount of total credits that the claimant is eligible to receive under this section exceeds the claimant's tax liability under chapter 290, the commissioner shall refund the excess to the claimant.

Subd. 4. **Limitations.** An individual is not eligible for the credit under this section unless the individual has served as a volunteer firefighter, volunteer ambulance attendant, or volunteer emergency medical provider for more than one calendar year.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2013.

Sec. 15. Minnesota Statutes 2012, section 290.081, is amended to read:

290.081 INCOME OF NONRESIDENTS, RECIPROCITY.

(a) The compensation received for the performance of personal or professional services within this state by an individual whose residence, place of abode, and place customarily returned to at least once a month is in another state, shall be excluded from gross income to the extent such compensation is subject to an income tax imposed by the state of residence; provided that such state allows a similar exclusion of compensation received by residents of Minnesota for services performed therein.

(b) When it is deemed to be in the best interests of the people of this state, the commissioner may determine that the provisions of paragraph (a) shall not apply. As long as the provisions of paragraph (a) apply between Minnesota and Wisconsin, the provisions of paragraph (a) shall apply to any individual who is domiciled in Wisconsin.

(c) For the purposes of paragraph (a), whenever the Wisconsin tax on Minnesota residents which would have been paid Wisconsin without paragraph (a) exceeds the Minnesota tax on Wisconsin residents which would have been paid Minnesota without paragraph (a), or vice versa, then the state with the net revenue loss resulting from paragraph (a) ~~must be compensated by~~ shall receive from the other state ~~as provided in the agreement under paragraph (d) the amount of such loss.~~ This provision shall be effective for all years beginning after December 31, 1972. The data used for computing the loss to either state shall be determined on or before September 30 of the year following the close of the previous calendar year.

(d)(1) Interest is payable on all amounts calculated under paragraph (c) relating to taxable years beginning after December 31, 2000. Interest accrues from July 1 of the taxable year.

(2) The commissioner of revenue is authorized to enter into agreements with the state of Wisconsin specifying ~~the compensation required under paragraph (b); the reciprocity payment due date dates,~~ conditions constituting delinquency, interest rates, and a method for computing interest due. ~~Calculation of compensation under the agreement must specify if the revenue loss is determined before or after the allowance of each state's credit for taxes paid to the other state.~~

(3) For agreements entered into before October 1, 2014, the annual compensation required under paragraph (c) must equal at least the net revenue loss minus \$1,000,000 per fiscal year.

(4) For agreements entered into after September 30, 2014, the annual compensation required under paragraph (c) must equal the net revenue loss per fiscal year.

(5) For the purposes of clauses (3) and (4), "net revenue loss" means the difference between the amount of Minnesota income taxes Minnesota forgoes by not taxing Wisconsin residents on income subject to reciprocity and the credit Minnesota would have been required to give under section 290.06, subdivision 22, to Minnesota residents working in Wisconsin had there not been reciprocity.

(e) If an agreement cannot be reached as to the amount of the loss, the commissioner of revenue and the taxing official of the state of Wisconsin shall each appoint a member of a board of arbitration and these members shall appoint the third member of the board. The board shall select one of its members as chair. Such board may administer oaths, take testimony, subpoena witnesses, and require their attendance, require the production of books, papers and documents, and hold hearings at such

places as are deemed necessary. The board shall then make a determination as to the amount to be paid the other state which determination shall be final and conclusive.

(f) The commissioner may furnish copies of returns, reports, or other information to the taxing official of the state of Wisconsin, a member of the board of arbitration, or a consultant under joint contract with the states of Minnesota and Wisconsin for the purpose of making a determination as to the amount to be paid the other state under the provisions of this section. Prior to the release of any information under the provisions of this section, the person to whom the information is to be released shall sign an agreement which provides that the person will protect the confidentiality of the returns and information revealed thereby to the extent that it is protected under the laws of the state of Minnesota.

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

Sec. 16. Minnesota Statutes 2013 Supplement, section 290.091, subdivision 2, as amended by Laws 2014, chapter 150, article 1, section 21, is amended to read:

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

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

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

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

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

(ii) the medical expense deduction;

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

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

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

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

(5) to the extent not included in federal alternative minimum taxable income, the amount of interest income as provided by section 290.01, subdivision 19a, clause (1); and

(6) the amount of addition required by section 290.01, subdivision 19a, clauses (7) to (9), and (11) to (14);

less the sum of the amounts determined under the following:

- (1) interest income as defined in section 290.01, subdivision 19b, clause (1);
- (2) an overpayment of state income tax as provided by section 290.01, subdivision 19b, clause (2), to the extent included in federal alternative minimum taxable income;
- (3) the amount of investment interest paid or accrued within the taxable year on indebtedness to the extent that the amount does not exceed net investment income, as defined in section 163(d)(4) of the Internal Revenue Code. Interest does not include amounts deducted in computing federal adjusted gross income;
- (4) amounts subtracted from federal taxable income as provided by section 290.01, subdivision 19b, clauses (6), (8) to (14), ~~and (16), (21), and (22)~~; and
- (5) the amount of the net operating loss allowed under section 290.095, subdivision 11, paragraph (c).

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

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

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

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

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

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2013.

Sec. 17. Minnesota Statutes 2013 Supplement, section 290A.03, subdivision 15, as amended by Laws 2014, chapter 150, article 1, section 22, is amended to read:

Subd. 15. **Internal Revenue Code.** "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December 20, 2013~~ March 26, 2014.

EFFECTIVE DATE. This section is effective retroactively for property tax refunds based on property taxes payable after December 31, 2013, and rent paid after December 31, 2012.

Sec. 18. Minnesota Statutes 2013 Supplement, section 291.005, subdivision 1, as amended by Laws 2014, chapter 150, article 3, section 3, is amended to read:

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

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

(2) "Federal gross estate" means the gross estate of a decedent as required to be valued and otherwise determined for federal estate tax purposes under the Internal Revenue Code.

(3) "Internal Revenue Code" means the United States Internal Revenue Code of 1986, as amended through March ~~±~~ 26, 2014.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

EFFECTIVE DATE. This section is effective retroactively for estates of decedents dying after December 31, 2013, except the changes in clause (7) are effective the day following final enactment.

Sec. 19. Laws 2014, chapter 150, article 3, section 4, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective retroactively for estates of decedents dying after December 31, 2013, and for taxable gifts made after June 30, 2013.

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

Sec. 20. **DEFINITION OF TAXABLE GIFT FOR DECEDENTS DYING BEFORE JANUARY 1, 2014.**

For estates of decedents dying before January 1, 2014, "taxable gift" as used by Minnesota Statutes, section 291.005, subdivision 1, paragraph (4), means a transfer by gift which is included in taxable gifts for federal gift tax purposes under the following sections of the Internal Revenue Code: section 529; section 530; section 2501(a)(4); section 2503; sections 2511 to 2514; and sections 2516 to 2519; less the deductions allowed in sections 2522 to 2524 of the Internal Revenue Code, and after excluding taxable gifts of any property that has its situs outside Minnesota and including taxable gifts of any property tax that has its situs in Minnesota and were not disclosed to federal taxing authorities.

EFFECTIVE DATE. This section is effective retroactively for taxable gifts made after June 30, 2013.

Sec. 21. **TEMPORARY EDUCATION CREDITS.**

Subdivision 1. **Students with disabilities tutoring credit.** (a) A taxpayer is allowed a credit, up to \$2,000, against the tax imposed by Minnesota Statutes, chapter 290. The credit amount equals 75 percent of the amount of eligible expenses paid by a taxpayer who is a parent or guardian of a child for whom a Minnesota individualized education program is in effect pursuant to Minnesota Statutes, section 125A.08. The taxpayer claiming the credit under this subdivision must be a member of the child's individual education program team.

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

(1) "eligible expenses" means actual expenses, less the amount of expenses used to claim the credit under Minnesota Statutes, section 290.0674, subdivision 1, paid by the taxpayer for tutoring, instruction, or treatment by an instructor and not compensated by insurance, pretax account, or otherwise, to meet the cognitive, academic, communicative, social and emotional, motor ability, vocational, sensory, physical, or behavioral and functional needs of a student for purposes of

improvement in meeting the academic standards required under Minnesota Statutes, section 120B.22; and

(2) "instructor" means a person qualifying under Minnesota Statutes, section 120A.22, subdivision 10, clauses (1) to (5), who is not a lineal ancestor or sibling of the qualifying child.

(c) A taxpayer claiming the credit under this subdivision must provide documentation of eligibility for the credit in a form and manner prescribed by the commissioner of revenue.

Subd. 2. **Reading credit.** (a) A taxpayer is allowed a credit, up to \$2,000, against the tax imposed by Minnesota Statutes, chapter 290. The credit amount equals 75 percent of the amount of eligible expenses paid by a taxpayer who is a parent or guardian of a child:

(1) who has been evaluated for determination of a specific learning disability under Minnesota Rules, part 3525.1341, and was not found to meet the criteria under Minnesota Rules, part 3525.1341, subpart 2, to have a specific learning disability; and

(2) for whom the evaluation indicated a determination of a deficiency in basic reading skills, reading comprehension, or reading fluency that impair a child to meet expected age or grade-level standards.

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

(1) "eligible expenses" means actual expenses, less the amount of expenses used to claim the credit under Minnesota Statutes, section 290.0674, subdivision 1, paid by the taxpayer for tutoring, instruction, or treatment by an instructor and not compensated by insurance, pretax account, or otherwise, for purposes of meeting the academic standards required under Minnesota Statutes, section 120B.22;

(2) "instructor" means a person qualifying under Minnesota Statutes, section 120A.22, subdivision 10, clauses (1) to (5), who is not a lineal ancestor or sibling of the qualifying child; and

(3) "treatment" means instruction that:

(i) teaches language decoding skills in a systematic manner;

(ii) uses recognized diagnostic assessments to determine what intervention would be most appropriate for individual students; and

(iii) employs a research-based method.

(c) A taxpayer claiming the credit under this subdivision must provide documentation of eligibility for the credit in a form and manner prescribed by the commissioner.

Subd. 3. **Assignment of refunds.** The provisions of Minnesota Statutes, section 290.0679, except for subdivision 1, paragraphs (c) to (f), apply to the assignment of refunds authorized under this section. For purposes of assignment of refund under this section, a "qualifying taxpayer" means a taxpayer qualified to receive a credit under this section. In no case shall any condition for assignment require disclosure of the specific findings of an evaluation for a specific learning disability.

Subd. 4. **Credit to be refundable.** If the amount of total credits that the claimant is eligible to receive under this section exceeds the claimant's tax liability under Minnesota Statutes, chapter 290, the commissioner shall refund the excess to the claimant.

Subd. 5. **Appropriation.** An amount sufficient to pay the refunds authorized under this section is appropriated to the commissioner from the general fund.

Subd. 6. **Report.** By October 1, 2015, the commissioner must provide a report to the chairs and ranking minority members of the committees of the house of representatives and senate with jurisdiction over taxes on:

(1) the number of taxpayers claiming the credits under this section and the average amount of credits claimed; and

(2) the administration of the credits, including recommendations for ensuring compliance.

EFFECTIVE DATE. This section is effective the day following final enactment for tax year 2014 only.

ARTICLE 4

MINERALS

Section 1. Minnesota Statutes 2013 Supplement, section 298.28, subdivision 4, is amended to read:

Subd. 4. **School districts.** (a) ~~32.15~~ 33.5 cents per taxable ton, plus the increase provided in paragraph (d), less the amount that would have been computed under Minnesota Statutes 2008, section 126C.21, subdivision 4, for the current year for that district, must be allocated to qualifying school districts to be distributed, based upon the certification of the commissioner of revenue, under paragraphs (b), (c), and (f).

(b)(i) ~~3.43~~ 3.88 cents per taxable ton must be distributed to the school districts in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. The distribution must be based on the apportionment formula prescribed in subdivision 2.

(ii) ~~Four~~ 4.45 cents per taxable ton from each taconite facility must be distributed to each affected school district for deposit in a fund dedicated to building maintenance and repairs, as follows:

(1) proceeds from Keewatin Taconite or its successor are distributed to Independent School Districts Nos. 316, Coleraine, and 319, Nashwauk-Keewatin, or their successor districts;

(2) proceeds from the Hibbing Taconite Company or its successor are distributed to Independent School Districts Nos. 695, Chisholm, and 701, Hibbing, or their successor districts;

(3) proceeds from the Mittal Steel Company and Minntac or their successors are distributed to Independent School Districts Nos. 712, Mountain Iron-Buhl, 706, Virginia, 2711, Mesabi East, and 2154, Eveleth-Gilbert, or their successor districts;

(4) proceeds from the Northshore Mining Company or its successor are distributed to Independent School Districts Nos. 2142, St. Louis County, and 381, Lake Superior, or their successor districts; and

(5) proceeds from United Taconite or its successor are distributed to Independent School Districts Nos. 2142, St. Louis County, and 2154, Eveleth-Gilbert, or their successor districts.

Revenues that are required to be distributed to more than one district shall be apportioned according to the number of pupil units identified in section 126C.05, subdivision 1, enrolled in the second previous year.

(c)(i) ~~24.72~~ 25.17 cents per taxable ton, less any amount distributed under paragraph (e), shall be distributed to a group of school districts comprised of those school districts which qualify as a tax relief area under section 273.134, paragraph (b), or in which there is a qualifying municipality as defined by section 273.134, paragraph (a), in direct proportion to school district indexes as follows: for each school district, its pupil units determined under section 126C.05 for the prior school year shall be multiplied by the ratio of the average adjusted net tax capacity per pupil unit for school districts receiving aid under this clause as calculated pursuant to chapters 122A, 126C, and 127A for the school year ending prior to distribution to the adjusted net tax capacity per pupil unit of the district. Each district shall receive that portion of the distribution which its index bears to the sum of the indices for all school districts that receive the distributions.

(ii) Notwithstanding clause (i), each school district that receives a distribution under sections 298.018; 298.23 to 298.28, exclusive of any amount received under this clause; 298.34 to 298.39; 298.391 to 298.396; 298.405; or any law imposing a tax on severed mineral values after reduction for any portion distributed to cities and towns under section 126C.48, subdivision 8, paragraph (5), that is less than the amount of its levy reduction under section 126C.48, subdivision 8, for the second year prior to the year of the distribution shall receive a distribution equal to the difference; the amount necessary to make this payment shall be derived from proportionate reductions in the initial distribution to other school districts under clause (i). If there are insufficient tax proceeds to make the distribution provided under this paragraph in any year, money must be transferred from the taconite property tax relief account in subdivision 6, to the extent of the shortfall in the distribution.

(d)(1) Any school district described in paragraph (c) where a levy increase pursuant to section 126C.17, subdivision 9, was authorized by referendum for taxes payable in 2001, shall receive a distribution of 21.3 cents per ton. Each district shall receive \$175 times the pupil units identified in section 126C.05, subdivision 1, enrolled in the second previous year or the 1983-1984 school year, whichever is greater, less the product of 1.8 percent times the district's taxable net tax capacity in 2011.

(2) Districts qualifying under paragraph (c) must receive additional taconite aid each year equal to 22.5 percent of the amount obtained by subtracting:

- (i) 1.8 percent of the district's net tax capacity for 2011, from:
- (ii) the district's weighted average daily membership for fiscal year 2012, multiplied by the sum of:
 - (A) \$415, plus
 - (B) the district's referendum revenue allowance for fiscal year 2013.

If the total amount provided by paragraph (d) is insufficient to make the payments herein required then the entitlement of \$175 per pupil unit shall be reduced uniformly so as not to exceed the funds available. Any amounts received by a qualifying school district in any fiscal year pursuant to paragraph (d) shall not be applied to reduce general education aid which the district receives pursuant to section 126C.13 or the permissible levies of the district. Any amount remaining after the payments provided in this paragraph shall be paid to the commissioner of Iron Range resources

and rehabilitation who shall deposit the same in the taconite environmental protection fund and the Douglas J. Johnson economic protection trust fund as provided in subdivision 11.

Each district receiving money according to this paragraph shall reserve the lesser of the amount received under this paragraph or \$25 times the number of pupil units served in the district. It may use the money for early childhood programs.

(e) There shall be distributed to any school district the amount which the school district was entitled to receive under section 298.32 in 1975.

(f) ~~Four~~ 4.45 cents per taxable ton must be distributed to qualifying school districts according to the distribution specified in paragraph (b), clause (ii), and 11 cents per taxable ton must be distributed according to the distribution specified in paragraph (c). These amounts are not subject to sections ~~126C.21, subdivision 4, and section 126C.48, subdivision 8.~~

EFFECTIVE DATE. This section is effective beginning for the 2015 distribution.

Sec. 2. Minnesota Statutes 2012, section 298.28, subdivision 5, as amended by Laws 2014, chapter 150, article 6, section 11, is amended to read:

Subd. 5. **Counties.** (a) ~~21.05~~ 21.941 cents per taxable ton is allocated to counties to be distributed, based upon certification by the commissioner of revenue, under paragraphs (b) to (d).

(b) 10.525 cents per taxable ton shall be distributed to the county in which the taconite is mined or quarried or in which the concentrate is produced, less any amount which is to be distributed pursuant to paragraph (c). The apportionment formula prescribed in subdivision 2 is the basis for the distribution.

(c) If an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite is located in a county other than the county in which the mining and the concentrating processes are conducted, one cent per taxable ton of the tax distributed to the counties pursuant to paragraph (b) and imposed on and collected from such taxpayer shall be paid to the county in which the power plant is located.

(d) ~~10.525~~ 11.416 cents per taxable ton shall be paid to the county from which the taconite was mined, quarried or concentrated to be deposited in the county road and bridge fund. If the mining, quarrying and concentrating, or separate steps in any of those processes are carried on in more than one county, the commissioner shall follow the apportionment formula prescribed in subdivision 2.

Sec. 3. Minnesota Statutes 2013, section 298.28, subdivision 7a, as added by Laws 2014, chapter 150, article 6, section 13, is amended to read:

Subd. 7a. **Iron Range school consolidation and cooperatively operated school account.** The following amounts must be allocated to the Iron Range Resources and Rehabilitation Board to be deposited in the Iron Range school consolidation and cooperatively operated school account that is hereby created:

- (1) ten cents per taxable ton of the tax imposed under section 298.24;
- (2) the amount as determined under section 298.17, paragraph (b), clause (3); ~~and~~

(3) for distributions in 2015 through 2017, an amount equal to two-thirds of the increased tax proceeds attributable to the increase in the implicit price deflator as provided in section 298.24, subdivision 1; and

(4) any other amount as provided by law.

Expenditures from this account shall be made only to provide disbursements to assist school districts with the payment of bonds that were issued for qualified school projects, or for any other school disbursement as approved by the Iron Range Resources and Rehabilitation Board. For purposes of this section, "qualified school projects" means school projects within the taconite assistance area as defined in section 273.1341, that were (1) approved, by referendum, after ~~December 7, 2009~~ April 3, 2006; and (2) approved by the commissioner of education pursuant to section 123B.71.

No expenditure under this section shall be made unless approved by seven members of the Iron Range Resources and Rehabilitation Board.

EFFECTIVE DATE. This section is effective for production year 2014 and thereafter.

Sec. 4. Minnesota Statutes 2012, section 298.75, subdivision 2, is amended to read:

Subd. 2. **Tax imposed.** (a) Except as provided in paragraph (e), a county that imposes the aggregate production tax shall impose upon every operator a production tax of 21.5 cents per cubic yard or 15 cents per ton of aggregate material excavated in the county except that the county board may decide not to impose this tax if it determines that in the previous year operators removed less than 20,000 tons or 14,000 cubic yards of aggregate material from that county. The tax shall not be imposed on aggregate material excavated in the county until the aggregate material is transported from the extraction site or sold, whichever occurs first. When aggregate material is stored in a stockpile within the state of Minnesota and a public highway, road or street is not used for transporting the aggregate material, the tax shall not be imposed until either when the aggregate material is sold, or when it is transported from the stockpile site, or when it is used from the stockpile, whichever occurs first.

(b) Except as provided in paragraph (e), a county that imposes the aggregate production tax under paragraph (a) shall impose upon every importer a production tax of 21.5 cents per cubic yard or 15 cents per ton of aggregate material imported into the county. The tax shall be imposed when the aggregate material is imported from the extraction site or sold. When imported aggregate material is stored in a stockpile within the state of Minnesota and a public highway, road, or street is not used for transporting the aggregate material, the tax shall be imposed either when the aggregate material is sold, when it is transported from the stockpile site, or when it is used from the stockpile, whichever occurs first. The tax shall be imposed on an importer when the aggregate material is imported into the county that imposes the tax.

(c) If the aggregate material is transported directly from the extraction site to a waterway, railway, or another mode of transportation other than a highway, road or street, the tax imposed by this section shall be apportioned equally between the county where the aggregate material is extracted and the county to which the aggregate material is originally transported. If that destination is not located in Minnesota, then the county where the aggregate material was extracted shall receive all of the proceeds of the tax.

(d) A county, city, or town that receives revenue under this section is prohibited from imposing any additional host community fees on aggregate production within that county, city, or town.

(e) A county that borders two other states and that is not contiguous to a county that imposes a tax under this section may impose the taxes under paragraphs (a) and (b) at the rate of ten cents per cubic yard or seven cents per ton. This paragraph expires December 31, ~~2014~~ 2019.

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

Sec. 5. Laws 2008, chapter 366, article 10, section 15, is amended to read:

Sec. 15. 2008 DISTRIBUTIONS ONLY.

For distribution in 2008 only, a special fund is established to receive 11.4 cents per ton that otherwise would be allocated under Minnesota Statutes, section 298.28, subdivision 6. If sufficient funds are not available under Minnesota Statutes, section 298.28, subdivision 6, to make the payments required under this section and under Minnesota Statutes, section 298.28, subdivision 6, the remaining amount needed to total 11.4 cents per ton may be taken from funds available under Minnesota Statutes, section 298.28, subdivision 9. If 2008 H.F. No. 1812 is enacted and includes a provision that distributes funds that would otherwise be allocated under Minnesota Statutes, section 298.28, subdivision 6, in a manner different from the distribution required in this section, the distribution in this section supersedes the distribution set in 2008 H.F. No. 1812 notwithstanding Minnesota Statutes, section 645.26. The following amounts are allocated to St. Louis County acting as the fiscal agent for the recipients for the following specified purposes:

(1) two cents per ton must be paid to the Hibbing Economic Development Authority to retire bonds and for economic development purposes;

(2) one cent per ton must be divided among and paid in equal shares to each of the board of St. Louis County School District No. 2142, the board of Ely School District No. 696, the board of Mountain Iron-Buhl School District No. 712, and the board of Virginia School District No. 706 for each to study the potential for and impact of consolidation and streamlining the operations of their school districts;

(3) 0.25 cent per ton must be paid to the city of Grand Rapids, for industrial park work;

(4) 0.65 cent per ton must be paid to the city of Aitkin, for ~~sewer and water for housing~~ economic development projects;

(5) 0.5 cent per ton must be paid to the city of Crosby, for well and water tower infrastructure;

(6) 0.5 cent per ton must be paid to the city of Two Harbors, for well and water tower infrastructure;

(7) 1.5 cents per ton must be paid to the city of Silver Bay to pay for health and safety and maintenance improvements at a former elementary school building that is currently owned by the city, to be used for economic development purposes;

(8) 1.5 cents per ton must be paid to St. Louis County to extend water and sewer lines from the city of Chisholm to the St. Louis County fairgrounds;

(9) 1.5 cents per ton must be paid to the White Community Hospital for debt restructuring;

(10) 0.5 cent per ton must be paid to the city of Keewatin for street, sewer, and water improvements;

(11) 0.5 cent per ton must be paid to the city of Calumet for street, sewer, and water improvements; and

(12) one cent per ton must be paid to Breitung township for sewer and water extensions associated with the development of a state park, provided that if a new state park is not established in Breitung township by July 1, 2009, the money provided in this clause must be transferred to the northeast Minnesota economic development fund established in Minnesota Statutes, section 298.2213.

EFFECTIVE DATE. This section is effective the day following final enactment. Upon enactment, the city of Aitkin must release all funds under this section to St. Louis County acting as fiscal agent by July 1, 2014.

Sec. 6. Laws 2013, chapter 143, article 11, section 10, is amended to read:

Sec. 10. 2013 DISTRIBUTION ONLY.

For the 2013 distribution, a special fund is established to receive 38.7 cents per ton of any excess of the balance remaining after distribution of amounts required under Minnesota Statutes, section 298.28, subdivision 6. The following amounts are allocated to St. Louis County acting as the fiscal agent for the recipients for the following specific purposes:

- (1) 5.1 cents per ton to the city of Hibbing for improvements to the city's water supply system;
- (2) 4.3 cents per ton to the city of Mountain Iron for the cost of moving utilities required as a result of actions undertaken by United States Steel Corporation;
- (3) 2.5 cents per ton to the city of Biwabik for improvements to the city's water supply system, payable upon agreement with ArcelorMittal to satisfy water permit conditions;
- (4) 2 cents per ton to the city of Tower for the Tower Marina;
- (5) 2.4 cents per ton to the city of Grand Rapids for an eco-friendly heat transfer system to replace aging effluent lines and for parking lot repaving;
- (6) 2.4 cents per ton to the city of Two Harbors for wastewater treatment plant improvements;
- (7) 0.9 cents per ton to the city of Ely for the sanitary sewer replacement project;
- (8) 0.6 cents per ton to the town of Crystal Bay for debt service of the Claire Nelson Intermodal Transportation Center;
- (9) 0.5 cents per ton to the Greenway Joint Recreation Board for the Coleraine hockey arena renovations;
- (10) 1.2 cents per ton for the West Range Regional Fire Hall and Training Center to merge the existing fire services of Coleraine, Bovey, Taconite Marble, Calumet, and Greenway Township;
- (11) 2.5 cents per ton to the city of Hibbing for the Memorial Building;
- (12) 0.7 cents per ton to the city of Chisholm for public works infrastructure;

- (13) 1.8 cents per ton to the Crane Lake Water and Sanitary District for sanitary sewer extension;
- (14) 2.5 cents per ton for the city of Buhl for the roof on the Mesabi Academy;
- (15) 1.2 cents per ton to the city of Gilbert for the New Jersey/Ohio Avenue project;
- (16) ~~1.5~~ 2.0 cents per ton to the city of Cook for street improvements, business park infrastructure, and a maintenance garage;
- ~~(17)~~ 0.5 cents per ton to the city of Cook for a water line project;
- ~~(18)~~ (17) 1.8 cents per ton to the city of Eveleth to be used for Jones Street reconstruction and the city auditorium;
- ~~(19)~~ (18) 0.5 cents per ton for the city of Keewatin for an electrical substation and water line replacements;
- ~~(20)~~ (19) 3.3 cents per ton for the city of Virginia for Fourth Street North infrastructure and Franklin Park improvement; and
- ~~(21)~~ (20) 0.5 cents per ton to the city of Grand Rapids for an economic development project.

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

Sec. 7. REALLOCATION OF BOND PAYMENTS.

In each year subsequent to the year in which the following appropriations terminate under their terms, an amount equal to the amount payable in 2013 based upon 2012 production of the terminating appropriation is appropriated from the same sources listed in this section to the Iron Range school consolidation and cooperatively operated school account under Laws 2014, chapter 150, article 6, section 13:

- (1) Laws 1996, chapter 412, article 5, section 21, subdivision 3, appropriation for bonds of Independent School District No. 166, Cook County;
- (2) Laws 1996, chapter 412, article 5, section 20, subdivision 2, appropriation for bonds of Independent School District No. 696, Ely;
- (3) Laws 1996, chapter 412, article 5, section 20, subdivision 2, appropriation for bonds of Independent School District No. 706, Virginia;
- (4) Laws 1996, chapter 412, article 5, section 20, subdivision 2, appropriation for bonds of Independent School District No. 2154, Eveleth-Gilbert;
- (5) Laws 1998, chapter 398, article 4, section 17, subdivision 2, appropriation for bonds of Independent School District No. 712, Mountain Iron-Buhl;
- (6) Laws 2000, chapter 489, article 5, section 24, subdivision 1, appropriation for bonds of Independent School District No. 695, Chisholm;
- (7) Laws 2000, chapter 489, article 5, section 25, subdivision 1, appropriation for bonds of Independent School District No. 316, Greenway-Coleraine;
- (8) Laws 2000, chapter 489, article 5, section 26, subdivision 1, appropriation for bonds of Independent School District No. 381, Lake Superior; and

(9) Laws 2008, chapter 154, article 8, section 18, appropriation for bonds of Independent School District No. 2711, Mesabi East.

EFFECTIVE DATE. This section is effective beginning with the distribution in 2015.

ARTICLE 5

LOCAL DEVELOPMENT

Section 1. Minnesota Statutes 2012, section 469.1763, subdivision 3, is amended to read:

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

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

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

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

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

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

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

(c) For a redevelopment district or a renewal and renovation district certified after June 30, 2003, and before April 20, 2009, the five-year periods described in paragraph (a) are extended to ten years after certification of the district. For a redevelopment district certified after April 20, 2009, and before June 30, 2013, the five-year periods described in paragraph (a) are extended to eight years after certification of the district. This extension is provided primarily to accommodate delays in development activities due to unanticipated economic circumstances.

EFFECTIVE DATE. This section is effective for districts for which the request for certification was made after April 20, 2009.

Sec. 2. Laws 2013, chapter 143, article 9, section 23, is amended to read:

Sec. 23. **CITY OF BLOOMINGTON; OLD CEDAR AVENUE BRIDGE.**

(a) Notwithstanding any law to the contrary, the city of Bloomington shall transfer from the tax increment financing accounts for its Tax Increment Financing District No. 1-C and Tax Increment Financing District No. 1-G an amount equal to the tax increment for each district that is computed under the provisions of Minnesota Statutes, section 473F.08, subdivision 3c, for taxes payable in 2014 to an account or fund established for the repair, restoration, or replacement of the Old Cedar Avenue bridge for use by bicycle commuters and recreational users. The city is authorized to and must use the transferred funds to complete the repair, renovation, or replacement of the bridge. Upon completion of the repair, renovation, or replacement of the bridge, the city may use any remaining funds in the account for costs of improving bicycle and pedestrian trails that access the bridge and that use is deemed to be a permitted use of the increments.

(b) No signs, plaques, or markers acknowledging or crediting donations for, sponsorships of, or naming rights may be posted on or in the vicinity of the Old Cedar Avenue bridge.

EFFECTIVE DATE. This section is effective without local approval under Minnesota Statutes, section 645.023, subdivision 1, paragraph (a).

Sec. 3. CITY OF BAXTER; TAX INCREMENT FINANCING DISTRICT; PROJECT REQUIREMENT.

Subdivision 1. Addition of parcels to district. Notwithstanding Minnesota Statutes, sections 469.174, subdivision 12; 469.176, subdivision 4c; or any other law to the contrary, the governing body of the city of Baxter may elect to expand the boundaries of Isle Drive Tax Increment Financing District to include the real property described as tax parcel number 034120010010009 in the city of Baxter, Crow Wing County, Minnesota.

Subd. 2. Original tax capacity of district. Upon addition of the property described in subdivision 1 to the Isle Drive Tax Increment Financing District, the Crow Wing County auditor shall increase the original tax capacity of Isle Drive Tax Increment Financing District by the amount required by Minnesota Statutes, section 469.177, except as provided in subdivision 3.

Subd. 3. Prior planned improvements. Minnesota Statutes, section 469.177, subdivision 4, does not apply to the property described in subdivision 1 added to the Isle Drive Tax Increment Financing District.

Subd. 4. Use of increments. Tax increments and other revenues derived from any portion of Isle Drive Tax Increment Financing District, as expanded under this section, may be used to reimburse or otherwise pay for allowable expenditures under the plan budget for Isle Drive Tax Increment Financing District, as amended in accordance with Minnesota Statutes, section 469.175, subdivision 4.

Subd. 5. Approval and effect of modification. If the governing body of the city elects to exercise the authority provided in subdivision 1 to modify the district, the following conditions apply:

(1) the city must comply with Minnesota Statutes, section 469.175, subdivision 4; and

(2) beginning with the subsequent calendar year, except as otherwise provided in this section, the district is subject to the provisions of Minnesota Statutes, sections 469.174 to 469.1794, as if the request for certification of the entire district was made on December 30, 2011, the date the original request for certification for the Isle Drive Tax Increment Financing District was made.

EFFECTIVE DATE. This section is effective upon approval by the governing body of the city of Baxter and upon compliance by the city with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 4. **CITY OF EAGAN; TAX INCREMENT FINANCING.**

Notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision 1b, or any other law to the contrary, the city of Eagan may collect tax increment from the Cedar Grove Tax Increment Financing District through December 31, 2039.

EFFECTIVE DATE. This section is effective upon compliance by the governing bodies of the city of Eagan, Dakota County, and Independent School District No. 191 with the requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021, subdivision 3.

Sec. 5. **CITY OF EDINA; TAX INCREMENT FINANCING.**

Subdivision 1. **Authority to create districts.** (a) The governing body of the city of Edina or its development authority may establish one or more tax increment financing housing districts in the Southeast Edina Redevelopment Project Area, as the boundaries exist on March 31, 2014.

(b) The authority to request certification of districts under this authority expires on June 30, 2017.

Subd. 2. **Rules governing districts.** (a) Housing districts established under this section are subject to the provisions of Minnesota Statutes, sections 469.174 to 469.1794, except as otherwise provided in this subdivision.

(b) Notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision 1b, no increment must be paid to the authority after 20 years after receipt by the authority of the first increment from a district established under this section.

(c) Notwithstanding the provisions of Minnesota Statutes, section 469.1761, subdivision 3, for a residential rental project the city may elect to substitute "20 percent" for "40 percent" in the 40-60 test under section 142(d)(1)(B) of the Internal Revenue Code in determining the applicable income limits.

Subd. 3. **Pooling authority.** The city may elect, in the tax increment financing plan for the district, to increase by up to 15 percentage points the permitted amount of expenditures for activities located outside the geographic area of the district.

EFFECTIVE DATE. This section is effective upon compliance by the governing body of the city of Edina with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 6. **CITY OF MAPLE GROVE; TAX INCREMENT FINANCING DISTRICT.**

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

(b) "City" means the city of Maple Grove.

(c) "Project area" means the area in the city commencing at a point 130 feet East and 120 feet North of the southwest corner of the Southeast Quarter of Section 23, Township 119, Range 22, Hennepin County, said point being on the easterly right-of-way line of Hemlock Lane; thence northerly along said easterly right-of-way line of Hemlock Lane a distance of 900 feet; thence

easterly to the east line of Section 23, 1,030 feet North from the southeast corner thereof; thence South 74 degrees East 1,285 feet; thence East a distance of 1,000 feet; thence North 59 degrees West a distance of 650 feet; thence northerly to a point on the northerly right-of-way line of 81st Avenue North, 650 feet westerly measured at right angles, from the east line of the Northwest Quarter of Section 24; thence North 13 degrees West a distance of 795 feet; thence West to the west line of the Southeast Quarter of the Northwest Quarter of Section 24; thence North 55 degrees West to the south line of the Northwest Quarter of the Northwest Quarter of Section 24; thence West along said south line to the east right-of-way line of Zachary Lane; thence North along the east right-of-way line of Zachary Lane to the southwest corner of Lot 1, Block 1, Metropolitan Industrial Park 5th Addition; thence East along the south line of said Lot 1 to the northeast corner of Outlot A, Metropolitan Industrial Park 5th Addition; thence South along the east line of said Outlot A and its southerly extension to the south right-of-way line of County State-Aid Highway (CSAH) 109; thence easterly along the south right-of-way line of CSAH 109 to the east line of the Northwest Quarter of the Northeast Quarter of Section 24; thence South along said east line to the north line of the South Half of the Northeast Quarter of Section 24; thence East along said north line to the westerly right-of-way line of Jefferson Highway North; thence southerly along the westerly right-of-way line of Jefferson Highway to the centerline of CSAH 130; thence continuing South along the west right-of-way line of Pilgrim Lane North to the westerly extension of the north line of Outlot A, Park North Fourth Addition; thence easterly along the north line of Outlot A, Park North Fourth Addition to the northeast corner of said Outlot A; thence southerly along the east line of said Outlot A to the southeast corner of said Outlot A; thence easterly along the south line of Lot 1, Block 1, Park North Fourth Addition to the westerly right-of-way line of State Highway 169; thence southerly, southwesterly, westerly, and northwesterly along the westerly right-of-way line of State Highway 169 and the northerly right-of-way line of Interstate 694 to its intersection with the southerly extension of the easterly right-of-way line of Zachary Lane North; thence northerly along the easterly right-of-way line of Zachary Lane North and its northerly extension to the north right-of-way line of CSAH 130; thence westerly, southerly, northerly, southwesterly, and northwesterly to the point of beginning and there terminating, provided that the project area includes the rights-of-way for all present and future highway interchanges abutting the area described in this paragraph.

(d) "Soil deficiency district" means a type of tax increment financing district consisting of a portion of the project area in which the city finds by resolution that the following conditions exist:

(1) unusual terrain or soil deficiencies that occurred over 80 percent of the acreage in the district require substantial filling, grading, or other physical preparation for use; and

(2) the estimated cost of the physical preparation under clause (1), but excluding costs directly related to roads as defined in Minnesota Statutes, section 160.01, and local improvements as described in Minnesota Statutes, sections 429.021, subdivision 1, clauses (1) to (7), (11), and (12), and 430.01, exceeds the fair market value of the land before completion of the preparation.

Subd. 2. **Special rules.** (a) If the city elects, upon the adoption of the tax increment financing plan for a district, the rules under this section apply to a redevelopment district, renewal and renovation district, soil condition district, or soil deficiency district established by the city or a development authority of the city in the project area.

(b) Prior to or upon the adoption of the first tax increment plan subject to the special rules under this subdivision, the city must find by resolution that parcels consisting of at least 80 percent of the

acreage of the project area, excluding street and railroad rights-of-way, are characterized by one or more of the following conditions:

(1) peat or other soils with geotechnical deficiencies that impair development of commercial buildings or infrastructure;

(2) soils or terrain that requires substantial filling in order to permit the development of commercial buildings or infrastructure;

(3) landfills, dumps, or similar deposits of municipal or private waste;

(4) quarries or similar resource extraction sites;

(5) floodway; and

(6) substandard buildings, within the meaning of Minnesota Statutes, section 469.174, subdivision 10.

(c) For the purposes of paragraph (b), clauses (1) to (5), a parcel is characterized by the relevant condition if at least 70 percent of the area of the parcel contains the relevant condition. For the purposes of paragraph (b), clause (6), a parcel is characterized by substandard buildings if substandard buildings occupy at least 30 percent of the area of the parcel.

(d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ten years for any district, and Minnesota Statutes, section 469.1763, subdivision 4, does not apply to any district.

(e) Notwithstanding any provision to the contrary in Minnesota Statutes, section 469.1763, subdivision 2, paragraph (a), not more than 80 percent of the total revenue derived from tax increments paid by properties in any district, measured over the life of the district, may be expended on activities outside the district but within the project area.

(f) For a soil deficiency district:

(1) increments may be collected through 20 years after the receipt by the authority of the first increment from the district; and

(2) except as otherwise provided in this subdivision, increments may be used only to:

(i) acquire parcels on which the improvements described in item (ii) will occur;

(ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the additional cost of installing public improvements directly caused by the deficiencies; and

(iii) pay for the administrative expenses of the authority allocable to the district.

(g) Increments spent for any infrastructure costs, whether inside a district or outside a district but within the project area, are deemed to satisfy the requirements of paragraph (f) and Minnesota Statutes, section 469.176, subdivisions 4b and 4j.

(h) The authority to approve tax increment financing plans to establish tax increment financing districts under this section expires December 31, 2022.

EFFECTIVE DATE. This section is effective upon compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 7. CITY OF MOUND; TAX INCREMENT FINANCING.

The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year period from the date of certification of a tax increment financing district, are considered to be met for the Mound Harbor Tax Increment Financing District administered by the Housing and Redevelopment Authority in and for the city of Mound if the activities are undertaken within 13 years from the date of certification of the district.

EFFECTIVE DATE. The section is effective upon compliance by the governing body of the city of Mound with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 8. CITY OF NORTH ST. PAUL; TAX INCREMENT FINANCING; PARCELS DEEMED OCCUPIED.

(a) If the city of North St. Paul authorizes the creation of a redevelopment tax increment financing district under Minnesota Statutes, section 469.174, subdivision 10, parcel number 122922330059 is deemed to meet the requirements of Minnesota Statutes section 469.174, subdivision 10, paragraph (d), notwithstanding any contrary provisions of that paragraph, if the following conditions are met:

(1) buildings located on the parcel were demolished after the city of North St. Paul adopted a resolution under Minnesota Statutes, section 469.174, subdivision 10, paragraph (d), clause (3);

(2) the buildings were removed either by the city of North St. Paul or by the owner of the property by entering into a development agreement; and

(3) the request for certification of the parcel as part of a district is filed with the county auditor by December 31, 2017.

(b) The city of North St. Paul may elect to use the current value for purposes of calculating original net tax capacity for the parcels deemed occupied under paragraph (a), notwithstanding the provisions of Minnesota Statutes, sections 469.174, subdivision 10, paragraph (d), and 469.177, subdivision 1, paragraph (f).

EFFECTIVE DATE. This section is effective upon compliance by the governing body of the city of North St. Paul with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 9. CITY OF SAVAGE; TAX INCREMENT FINANCING DISTRICT.

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

(b) "City" means the city of Savage.

(c) "Project area" means parcel numbers 26-931-023-0, 26-931-022-0, 26-931-039-0, 26-931-041-0, 26-931-018-1, 26-931-043-0, 26-931-020-0, 26-931-021-0, 26-931-035-0, 26-931-040-0, 26-931-036-0, 26-931-037-0, 26-931-038-0, 26-931-0310.

(d) "Soil deficiency district" means a type of tax increment financing district consisting of a portion of the project area in which the city finds by resolution that the following conditions exist:

(1) unusual terrain or soil deficiencies that occurred over 80 percent of the acreage in the district require substantial filling, grading, or other physical preparation for use; and

(2) the estimated cost of the physical preparation under clause (1), but excluding costs directly related to roads as defined in Minnesota Statutes, section 160.01, and local improvements as described in Minnesota Statutes, sections 429.021, subdivision 1, clauses (1) to (7), (11), and (12), and 430.01, exceeds the fair market value of the land before completion of the preparation.

Subd. 2. **Special rules.** (a) If the city elects, upon the adoption of the tax increment financing plan for a district, the rules under this section apply to a redevelopment district, renewal and renovation district, soil condition district, or soil deficiency district established by the city or a development authority of the city in the project area.

(b) Prior to or upon the adoption of the first tax increment plan subject to the special rules under this subdivision, the city must find by resolution that parcels consisting of at least 80 percent of the acreage of the project area, excluding street and railroad rights-of-way, are characterized by one or more of the following conditions:

(1) peat or other soils with geotechnical deficiencies that impair development of commercial buildings or infrastructure;

(2) soils or terrain that requires substantial filling in order to permit the development of commercial buildings or infrastructure;

(3) landfills, dumps, or similar deposits of municipal or private waste;

(4) quarries or similar resource extraction sites;

(5) floodway; and

(6) substandard buildings, within the meaning of Minnesota Statutes, section 469.174, subdivision 10.

(c) For the purposes of paragraph (b), clauses (1) to (5), a parcel is characterized by the relevant condition if at least 70 percent of the area of the parcel contains the relevant condition. For the purposes of paragraph (b), clause (6), a parcel is characterized by substandard buildings if substandard buildings occupy at least 30 percent of the area of the parcel.

(d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ten years for any district, and Minnesota Statutes, section 469.1763, subdivision 4, does not apply to any district.

(e) Notwithstanding any provision to the contrary in Minnesota Statutes, section 469.1763, subdivision 2, paragraph (a), not more than 80 percent of the total revenue derived from tax increments paid by properties in any district, measured over the life of the district, may be expended on activities outside the district but within the project area.

(f) For a soil deficiency district:

(1) increments may be collected through 20 years after the receipt by the authority of the first increment from the district; and

(2) except as otherwise provided in this subdivision, increments may be used only to:

(i) acquire parcels on which the improvements described in item (ii) will occur;

(ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the additional cost of installing public improvements directly caused by the deficiencies; and

(iii) pay for the administrative expenses of the authority allocable to the district.

(g) Increments spent for any infrastructure costs, whether inside a district or outside a district but within the project area, are deemed to satisfy the requirements of paragraph (f) and Minnesota Statutes, section 469.176, subdivisions 4b and 4j.

(h) The authority to approve tax increment financing plans to establish tax increment financing districts under this section expires December 31, 2022.

EFFECTIVE DATE. This section is effective upon compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 10. **WORKFORCE HOUSING TAX INCREMENT FINANCING PILOT PROJECT.**

Subdivision 1. **Authority to create districts.** (a) The governing body of a city located in either Roseau or Pennington County and has a population exceeding 1,500 may establish no more than two tax increment financing housing districts subject to the rules as provided in this section.

(b) The authority to establish or approve the tax increment financing plans and request certification for districts under this section expires on June 30, 2019.

Subd. 2. **Rules governing districts.** (a) Housing districts established under this section are subject to the provisions of Minnesota Statutes, sections 469.174 to 469.1794, except as otherwise provided in this subdivision.

(b) Notwithstanding the provisions of Minnesota Statutes, section 469.1761, subdivision 2, for a residential rental project, the city may elect to substitute "80 percent" for both "40 percent" and "60 percent" in the 40-60 test under section 142(d)(1)(B) of the Internal Revenue Code in determining the applicable income limits.

(c) Within five years from the date of certification of a tax increment financing district under this section, the governing body of the city must submit a report detailing the funding mechanisms, in addition to the use of the tax increment, that are being used to fund the projects as outlined in the tax increment financing plan. The report must be submitted to the committees of the house of representatives and senate having jurisdiction over taxes and economic development.

EFFECTIVE DATE. This section is effective for districts for which the request for certification is made after June 30, 2014.

ARTICLE 6

MISCELLANEOUS

Section 1. Minnesota Statutes 2013 Supplement, section 116V.03, is amended to read:

116V.03 APPROPRIATION.

\$1,000,000 in fiscal year 2014 and each year thereafter is appropriated from the general fund to the commissioner of revenue for transfer to the agricultural project utilization account in the special revenue fund for the Agricultural Utilization Research Institute established under section 116V.01.

Sec. 2. [168A.125] TRANSFER-ON-DEATH OF TITLE TO MOTOR VEHICLE.

Subdivision 1. **Titled as transfer-on-death.** A motor vehicle may be titled in transfer-on-death or TOD form by a natural person by including in the certificate of title a designation of a beneficiary or beneficiaries who are natural persons to whom the motor vehicle must be transferred on death of the owner or the last survivor of joint owners with rights of survivorship, subject to the rights of all secured parties.

Subd. 2. **Designation of beneficiary.** A motor vehicle is registered in transfer-on-death form by designating on the certificate of title the name of the owner and the names of joint owners with identification of rights of survivorship, followed by the words "transfer-on-death to (name of beneficiary or beneficiaries)." The designation "TOD" may be used instead of "transfer-on-death." A title in transfer-on-death form is not required to be supported by consideration, and the certificate of title in which the designation is made is not required to be delivered to the beneficiary or beneficiaries in order for the designation to be effective.

Subd. 3. **Interest of beneficiary.** The transfer-on-death beneficiary or beneficiaries shall have no interest in the motor vehicle until the death of the owner or the last survivor of the joint owners with right of survivorship. A beneficiary designation may be changed at any time by the owner or by all joint owners with rights of survivorship, without the consent of the beneficiary or beneficiaries, by filing an application for a new certificate of title.

Subd. 4. **Vesting of ownership in beneficiary.** Ownership of a motor vehicle titled in transfer-on-death form shall vest in the designated beneficiary or beneficiaries on the death of the owner or the last of the joint owners with right of survivorship, subject to the rights of all secured parties, including any claim or lien by the state or county agency authorized by section 246.53, 256B.15, 256D.16, or 261.04. The transfer-on-death beneficiary or beneficiaries who survive the owner may apply for a new certificate of title to the motor vehicle upon submitting proof of the death of the owner of the motor vehicle. If no transfer-on-death beneficiary or beneficiaries survive the owner of a motor vehicle, the motor vehicle must be included in the probate estate of the deceased owner. A transfer of a motor vehicle to a transfer-on-death beneficiary or beneficiaries is not a testamentary transfer.

Subd. 5. **Rights of creditors.** This section does not limit the rights of any secured party or creditor of the owner of a motor vehicle against a transfer-on-death beneficiary or beneficiaries, including any claim or lien by the state or county agency authorized by section 246.53, 256B.15, 256D.16, or 261.04, if other assets of the deceased owner's estate are insufficient to pay the amount of any such claim.

Sec. 3. Minnesota Statutes 2012, section 270C.72, subdivision 1, is amended to read:

Subdivision 1. **Tax clearance required.** (a) The state or a political subdivision of the state may not issue, transfer, or renew, and must revoke, a license for the conduct of a profession, occupation, trade, or business, if the commissioner notifies the licensing authority that the applicant owes the state delinquent taxes payable to the commissioner, penalties, or interest. The commissioner may not notify the licensing authority unless the applicant taxpayer owes \$500 or more in delinquent taxes, penalties, or interest, or has not filed returns. If the applicant taxpayer does not owe delinquent taxes, penalties, or interest, but has not filed returns, the commissioner may not notify the licensing authority unless the taxpayer has been given 90 days' written notice to file the returns or show that the returns are not required to be filed.

(b) Within ten days after receipt of the notification from the commissioner under paragraph (a), the licensing authority must notify the license holder by certified mail of the potential revocation of the license for the applicable reason under paragraph (a). The notice must include a copy of the commissioner's notice to the licensing agency and information, in the form specified by the commissioner, on the licensee's option for receiving a tax clearance from the commissioner. The licensing authority must revoke the license 30 days after receiving the notice from the commissioner, unless it receives a tax clearance from the commissioner as provided in paragraph (c).

(c) A licensing authority that has received a notice from the commissioner may issue, transfer, renew, or not revoke the applicant's license only if (a) (1) the commissioner issues a tax clearance certificate and (b) (2) the commissioner or the applicant forwards a copy of the clearance to the authority. The commissioner may issue a clearance certificate only if the applicant does not owe the state any uncontested delinquent taxes, penalties, or interest and has filed all required returns.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 4. Minnesota Statutes 2012, section 270C.72, subdivision 3, is amended to read:

~~Subd. 3. **Notice and hearing.** (a) The commissioner, on notifying a licensing authority pursuant to subdivision 1 not to issue, transfer, or renew a license, must send a copy of the notice to the applicant. If the applicant requests, in writing, within 30 days of the date of the notice a hearing, a contested case hearing must be held. The hearing must be held within 45 days of the date the commissioner refers the case to the Office of Administrative Hearings. Notwithstanding any law to the contrary, the applicant must be served with 20 days' notice in writing specifying the time and place of the hearing and the allegations against the applicant. The notice may be served personally or by mail.~~

~~(b) (a) Prior to notifying a licensing authority pursuant to subdivision 1 to revoke a license, the commissioner must send a notice to the applicant of the commissioner's intent to require revocation of the license and of the applicant's right to a hearing under paragraph (a). If the applicant requests a hearing in writing within 30 days of the date of the notice, a contested case hearing must be held. The hearing must be held within 45 days of the date the commissioner refers the case to the Office of Administrative Hearings. Notwithstanding any law to the contrary, the applicant must be served with 20 days notice in writing specifying the time and place of the hearing and the allegations against the applicant. The notice may be served personally or by mail. A license is subject to revocation when 30 days have passed following the date of the notice in this paragraph without the applicant requesting a hearing, or, if a hearing is timely requested, upon final determination of the hearing under section 14.62, subdivision 1. A license shall be revoked by the licensing authority within 30 days after receiving notice from the commissioner to revoke.~~

~~(b) The commissioner may notify a licensing authority under subdivision 1 only after the requirements of paragraph (a) have been satisfied.~~

~~(c) A hearing under this subdivision is in lieu of any other hearing or proceeding provided by law arising from any action taken under subdivision 1.~~

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 5. Minnesota Statutes 2013 Supplement, section 297B.01, subdivision 16, is amended to read:

Subd. 16. **Sale, sells, selling, purchase, purchased, or acquired.** (a) "Sale," "sells," "selling," "purchase," "purchased," or "acquired" means any transfer of title of any motor vehicle, whether absolutely or conditionally, for a consideration in money or by exchange or barter for any purpose other than resale in the regular course of business.

(b) Any motor vehicle utilized by the owner only by leasing such vehicle to others or by holding it in an effort to so lease it, and which is put to no other use by the owner other than resale after such lease or effort to lease, shall be considered property purchased for resale.

(c) The terms also shall include any transfer of title or ownership of a motor vehicle by other means, for or without consideration, except that these terms shall not include:

(1) the acquisition of a motor vehicle by inheritance from or by bequest of, or transfer-on-death of title by, a decedent who owned it;

(2) the transfer of a motor vehicle which was previously licensed in the names of two or more joint tenants and subsequently transferred without monetary consideration to one or more of the joint tenants;

(3) the transfer of a motor vehicle by way of gift from a limited used vehicle dealer licensed under section 168.27, subdivision 4a, to an individual, when the transfer is with no monetary or other consideration or expectation of consideration and the parties to the transfer submit an affidavit to that effect at the time the title transfer is recorded;

(4) the transfer of a motor vehicle by gift between:

(i) spouses;

(ii) parents and a child; or

(iii) grandparents and a grandchild;

(5) the voluntary or involuntary transfer of a motor vehicle between a husband and wife in a divorce proceeding; or

(6) the transfer of a motor vehicle by way of a gift to an organization that is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code when the motor vehicle will be used exclusively for religious, charitable, or educational purposes.

ARTICLE 7

UNSESSION

Section 1. Minnesota Statutes 2012, section 16D.02, subdivision 3, is amended to read:

Subd. 3. **Debt.** "Debt" means an amount owed to the state directly, or through a state agency, on account of a fee, duty, lease, direct loan, loan insured or guaranteed by the state, rent, service, sale of real or personal property, overpayment, fine, assessment, penalty, restitution, damages, interest, tax, bail bond, forfeiture, reimbursement, liability owed, an assignment to the state including assignments under section 256.741, the Social Security Act, or other state or federal law, recovery of costs incurred by the state, or any other source of indebtedness to the state. Debt also includes amounts owed to individuals as a result of civil, criminal, or administrative action brought by the state or a state agency pursuant to its statutory authority or for which the state or state agency acts

in a fiduciary capacity in providing collection services in accordance with the regulations adopted under the Social Security Act at Code of Federal Regulations, title 45, section 302.33. When the commissioner provides collection services ~~pursuant to a debt qualification plan~~ to a referring agency, debt also includes an amount owed to the courts, local government units, Minnesota state colleges and universities governed by the Board of Trustees of the Minnesota State Colleges and Universities, or University of Minnesota.

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

Sec. 2. Minnesota Statutes 2012, section 16D.02, subdivision 6, is amended to read:

Subd. 6. **Referring agency.** "Referring agency" means a state agency, local government unit, Minnesota state colleges and universities governed by the Board of Trustees of the Minnesota State Colleges and Universities, University of Minnesota, or a court, that has entered into ~~a debt qualification plan~~ an agreement with the commissioner to refer debts to the commissioner for collection.

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

Sec. 3. Minnesota Statutes 2012, section 16D.04, subdivision 3, is amended to read:

Subd. 3. **Services.** The commissioner shall provide collection services for a state agency, and may provide for collection services for ~~a court, in accordance with the terms and conditions of a signed debt qualification plan~~ referring agencies other than state agencies.

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

Sec. 4. Minnesota Statutes 2012, section 16D.04, subdivision 4, is amended to read:

Subd. 4. **Authority to contract.** ~~The commissioners commissioner of revenue and management and budget~~ may contract with credit bureaus, private collection agencies, and other entities as necessary for the collection of debts. A private collection agency acting under a contract with the commissioner of revenue ~~or management and budget~~ is subject to sections 332.31 to 332.45, except that the private collection agency may indicate that it is acting under a contract with the state. The commissioner may not delegate the powers provided under section 16D.08 to any nongovernmental entity.

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

Sec. 5. Minnesota Statutes 2012, section 16D.07, is amended to read:

16D.07 NOTICE TO DEBTOR.

The referring agency shall send notice to the debtor by United States mail or personal delivery at the debtor's last known address at least 20 days before the debt is referred to the commissioner. The notice must state the nature and amount of the debt, identify to whom the debt is owed, and inform the debtor of the remedies available under this chapter. The referring agency shall advise the debtor of collection costs imposed under section 16D.11 and of the debtor's right to cancellation of collection costs under section 16D.11, subdivision 3.

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

Sec. 6. Minnesota Statutes 2012, section 16D.11, subdivision 1, is amended to read:

Subdivision 1. **Imposition.** As determined by the commissioner of ~~management and budget revenue~~, collection costs shall be added to the debts referred to the commissioner or private collection agency for collection. Collection costs are collectible by the commissioner or private agency from the debtor at the same time and in the same manner as the referred debt. ~~The referring agency shall advise the debtor of collection costs under this section and the debtor's right to cancellation of collection costs under subdivision 3 at the time the agency sends notice to the debtor under section 16D.07.~~ If the commissioner or private agency collects an amount less than the total due, the payment is applied proportionally to collection costs and the underlying debt unless the commissioner of management and budget has waived this requirement for certain categories of debt pursuant to the department's internal guidelines. Collection costs collected by the commissioner under this subdivision or retained under subdivision 6 shall be deposited in the general fund as nondedicated receipts. ~~Collection costs collected by private agencies are appropriated to the referring agency to pay the collection fees charged by the private agency.~~ Collections of collection costs in excess of collection agency fees must be deposited in the general fund as nondedicated receipts.

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

Sec. 7. Minnesota Statutes 2012, section 16D.11, subdivision 3, is amended to read:

Subd. 3. **Cancellation.** Collection costs imposed under subdivision 1 shall be canceled and subtracted from the amount due if:

(1) the debtor's household income as defined in section 290A.03, subdivision 5, excluding the exemption subtractions in subdivision 3, paragraph (3) of that section, for the 12 months preceding the date of referral is less than twice the annual federal poverty guideline under United States Code, title 42, section 9902, subsection (2);

(2) within 60 days after the first contact with the debtor by the enterprise commissioner or collection agency, the debtor establishes reasonable cause for the failure to pay the debt prior to referral of the debt to the enterprise commissioner;

(3) a good faith dispute as to the legitimacy or the amount of the debt is made, and payment is remitted or a payment agreement is entered into within 30 days after resolution of the dispute;

(4) good faith litigation occurs and the debtor's position is substantially justified, and if the debtor does not totally prevail, the debt is paid or a payment agreement is entered into within 30 days after the judgment becomes final and nonappealable; or

(5) collection costs have been added by the referring agency and are included in the amount of the referred debt.

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

Sec. 8. Minnesota Statutes 2012, section 16D.11, subdivision 7, is amended to read:

Subd. 7. **Adjustment of rate.** By June 1 of each year, the commissioner shall determine the rate of collection costs for debts referred to the enterprise commissioner during the next fiscal year. The rate is a percentage of the debts in an amount that most nearly equals the costs of the enterprise commissioner necessary to process and collect referred debts under this chapter. In no event shall the rate of the collection costs exceed 25 percent of the debt. Determination of the rate of collection costs under this section is not subject to the fee setting requirements of section 16A.1283.

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

Sec. 9. Minnesota Statutes 2012, section 84A.20, subdivision 2, is amended to read:

Subd. 2. **County proposal to state.** ~~Under certain conditions,~~ The board of county commissioners of any county may by resolution propose to the state that one or more areas in the county be taken over by the state for afforestation, reforestation, flood control projects, or other state purposes. The projects are to be managed, controlled, and used for the purposes in subdivision 1 on lands to be acquired by the state within the projects, as set forth in sections 84A.20 to 84A.30. The county board may propose this if ~~(1) the county contains lands suitable for the purposes in subdivision 1, (2) on January 1, 1931, the taxes on more than 35 percent of the taxable land in the county are delinquent, (3) on January 1, 1931, the county's bonded ditch indebtedness, including accrued interest, equals or exceeds nine percent of the assessed valuation of the county, exclusive of money and credits.~~

The area taken over must include lands that have been assessed for all or part of the cost of the establishment and construction of public drainage ditches under state law, and on which the assessments or installments are delinquent. A certified copy of the county board's resolution must be filed with the department and considered and acted upon by the department. If approved by the department, it must then be submitted to, considered, and acted upon by the executive council. If approved by the Executive Council, the proposition must be formally accepted by the governor. Acceptance must be communicated in writing to and filed with the county auditor.

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

Sec. 10. Minnesota Statutes 2012, section 84A.31, subdivision 2, is amended to read:

Subd. 2. **County proposal to state.** ~~Under certain conditions,~~ The board of county commissioners of any county may by resolution propose that the state take over part of the tax-delinquent lands in the county. ~~The board may propose this if:~~

~~(1) the county contains land suitable for the purposes in subdivision 1;~~

~~(2) on January 1, 1933, the taxes on more than 25 percent of the acreage of the lands in a town in the county are delinquent, as shown by its tax books;~~

~~(3) on January 1, 1933, the taxes or ditch assessments on more than 50 percent of the acreage of the lands to be taken over are delinquent, as shown by the county's tax books; and~~

~~(4) on January 1, 1933, the bonded ditch indebtedness of the county equals or exceeds 15 percent of the assessed value of the county for 1932 as fixed by the Minnesota Tax Commission, exclusive of money and credits.~~

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

Sec. 11. Minnesota Statutes 2012, section 115B.49, subdivision 4, is amended to read:

Subd. 4. **Registration; fees.** (a) The owner or operator of a dry cleaning facility shall register on or before October 1 of each year with the commissioner of revenue in a manner prescribed by the commissioner of revenue and pay a registration fee for the facility. The amount of the fee is:

(1) \$500, for facilities with a full-time equivalence of fewer than five;

(2) \$1,000, for facilities with a full-time equivalence of five to ten; and

- (3) \$1,500, for facilities with a full-time equivalence of more than ten.

The registration fee must be paid on or before October 18 or the owner or operator of a dry cleaning facility may elect to pay the fee in equal installments. Installment payments must be paid on or before October 18, on or before January 18, on or before April 18, and on or before June 18. All payments made after October 18 bear interest at the rate specified in section 270C.40.

(b) A person who sells dry cleaning solvents for use by dry cleaning facilities in the state shall collect and remit to the commissioner of revenue in a the same manner prescribed by the commissioner of revenue, ~~on or before the 20th day of the month following the month in which the sales of dry cleaning solvents are made~~ for the taxes imposed under chapter 297A, a fee of:

- (1) \$3.50 for each gallon of perchloroethylene sold for use by dry cleaning facilities in the state;
- (2) 70 cents for each gallon of hydrocarbon-based dry cleaning solvent sold for use by dry cleaning facilities in the state; and
- (3) 35 cents for each gallon of other nonaqueous solvents sold for use by dry cleaning facilities in the state.

(c) The audit, assessment, appeal, collection, enforcement, and administrative provisions of chapters 270C and 289A apply to the fee imposed by this subdivision. To enforce this subdivision, the commissioner of revenue may grant extensions to file returns and pay fees, impose penalties and interest on the annual registration fee under paragraph (a) and the monthly fee under paragraph (b), and abate penalties and interest in the manner provided in chapters 270C and 289A. The penalties and interest imposed on taxes under chapter 297A apply to the fees imposed under this subdivision. Disclosure of data collected by the commissioner of revenue under this subdivision is governed by chapter 270B.

EFFECTIVE DATE. This section is effective for fees due after June 30, 2014.

Sec. 12. Minnesota Statutes 2012, section 163.06, subdivision 1, is amended to read:

Subdivision 1. **Levy.** The county board of any county in which there are unorganized townships may levy a tax for road and bridge purposes upon all the real and personal property in such unorganized townships, ~~exclusive of money and credits taxed under the provisions of chapter 285.~~

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

Sec. 13. Minnesota Statutes 2012, section 270.11, subdivision 1, is amended to read:

Subdivision 1. **To act as State Board of Equalization.** The commissioner of revenue shall have and exercise all the rights, powers and authority by law vested in the State Board of Equalization; ~~which board of equalization is hereby continued;~~ with full power and authority to review, modify, and revise all of the acts and proceedings of the commissioner in so far as they relate to the equalization and valuation of property assessed for taxation, as prescribed by section 270.12.

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

Sec. 14. Minnesota Statutes 2012, section 270.12, subdivision 2, is amended to read:

Subd. 2. **Meeting dates; duties.** The board shall meet annually between April 15 and June 30 at the office of the commissioner of revenue and examine and compare the returns of the assessment

of the property in the several counties, and equalize the same so that all the taxable property in the state shall be assessed at its market value, subject to the following rules:

(1) The board shall add to or deduct from the aggregate valuation of the real property of every county, which the board believes to be valued below or above its market value in money, such percent as will bring the same to its market value ~~in money~~;

~~(2) The board shall deduct from the aggregate valuation of the real property of every county, which the board believes to be valued above its market value in money, such percent as will reduce the same to its market value in money;~~

~~(3)~~ (2) If the board believes the valuation for a part of a class determined by a range of market value under clause ~~(8)~~ (6) or otherwise, a class, or classes of the real property of any town or district in any county, or the valuation for a part of a class, a class, or classes of the real property of any county not in towns or cities, should be raised or reduced, without raising or reducing the other real property of such county, or without raising or reducing it in the same ratio, the board may add to, or take from, the valuation of a part of a class, a class, or classes in any one or more of such towns or cities, or of the property not in towns or cities, such percent as the board believes will raise or reduce the same to its market value ~~in money~~;

~~(4)~~ (3) The board shall add to or take from the aggregate valuation of any part of a class, a class, or classes of personal property of any county, town, or city, which the board believes to be valued below or above the market value thereof, such percent as will raise the same to its market value ~~in money~~;

~~(5) The board shall take from the aggregate valuation of any part of a class, a class, or classes of personal property in any county, town or city, which the board believes to be valued above the market value thereof, such percent as will reduce the same to its market value in money;~~

~~(6)~~ (4) The board shall not reduce the aggregate valuation of all the property of the state, as returned by the several county auditors, more than one percent on the whole valuation thereof;

~~(7)~~ (5) When it would be of assistance in equalizing values the board may require any county auditor to furnish statements showing assessments of real and personal property of any individuals, firms, or corporations within the county. The board shall consider and equalize such assessments and may increase the assessment of individuals, firms, or corporations above the amount returned by the county board of equalization when it shall appear to be undervalued, first giving notice to such persons of the intention of the board so to do, which notice shall fix a time and place of hearing. The board shall not decrease any such assessment below the valuation placed by the county board of equalization;

~~(8)~~ (6) In equalizing values pursuant to this section, the board shall utilize a 12-month assessment/sales ratio study conducted by the Department of Revenue containing only sales that are filed in the county auditor's office under section 272.115, by November 1 of the previous year and that occurred between October 1 of the year immediately preceding the previous year and September 30 of the previous year.

The assessment/sales ratio study may separate the values of residential property into market value categories. The board may adjust the market value categories and the number of categories as necessary to create an adequate sample size for each market value category. The board may determine the adequate sample size. To the extent practicable, the methodology used in preparing the

assessment/sales ratio study must be consistent with the most recent Standard on Assessment Sales Ratio Studies published by the Assessment Standards Committee of the International Association of Assessing Officers. The board may determine the geographic area used in preparing the study to accurately equalize values. A sales ratio study separating residential property into market value categories may not be used as the basis for a petition under chapter 278.

The sales prices used in the study must be discounted for terms of financing. The board shall use the median ratio as the statistical measure of the level of assessment for any particular category of property; and

~~(9)~~ (7) The board shall receive from each county the estimated market values on the assessment date falling within the study period for all parcels by ~~magnetic tape or other~~ a medium as prescribed by the commissioner of revenue.

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

Sec. 15. Minnesota Statutes 2012, section 270.12, subdivision 4, is amended to read:

Subd. 4. **Public utility property.** For purposes of equalization only, public utility personal property shall be treated as a separate class of property ~~notwithstanding the fact that its class rate is the same as commercial-industrial property.~~

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

Sec. 16. Minnesota Statutes 2012, section 270A.03, subdivision 2, is amended to read:

Subd. 2. **Claimant agency.** "Claimant agency" means any state agency, as defined by section 14.02, subdivision 2, the regents of the University of Minnesota, any district court of the state, any county, any statutory or home rule charter city, including a city that is presenting a claim for a municipal hospital or a public library or a municipal ambulance service, a hospital district, a private nonprofit hospital that leases its building from the county or city in which it is located, any ambulance service licensed under chapter 144E, any public agency responsible for child support enforcement, any public agency responsible for the collection of court-ordered restitution, and any public agency established by general or special law that is responsible for the administration of a low-income housing program, ~~and the Minnesota collection enterprise as defined in section 16D.02, subdivision 8, for the purpose of collecting the costs imposed under section 16D.11.~~

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

Sec. 17. Minnesota Statutes 2012, section 270B.14, subdivision 3, is amended to read:

Subd. 3. **Administration of enterprise; and job opportunity; and biotechnology and health sciences industry zone programs.** The commissioner may disclose return information relating to the taxes imposed by chapters 290 and 297A to the Department of Employment and Economic Development or a municipality with a border city enterprise zone as defined under section 469.166, but only as necessary to administer the funding limitations under section 469.169, or to the Department of Employment and Economic Development and appropriate officials from the local government units in which a qualified business is located but only as necessary to enforce the job opportunity building zone benefits under section 469.315, ~~or biotechnology and health sciences industry zone benefits under section 469.336.~~

EFFECTIVE DATE. This section is effective January 1, 2016.

Sec. 18. Minnesota Statutes 2012, section 270C.085, is amended to read:

270C.085 NOTIFICATION REQUIREMENTS; SALES AND USE TAXES.

The commissioner of revenue shall establish a means of electronically notifying persons holding a sales tax permit under section 297A.84 of any statutory change in chapter 297A and any issuance or change in any administrative rule, revenue notice, or sales tax fact sheet or other written information provided by the department explaining the interpretation or administration of the tax imposed under that chapter. The notification must indicate the basic subject of the statute, rule, fact sheet, or other material and provide an electronic link to the material. Any person holding a sales tax permit that provides an electronic address to the department must receive these notifications unless they specifically request electronically, or in writing, to be removed from the notification list. This requirement does not replace traditional means of notifying the general public or persons without access to electronic communications of changes in the sales tax law. ~~The electronic notification must begin no later than December 31, 2009.~~

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

Sec. 19. Minnesota Statutes 2012, section 270C.52, subdivision 2, is amended to read:

Subd. 2. **Payment agreements.** (a) When any portion of any tax payable to the commissioner together with interest and penalty thereon, if any, has not been paid, the commissioner may extend the time for payment for a further period. When the authority of this section is invoked, the extension shall be evidenced by written agreement signed by the taxpayer and the commissioner, stating the amount of the tax with penalty and interest, if any, and providing for the payment of the amount in installments.

(b) The agreement may contain a confession of judgment for the amount and for any unpaid portion thereof. If the agreement contains a confession of judgment, the confession of judgment must provide that the commissioner may enter judgment against the taxpayer in the district court of the county of residence as shown upon the taxpayer's tax return for the unpaid portion of the amount specified in the extension agreement.

(c) The agreement shall provide that it can be terminated, after notice by the commissioner, if information provided by the taxpayer prior to the agreement was inaccurate or incomplete, collection of the tax covered by the agreement is in jeopardy, there is a subsequent change in the taxpayer's financial condition, the taxpayer has failed to make a payment due under the agreement, or the taxpayer has failed to pay any other tax or file a tax return coming due after the agreement.

(d) The notice must be given at least 14 calendar days prior to termination, and shall advise the taxpayer of the right to request a reconsideration from the commissioner of whether termination is reasonable and appropriate under the circumstances. A request for reconsideration does not stay collection action beyond the 14-day notice period. If the commissioner has reason to believe that collection of the tax covered by the agreement is in jeopardy, the commissioner may proceed under section 270C.36 and terminate the agreement without regard to the 14-day period.

(e) The commissioner may accept other collateral the commissioner considers appropriate to secure satisfaction of the tax liability. The principal sum specified in the agreement shall bear interest at the rate specified in section 270C.40 on all unpaid portions thereof until the same has been fully paid or the unpaid portion thereof has been entered as a judgment. The judgment shall bear interest at the rate specified in section 270C.40.

(f) If it appears to the commissioner that the tax reported by the taxpayer is in excess of the amount actually owing by the taxpayer, the extension agreement or the judgment entered pursuant thereto shall be corrected. If after making the extension agreement or entering judgment with respect thereto, the commissioner determines that the tax as reported by the taxpayer is less than the amount actually due, the commissioner shall assess a further tax in accordance with the provisions of law applicable to the tax.

(g) The authority granted to the commissioner by this section is in addition to any other authority granted to the commissioner by law to extend the time of payment or the time for filing a return and shall not be construed in limitation thereof.

(h) The commissioner shall charge a fee for entering into payment agreements ~~that reflects the commissioner's costs for entering into payment agreements.~~ The fee is set at \$50 and is charged for entering into a payment agreement, for entering into a new payment agreement after the taxpayer has defaulted on a prior agreement, and for entering into a new payment agreement as a result of renegotiation of the terms of an existing agreement. The fee is paid to the commissioner before the payment agreement becomes effective and does not reduce the amount of the liability.

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

Sec. 20. Minnesota Statutes 2012, section 272.01, subdivision 1, is amended to read:

Subdivision 1. **Generally taxable.** All real and personal property in this state, ~~and all personal property of persons residing therein, including the property of corporations, banks, banking companies, and bankers,~~ is taxable, except Indian lands and such other property as is by law exempt from taxation.

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

Sec. 21. Minnesota Statutes 2012, section 272.01, subdivision 3, is amended to read:

Subd. 3. **Exceptions.** The provisions of subdivision 2 shall not apply to:

(a) Federal property for which payments are made in lieu of taxes in amounts equivalent to taxes which might otherwise be lawfully assessed;

(b) Real estate exempt from ad valorem taxes and taxes in lieu thereof which is leased, loaned, or otherwise made available to telephone companies or electric, light and power companies upon which personal property consisting of transmission and distribution lines is situated and assessed pursuant to sections 273.37, 273.38, 273.40 and 273.41, or upon which are situated the communication lines of express, railway, or telephone or telegraph companies, or pipelines used for the transmission and distribution of petroleum products, or the equipment items of a cable communications company subject to sections 238.35 to 238.42;

(c) Property presently owned by any educational institution chartered by the territorial legislature;

(d) Indian lands;

(e) Property of any corporation organized as a tribal corporation under the Indian Reorganization Act of June 18, 1934, (Statutes at Large, volume 48, page 984);

(f) Real property owned by the state and leased pursuant to section 161.23 or 161.431, and acts amendatory thereto;

(g) Real property owned by a seaway port authority on June 1, 1967, upon which there has been constructed docks, warehouses, tank farms, administrative and maintenance buildings, railroad and ship terminal facilities and other maritime and transportation facilities or those directly related thereto, together with facilities for the handling of passengers and baggage and for the handling of freight and bulk liquids, and personal property owned by a seaway port authority used or usable in connection therewith, when said property is leased to a private individual, association or corporation, but only when such lease provides that the said facilities are available to the public for the loading and unloading of passengers and their baggage and the handling, storage, care, shipment, and delivery of merchandise, freight and baggage and other maritime and transportation activities and functions directly related thereto, but not including property used for grain elevator facilities; it being the declared policy of this state that such property when so leased is public property used exclusively for a public purpose, notwithstanding the one-year limitation in the provisions of section 273.19;

(h) Notwithstanding the provisions of clause (g), when the annual rental received by a seaway port authority in any calendar year for such leased property exceeds an amount reasonably required for administrative expense of the authority per year, plus promotional expense for the authority not to exceed the sum of \$100,000 per year, to be expended when and in the manner decided upon by the commissioners, plus an amount sufficient to pay all installments of principal and interest due, or to become due, during such calendar year and the next succeeding year on any revenue bonds issued by the authority, plus 25 percent of the gross annual rental to be retained by the authority for improvement, development, or other contingencies, the authority shall make a payment in lieu of real and personal property taxes of a reasonable portion of the remaining annual rental to the county treasurer of the county in which such seaway port authority is principally located. Any such payments to the county treasurer shall be disbursed by the treasurer on the same basis as real estate taxes are divided among the various governmental units, but if such port authority shall have received funds from the state of Minnesota and funds from any city and county pursuant to Laws 1957, chapters 648, 831, and 849 and acts amendatory thereof, then such disbursement by the county treasurer shall be on the same basis as real estate taxes are divided among the various governmental units, except that the portion of such payments which would otherwise go to other taxing units shall be divided equally among the state of Minnesota and said county and city.

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

Sec. 22. Minnesota Statutes 2012, section 272.025, subdivision 1, is amended to read:

Subdivision 1. **Statement of exemption.** (a) Except in the case of property owned by the state of Minnesota or any political subdivision thereof, and property exempt from taxation under section 272.02, subdivisions 9, 10, 13, 15, 18, 20, and 22 to 25, and at the times provided in subdivision 3, a taxpayer claiming an exemption from taxation on property described in section 272.02, subdivisions 1 to 33, must file a statement of exemption with the assessor of the assessment district in which the property is located.

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

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

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

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

Sec. 23. Minnesota Statutes 2012, section 272.027, subdivision 1, is amended to read:

Subdivision 1. **Electricity generated to produce goods and services.** Personal property used to generate electric power is exempt from property taxation if the electric power is used to manufacture or produce goods, products, or services, other than electric power, by the owner of the electric generation plant. ~~Except as provided in subdivisions 2 and 3,~~ The exemption does not apply to property used to produce electric power for sale to others and does not apply to real property. In determining the value subject to tax, a proportionate share of the value of the generating facilities, equal to the proportion that the power sold to others bears to the total generation of the plant, is subject to the general property tax in the same manner as other property. Power generated in such a plant and exchanged for an equivalent amount of power that is used for the manufacture or production of goods, products, or services other than electric power by the owner of the generating plant is considered to be used by the owner of the plant.

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

Sec. 24. Minnesota Statutes 2012, section 272.029, subdivision 6, is amended to read:

Subd. 6. **Distribution of revenues.** Revenues from the taxes imposed under subdivision 5 must be part of the settlement between the county treasurer and the county auditor under section 276.09. The revenue must be distributed by the county auditor or the county treasurer to local taxing jurisdictions in which the wind energy conversion system is located as follows: ~~beginning with distributions in 2010, 80 percent to counties; and 20 percent to cities and townships; and for distributions occurring in 2006 to 2009, 80 percent to counties; 14 percent to cities and townships; and six percent to school districts.~~

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

Sec. 25. Minnesota Statutes 2012, section 273.061, subdivision 6, is amended to read:

Subd. 6. **Salaries; expenses.** The salaries of the county assessor and assistants and clerical help, shall be fixed by the board of county commissioners and shall be payable ~~in monthly installments~~ out of the general revenue fund of the county. ~~In counties with a population of less than 50,000 inhabitants, according to the then last preceding federal census, the board of county commissioners shall not fix the salary of the county assessor at an amount below the following schedule:~~

~~In counties with a population of less than 6,500, \$5,900;~~

~~In counties with a population of 6,500 but less than 12,000, \$6,200;~~

~~In counties with a population of 12,000 but less than 16,000, \$6,500;~~

~~In counties with a population of 16,000 but less than 21,000, \$6,700;~~

~~In counties with a population of 21,000 but less than 30,000, \$6,900;~~

~~In counties with a population of 30,000 but less than 39,500, \$7,100;~~

~~In counties with a population of 39,500 but less than 50,000, \$7,300;~~

~~In counties with a population of 50,000 or more, \$8,300.~~

In addition to their salaries, the county assessor and assistants shall be allowed their expenses for reasonable and necessary travel in the performance of their duties, including necessary travel, lodging and meal expense incurred by them while attending meetings of instructions or official hearings called by the commissioner of revenue. These expenses shall be payable out of the general revenue fund of the county, and shall be allowed on the same basis as such expenses are allowed to other county officers.

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

Sec. 26. Minnesota Statutes 2012, section 273.10, is amended to read:

273.10 SCHOOL DISTRICTS.

When assessing personal property the county assessor shall designate the number of the school district in which each person assessed is liable for tax, ~~by writing the number of the district opposite each assessment in a column provided for that purpose in the assessment book.~~ When the personal property of any person is assessable in several school districts, the amount in each shall be assessed separately, and the name of the owner placed opposite each amount.

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

Sec. 27. Minnesota Statutes 2012, section 273.11, subdivision 13, is amended to read:

Subd. 13. **Valuation of income-producing property.** ~~Beginning with the 1995 assessment,~~ Only accredited assessors or senior accredited assessors or other licensed assessors who have successfully completed at least two income-producing property appraisal courses may value income-producing property for ad valorem tax purposes. "Income-producing property" as used in this subdivision means the taxable property in class 3a and 3b in section 273.13, subdivision 24; class 4a and 4c, except for seasonal recreational property not used for commercial purposes; and class 5 in section 273.13, subdivision 31. "Income-producing property" includes any property in class 4e in section 273.13, subdivision 25, that would be income-producing property under the definition in this subdivision if it were not substandard. "Income-producing property appraisal course" as used in this subdivision means a course of study of approximately 30 instructional hours, with a final comprehensive test. An assessor must successfully complete the final examination for each of the two required courses. The course must be approved by the board of assessors.

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

Sec. 28. Minnesota Statutes 2012, section 273.112, subdivision 6a, is amended to read:

Subd. 6a. **Guidelines issued by commissioner.** The commissioner of revenue shall develop and issue guidelines for qualification by private golf clubs under this section covering the access to and use of the golf course by members and other adults so as to be consistent with the purposes and terms of this section. ~~The guidelines shall be mailed to the county attorney and assessor of each county not later than 60 days following May 26, 1989. Within 15 days of receipt of the guidelines from the commissioner, the assessor shall mail a copy of the guidelines to each golf club in the county.~~

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

Sec. 29. Minnesota Statutes 2013 Supplement, section 273.1325, subdivision 2, is amended to read:

Subd. 2. **Methodology.** In making its annual assessment/sales ratio studies, the Department of Revenue must use a methodology consistent with the most recent Standard on Assessment Ratio Studies published by the assessment standards committee of the International Association of Assessing Officers. The commissioner of revenue shall supplement this general methodology with specific procedures necessary for execution of the study in accordance with other Minnesota laws impacting the assessment/sales ratio study. The commissioner shall document these specific procedures in writing and shall publish the procedures in the State Register, but these procedures will not be considered "rules" pursuant to the Minnesota Administrative Procedure Act. When property is sold and the purchaser changes its use in a manner that would result in a change of classification of the property, the assessment sales ratio study under this subdivision must take into account that changed classification as soon as practicable. A change in status from homestead to nonhomestead or from nonhomestead to homestead is not a change under this subdivision. For purposes of this section, sections 270.12, subdivision 2, clause ~~(8)~~ (6), and 278.05, subdivision 4, the commissioner of revenue shall exclude from the assessment/sales ratio study the sale of any nonagricultural property which does not contain an improvement, if (1) the statutory basis on which the property's taxable value as most recently assessed is less than market value as defined in section 273.11, or (2) the property has undergone significant physical change or a change of use since the most recent assessment.

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

Sec. 30. Minnesota Statutes 2012, section 273.18, is amended to read:

273.18 LISTING, VALUATION, AND ASSESSMENT OF EXEMPT PROPERTY BY COUNTY AUDITORS.

(a) In every sixth year after the year ~~1926~~ 2010, the county auditor shall enter, ~~in a separate place in the real estate assessment books,~~ the description of each tract of real property exempt by law from taxation, with the name of the owner, ~~if known,~~ and the assessor shall value and assess the same in the same manner that other real property is valued and assessed, and shall designate in each case the purpose for which the property is used.

(b) For purposes of the apportionment of fire state aid under section 69.021, subdivision 7, the county auditor shall include on the abstract of assessment of exempt real property filed under this section, the total number of acres of all natural resources lands for which in lieu payments are made under sections 477A.11 to 477A.14. The assessor shall estimate its market value, provided that if the assessor is not able to estimate the market value of the land on a per parcel basis, the assessor shall furnish the commissioner of revenue with an estimate of the average value per acre of this land within the county.

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

Sec. 31. Minnesota Statutes 2012, section 274.01, subdivision 1, is amended to read:

Subdivision 1. **Ordinary board; meetings, deadlines, grievances.** (a) The town board of a town, or the council or other governing body of a city, is the board of appeal and equalization except

(1) in cities whose charters provide for a board of equalization or (2) in any city or town that has transferred its local board of review power and duties to the county board as provided in subdivision 3. The county assessor shall fix a day and time when the board or the board of equalization shall meet in the assessment districts of the county. Notwithstanding any law or city charter to the contrary, a city board of equalization shall be referred to as a board of appeal and equalization. On or before February 15 of each year the assessor shall give written notice of the time to the city or town clerk. Notwithstanding the provisions of any charter to the contrary, the meetings must be held between April 1 and May 31 each year. The clerk shall give published and posted notice of the meeting at least ten days before the date of the meeting.

The board shall meet at the office of the clerk to review the assessment and classification of property in the town or city. No changes in valuation or classification which are intended to correct errors in judgment by the county assessor may be made by the county assessor after the board has adjourned in those cities or towns that hold a local board of review; however, corrections of errors that are merely clerical in nature or changes that extend homestead treatment to property are permitted after adjournment until the tax extension date for that assessment year. The changes must be fully documented and maintained in the assessor's office and must be available for review by any person. A copy of the changes made during this period in those cities or towns that hold a local board of review must be sent to the county board no later than December 31 of the assessment year.

(b) The board shall determine whether the taxable property in the town or city has been properly placed on the list and properly valued by the assessor. If real or personal property has been omitted, the board shall place it on the list with its market value, and correct the assessment so that each tract or lot of real property, and each article, parcel, or class of personal property, is entered on the assessment list at its market value. No assessment of the property of any person may be raised unless the person has been duly notified of the intent of the board to do so. On application of any person feeling aggrieved, the board shall review the assessment or classification, or both, and correct it as appears just. The board may not make an individual market value adjustment or classification change that would benefit the property if the owner or other person having control over the property has refused the assessor access to inspect the property and the interior of any buildings or structures as provided in section 273.20. A board member shall not participate in any actions of the board which result in market value adjustments or classification changes to property owned by the board member, the spouse, parent, stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt, nephew, or niece of a board member, or property in which a board member has a financial interest. The relationship may be by blood or marriage.

(c) A local board may reduce assessments upon petition of the taxpayer but the total reductions must not reduce the aggregate assessment made by the county assessor by more than one percent. If the total reductions would lower the aggregate assessments made by the county assessor by more than one percent, none of the adjustments may be made. The assessor shall correct any clerical errors or double assessments discovered by the board without regard to the one percent limitation.

(d) A local board does not have authority to grant an exemption or to order property removed from the tax rolls.

(e) A majority of the members may act at the meeting, and adjourn from day to day until they finish hearing the cases presented. The assessor shall attend, ~~with the assessment books and papers,~~ and take part in the proceedings, but must not vote. The county assessor, or an assistant delegated by the county assessor shall attend the meetings. The board shall list separately, ~~on a form appended~~

~~to the assessment book; all omitted property added to the list by the board and all items of property increased or decreased, with the market value of each item of property, added or changed by the board, placed opposite the item. The county assessor shall enter all changes made by the board in the assessment book.~~

(f) Except as provided in subdivision 3, if a person fails to appear in person, by counsel, or by written communication before the board after being duly notified of the board's intent to raise the assessment of the property, or if a person feeling aggrieved by an assessment or classification fails to apply for a review of the assessment or classification, the person may not appear before the county board of appeal and equalization for a review ~~of the assessment or classification~~. This paragraph does not apply if an assessment was made after the local board meeting, as provided in section 273.01, or if the person can establish not having received notice of market value at least five days before the local board meeting.

(g) The local board must complete its work and adjourn within 20 days from the time of convening stated in the notice of the clerk, unless a longer period is approved by the commissioner of revenue. No action taken after that date is valid. All complaints about an assessment or classification made after the meeting of the board must be heard and determined by the county board of equalization. A nonresident may, at any time, before the meeting of the board file written objections to an assessment or classification with the county assessor. The objections must be presented to the board at its meeting by the county assessor for its consideration.

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

Sec. 32. Minnesota Statutes 2012, section 274.01, subdivision 2, is amended to read:

Subd. 2. **Special board; duties delegated.** The governing body of a city, ~~including a city whose charter provides for a board of equalization;~~ may appoint a special board of review. The city may delegate to the special board of review all of the powers and duties in subdivision 1. The special board of review shall serve at the direction and discretion of the appointing body, subject to the restrictions imposed by law. The appointing body shall determine the number of members of the board, the compensation and expenses to be paid, and the term of office of each member. At least one member of the special board of review must be an appraiser, realtor, or other person familiar with property valuations in the assessment district.

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

Sec. 33. Minnesota Statutes 2012, section 275.08, subdivision 1a, is amended to read:

Subd. 1a. **Computation of tax capacity.** ~~For taxes payable in 1989, the county auditor shall compute the gross tax capacity for each parcel according to the class rates specified in section 273.13. The gross tax capacity will be the appropriate class rate multiplied by the parcel's market value. For taxes payable in 1990 and subsequent years;~~ The county auditor shall compute the net tax capacity for each parcel according to the class rates specified in section 273.13. The net tax capacity will be the appropriate class rate multiplied by the parcel's market value.

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

Sec. 34. Minnesota Statutes 2012, section 275.08, subdivision 1d, is amended to read:

Subd. 1d. **Additional adjustment.** If, after computing each local government's adjusted local tax rate within a unique taxing jurisdiction pursuant to subdivision 1c, the auditor finds that the total

adjusted local tax rate of all local governments combined is less than 90 percent of gross tax capacity for taxes payable in 1989 and 90 percent of net tax capacity for taxes payable in 1990 and thereafter, the auditor shall increase each local government's adjusted local tax rate proportionately so the total adjusted local tax rate of all local governments combined equals 90 percent. The total amount of the increase in tax resulting from the increased local tax rates must not exceed the amount of disparity aid allocated to the unique taxing district under section 273.1398. The auditor shall certify to the Department of Revenue the difference between the disparity aid originally allocated under section 273.1398, subdivision 3, and the amount necessary to reduce the total adjusted local tax rate of all local governments combined to 90 percent. Each local government's disparity reduction aid payment under section 273.1398, subdivision 6, must be reduced accordingly.

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

Sec. 35. Minnesota Statutes 2013 Supplement, section 275.70, subdivision 5, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

by the Emergency Services Division of the state Department of Public Safety, as allowed by the commissioner of revenue under section 275.74, subdivision 2;

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

(9) to pay an abatement under section 469.1815;

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

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

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

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

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

~~(15)~~ (14) to fund a firefighters relief association as required under Laws 2013, chapter 111, article 5, sections 31 to 42, to the extent that the required amount exceeds the amount levied for this purpose in 2001;

~~(16)~~ (15) for purposes of a storm sewer improvement district under section 444.20;

~~(17)~~ (16) to pay for the maintenance and support of a city or county society for the prevention of cruelty to animals under section 343.11, but not to exceed in any year \$4,800 or the sum of \$1 per capita based on the county's or city's population as of the most recent federal census, whichever is greater. If the city or county uses this special levy, any amount levied by the city or county in the previous levy year for the purposes specified in this clause and included in the city's or county's previous year's levy limit computed under section 275.71, must be deducted from the levy limit base under section 275.71, subdivision 2, in determining the city's or county's current year levy limit;

~~(18)~~ (17) for counties, to pay for the increase in their share of health and human service costs caused by reductions in federal health and human services grants effective after September 30, 2007;

~~(19)~~ (18) for a city, for the costs reasonably and necessarily incurred for securing, maintaining, or demolishing foreclosed or abandoned residential properties, as allowed by the commissioner of revenue under section 275.74, subdivision 2. A city must have either (i) a foreclosure rate of at least 1.4 percent in 2007, or (ii) a foreclosure rate in 2007 in the city or in a zip code area of the city that is at least 50 percent higher than the average foreclosure rate in the metropolitan area, as defined in section 473.121, subdivision 2, to use this special levy. For purposes of this paragraph, "foreclosure rate" means the number of foreclosures, as indicated by sheriff sales records, divided by the number of households in the city in 2007;

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

~~(21)~~ (19) to pay costs attributable to wages and benefits for sheriff, police, and fire personnel. If a local governmental unit did not use this special levy in the previous year its levy limit base under section 275.71 shall be reduced by the amount equal to the amount it levied for the purposes specified in this clause in the previous year;

~~(22)~~ (20) an amount equal to any reductions in the certified aids or credit reimbursements payable under sections 477A.011 to 477A.014, and section 273.1384, due to unallotment under section 16A.152 or reductions under another provision of law. The amount of the levy allowed under this clause for each year is limited to the amount unallotted or reduced from the aids and credit reimbursements certified for payment in the year following the calendar year in which the tax levy is certified unless the unallotment or reduction amount is not known by September 1 of the levy certification year, and the local government has not adjusted its levy under section 275.065, subdivision 6, or 275.07, subdivision 6, in which case that unallotment or reduction amount may be levied in the following year;

~~(23)~~ (21) to pay for the difference between one-half of the costs of confining sex offenders undergoing the civil commitment process and any state payments for this purpose pursuant to section 253D.12;

~~(24)~~ (22) for a county to pay the costs of the first year of maintaining and operating a new facility or new expansion, either of which contains courts, corrections, dispatch, criminal investigation labs, or other public safety facilities and for which all or a portion of the funding for the site acquisition, building design, site preparation, construction, and related equipment was issued or authorized prior to the imposition of levy limits in 2008. The levy limit base shall then be increased by an amount equal to the new facility's first full year's operating costs as described in this clause; and

~~(25)~~ (23) for the estimated amount of reduction to market value credit reimbursements under section 273.1384 for credits payable in the year in which the levy is payable.

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

Sec. 36. Minnesota Statutes 2012, section 275.74, subdivision 2, is amended to read:

Subd. 2. **Authorization for special levies.** (a) A local governmental unit may request authorization to levy for unreimbursed costs for natural disasters under section 275.70, subdivision 5, clause (7). The local governmental unit shall submit a request to levy under section 275.70, subdivision 5, clause (7), to the commissioner of revenue by September 30 of the levy year and the request must include information documenting the estimated unreimbursed costs. The commissioner of revenue may grant levy authority, up to the amount requested based on the documentation submitted. All decisions of the commissioner are final.

(b) A city may request authorization to levy for reasonable and necessary costs for securing, maintaining, or demolishing foreclosed or abandoned residential properties under section 275.70, subdivision 5, clause ~~(19)~~ (18). The local governmental unit shall submit a request to levy under section 275.70, subdivision 5, clause ~~(19)~~ (18), to the commissioner of revenue by September 30 of the levy year and the request must include information documenting the estimated costs. For taxes payable in 2009, the amount may include unanticipated costs incurred above the amount budgeted for these purposes in 2008. Costs of securing foreclosed or abandoned residential properties include payment for police and fire department services. The commissioner of revenue may grant levy authority, up to the lesser of (1) the amount requested based on the documentation submitted, or (2) \$3,000 multiplied by the number of foreclosed residential properties, as defined by sheriff sales records, in calendar year 2007. All decisions of the commissioner are final.

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

Sec. 37. Minnesota Statutes 2012, section 275.75, is amended to read:

275.75 CHARTER EXEMPTION FOR AID LOSS.

Notwithstanding any other provision of a municipal charter that limits ad valorem taxes to a lesser amount, or that would require voter approval for any increase, the governing body of a municipality may by resolution increase its levy in any year by an amount equal to its special levies under section 275.70, subdivision 5, clauses ~~(22) and (25)~~ (20) and (23).

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

Sec. 38. Minnesota Statutes 2012, section 279.03, subdivision 1, is amended to read:

Subdivision 1. **Rate Interest calculation.** ~~The rate of interest on delinquent property taxes levied in 1979 and prior years is fixed at six percent per year until January 1, 1983. Thereafter Interest is payable at the rate determined pursuant to section 549.09. The rate of interest on delinquent property taxes levied in 1980 and subsequent years is the rate determined pursuant to section 549.09. All provisions of law except section 549.09 providing for the calculation of interest at any different rate on delinquent taxes in any notice or proceeding in connection with the payment, collection, sale, or assignment of delinquent taxes, or redemption from such sale or assignment are hereby amended to correspond herewith. Section 549.09 shall continue in force applies with respect to judgments arising out of petitions for review filed pursuant to chapter 278 irrespective of the levy year.~~

For property taxes levied in 1980 and prior years, interest is to be calculated at simple interest from the second Monday in May following the year in which the taxes become due until the time that the taxes and penalties are paid, computed on the amount of unpaid taxes, penalties and costs. For property taxes levied in 1981 and subsequent years, Interest shall commence on the first day of January following the year in which the taxes become due, but the county treasurer need not calculate interest on unpaid taxes and penalties on the tax list returned to the county auditor pursuant to section 279.01.

If interest is payable for a portion of a year, the interest is calculated only for the months that the taxes or penalties remain unpaid, and for this purpose a portion of a month is deemed to be a whole month.

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

Sec. 39. Minnesota Statutes 2012, section 279.03, subdivision 1a, is amended to read:

Subd. 1a. **Rate after December 31, 1990.** (a) Except as provided in paragraph (b), interest on delinquent property taxes, penalties, and costs unpaid on or after January 1, 1991, shall be is payable at the per annum rate determined in section 270C.40, subdivision 5. If the rate so determined is less than ten percent, the rate of interest shall be is ten percent. The maximum per annum rate shall be is 14 percent if the rate specified under section 270C.40, subdivision 5, exceeds 14 percent. The rate shall be is subject to change on January 1 of each year.

(b) If a person is the owner of one or more parcels of property on which taxes are delinquent, and the delinquent taxes are more than 25 percent of the prior year's school district levy, interest on the delinquent property taxes, penalties, and costs unpaid after January 1, 1992, shall be is payable at twice the rate determined under paragraph (a) for the year.

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

Sec. 40. Minnesota Statutes 2012, section 279.16, is amended to read:

279.16 JUDGMENT WHEN NO ANSWER; FORM; ENTRY.

Upon the expiration of 20 days from the later of the filing of the affidavit of publication or the filing of the affidavit of mailing pursuant to section 279.131, the court administrator shall enter judgment against each and every such parcel as to which no answer has been filed, which judgment shall include all such parcels, and shall be substantially in the following form:

State of Minnesota)	District Court,
) ss.	
County of) Judicial District.

In the matter of the proceedings to enforce payment of the taxes on real estate remaining delinquent on the first Monday in January,, for the county of, state of Minnesota.

A list of taxes on real property, delinquent on the first Monday in January,, for said county of, having been duly filed in the office of the court administrator of this court, and the notice and list required by law having been duly published and mailed as required by law, and more than 20 days having elapsed since the last publication of the notice and list, and no answer having been filed by any person, company, or corporation to the taxes upon any of the parcels of land hereinafter

described, it is hereby adjudged that each parcel of land hereinafter described is liable for taxes, penalties, and costs to the amount set opposite the same, as follows:

Description.	Parcel Number.	Amount.
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The amount of taxes, penalties, and cost to which, as hereinbefore stated, each of such parcels of land is liable, is hereby declared a lien upon such parcel of land as against the estate, right, title, interest, claim, or lien, of whatever nature, in law or equity, of every person, company, or corporation; and it is adjudged that, unless the amount to which each of such parcels is liable be paid, each of such parcels be sold, as provided by law, to satisfy the amount to which it is liable.

Dated this day of,
.....
Court Administrator of the District Court,
County of

The judgment shall be entered by the court administrator in a book to be kept by the court administrator, to be called the real estate tax judgment book, and signed by the court administrator. ~~The judgment shall be written out on the left-hand pages of the book, leaving the right-hand pages blank for the entries in this chapter hereinafter provided;~~ and The same presumption in favor of the regularity and validity of the judgment shall be deemed to exist as in respect to judgments in civil actions in such court, except where taxes have been paid before the entry of judgment, or where the land is exempt from taxation, in which cases the judgment shall be prima facie evidence only of its regularity and validity.

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

Sec. 41. Minnesota Statutes 2012, section 279.23, is amended to read:

279.23 COPY OF JUDGMENT TO COUNTY AUDITOR.

When any real estate tax judgment is entered, the court administrator shall ~~forthwith~~ deliver to the county auditor, ~~in a book to be provided by the auditor,~~ a certified copy of such judgment, ~~which shall be written on the left-hand pages of the book, leaving the right-hand pages blank.~~

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

Sec. 42. Minnesota Statutes 2012, section 279.25, is amended to read:

279.25 PAYMENT BEFORE JUDGMENT.

Before sale any person may pay the amount adjudged against any parcel of land. If payment is made before entry of judgment, and the delinquent list has been filed with the court administrator, the county auditor shall immediately certify such payment to the court administrator, who shall note the same on such delinquent list; and all proceedings pending against such parcel shall thereupon be discontinued. If payment is made after judgment is entered and before sale, the auditor shall certify such payment to the clerk, who, upon production of such certificate and the payment of a fee of ten cents, shall enter ~~on the right-hand page of the real estate tax judgment book, and opposite the description of such parcel;~~ satisfaction of the judgment against the same. The auditor shall make proper records of all payments made under this section.

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

Sec. 43. Minnesota Statutes 2013 Supplement, section 279.37, subdivision 2, is amended to read:

Subd. 2. Installment payments. The owner of any such parcel, or any person to whom the right to pay taxes has been given by statute, mortgage, or other agreement, may make and file with the county auditor of the county in which the parcel is located a written offer to pay the current taxes each year before they become delinquent, or to contest the taxes under ~~Minnesota Statutes 1941, sections 278.01 to 278.13~~ chapter 278, and agree to confess judgment for the amount provided, as determined by the county auditor. By filing the offer, the owner waives all irregularities in connection with the tax proceedings affecting the parcel and any defense or objection which the owner may have to the proceedings, and also waives the requirements of any notice of default in the payment of any installment or interest to become due pursuant to the composite judgment to be so entered. Unless the property is subject to subdivision 1a, with the offer, the owner shall (i) tender one-tenth of the amount of the delinquent taxes, costs, penalty, and interest, and (ii) tender all current year taxes and penalty due at the time the confession of judgment is entered. In the offer, the owner shall agree to pay the balance in nine equal installments, with interest as provided in section 279.03, payable annually on installments remaining unpaid from time to time, on or before December 31 of each year following the year in which judgment was confessed. The offer must be substantially as follows:

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

..... Upon that real estate there are delinquent taxes for the year, and prior years, as follows: (here insert year of delinquency and the total amount of delinquent taxes, costs, interest, and penalty). By signing this document I offer to confess judgment in the sum of \$..... and waive all irregularities in the tax proceedings affecting these taxes and any defense or objection which I may have to them, and direct judgment to be entered for the amount stated above, minus the sum of \$....., to be paid with this document, which is one-tenth or one-fifth of the amount of the taxes, costs, penalty, and interest stated above. I agree to pay the balance of the judgment in nine or four equal, annual installments, with interest as provided in section 279.03, payable annually, on the installments remaining unpaid. I agree to pay the installments and interest on or before December 31 of each year following the year in which this judgment is confessed and current taxes each year before they become delinquent, or within 30 days after the entry of final judgment in proceedings to contest the taxes under ~~Minnesota Statutes, sections 278.01 to 278.13~~ chapter 278.

Dated,"

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

Sec. 44. Minnesota Statutes 2012, section 280.001, is amended to read:

280.001 PUBLIC SALES, AUDITOR'S CERTIFICATES ABOLISHED.

~~Effective the second Monday in May 1974, and each year thereafter,~~ No parcel of land against which judgment has been entered and remains unsatisfied for the taxes of the preceding year or years may be sold at public vendue as provided in sections 280.01 and 280.02 by the county auditor but shall be treated in the same manner and regarded in all respects as land bid in for the state by the auditor in the manner provided in section 280.02. No notice of sale required by section 280.01 shall be published or posted ~~in 1974 and in years thereafter,~~ and no auditor's certificate authorized by section 280.03 shall be issued ~~on the second Monday in May 1974, or thereafter.~~

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

Sec. 45. Minnesota Statutes 2012, section 280.03, is amended to read:

280.03 CERTIFICATE OF SALE.

The county auditor shall execute to the purchaser of each parcel a certificate which may be substantially in the following form:

"I,, auditor of the county of, state of Minnesota, do hereby certify that at the sale of lands pursuant to the real estate tax judgment entered in the district court in the county of, on the day of,, in proceedings to enforce the payment of taxes delinquent on real estate for the years, for the county of, which sale was held at, in said county of, on the day of,, the following described parcel of land, situate in said county of, state of Minnesota: (insert description), was offered for sale to the bidder who should offer to pay the amount for which the same was to be sold, at the lowest annual rate of interest on such amount; and at said sale I did sell the said parcel of land to for the sum of dollars, with interest at percent per annum on such amount, that being the sum for which the same was to be sold, and such rate of interest being the lowest rate percent per annum bid on such sum; and, the sum having been paid, I do therefore, in consideration thereof, and pursuant to the statute in such case made and provided, convey the said parcel of land, in fee simple, subject to easements and restrictions of record at the date of the tax judgment sale, including, but without limitation, permits for telephone, ~~telegraph~~ and electric power lines either by underground cable or conduit or otherwise, sewer and water lines, highways, railroads, and pipe lines for gas, liquids, or solids in suspension, to said, and the heirs and assigns of, forever, subject to redemption as provided by law.

Witness my hand and official seal this day of,

.....
County Auditor."

If the land shall not be redeemed as provided in chapter 281, such certificate shall pass to the purchaser an estate therein, in fee simple, without any other act or deed whatever subject to easements and restrictions of record at the date of the tax judgment sale, including, but without limitation, permits for telephone, ~~telegraph~~, and electric power lines either by underground cable or conduit or otherwise, sewer and water lines, highways, railroads, and pipe lines for gas, liquids, or solids in suspension. Such certificate may be recorded, after the time for redemption shall have expired, as other deeds of real estate, and with like effect. If any purchaser at such sale shall purchase more than one parcel, the auditor shall issue to the purchaser a certificate for each parcel so purchased.

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

Sec. 46. Minnesota Statutes 2012, section 280.07, is amended to read:

280.07 ENTRIES ~~IN JUDGMENT BOOKS~~ AFTER SALE.

Immediately after such sale the county auditor shall ~~set out in the copy judgment book record~~ that all parcels were bid in for the state. The county auditor shall thereupon ~~deliver such book to~~ notify the court administrator, who shall forthwith enter on the right-hand page of the real estate tax judgment book, opposite the description of each parcel sold, the words "bid in for the state," and

thereupon redeliver the copy judgment book to the auditor. Upon redemption the auditor shall make a note thereon in the copy judgment book, opposite the parcel redeemed.

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

Sec. 47. Minnesota Statutes 2012, section 280.11, is amended to read:

280.11 LANDS BID IN FOR STATE.

At any time after any parcel of land has been bid in for the state, the same not having been redeemed, the county auditor shall assign and convey the same, and all the right of the state therein acquired at such sale, to any person who shall pay the amount for which the same was bid in, with interest at the rate of 12 percent per annum, and the amount of all subsequent delinquent taxes, penalties, costs, and interest at such rate upon the same from the time when such taxes became delinquent. The county auditor shall execute to such person a certificate for such parcel, which may be substantially in the following form:

"I,, auditor of the county of, state of Minnesota, do hereby certify that at the sale of lands pursuant to the real estate tax judgment entered in the district court in the county of, on the day of,, in proceedings to enforce the payment of taxes delinquent upon real estate for the years for the county of, which sale was held at, in said county of, on the day of,, the following described parcel of land, situate in said county of, state of Minnesota: (insert description), was duly offered for sale; and, no one bidding upon such offer an amount equal to that for which the parcel was subject to be sold, the same was then bid in for the state at such amount, being the sum of dollars; and the same still remaining unredeemed, and on this day having paid into the treasury of the county the amount for which the same was so bid in, and all subsequent delinquent taxes, penalties, costs, and interest, amounting in all to dollars, therefore, in consideration thereof, and pursuant to the statute in such case made and provided, I do hereby assign and convey this parcel of land, in fee simple, subject to easements and restrictions of record at the date of the tax judgment sale, including but without limitation, permits for telephone, telegraph, and electric power lines either by underground cable or conduit or otherwise, sewer and water lines, highways, railroads, and pipe lines for gas, liquids, or solids in suspension, with all the right, title and interest of the state acquired therein at such sale to, and the heirs and assigns of, forever, subject to redemption as provided by law.

Witness my hand and official seal this day of,

.....
County Auditor."

If the land shall not be redeemed, as provided in chapter 281, such certificate shall pass to the purchaser or assignee an estate therein, in fee simple, without any other act or deed whatever subject to easements and restrictions of record at the date of the tax judgment sale, including, but without limitation, permits for telephone, telegraph and electric power lines either by underground cable or conduit or otherwise, sewer and water lines, highways, railroads, and pipe lines for gas, liquids, or solids in suspension. Such certificate or conveyance may be recorded, after the time for redemption shall have expired, as other deeds of real estate, and with like effect. No assignment of the right of the state shall be given pursuant to this section after January 1, 1972.

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

Sec. 48. Minnesota Statutes 2012, section 281.03, is amended to read:

281.03 AUDITOR'S CERTIFICATE.

The county auditor shall certify to the amount due on such redemption, and, on payment of the same to the county treasurer, shall make duplicate receipts for the certified amount, describing the property redeemed, one of which shall be filed with the auditor. Such receipts shall be governed by the provisions of this chapter regulating the payment of current taxes and such payment shall have the effect to annul the sale. If the amount certified by the auditor and received in payment for redemption be less than that required by law, it shall not invalidate the redemption. On redemption being made, the auditor shall ~~enter upon the copy of the tax judgment book, opposite the description of record the parcel as redeemed, the word, "redeemed."~~

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

Sec. 49. Minnesota Statutes 2013 Supplement, section 281.17, is amended to read:

281.17 PERIOD FOR REDEMPTION.

Except for properties for which the period of redemption has been limited under sections 281.173 and 281.174, the following periods for redemption apply.

The period of redemption for all lands sold to the state at a tax judgment sale shall be three years from the date of sale to the state of Minnesota.

The period of redemption for homesteaded lands as defined in section 273.13, subdivision 22, located in a targeted neighborhood as defined in Laws 1987, chapter 386, article 6, section 4, and sold to the state at a tax judgment sale is three years from the date of sale. The period of redemption for all lands located in a targeted neighborhood as defined in Laws 1987, chapter 386, article 6, section 4, except ~~(+)~~ homesteaded lands as defined in section 273.13, subdivision 22, ~~and (2) for periods of redemption beginning after June 30, 1991, but before July 1, 1996, lands located in the Loring Park targeted neighborhood on which a notice of lis pendens has been served, and sold to the state at a tax judgment sale~~ is one year from the date of sale.

The period of redemption for all real property constituting a mixed municipal solid waste disposal facility that is a qualified facility under section 115B.39, subdivision 1, is one year from the date of the sale to the state of Minnesota.

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

Sec. 50. Minnesota Statutes 2012, section 281.327, is amended to read:

281.327 CANCELLATION OF CERTIFICATE UPON JUDICIAL ORDER.

Upon the petition of any person interested in the land covered by a real estate tax sale certificate, state assignment certificate, or forfeited tax sale certificate and, upon the giving of such notice to the holder of such certificate as may be ordered, the district court, in the proceedings resulting in the judgment upon which a real estate tax judgment sale certificate, state assignment certificate, or forfeited tax sale certificate is based, may order the cancellation of a real estate tax judgment sale certificate, state assignment certificate, or forfeited tax sale certificate upon which notice of expiration of time of redemption has been issued when the certificate or a deed issued thereon has not been recorded in the office of the county recorder or filed in that of the registrar of titles, if the land is registered, within seven years after the date of the issuance of such certificate; the county

auditor, on the filing of the order, shall ~~make an entry in the proper copy real estate tax judgment book, opposite the description of the land, "canceled by order of court"~~ record the land as canceled by order of court; and the rights of the holder under the certificate shall thereupon be terminated of record in the office of the county auditor.

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

Sec. 51. Minnesota Statutes 2012, section 282.01, subdivision 6, is amended to read:

Subd. 6. **Duties of commissioner after sale.** When any sale has been made by the county auditor under sections 282.01 to 282.13, the auditor shall immediately certify to the commissioner of revenue such information relating to such sale, on such forms as the commissioner of revenue may prescribe as will enable the commissioner of revenue to prepare an appropriate deed if the sale is for cash, or keep necessary records if the sale is on terms; and not later than October 31 of each year the county auditor shall submit to the commissioner of revenue a statement of all instances wherein any payment of principal, interest, or current taxes on lands held under certificate, due or to be paid during the preceding calendar years, are still outstanding at the time such certificate is made. When such statement shows that a purchaser or the purchaser's assignee is in default, the commissioner of revenue may instruct the county board of the county in which the land is located to cancel said certificate of sale in the manner provided by subdivision 5, provided that upon recommendation of the county board, and where the circumstances are such that the commissioner of revenue after investigation is satisfied that the purchaser has made every effort reasonable to make payment of both the annual installment and said taxes, and that there has been no willful neglect on the part of the purchaser in meeting these obligations, then the commissioner of revenue may extend the time for the payment for such period as the commissioner may deem warranted, not to exceed one year. On payment in full of the purchase price, appropriate conveyance in fee, in such form as may be prescribed by the attorney general, shall be issued by the commissioner of revenue, which conveyance must be recorded by the county and shall have the force and effect of a patent from the state subject to easements and restrictions of record at the date of the tax judgment sale, including, but without limitation, permits for telephone, ~~telegraph~~, and electric power lines either by underground cable or conduit or otherwise, sewer and water lines, highways, railroads, and pipe lines for gas, liquids, or solids in suspension.

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

Sec. 52. Minnesota Statutes 2012, section 282.04, subdivision 4, is amended to read:

Subd. 4. **Easements.** The county auditor, when and for such price and on such terms and for such period as the county board prescribes, may grant easements or permits on unsold tax-forfeited land for telephone, ~~telegraph~~, and electric power lines either by underground cable or conduit or otherwise, sewer and water lines, highways, recreational trails, railroads, and pipe lines for gas, liquids, or solids in suspension. Any such easement or permit may be canceled by resolution of the county board after reasonable notice for any substantial breach of its terms or if at any time its continuance will conflict with public use of the land, or any part thereof, on which it is granted. Land affected by any such easement or permit may be sold or leased for mineral or other legal purpose, but sale or lease shall be subject to the easement or permit, and all rights granted by the easement or permit shall be excepted from the conveyance or lease of the land and be reserved, and may be canceled by the county board in the same manner and for the same reasons as it could have been canceled before sale and in that case the rights granted thereby shall vest in the state in trust as the land on which it was granted was held before sale or lease. Any easement or permit granted before

passage of Laws 1951, Chapter 203, may be governed thereby if the holder thereof and county board so agree. Reasonable notice as used in this subdivision, means a 90-day written notice addressed to the record owner of the easement at the last known address, and upon cancellation the county board may grant extensions of time to vacate the premises affected.

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

Sec. 53. Minnesota Statutes 2012, section 282.261, subdivision 2, is amended to read:

Subd. 2. **Interest rate.** The unpaid balance on any repurchase contract approved by the county board ~~on or after July 1, 1982,~~ is subject to interest at the rate determined ~~pursuant to section 549.09.~~ Repurchase contracts approved after December 31, 1990, are subject to interest at the rate determined in section 279.03, subdivision 1a. The interest rate is subject to change each year on the unpaid balance in the manner provided for rate changes in section ~~549.09 or~~ 279.03, subdivision 1a; ~~whichever is applicable.~~ Interest on the unpaid contract balance on repurchases approved before July 1, 1982, is payable at the rate applicable to the repurchase contract at the time that it was approved.

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

Sec. 54. Minnesota Statutes 2012, section 282.261, subdivision 4, is amended to read:

Subd. 4. **Service fee.** The county auditor may collect a service fee to cover administrative costs as set by the county board for each repurchase application ~~received after July 1, 1985.~~ The fee must be paid at the time of application and must be credited to the county general revenue fund.

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

Sec. 55. Minnesota Statutes 2012, section 282.261, subdivision 5, is amended to read:

Subd. 5. **County may impose conditions of repurchase.** The county auditor, after receiving county board approval, may impose conditions on repurchase of tax-forfeited lands limiting the use of the parcel subject to the repurchase, including, but not limited to, environmental remediation action plan restrictions or covenants, or easements for lines or equipment for telephone, ~~telegraph,~~ electric power, or telecommunications.

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

Sec. 56. Minnesota Statutes 2012, section 282.322, is amended to read:

282.322 FORFEITED LANDS LIST.

The county board of any county may ~~at any time after the passage of Laws 1945, chapter 296,~~ file a list of forfeited lands with the county auditor, if the board is of the opinion that such lands may be acquired by the state or any municipal subdivision thereof for public purposes. Upon the filing of such list the county auditor shall withhold said lands from repurchase. If no proceeding shall be started to acquire such lands by the state or some municipal subdivision thereof within one year after the filing of such list the county board shall withdraw said list and thereafter the owner shall have one year in which to repurchase ~~as otherwise provided in Laws 1945, chapter 296.~~

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

Sec. 57. Minnesota Statutes 2012, section 287.30, is amended to read:

287.30 COUNTY TREASURER; DUTIES.

~~The care of documentary stamps entrusted to county treasurers and~~ the duties imposed upon county treasurers by this chapter are within the duties of such office and are within the coverage of any official bond delivered to the state, conditioned that any such officer shall faithfully execute the duties of office. The county board may by resolution require the county auditor to perform any duty imposed on the county treasurer under this chapter.

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

Sec. 58. Minnesota Statutes 2012, section 289A.25, subdivision 1, is amended to read:

Subdivision 1. **Requirements to pay.** An individual, trust, S corporation, or partnership must, when prescribed in subdivision 3, paragraph (b), make payments of estimated tax. For individuals, the term "estimated tax" means the amount the taxpayer estimates is the sum of the taxes imposed by chapter 290 for the taxable year. For trusts, S corporations, and partnerships, the term estimated tax means the amount the taxpayer estimates is the sum of the taxes for the taxable year imposed by chapter 290 and the composite income tax imposed by section 289A.08, subdivision 7. If the individual is an infant or incompetent person, the payments must be made by the individual's guardian. If joint payments on estimated tax are made but a joint return is not made for the taxable year, the estimated tax for that year may be treated as the estimated tax of either the husband or the wife or may be divided between them.

~~Notwithstanding the provisions of this section, no payments of estimated tax are required if the estimated tax, as defined in this subdivision, less the credits allowed against the tax, is less than \$500.~~

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

Sec. 59. Minnesota Statutes 2012, section 290.01, subdivision 5, is amended to read:

Subd. 5. **Domestic corporation.** The term "domestic" when applied to a corporation means a corporation:

(1) created or organized in the United States, or under the laws of the United States or of any state, the District of Columbia, or any political subdivision of any of the foregoing but not including the Commonwealth of Puerto Rico, or any possession of the United States; or

(2) which qualifies as a DISC, as defined in section 992(a) of the Internal Revenue Code; ~~or~~

(3) which qualifies as a FSC, as defined in section 922 of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2013.

Sec. 60. Minnesota Statutes 2013 Supplement, section 290.01, subdivision 19d, is amended to read:

Subd. 19d. **Corporations; modifications decreasing federal taxable income.** For corporations, there shall be subtracted from federal taxable income after the increases provided in subdivision 19c:

(1) the amount of foreign dividend gross-up added to gross income for federal income tax purposes under section 78 of the Internal Revenue Code;

(2) the amount of salary expense not allowed for federal income tax purposes due to claiming the work opportunity credit under section 51 of the Internal Revenue Code;

(3) any dividend (not including any distribution in liquidation) paid within the taxable year by a national or state bank to the United States, or to any instrumentality of the United States exempt from federal income taxes, on the preferred stock of the bank owned by the United States or the instrumentality;

~~(4) amounts disallowed for intangible drilling costs due to differences between this chapter and the Internal Revenue Code in taxable years beginning before January 1, 1987, as follows:~~

~~(i) to the extent the disallowed costs are represented by physical property, an amount equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09, subdivision 7, subject to the modifications contained in subdivision 19c; and~~

~~(ii) to the extent the disallowed costs are not represented by physical property, an amount equal to the allowance for cost depletion under Minnesota Statutes 1986, section 290.09, subdivision 8;~~

~~(5)~~ (4) the deduction for capital losses pursuant to sections 1211 and 1212 of the Internal Revenue Code, except that:

(i) for capital losses incurred in taxable years beginning after December 31, 1986, capital loss carrybacks shall not be allowed;

(ii) for capital losses incurred in taxable years beginning after December 31, 1986, a capital loss carryover to each of the 15 taxable years succeeding the loss year shall be allowed;

(iii) for capital losses incurred in taxable years beginning before January 1, 1987, a capital loss carryback to each of the three taxable years preceding the loss year, subject to the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed; and

(iv) for capital losses incurred in taxable years beginning before January 1, 1987, a capital loss carryover to each of the five taxable years succeeding the loss year to the extent such loss was not used in a prior taxable year and subject to the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed;

~~(6)~~ (5) an amount for interest and expenses relating to income not taxable for federal income tax purposes, if (i) the income is taxable under this chapter and (ii) the interest and expenses were disallowed as deductions under the provisions of section 171(a)(2), 265 or 291 of the Internal Revenue Code in computing federal taxable income;

~~(7)~~ (6) in the case of mines, oil and gas wells, other natural deposits, and timber for which percentage depletion was disallowed pursuant to subdivision 19c, clause (8), a reasonable allowance for depletion based on actual cost. In the case of leases the deduction must be apportioned between the lessor and lessee in accordance with rules prescribed by the commissioner. In the case of property held in trust, the allowable deduction must be apportioned between the income beneficiaries and the trustee in accordance with the pertinent provisions of the trust, or if there is no provision in the instrument, on the basis of the trust's income allocable to each;

~~(8)~~ (7) for certified pollution control facilities placed in service in a taxable year beginning before December 31, 1986, and for which amortization deductions were elected under section 169 of the Internal Revenue Code of 1954, as amended through December 31, 1985, an amount equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09, subdivision 7;

~~(9)~~ (8) amounts included in federal taxable income that are due to refunds of income, excise, or franchise taxes based on net income or related minimum taxes paid by the corporation to Minnesota, another state, a political subdivision of another state, the District of Columbia, or a foreign country or possession of the United States to the extent that the taxes were added to federal taxable income under subdivision 19c, clause (1), in a prior taxable year;

~~(10)~~ (9) income or gains from the business of mining as defined in section 290.05, subdivision 1, clause (a), that are not subject to Minnesota franchise tax;

~~(11)~~ (10) the amount of disability access expenditures in the taxable year which are not allowed to be deducted or capitalized under section 44(d)(7) of the Internal Revenue Code;

~~(12)~~ (11) the amount of qualified research expenses not allowed for federal income tax purposes under section 280C(c) of the Internal Revenue Code, but only to the extent that the amount exceeds the amount of the credit allowed under section 290.068;

~~(13)~~ (12) the amount of salary expenses not allowed for federal income tax purposes due to claiming the Indian employment credit under section 45A(a) of the Internal Revenue Code;

~~(14)~~ (13) any decrease in subpart F income, as defined in section 952(a) of the Internal Revenue Code, for the taxable year when subpart F income is calculated without regard to the provisions of Division C, title III, section 303(b) of Public Law 110-343;

~~(15)~~ (14) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19c, clause (12), an amount equal to one-fifth of the delayed depreciation. For purposes of this clause, "delayed depreciation" means the amount of the addition made by the taxpayer under subdivision 19c, clause (12). The resulting delayed depreciation cannot be less than zero;

~~(16)~~ (15) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19c, clause (13), an amount equal to one-fifth of the amount of the addition;

~~(17)~~ (16) to the extent included in federal taxable income, discharge of indebtedness income resulting from reacquisition of business indebtedness included in federal taxable income under section 108(i) of the Internal Revenue Code. This subtraction applies only to the extent that the income was included in net income in a prior year as a result of the addition under subdivision 19c, clause (16); and

~~(18)~~ (17) the amount of expenses not allowed for federal income tax purposes due to claiming the railroad track maintenance credit under section 45G(a) of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2013.

Sec. 61. Minnesota Statutes 2012, section 290.01, subdivision 19f, is amended to read:

Subd. 19f. **Basis modifications affecting gain or loss on disposition of property.** (a) For individuals, estates, and trusts, the basis of property is its adjusted basis for federal income tax purposes except as set forth in paragraphs (e) and (f), ~~(g)~~, and ~~(m)~~. For corporations, the basis of property is its adjusted basis for federal income tax purposes, without regard to the time when the property became subject to tax under this chapter or to whether out-of-state losses or items of tax preference with respect to the property were not deductible under this chapter, except that the modifications to the basis for federal income tax purposes set forth in paragraphs (b) to ~~(j)~~ (i) are allowed to corporations, and the resulting modifications to federal taxable income must be made in the year in which gain or loss on the sale or other disposition of property is recognized.

(b) The basis of property shall not be reduced to reflect federal investment tax credit.

~~(c) The basis of property subject to the accelerated cost recovery system under section 168 of the Internal Revenue Code shall be modified to reflect the modifications in depreciation with respect to the property provided for in subdivision 19e. For certified pollution control facilities for which amortization deductions were elected under section 169 of the Internal Revenue Code of 1954, the basis of the property must be increased by the amount of the amortization deduction not previously allowed under this chapter.~~

~~(d)~~ For property acquired before January 1, 1933, the basis for computing a gain is the fair market value of the property as of that date. The basis for determining a loss is the cost of the property to the taxpayer less any depreciation, amortization, or depletion, actually sustained before that date. If the adjusted cost exceeds the fair market value of the property, then the basis is the adjusted cost regardless of whether there is a gain or loss.

~~(e)~~ (d) The basis is reduced by the allowance for amortization of bond premium if an election to amortize was made pursuant to Minnesota Statutes 1986, section 290.09, subdivision 13, and the allowance could have been deducted by the taxpayer under this chapter during the period of the taxpayer's ownership of the property.

~~(f)~~ (e) For assets placed in service before January 1, 1987, corporations, partnerships, or individuals engaged in the business of mining ores other than iron ore or taconite concentrates subject to the occupation tax under chapter 298 must use the occupation tax basis of property used in that business.

~~(g)~~ (f) For assets placed in service before January 1, 1990, corporations, partnerships, or individuals engaged in the business of mining iron ore or taconite concentrates subject to the occupation tax under chapter 298 must use the occupation tax basis of property used in that business.

~~(h)~~ (g) In applying the provisions of sections 301(c)(3)(B), 312(f) and (g), and 316(a)(1) of the Internal Revenue Code, the dates December 31, 1932, and January 1, 1933, shall be substituted for February 28, 1913, and March 1, 1913, respectively.

~~(i)~~ (h) In applying the provisions of section 362(a) and (c) of the Internal Revenue Code, the date December 31, 1956, shall be substituted for June 22, 1954.

~~(j)~~ (i) The basis of property shall be increased by the amount of intangible drilling costs not previously allowed due to differences between this chapter and the Internal Revenue Code.

~~(k)~~ (j) The adjusted basis of any corporate partner's interest in a partnership is the same as the adjusted basis for federal income tax purposes modified as required to reflect the basis modifications set forth in paragraphs (b) to ~~(j)~~ (i). The adjusted basis of a partnership in which the partner is an individual, estate, or trust is the same as the adjusted basis for federal income tax purposes modified as required to reflect the basis modifications set forth in paragraphs (e) and (f) ~~and (g)~~.

~~(l)~~ (k) The modifications contained in paragraphs (b) to ~~(j)~~ (i) also apply to the basis of property that is determined by reference to the basis of the same property in the hands of a different taxpayer or by reference to the basis of different property.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2013.

Sec. 62. Minnesota Statutes 2012, section 290.01, subdivision 29, is amended to read:

Subd. 29. **Taxable income.** The term "taxable income" means:

- (1) for individuals, estates, and trusts, the same as taxable net income;
- (2) for corporations, the taxable net income less
 - (i) the net operating loss deduction under section 290.095;
 - (ii) the dividends received deduction under section 290.21, subdivision 4; and
 - (iii) the exemption for operating in a job opportunity building zone under section 469.317; and
 - (iv) ~~the exemption for operating in a biotechnology and health sciences industry zone under section 469.337.~~

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

Sec. 63. Minnesota Statutes 2012, section 290.015, subdivision 1, is amended to read:

Subdivision 1. **General rule.** (a) Except as provided in subdivision 3, a person that conducts a trade or business that has a place of business in this state, regularly has employees or independent contractors conducting business activities on its behalf in this state, or owns or leases real property that is located in this state or tangible personal property, including but not limited to mobile property, that is present in this state is subject to the taxes imposed by this chapter.

(b) Except as provided in subdivision 3, a person that conducts a trade or business not described in paragraph (a) is subject to the taxes imposed by this chapter if the trade or business obtains or regularly solicits business from within this state, without regard to physical presence in this state.

(c) For purposes of paragraph (b), business from within this state includes, but is not limited to:

- (1) sales of products or services of any kind or nature to customers in this state who receive the product or service in this state;
- (2) sales of services which are performed from outside this state but the services are received in this state;
- (3) transactions with customers in this state that involve intangible property and result in receipts attributed to this state as provided in section 290.191, subdivision 5 or 6;

(4) leases of tangible personal property that is located in this state as defined in section 290.191, subdivision 5, paragraph (g), or 6, paragraph (e); and

(5) sales and leases of real property located in this state.

(d) For purposes of paragraph (b), solicitation includes, but is not limited to:

(1) the distribution, by mail or otherwise, without regard to the state from which such distribution originated or in which the materials were prepared, of catalogs, periodicals, advertising flyers, or other written solicitations of business to customers in this state;

(2) display of advertisements on billboards or other outdoor advertising in this state;

(3) advertisements in newspapers published in this state;

(4) advertisements in trade journals or other periodicals, the circulation of which is primarily within this state;

(5) advertisements in a Minnesota edition of a national or regional publication or a limited regional edition of which this state is included of a broader regional or national publication which are not placed in other geographically defined editions of the same issue of the same publication;

(6) advertisements in regional or national publications in an edition which is not by its contents geographically targeted to Minnesota, but which is sold over the counter in Minnesota or by subscription to Minnesota residents;

(7) advertisements broadcast on a radio or television station located in Minnesota; or

(8) any other solicitation by ~~telegraph~~, telephone, computer database, cable, optic, microwave, or other communication system.

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

Sec. 64. Minnesota Statutes 2012, section 290.07, subdivision 1, is amended to read:

Subdivision 1. **Annual accounting period.** Net income and taxable net income shall be computed upon the basis of the taxpayer's annual accounting period. If a taxpayer has no annual accounting period, or has one other than a fiscal year, ~~as heretofore defined~~, the net income and taxable net income shall be computed on the basis of the calendar year. Taxpayers shall employ the same accounting period on which they report, or would be required to report, their net income under the Internal Revenue Code. The commissioner shall provide by rule for the determination of the accounting period for taxpayers who file a combined report under section 290.17, subdivision 4, when members of the group use different accounting periods for federal income tax purposes. ~~Unless the taxpayer changes its accounting period for federal purposes, the due date of the return is not changed.~~

~~A taxpayer may change accounting periods only with the consent of the commissioner. In case of any such change, the taxpayer shall pay a tax for the period not included in either the taxpayer's former or newly adopted taxable year, computed as provided in section 290.32.~~

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2013.

Sec. 65. Minnesota Statutes 2012, section 290.07, subdivision 2, is amended to read:

Subd. 2. **Accounting methods.** Except as specifically provided to the contrary by this chapter, net income and taxable net income shall be computed in accordance with the method of accounting regularly employed in keeping the taxpayer's books. If no such accounting system has been regularly employed, or if that employed does not clearly or fairly reflect income or the income taxable under this chapter, the computation shall be made in accordance with such method as in the opinion of the commissioner does clearly and fairly reflect income and the income taxable under this chapter.

~~Except as otherwise expressly provided in this chapter, a taxpayer who changes the method of accounting for regularly computing the taxpayer's income in keeping books shall, before computing net income and taxable net income under the new method, secure the consent of the commissioner.~~

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2013.

Sec. 66. Minnesota Statutes 2013 Supplement, section 290.0921, subdivision 3, is amended to read:

Subd. 3. **Alternative minimum taxable income.** "Alternative minimum taxable income" is Minnesota net income as defined in section 290.01, subdivision 19, and includes the adjustments and tax preference items in sections 56, 57, 58, and 59(d), (e), (f), and (h) of the Internal Revenue Code. If a corporation files a separate company Minnesota tax return, the minimum tax must be computed on a separate company basis. If a corporation is part of a tax group filing a unitary return, the minimum tax must be computed on a unitary basis. The following adjustments must be made.

~~(1) For purposes of the depreciation adjustments under section 56(a)(1) and 56(g)(4)(A) of the Internal Revenue Code, the basis for depreciable property placed in service in a taxable year beginning before January 1, 1990, is the adjusted basis for federal income tax purposes, including any modification made in a taxable year under section 290.01, subdivision 19e, or Minnesota Statutes 1986, section 290.09, subdivision 7, paragraph (c):~~

~~For taxable years beginning after December 31, 2000, the amount of any remaining modification made under section 290.01, subdivision 19e, or Minnesota Statutes 1986, section 290.09, subdivision 7, paragraph (c), not previously deducted is a depreciation allowance in the first taxable year after December 31, 2000.~~

~~(2) (1) The portion of the depreciation deduction allowed for federal income tax purposes under section 168(k) of the Internal Revenue Code that is required as an addition under section 290.01, subdivision 19c, clause (12), is disallowed in determining alternative minimum taxable income.~~

~~(3) (2) The subtraction for depreciation allowed under section 290.01, subdivision 19d, clause (14), is allowed as a depreciation deduction in determining alternative minimum taxable income.~~

~~(4) (3) The alternative tax net operating loss deduction under sections 56(a)(4) and 56(d) of the Internal Revenue Code does not apply.~~

~~(5) (4) The special rule for certain dividends under section 56(g)(4)(C)(ii) of the Internal Revenue Code does not apply.~~

~~(6) (5) The tax preference for depletion under section 57(a)(1) of the Internal Revenue Code does not apply.~~

~~(7) The tax preference for intangible drilling costs under section 57(a)(2) of the Internal Revenue Code must be calculated without regard to subparagraph (E) and the subtraction under section 290.01, subdivision 19d, clause (4).~~

~~(8) (6) The tax preference for tax exempt interest under section 57(a)(5) of the Internal Revenue Code does not apply.~~

~~(9) (7) The tax preference for charitable contributions of appreciated property under section 57(a)(6) of the Internal Revenue Code does not apply.~~

~~(10) For purposes of calculating the tax preference for accelerated depreciation or amortization on certain property placed in service before January 1, 1987, under section 57(a)(7) of the Internal Revenue Code, the deduction allowable for the taxable year is the deduction allowed under section 290.01, subdivision 19e.~~

~~For taxable years beginning after December 31, 2000, the amount of any remaining modification made under section 290.01, subdivision 19e, not previously deducted is a depreciation or amortization allowance in the first taxable year after December 31, 2004.~~

~~(11) (8) For purposes of calculating the adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code, the term "alternative minimum taxable income" as it is used in section 56(g) of the Internal Revenue Code, means alternative minimum taxable income as defined in this subdivision, determined without regard to the adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code.~~

~~(12) (9) For purposes of determining the amount of adjusted current earnings under section 56(g)(3) of the Internal Revenue Code, no adjustment shall be made under section 56(g)(4) of the Internal Revenue Code with respect to (i) the amount of foreign dividend gross-up subtracted as provided in section 290.01, subdivision 19d, clause (1), or (ii) the amount of refunds of income, excise, or franchise taxes subtracted as provided in section 290.01, subdivision 19d, clause (9).~~

~~(13) (10) Alternative minimum taxable income excludes the income from operating in a job opportunity building zone as provided under section 469.317.~~

~~(14) Alternative minimum taxable income excludes the income from operating in a biotechnology and health sciences industry zone as provided under section 469.337.~~

Items of tax preference must not be reduced below zero as a result of the modifications in this subdivision.

EFFECTIVE DATE. The amendments striking clauses (1), (7), and (10), and the renumbering of clauses are effective for taxable years beginning after December 31, 2013. The amendment striking clause (14) is effective for taxable years beginning after December 31, 2015.

Sec. 67. Minnesota Statutes 2012, section 290.0922, subdivision 3, is amended to read:

Subd. 3. **Definitions.** (a) "Minnesota sales or receipts" means the total sales apportioned to Minnesota pursuant to section 290.191, subdivision 5, the total receipts attributed to Minnesota pursuant to section 290.191, subdivisions 6 to 8, and/or the total sales or receipts apportioned or attributed to Minnesota pursuant to any other apportionment formula applicable to the taxpayer.

(b) "Minnesota property" means total Minnesota tangible property as provided in section 290.191, subdivisions 9 to 11, any other tangible property located in Minnesota, but does not

include: ~~(1) the property of a qualified business as defined under section 469.310, subdivision 11, that is located in a job opportunity building zone designated under section 469.314 and (2) property of a qualified business located in a biotechnology and health sciences industry zone designated under section 469.334.~~ Intangible property shall not be included in Minnesota property for purposes of this section. Taxpayers who do not utilize tangible property to apportion income shall nevertheless include Minnesota property for purposes of this section. On a return for a short taxable year, the amount of Minnesota property owned, as determined under section 290.191, shall be included in Minnesota property based on a fraction in which the numerator is the number of days in the short taxable year and the denominator is 365.

(c) "Minnesota payrolls" means total Minnesota payrolls as provided in section 290.191, subdivision 12, but does not include: ~~(1) the job opportunity building zone payroll under section 469.310, subdivision 8, of a qualified business as defined under section 469.310, subdivision 11, and (2) biotechnology and health sciences industry zone payrolls under section 469.330, subdivision 8.~~ Taxpayers who do not utilize payrolls to apportion income shall nevertheless include Minnesota payrolls for purposes of this section.

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

Sec. 68. Minnesota Statutes 2012, section 290.095, subdivision 3, is amended to read:

Subd. 3. **Carryover.** (a) A net operating loss incurred ~~in a~~ during the taxable year: ~~(i) beginning after December 31, 1986, shall be a net operating loss carryover to each of the 15 taxable years following the taxable year of such loss; (ii) beginning before January 1, 1987, shall be a net operating loss carryover to each of the five taxable years following the taxable year of such loss subject to the provisions of Minnesota Statutes 1986, section 290.095; and (iii) beginning before January 1, 1987, shall be a net operating loss carryback to each of the three taxable years preceding the loss year subject to the provisions of Minnesota Statutes 1986, section 290.095.~~

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

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

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

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2013.

Sec. 69. Minnesota Statutes 2013 Supplement, section 290.191, subdivision 5, is amended to read:

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

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

(1) interest;

(2) dividends;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) Sales of intangible property are made within the state in which the property is used by the purchaser. If the property is used in more than one state, the sales must be apportioned to this state pro rata according to the portion of use in this state. If the portion of use in this state cannot be determined, the sale must be excluded from both the numerator and the denominator of the sales factor. Intangible property is used in this state if the purchaser used the intangible property in the regular course of its business operations in this state.

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

(k) For the purposes of this subdivision and subdivision 6, paragraph (l), receipts from management, distribution, or administrative services performed by a corporation or trust for a fund of a corporation or trust regulated under United States Code, title 15, sections 80a-1 through 80a-64, must be attributed to the state where the shareholder of the fund resides. Under this paragraph, receipts for services attributed to shareholders are determined on the basis of the ratio of: (1) the average of the outstanding shares in the fund owned by shareholders residing within Minnesota at the beginning and end of each year; and (2) the average of the total number of outstanding shares in the fund at the beginning and end of each year. Residence of the shareholder, in the case of an individual, is determined by the mailing address furnished by the shareholder to the fund. Residence of the shareholder, when the shares are held by an insurance company as a depositor for the insurance company policyholders, is the mailing address of the policyholders. In the case of an insurance company holding the shares as a depositor for the insurance company policyholders, if

the mailing address of the policyholders cannot be determined by the taxpayer, the receipts must be excluded from both the numerator and denominator. Residence of other shareholders is the mailing address of the shareholder.

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

Sec. 70. Minnesota Statutes 2012, section 290.9728, subdivision 2, is amended to read:

Subd. 2. **Taxable income.** For purposes of this section, taxable income means the lesser of:

(1) the amount of the net capital gain of the S corporation for the taxable year, as determined under sections 1222 and 1374 of the Internal Revenue Code, and subject to the modifications provided in section 290.01, ~~subdivisions 19e and~~ subdivision 19f, in excess of \$25,000 that is allocable to this state under section 290.17, 290.191, or 290.20; or

(2) the amount of the S corporation's federal taxable income, subject to the provisions of section 290.01, subdivisions 19c to 19f, that is allocable to this state under section 290.17, 290.191, or 290.20.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2013.

Sec. 71. Minnesota Statutes 2013 Supplement, section 297A.61, subdivision 3, as amended by Laws 2014, chapter 150, article 2, section 1, is amended to read:

Subd. 3. **Sale and purchase.** (a) "Sale" and "purchase" include, but are not limited to, each of the transactions listed in this subdivision. In applying the provisions of this chapter, the terms "tangible personal property" and "retail sale" include the taxable services listed in paragraph (g), clause (6), items (i) to (vi) and (viii), and the provision of these taxable services, unless specifically provided otherwise. Services performed by an employee for an employer are not taxable. Services performed by a partnership or association for another partnership or association are not taxable if one of the entities owns or controls more than 80 percent of the voting power of the equity interest in the other entity. Services performed between members of an affiliated group of corporations are not taxable. For purposes of the preceding sentence, "affiliated group of corporations" means those entities that would be classified as members of an affiliated group as defined under United States Code, title 26, section 1504, disregarding the exclusions in section 1504(b).

(b) Sale and purchase include:

(1) any transfer of title or possession, or both, of tangible personal property, whether absolutely or conditionally, for a consideration in money or by exchange or barter; and

(2) the leasing of or the granting of a license to use or consume, for a consideration in money or by exchange or barter, tangible personal property, other than a manufactured home used for residential purposes for a continuous period of 30 days or more.

(c) Sale and purchase include the production, fabrication, printing, or processing of tangible personal property for a consideration for consumers who furnish either directly or indirectly the materials used in the production, fabrication, printing, or processing.

(d) Sale and purchase include the preparing for a consideration of food. Notwithstanding section 297A.67, subdivision 2, taxable food includes, but is not limited to, the following:

- (1) prepared food sold by the retailer;
- (2) soft drinks;
- (3) candy;
- (4) dietary supplements; and
- (5) all food sold through vending machines.

(e) A sale and a purchase includes the furnishing for a consideration of electricity, gas, water, or steam for use or consumption within this state.

(f) A sale and a purchase includes the transfer for a consideration of prewritten computer software whether delivered electronically, by load and leave, or otherwise.

(g) A sale and a purchase includes the furnishing for a consideration of the following services:

(1) the privilege of admission to places of amusement, recreational areas, or athletic events, and the making available of amusement devices, tanning facilities, reducing salons, steam baths, ~~Turkish baths~~, health clubs, and spas or athletic facilities;

(2) lodging and related services by a hotel, rooming house, resort, campground, motel, or trailer camp, including furnishing the guest of the facility with access to telecommunication services, and the granting of any similar license to use real property in a specific facility, other than the renting or leasing of it for a continuous period of 30 days or more under an enforceable written agreement that may not be terminated without prior notice and including accommodations intermediary services provided in connection with other services provided under this clause;

(3) nonresidential parking services, whether on a contractual, hourly, or other periodic basis, except for parking at a meter;

(4) the granting of membership in a club, association, or other organization if:

(i) the club, association, or other organization makes available for the use of its members sports and athletic facilities, without regard to whether a separate charge is assessed for use of the facilities; and

(ii) use of the sports and athletic facility is not made available to the general public on the same basis as it is made available to members.

Granting of membership means both onetime initiation fees and periodic membership dues. Sports and athletic facilities include golf courses; tennis, racquetball, handball, and squash courts; basketball and volleyball facilities; running tracks; exercise equipment; swimming pools; and other similar athletic or sports facilities;

(5) delivery of aggregate materials by a third party, excluding delivery of aggregate material used in road construction; and delivery of concrete block by a third party if the delivery would be subject to the sales tax if provided by the seller of the concrete block. For purposes of this clause, "road construction" means construction of:

- (i) public roads;
- (ii) cartways; and

(iii) private roads in townships located outside of the seven-county metropolitan area up to the point of the emergency response location sign; and

(6) services as provided in this clause:

(i) laundry and dry cleaning services including cleaning, pressing, repairing, altering, and storing clothes, linen services and supply, cleaning and blocking hats, and carpet, drapery, upholstery, and industrial cleaning. Laundry and dry cleaning services do not include services provided by coin operated facilities operated by the customer;

(ii) motor vehicle washing, waxing, and cleaning services, including services provided by coin operated facilities operated by the customer, and rustproofing, undercoating, and towing of motor vehicles;

(iii) building and residential cleaning, maintenance, and disinfecting services and pest control and exterminating services;

(iv) detective, security, burglar, fire alarm, and armored car services; but not including services performed within the jurisdiction they serve by off-duty licensed peace officers as defined in section 626.84, subdivision 1, or services provided by a nonprofit organization or any organization at the direction of a county for monitoring and electronic surveillance of persons placed on in-home detention pursuant to court order or under the direction of the Minnesota Department of Corrections;

(v) pet grooming services;

(vi) lawn care, fertilizing, mowing, spraying and sprigging services; garden planting and maintenance; tree, bush, and shrub pruning, bracing, spraying, and surgery; indoor plant care; tree, bush, shrub, and stump removal, except when performed as part of a land clearing contract as defined in section 297A.68, subdivision 40; and tree trimming for public utility lines. Services performed under a construction contract for the installation of shrubbery, plants, sod, trees, bushes, and similar items are not taxable;

(vii) massages, except when provided by a licensed health care facility or professional or upon written referral from a licensed health care facility or professional for treatment of illness, injury, or disease; and

(viii) the furnishing of lodging, board, and care services for animals in kennels and other similar arrangements, but excluding veterinary and horse boarding services.

(h) A sale and a purchase includes the furnishing for a consideration of tangible personal property or taxable services by the United States or any of its agencies or instrumentalities, or the state of Minnesota, its agencies, instrumentalities, or political subdivisions.

(i) A sale and a purchase includes the furnishing for a consideration of telecommunications services, ancillary services associated with telecommunication services, and pay television services. Telecommunication services include, but are not limited to, the following services, as defined in section 297A.669: air-to-ground radiotelephone service, mobile telecommunication service, postpaid calling service, prepaid calling service, prepaid wireless calling service, and private communication services. The services in this paragraph are taxed to the extent allowed under federal law.

(j) A sale and a purchase includes the furnishing for a consideration of installation if the installation charges would be subject to the sales tax if the installation were provided by the seller of the item being installed.

(k) A sale and a purchase includes the rental of a vehicle by a motor vehicle dealer to a customer when (1) the vehicle is rented by the customer for a consideration, or (2) the motor vehicle dealer is reimbursed pursuant to a service contract as defined in section 59B.02, subdivision 11.

(l) A sale and a purchase includes furnishing for a consideration of specified digital products or other digital products or granting the right for a consideration to use specified digital products or other digital products on a temporary or permanent basis and regardless of whether the purchaser is required to make continued payments for such right. Wherever the term "tangible personal property" is used in this chapter, other than in subdivisions 10 and 38, the provisions also apply to specified digital products, or other digital products, unless specifically provided otherwise or the context indicates otherwise.

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

Sec. 72. Minnesota Statutes 2012, section 297A.70, subdivision 10, is amended to read:

Subd. 10. **Nonprofit tickets or admissions.** (a) Tickets or admissions to an event are exempt if all the gross receipts are recorded as such, in accordance with generally accepted accounting principles, on the books of one or more organizations whose primary mission is to provide an opportunity for citizens of the state to participate in the creation, performance, or appreciation of the arts, and provided that each organization is:

(1) an organization described in section 501(c)(3) of the Internal Revenue Code in which voluntary contributions make up at least ~~the following~~ five percent of the organization's annual revenue in its most recently completed 12-month fiscal year, or in the current year if the organization has not completed a 12-month fiscal year;

(i) ~~for sales made after July 31, 2001, and before July 1, 2002, for the organization's fiscal year completed in calendar year 2000, three percent;~~

(ii) ~~for sales made on or after July 1, 2002, and on or before June 30, 2003, for the organization's fiscal year completed in calendar year 2001, three percent;~~

(iii) ~~for sales made on or after July 1, 2003, and on or before June 30, 2004, for the organization's fiscal year completed in calendar year 2002, four percent; and~~

(iv) ~~for sales made in each 12-month period, beginning on July 1, 2004, and each subsequent year, for the organization's fiscal year completed in the preceding calendar year, five percent;~~

(2) a municipal board that promotes cultural and arts activities; or

(3) the University of Minnesota, a state college and university, or a private nonprofit college or university provided that the event is held at a facility owned by the educational institution holding the event.

The exemption only applies if the entire proceeds, after reasonable expenses, are used solely to provide opportunities for citizens of the state to participate in the creation, performance, or appreciation of the arts.

(b) Tickets or admissions to the premises of the Minnesota Zoological Garden are exempt, provided that the exemption under this paragraph does not apply to tickets or admissions to performances or events held on the premises unless the performance or event is sponsored and conducted exclusively by the Minnesota Zoological Board or employees of the Minnesota Zoological Garden.

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

Sec. 73. Minnesota Statutes 2013 Supplement, section 297A.75, subdivision 1, is amended to read:

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

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

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

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

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

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

~~(6) building materials for the Long Lake Conservation Center exempt under section 297A.71, subdivision 17;~~

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

~~(8) (7)~~ materials, supplies, and equipment for municipal electric utility facilities under section 297A.71, subdivision 35;

~~(9) (8)~~ equipment and materials used for the generation, transmission, and distribution of electrical energy and an aerial camera package exempt under section 297A.68, subdivision 37;

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

~~(11) (10)~~ materials, supplies, and equipment for construction or improvement of projects and facilities under section 297A.71, subdivision 40;

~~(12) (11)~~ materials, supplies, and equipment for construction or improvement of a meat processing facility exempt under section 297A.71, subdivision 41;

~~(13) (12)~~ materials, supplies, and equipment for construction, improvement, or expansion of:

(i) an aerospace defense manufacturing facility exempt under section 297A.71, subdivision 42;

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

(iii) a research and development facility exempt under section 297A.71, subdivision 46; and

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

~~(14)~~ (13) enterprise information technology equipment and computer software for use in a qualified data center exempt under section 297A.68, subdivision 42;

~~(15)~~ (14) materials, supplies, and equipment for qualifying capital projects under section 297A.71, subdivision 44;

~~(16)~~ (15) items purchased for use in providing critical access dental services exempt under section 297A.70, subdivision 7, paragraph (c); and

~~(17)~~ (16) items and services purchased under a business subsidy agreement for use or consumption primarily in greater Minnesota exempt under section 297A.68, subdivision 44.

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

Sec. 74. Minnesota Statutes 2013 Supplement, section 297A.75, subdivision 2, is amended to read:

Subd. 2. **Refund; eligible persons.** Upon application on forms prescribed by the commissioner, a refund equal to the tax paid on the gross receipts of the exempt items must be paid to the applicant. Only the following persons may apply for the refund:

(1) for subdivision 1, clauses (1), (2), and ~~(16)~~ (15), the applicant must be the purchaser;

(2) for subdivision 1, clauses clause (3) and ~~(6)~~, the applicant must be the governmental subdivision;

(3) for subdivision 1, clause (4), the applicant must be the recipient of the benefits provided in United States Code, title 38, chapter 21;

(4) for subdivision 1, clause (5), the applicant must be the owner of the homestead property;

(5) for subdivision 1, clause ~~(7)~~ (6), the owner of the qualified low-income housing project;

(6) for subdivision 1, clause ~~(8)~~ (7), the applicant must be a municipal electric utility or a joint venture of municipal electric utilities;

(7) for subdivision 1, clauses ~~(9), (12), (13), (14)~~ (8), (11), (12), (13), and ~~(17)~~ (16), the owner of the qualifying business; and

(8) for subdivision 1, clauses (9), (10), ~~(11)~~, and ~~(15)~~ (14), the applicant must be the governmental entity that owns or contracts for the project or facility.

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

Sec. 75. Minnesota Statutes 2013 Supplement, section 297A.75, subdivision 3, is amended to read:

Subd. 3. **Application.** (a) The application must include sufficient information to permit the commissioner to verify the tax paid. If the tax was paid by a contractor, subcontractor, or builder, under subdivision 1, clauses (3) to ~~(15)~~ (13), or ~~(17)~~ (15), the contractor, subcontractor, or builder

must furnish to the refund applicant a statement including the cost of the exempt items and the taxes paid on the items unless otherwise specifically provided by this subdivision. The provisions of sections 289A.40 and 289A.50 apply to refunds under this section.

(b) An applicant may not file more than two applications per calendar year for refunds for taxes paid on capital equipment exempt under section 297A.68, subdivision 5.

~~(c) Total refunds for purchases of items in section 297A.71, subdivision 40, must not exceed \$5,000,000 in fiscal years 2010 and 2011. Applications for refunds for purchases of items in sections 297A.70, subdivision 3, paragraph (a), clause (11), and 297A.71, subdivision 40, must not be filed until after June 30, 2009.~~

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

Sec. 76. Minnesota Statutes 2012, section 297A.94, is amended to read:

297A.94 DEPOSIT OF REVENUES.

(a) Except as provided in this section, the commissioner shall deposit the revenues, including interest and penalties, derived from the taxes imposed by this chapter in the state treasury and credit them to the general fund.

(b) The commissioner shall deposit taxes in the Minnesota agricultural and economic account in the special revenue fund if:

(1) the taxes are derived from sales and use of property and services purchased for the construction and operation of an agricultural resource project; and

(2) the purchase was made on or after the date on which a conditional commitment was made for a loan guaranty for the project under section 41A.04, subdivision 3.

The commissioner of management and budget shall certify to the commissioner the date on which the project received the conditional commitment. The amount deposited in the loan guaranty account must be reduced by any refunds and by the costs incurred by the Department of Revenue to administer and enforce the assessment and collection of the taxes.

(c) The commissioner shall deposit the revenues, including interest and penalties, derived from the taxes imposed on sales and purchases included in section 297A.61, subdivision 3, paragraph (g), clauses (1) and (4), in the state treasury, and credit them as follows:

(1) first to the general obligation special tax bond debt service account in each fiscal year the amount required by section 16A.661, subdivision 3, paragraph (b); and

(2) after the requirements of clause (1) have been met, the balance to the general fund.

(d) The commissioner shall deposit the revenues, including interest and penalties, collected under section 297A.64, subdivision 5, in the state treasury and credit them to the general fund. By July 15 of each year the commissioner shall transfer to the highway user tax distribution fund an amount equal to the excess fees collected under section 297A.64, subdivision 5, for the previous calendar year.

~~(e) For fiscal year 2001, 97 percent; for fiscal years 2002 and 2003, 87 percent; and For fiscal year 2004 and thereafter, 72.43 percent of the revenues, including interest and penalties, transmitted~~

to the commissioner under section 297A.65, must be deposited by the commissioner in the state treasury as follows:

(1) 50 percent of the receipts must be deposited in the heritage enhancement account in the game and fish fund, and may be spent only on activities that improve, enhance, or protect fish and wildlife resources, including conservation, restoration, and enhancement of land, water, and other natural resources of the state;

(2) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only for state parks and trails;

(3) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only on metropolitan park and trail grants;

(4) three percent of the receipts must be deposited in the natural resources fund, and may be spent only on local trail grants; and

(5) two percent of the receipts must be deposited in the natural resources fund, and may be spent only for the Minnesota Zoological Garden, the Como Park Zoo and Conservatory, and the Duluth Zoo.

(f) The revenue dedicated under paragraph (e) may not be used as a substitute for traditional sources of funding for the purposes specified, but the dedicated revenue shall supplement traditional sources of funding for those purposes. Land acquired with money deposited in the game and fish fund under paragraph (e) must be open to public hunting and fishing during the open season, except that in aquatic management areas or on lands where angling easements have been acquired, fishing may be prohibited during certain times of the year and hunting may be prohibited. At least 87 percent of the money deposited in the game and fish fund for improvement, enhancement, or protection of fish and wildlife resources under paragraph (e) must be allocated for field operations.

(g) The revenues deposited under paragraphs (a) to (f) do not include the revenues, including interest and penalties, generated by the sales tax imposed under section 297A.62, subdivision 1a, which must be deposited as provided under the Minnesota Constitution, article XI, section 15.

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

Sec. 77. Minnesota Statutes 2012, section 297B.09, is amended to read:

297B.09 ALLOCATION OF REVENUE.

Subdivision 1. **Deposit of revenues.** (a) Money collected and received under this chapter must be deposited as provided in this subdivision.

(b) From July 1, 2007, through June 30, 2008, 38.25 percent of the money collected and received must be deposited in the highway user tax distribution fund, 24 percent must be deposited in the metropolitan area transit account under section 16A.88, and 1.5 percent must be deposited in the greater Minnesota transit account under section 16A.88. The remaining money must be deposited in the general fund.

(c) From July 1, 2008, through June 30, 2009, 44.25 percent of the money collected and received must be deposited in the highway user tax distribution fund, 27.75 percent must be deposited in the metropolitan area transit account under section 16A.88, 1.75 percent must be deposited in the greater

Minnesota transit account under section 16A.88, and the remaining money must be deposited in the general fund.

(d) From July 1, 2009, through June 30, 2010, 47.5 percent of the money collected and received must be deposited in the highway user tax distribution fund, 30 percent must be deposited in the metropolitan area transit account under section 16A.88, 3.5 percent must be deposited in the greater Minnesota transit account under section 16A.88, and 16.25 percent must be deposited in the general fund. The remaining amount must be deposited as follows:

(1) 1.5 percent in the metropolitan area transit account, except that any amount in excess of \$6,000,000 must be deposited in the highway user tax distribution fund; and

(2) 1.25 percent in the greater Minnesota transit account, except that any amount in excess of \$5,000,000 must be deposited in the highway user tax distribution fund.

(e) From July 1, 2010, through June 30, 2011, 54.5 percent of the money collected and received must be deposited in the highway user tax distribution fund, 33.75 percent must be deposited in the metropolitan area transit account under section 16A.88, 3.75 percent must be deposited in the greater Minnesota transit account under section 16A.88, and 6.25 percent must be deposited in the general fund. The remaining amount must be deposited as follows:

(1) 1.5 percent in the metropolitan area transit account, except that any amount in excess of \$6,750,000 must be deposited in the highway user tax distribution fund; and

(2) 0.25 percent in the greater Minnesota transit account, except that any amount in excess of \$1,250,000 must be deposited in the highway user tax distribution fund.

(f) On and after July 1, 2011, (b) 60 percent of the money collected and received must be deposited in the highway user tax distribution fund, 36 percent must be deposited in the metropolitan area transit account under section 16A.88, and four percent must be deposited in the greater Minnesota transit account under section 16A.88.

(g) (c) It is the intent of the legislature that the allocations under paragraph (f) (b) remain unchanged for fiscal year 2012 and all subsequent fiscal years.

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

Sec. 78. Minnesota Statutes 2012, section 297F.03, subdivision 2, is amended to read:

Subd. 2. **Form of application.** Every application for a cigarette or tobacco products license shall be made on a form prescribed by the commissioner and shall state the name and address of the applicant; if the applicant is a firm, partnership, or association, the name and address of each of its members; if the applicant is a corporation, the name and address of each of its officers; the address of its principal place of business; the place where the business to be licensed is to be conducted; and any other information the commissioner may require for the administration of this chapter.

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

Sec. 79. Minnesota Statutes 2012, section 297I.05, subdivision 14, is amended to read:

Subd. 14. **Life insurance.** A tax is imposed on life insurance. The rate of tax equals a percentage 1.5 percent of gross premiums less return premiums on all direct business received by the insurer or agents of the insurer in Minnesota for life insurance, in cash or otherwise, during the year. For

premiums received after December 31, 2005, but before January 1, 2007, the rate of tax is 1.875 percent. For premiums received after December 31, 2006, but before January 1, 2008, the rate of tax is 1.75 percent. For premiums received after December 31, 2007, but before January 1, 2009, the rate of tax is 1.625 percent. For premiums received after December 31, 2008, the rate of tax is 1.5 percent.

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

Sec. 80. Minnesota Statutes 2012, section 412.131, is amended to read:

412.131 ASSESSOR; DUTIES, COMPENSATION.

The city assessor, if there is one, shall assess and return as provided by law all property taxable within the city, if a separate assessment district, and the assessor of the town within which the city lies shall not include in the return any property taxable in the city. Any assessor may appoint a deputy assessor as provided in section 273.06. The assessor may be compensated on a full-time or part-time basis at the option of the council but the compensation shall be not less than \$100 in any one year, if fixed on an annual basis, or not more than \$20 per day, if fixed on a per diem basis. If the compensation is not fixed by the council the assessor shall be entitled to compensation at the rate of \$20 per day for each days service necessarily rendered, and mileage at the rate paid other city officers for each mile necessarily traveled in going to and returning from the county seat of the county to attend any meeting of the assessors of the county legally called by the county auditor, and also for each mile necessarily traveled in making the return of assessment to the proper county officer and in attending sectional meetings called by the county assessor, except when mileage is paid by the county. In addition to other compensation, the council may allow the assessor mileage at the same rate per mile as paid other city officers for each mile necessarily traveled in assessment work.

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

Sec. 81. Minnesota Statutes 2013 Supplement, section 423A.022, subdivision 3, is amended to read:

Subd. 3. **Reporting; definitions.** (a) On or before September 1, annually, the executive director of the Public Employees Retirement Association shall report to the commissioner of revenue the following:

(1) the municipalities which employ firefighters with retirement coverage by the public employees police and fire retirement plan;

~~(2) the number of firefighters with public employees police and fire retirement plan coverage employed by each municipality;~~

~~(3) (2) the fire departments covered by the voluntary statewide lump-sum volunteer firefighter retirement plan; and~~

~~(4) (3) any other information requested by the commissioner to administer the police and firefighter retirement supplemental state aid program.~~

~~(b) For this subdivision, (i) the number of firefighters employed by a municipality who have public employees police and fire retirement plan coverage means the number of firefighters with public employees police and fire retirement plan coverage that were employed by the municipality~~

~~for not less than 30 hours per week for a minimum of six months prior to December 31 preceding the date of the payment under this section and, if the person was employed for less than the full year, prorated to the number of full months employed; and (ii) the number of active police officers certified for police state aid receipt under section 69.011, subdivisions 2 and 2b, means, for each municipality, the number of police officers meeting the definition of peace officer in section 69.011, subdivision 1, counted as provided and limited by section 69.011, subdivisions 2 and 2b.~~

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

Sec. 82. Minnesota Statutes 2012, section 469.176, subdivision 1b, is amended to read:

Subd. 1b. **Duration limits; terms.** (a) No tax increment shall in any event be paid to the authority:

(1) after 15 years after receipt by the authority of the first increment for a renewal and renovation district;

(2) after 20 years after receipt by the authority of the first increment for a soils condition district;

(3) after eight years after receipt by the authority of the first increment for an economic development district;

(4) for a housing district, ~~a compact development district,~~ or a redevelopment district, after 25 years from the date of receipt by the authority of the first increment.

(b) For purposes of determining a duration limit under this subdivision or subdivision 1e that is based on the receipt of an increment, any increments from taxes payable in the year in which the district terminates shall be paid to the authority. This paragraph does not affect a duration limit calculated from the date of approval of the tax increment financing plan or based on the recovery of costs or to a duration limit under subdivision 1c. This paragraph does not supersede the restrictions on payment of delinquent taxes in subdivision 1f.

(c) An action by the authority to waive or decline to accept an increment has no effect for purposes of computing a duration limit based on the receipt of increment under this subdivision or any other provision of law. The authority is deemed to have received an increment for any year in which it waived or declined to accept an increment, regardless of whether the increment was paid to the authority.

(d) Receipt by a hazardous substance subdistrict of an increment as a result of a reduction in original net tax capacity under section 469.174, subdivision 7, paragraph (b), does not constitute receipt of increment by the overlying district for the purpose of calculating the duration limit under this section.

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

Sec. 83. Minnesota Statutes 2012, section 469.176, subdivision 3, is amended to read:

Subd. 3. **Limitation on administrative expenses.** (a) For districts for which certification was requested before August 1, 1979, or after June 30, 1982 and before August 1, 2001, no tax increment shall be used to pay any administrative expenses for a project which exceed ten percent of the total estimated tax increment expenditures authorized by the tax increment financing plan or the total tax increment expenditures for the project, whichever is less.

~~(b)~~ For districts for which certification was requested after July 31, 1979, and before July 1, 1982, no tax increment shall be used to pay administrative expenses, as defined in Minnesota Statutes 1980, section 273.73, for a district which exceeds five percent of the total tax increment expenditures authorized by the tax increment financing plan or the total estimated tax increment expenditures for the district, whichever is less.

~~(c)~~ ~~(b)~~ For districts for which certification was requested after July 31, 2001, no tax increment may be used to pay any administrative expenses for a project which exceed ten percent of total estimated tax increment expenditures authorized by the tax increment financing plan or the total tax increments, as defined in section 469.174, subdivision 25, clause (1), from the district, whichever is less.

~~(d)~~ ~~(c)~~ Increments used to pay the county's administrative expenses under subdivision 4h are not subject to the percentage limits in this subdivision.

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

Sec. 84. Minnesota Statutes 2013 Supplement, section 469.1763, subdivision 2, is amended to read:

Subd. 2. Expenditures outside district. (a) For each tax increment financing district, an amount equal to at least 75 percent of the total revenue derived from tax increments paid by properties in the district must be expended on activities in the district or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities in the district or to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other than redevelopment districts for which the request for certification was made after June 30, 1995, the in-district percentage for purposes of the preceding sentence is 80 percent. Not more than 25 percent of the total revenue derived from tax increments paid by properties in the district may be expended, through a development fund or otherwise, on activities outside of the district but within the defined geographic area of the project except to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other than redevelopment districts for which the request for certification was made after June 30, 1995, the pooling percentage for purposes of the preceding sentence is 20 percent. The revenue derived from tax increments for the district that are expended on costs under section 469.176, subdivision 4h, paragraph (b), may be deducted first before calculating the percentages that must be expended within and without the district.

(b) In the case of a housing district, a housing project, as defined in section 469.174, subdivision 11, is an activity in the district.

(c) All administrative expenses are for activities outside of the district, except that if the only expenses for activities outside of the district under this subdivision are for the purposes described in paragraph (d), administrative expenses will be considered as expenditures for activities in the district.

(d) The authority may elect, in the tax increment financing plan for the district, to increase by up to ten percentage points the permitted amount of expenditures for activities located outside the geographic area of the district under paragraph (a). As permitted by section 469.176, subdivision 4k, the expenditures, including the permitted expenditures under paragraph (a), need not be made within the geographic area of the project. Expenditures that meet the requirements of this paragraph are legally permitted expenditures of the district, notwithstanding section 469.176, subdivisions 4b, 4c, and 4j. To qualify for the increase under this paragraph, the expenditures must:

(1) be used exclusively to assist housing that meets the requirement for a qualified low-income building, as that term is used in section 42 of the Internal Revenue Code; and

(2) not exceed the qualified basis of the housing, as defined under section 42(c) of the Internal Revenue Code, less the amount of any credit allowed under section 42 of the Internal Revenue Code; and

(3) be used to:

(i) acquire and prepare the site of the housing;

(ii) acquire, construct, or rehabilitate the housing; or

(iii) make public improvements directly related to the housing; or

(4) be used to develop housing:

(i) if the market value of the housing does not exceed the lesser of:

(A) 150 percent of the average market value of single-family homes in that municipality; or

(B) \$200,000 for municipalities located in the metropolitan area, as defined in section 473.121, or \$125,000 for all other municipalities; and

(ii) if the expenditures are used to pay the cost of site acquisition, relocation, demolition of existing structures, site preparation, and pollution abatement on one or more parcels, if the parcel contains a residence containing one to four family dwelling units that has been vacant for six or more months and is in foreclosure as defined in section 325N.10, subdivision 7, but without regard to whether the residence is the owner's principal residence, and only after the redemption period has expired.

(e) For a district created within a biotechnology and health sciences industry zone as defined in Minnesota Statutes 2012, section 469.330, subdivision 6, or for an existing district located within such a zone, tax increment derived from such a district may be expended outside of the district but within the zone only for expenditures required for the construction of public infrastructure necessary to support the activities of the zone, land acquisition, and other redevelopment costs as defined in section 469.176, subdivision 4j. These expenditures are considered as expenditures for activities within the district. The authority provided by this paragraph expires for expenditures made after the later of (1) December 31, 2015, or (2) the end of the five-year period beginning on the date the district was certified, provided that date was before January 1, 2016.

(f) The authority under paragraph (d), clause (4), expires on December 31, 2016. Increments may continue to be expended under this authority after that date, if they are used to pay bonds or binding contracts that would qualify under subdivision 3, paragraph (a), if December 31, 2016, is considered to be the last date of the five-year period after certification under that provision.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all districts, regardless of when the request for certification was made.

Sec. 85. Minnesota Statutes 2012, section 473.665, subdivision 5, is amended to read:

Subd. 5. **Tax levy; surplus; reduction.** The corporation, upon issuing any bonds under the provisions of this section, shall, before the issuance thereof, levy for each year, until the principal and interest are paid in full, a direct annual tax on all the taxable property of the cities in and for

which the corporation has been created in an amount not less than five percent in excess of the sum required to pay the principal and interest thereof, when and as such principal and interest matures. After any of such bonds have been delivered to purchasers, such tax shall be irrevocable until all such indebtedness is paid, and after the issuance of such bonds no further action of the corporation shall be necessary to authorize the extensions, assessments, and collection of such tax. The secretary of the corporation shall forthwith furnish a certified copy of such levy to the county auditor or county auditors of the county or counties in which the cities in and for which the corporation has been created are located, together with full information regarding the bonds for which the tax is levied, and such county auditor or such county auditors, as the case may be, shall enter the same in the register provided for in section 475.62, or a similar register, and shall extend and assess the tax so levied. If both cities are located wholly within one county, the county auditor thereof shall annually extend and assess the amount of the tax so levied. If the cities are located in different counties, the county auditor of each such county shall annually extend and assess such portion of the tax levied as the net tax capacity of the taxable property, ~~not including moneys and credits,~~ located wholly within the city in such county bears to the total net tax capacity of the taxable property, ~~not including moneys and credits,~~ within both cities. Any surplus resulting from the excess levy herein provided for shall be transferred to a sinking fund after the principal and interest for which the tax was levied and collected has been paid; provided, that the corporation may, on or before October 15 in any year, by appropriate action, cause its secretary to certify to the county auditor, or auditors, the amount on hand and available in its treasury from earnings, or otherwise, including the amount in the sinking fund, which it will use to pay principal or interest or both on each specified issue of its bonds, and the county auditor or auditors shall reduce the levy for that year, herein provided for by that amount. The amount of funds so certified shall be set aside by the corporation, and be used for no other purpose than for the payment of the principal and interest of the bonds. All taxes hereunder shall be collected and remitted to the corporation by the county treasurer or county treasurers, in accordance with the provisions of law governing the collection of other taxes, and shall be used solely for the payment of the bonds where due.

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

Sec. 86. Minnesota Statutes 2012, section 477A.0124, subdivision 5, is amended to read:

Subd. 5. **County transition aid.** ~~(a) For 2009 and each year thereafter,~~ A county is eligible to receive the transition aid it received in 2007.

~~(b) In 2009 only, a county with (1) a 2006 population less than 30,000, and (2) an average Part I crimes per capita greater than 3.9 percent based on factors used in determining county program aid payable in 2008, shall receive \$100,000.~~

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

Sec. 87. Minnesota Statutes 2012, section 477A.014, subdivision 1, is amended to read:

Subdivision 1. **Calculations and payments.** (a) The commissioner of revenue shall make all necessary calculations and make payments pursuant to sections 477A.013 and 477A.03 directly to the affected taxing authorities annually. In addition, the commissioner shall notify the authorities of their aid amounts, as well as the computational factors used in making the calculations for their authority, and those statewide total figures that are pertinent, before August 1 of the year preceding the aid distribution year.

(b) For the purposes of this subdivision, aid is determined for a city or town based on its city or town status as of June 30 of the year preceding the aid distribution year. If the effective date for a municipal incorporation, consolidation, annexation, detachment, dissolution, or township organization is on or before June 30 of the year preceding the aid distribution year, such change in boundaries or form of government shall be recognized for aid determinations for the aid distribution year. If the effective date for a municipal incorporation, consolidation, annexation, detachment, dissolution, or township organization is after June 30 of the year preceding the aid distribution year, such change in boundaries or form of government shall not be recognized for aid determinations until the following year.

(c) Changes in boundaries or form of government will only be recognized for the purposes of this subdivision, to the extent that: (1) changes in market values are included in market values reported by assessors to the commissioner, and changes in population, and household size, ~~and the road accidents factor~~ are included in their respective certifications to the commissioner as referenced in section 477A.011, or (2) an annexation information report as provided in paragraph (d) is received by the commissioner on or before July 15 of the aid calculation year. Revisions to estimates or data for use in recognizing changes in boundaries or form of government are not effective for purposes of this subdivision unless received by the commissioner on or before July 15 of the aid calculation year. Clerical errors in the certification or use of estimates and data established as of July 15 in the aid calculation year are subject to correction within the time periods allowed under subdivision 3.

(d) In the case of an annexation, an annexation information report may be completed by the annexing jurisdiction and submitted to the commissioner for purposes of this subdivision if the net tax capacity of annexed area for the assessment year preceding the effective date of the annexation exceeds five percent of the city's net tax capacity for the same year. The form and contents of the annexation information report shall be prescribed by the commissioner. The commissioner shall change the net tax capacity, the population, the population decline, the commercial industrial percentage, and the transformed population for the annexing jurisdiction only if the annexation information report provides data the commissioner determines to be reliable for all of these factors used to compute city revenue need for the annexing jurisdiction. The commissioner shall adjust the pre-1940 housing percentage, ~~the road accidents factor~~, and household size only if the entire area of an existing city or town is annexed or consolidated and only if reliable data is available for all of these factors used to compute city revenue need for the annexing jurisdiction.

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

Sec. 88. Minnesota Statutes 2012, section 611.27, subdivision 13, is amended to read:

Subd. 13. **Public defense services; correctional facility inmates.** All billings for services rendered and ordered under subdivision 7 shall require the approval of the chief district public defender before being forwarded on a monthly basis to the state public defender. In cases where adequate representation cannot be provided by the district public defender and where counsel has been appointed under a court order, the state public defender shall forward to the commissioner of management and budget all billings for services rendered under the court order. The commissioner shall pay for services from county program aid retained by the commissioner of revenue for that purpose under section ~~477A.0124, subdivision 1, clause (4), or 477A.03, subdivision 2b, paragraph (a).~~

The costs of appointed counsel and associated services in cases arising from new criminal charges brought against indigent inmates who are incarcerated in a Minnesota state correctional

facility are the responsibility of the state Board of Public Defense. In such cases the state public defender may follow the procedures outlined in this section for obtaining court-ordered counsel.

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

Sec. 89. Minnesota Statutes 2012, section 611.27, subdivision 15, is amended to read:

Subd. 15. **Costs of transcripts.** In appeal cases and postconviction cases where the appellate public defender's office does not have sufficient funds to pay for transcripts and other necessary expenses because it has spent or committed all of the transcript funds in its annual budget, the state public defender may forward to the commissioner of management and budget all billings for transcripts and other necessary expenses. The commissioner shall pay for these transcripts and other necessary expenses from county program aid retained by the commissioner of revenue for that purpose under section ~~477A.0124, subdivision 1, clause (4), or 477A.03, subdivision 2b, paragraph (a).~~

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

Sec. 90. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall make all necessary cross-reference changes in Minnesota Statutes and Minnesota Rules consistent with the amendments and repealers in this act. The revisor can make changes to sentence structure to preserve the meaning of the text. The revisor shall make other changes in chapter titles; section, subdivision, part, and subpart headnotes; and in other terminology necessary as a result of the enactment of this act. The Department of Revenue shall assist in making these corrections.

Sec. 91. **REPEALER.**

(a) Minnesota Statutes 2012, sections 290.01, subdivision 19e; 290.0674, subdivision 3; and 290.33, and Minnesota Rules, part 8007.0200, are repealed.

(b) Minnesota Statutes 2012, sections 16D.02, subdivisions 5 and 8; 16D.11, subdivision 2; 270C.131; 270C.53; 270C.991, subdivision 4; 272.02, subdivisions 1, 1a, 48, 51, 53, 67, 72, and 82; 272.027, subdivision 2; 272.031; 273.015, subdivision 1; 273.03, subdivision 3; 273.075; 273.1383; 273.1386; 273.80; 275.77; 279.32; 281.173, subdivision 8; 281.174, subdivision 8; 281.328; 282.10; 282.23; 287.20, subdivision 4; 287.27, subdivision 2; 290.01, subdivisions 4b and 20e; 295.52, subdivision 7; 297A.71, subdivisions 4, 5, 7, 10, 17, 18, 20, and 32; 297F.08, subdivision 11; 297H.10, subdivision 2; 469.174, subdivision 10c; 469.175, subdivision 2b; 469.176, subdivision 1i; 469.177, subdivision 10; 477A.0124, subdivisions 1 and 6; and 505.173, and Minnesota Rules, parts 8002.0200, subpart 8; 8100.0800; 8130.7500, subpart 7; 8130.8900, subpart 3; and 8130.9500, subparts 1, 1a, 2, 3, 4, and 5, are repealed.

(c) Minnesota Statutes 2012, section 3.192, is repealed.

(d) Minnesota Statutes 2012, section 469.1764, and Minnesota Statutes 2013 Supplement, section 469.340, subdivision 4, are repealed.

(e) Minnesota Statutes 2012, sections 289A.56, subdivision 7; 290.06, subdivisions 30 and 31; 297A.68, subdivision 38; 469.330; 469.331; 469.332; 469.333; 469.334; 469.335; 469.336; 469.337; 469.338; 469.339; 469.340, subdivisions 1, 2, 3, and 5; and 469.341, are repealed.

EFFECTIVE DATE. Paragraph (a) is effective for taxable years beginning after December 31, 2013.

Paragraph (b) is effective the day following final enactment.

Paragraph (c) is effective retroactively from April 1, 2014.

Paragraph (d) is effective the day following final enactment and any remaining unexpended tax increments from a district subject to Minnesota Statutes, section 469.1764, must be distributed as excess increments to the city, county, and school district under Minnesota Statutes, section 469.176, subdivision 2, paragraph (c), clause (4), on or before December 31, 2014.

Paragraph (e) is effective January 1, 2016.

ARTICLE 8

DEPARTMENT POLICY AND TECHNICAL; PROPERTY

Section 1. Minnesota Statutes 2012, section 270.87, is amended to read:

270.87 CERTIFICATION TO COUNTY ASSESSORS.

After making an annual determination of the equalized fair market value of the operating property of each company in each of the respective counties, and in the taxing districts therein, the commissioner shall certify the equalized fair market value to the county assessor on or before June 30. The equalized fair market value of the operating property of the railroad company in the county and the taxing districts therein is the value on which taxes must be levied and collected in the same manner as on the commercial and industrial property of such county and the taxing districts therein. If the commissioner determines that the equalized fair market value certified on or before June 30 is in error, the commissioner may issue a corrected certification on or before August 31. The commissioner may correct errors that are merely clerical in nature until December 31.

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

Sec. 2. Minnesota Statutes 2012, section 272.029, subdivision 4a, is amended to read:

Subd. 4a. **Correction of errors.** If the commissioner of revenue determines that the amount of production tax has been erroneously calculated, the commissioner may correct the error. The commissioner must notify the owner of the wind energy conversion system of the correction and the amount of tax due to each county and must certify the correction to the county auditor of each county in which the system is located on or before April 1 of the current year. The commissioner may correct errors that are merely clerical in nature until December 31.

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

Sec. 3. Minnesota Statutes 2012, section 273.01, is amended to read:

273.01 LISTING AND ASSESSMENT, TIME.

All real property subject to taxation shall be listed and at least one-fifth of the parcels listed shall be appraised each year with reference to their value on January 2 preceding the assessment so that each parcel shall be reappraised at maximum intervals of five years. All real property becoming taxable in any year shall be listed with reference to its value on January 2 of that year. Except as provided in this section and section 274.01, subdivision 1, all real property assessments shall

be completed two weeks prior to the date scheduled for the local board of review or equalization. No changes in valuation or classification which are intended to correct errors in judgment by the county assessor may be made by the county assessor after the board of review or the county board of equalization has adjourned; however, corrections of errors for real or personal property that are merely clerical in nature or changes that extend homestead treatment to property are permitted after adjournment until the tax extension date for that assessment year. Any changes made by the assessor after adjournment must be fully documented and maintained in a file in the assessor's office and shall be available for review by any person. A copy of any changes made during this period shall be sent to the county board no later than December 31 of the assessment year. In the event a valuation and classification is not placed on any real property by the dates scheduled for the local board of review or equalization the valuation and classification determined in the preceding assessment shall be continued in effect and the provisions of section 273.13 shall, in such case, not be applicable, except with respect to real estate which has been constructed since the previous assessment. Real property containing iron ore, the fee to which is owned by the state of Minnesota, shall, if leased by the state after January 2 in any year, be subject to assessment for that year on the value of any iron ore removed under said lease prior to January 2 of the following year. Personal property subject to taxation shall be listed and assessed annually with reference to its value on January 2; and, if acquired on that day, shall be listed by or for the person acquiring it.

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

Sec. 4. Minnesota Statutes 2012, section 273.13, subdivision 22, is amended to read:

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

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

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

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

(2) any person who is permanently and totally disabled or by the disabled person and the disabled person's spouse; or

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

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

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

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

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

were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes does not qualify for class 1c.

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

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

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

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

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

The market value of class 1d property has ~~the same class rates as class 1a property under paragraph (a)~~ a classification rate of one percent on the first \$500,000 of market value and a classification rate of 1.25 percent on the market value that exceeds \$500,000.

EFFECTIVE DATE. This section is effective beginning with assessment year 2014.

Sec. 5. Minnesota Statutes 2013 Supplement, section 273.13, subdivision 25, is amended to read:

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

(b) Class 4b includes:

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

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

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

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

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

(c) Class 4bb includes nonhomestead residential real estate containing one unit, other than seasonal residential recreational property, and a single family dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b).

Class 4bb property has the same class rates as class 1a property under subdivision 22 a classification rate of one percent on the first \$500,000 of market value and a classification rate of 1.25 percent on the market value that exceeds \$500,000.

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

(d) Class 4c property includes:

(1) except as provided in subdivision 22, paragraph (c), real and personal property devoted to commercial temporary and seasonal residential occupancy for recreation purposes, for not more than 250 days in the year preceding the year of assessment. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property is used for residential occupancy, and a fee is charged for residential occupancy. Class 4c property under this clause must contain three or more rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site equipped with water and electrical hookups for recreational vehicles. A camping pad offered for rent by a property that otherwise qualifies for class 4c under this clause is also class 4c under this clause regardless of the term of the rental agreement, as long as the use of the camping pad does not exceed 250 days. In order for a property to be classified under this clause, either (i) the business located on the property must provide recreational activities, at least 40 percent of the annual gross lodging receipts related to the property must be from business conducted during 90 consecutive days, and either (A) at least 60 percent of all paid bookings by lodging guests during the year must be for periods of at least two consecutive nights; or (B) at least 20 percent of the annual gross receipts must be from charges for providing recreational activities, or (ii) the business must contain 20 or fewer rental units, and must be located in a township or a city with a population of 2,500 or less located outside the metropolitan area, as defined under section 473.121, subdivision 2, that contains a portion of a state trail administered by the Department of Natural Resources. For purposes of item (i)(A), a paid booking of five or more nights shall be counted as two bookings. Class 4c property also includes commercial use real property used exclusively for recreational purposes in conjunction with other class 4c property classified under this clause and devoted to temporary and seasonal residential occupancy for recreational purposes, up to a total of two acres, provided the property is not devoted to commercial recreational use for more than 250 days in the year preceding the year of assessment and is located within two miles of the class 4c property with which it is used. In order for a property to qualify for classification under this clause, the owner must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located must be designated class 4c under this clause as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located will be designated as class 3a. The owner of property desiring designation as class 4c property under this clause must provide guest registers or other records demonstrating that the units for which class 4c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and

(5) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes does not qualify for class 4c. For the purposes of this paragraph, "recreational activities" means renting ice fishing houses, boats and motors, snowmobiles, downhill or cross-country ski equipment; providing marina services, launch services, or guide services; or selling bait and fishing tackle;

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

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

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

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

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

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

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

For purposes of this clause:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) the land abuts a public airport; and

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

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

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

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

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

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

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

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

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

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

Class 4c property has a class classification rate of 1.5 percent of market value, except that (i) each parcel of noncommercial seasonal residential recreational property under clause (12) has ~~the same class rates as class 4bb property~~ a classification rate of one percent on the first \$500,000 of market value and a classification rate of 1.25 percent on the market value that exceeds \$500,000, (ii) manufactured home parks assessed under clause (5), item (i), have ~~the same class rate as class 4b property~~ a classification rate of 1.25 percent, and the market value of manufactured home parks assessed under clause (5), item (ii), ~~has the same class rate as class 4d property~~ have a classification rate of 0.75 percent if more than 50 percent of the lots in the park are occupied by shareholders in the cooperative corporation or association and a class classification rate of one percent if 50 percent or less of the lots are so occupied, (iii) commercial-use seasonal residential recreational property and marina recreational land as described in clause (11), has a class classification rate of one percent for the first \$500,000 of market value, and 1.25 percent for the remaining market value, (iv) the market value of property described in clause (4) has a class classification rate of one percent, (v) the market value of property described in clauses (2), (6), and (10) has a class classification rate of 1.25 percent, and (vi) that portion of the market value of property in clause (9) qualifying for class 4c property has a class classification rate of 1.25 percent.

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

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

EFFECTIVE DATE. This section is effective beginning with assessment year 2014.

Sec. 6. Minnesota Statutes 2013 Supplement, section 273.1325, subdivision 1, is amended to read:

Subdivision 1. **Computation.** The Department of Revenue must annually conduct an assessment/sales ratio study of the taxable property in each county, city, town, and school district in accordance with the procedures in subdivisions 2 and 3. Based upon the results of this assessment/sales ratio study, the Department of Revenue must determine an equalized net tax capacity for the various classes of taxable property in each taxing district, the aggregate of which is designated as the adjusted net tax capacity. The adjusted net tax capacity must be reduced by the captured tax capacity of tax increment districts under section 469.177, subdivision 2, fiscal disparities contribution tax capacities under sections 276A.06 and 473F.08, and the tax capacity of transmission lines required to be subtracted from the local tax base under section 273.425; and increased by fiscal disparities distribution tax capacities under sections 276A.06 and 473F.08. The adjusted net tax capacities shall be determined using the net tax capacity percentages in effect for the assessment year following the assessment year of the study. The Department of Revenue must make whatever estimates are necessary to account for changes in the classification system. The Department of Revenue may incur the expense necessary to make the determinations. The commissioner of revenue may reimburse any county or governmental official for requested services performed in ascertaining the adjusted net tax capacity. On or before March 15 annually, the Department of Revenue shall file with the chair of the Tax Committee of the house of representatives and the chair of the Committee on Taxes and Tax laws of the senate a report of adjusted net tax capacities for school districts. On or before June ~~15~~ 30 annually, the Department of Revenue shall file its final report on the adjusted net tax capacities for school districts established by the previous year's assessments and the current year's net tax capacity percentages with the commissioner of education and each county auditor for those school districts for which the auditor

has the responsibility for determination of local tax rates. A copy of the report so filed shall be mailed to the clerk of each school district involved and to the county assessor or supervisor of assessments of the county or counties in which each school district is located.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 7. Minnesota Statutes 2012, section 273.33, subdivision 2, is amended to read:

Subd. 2. **Listing and assessment by commissioner.** The personal property, consisting of the pipeline system of mains, pipes, and equipment attached thereto, of pipeline companies and others engaged in the operations or business of transporting natural gas, gasoline, crude oil, or other petroleum products by pipelines, shall be listed with and assessed by the commissioner of revenue and the values provided to the city or county assessor by order. This subdivision shall not apply to the assessment of the products transported through the pipelines nor to the lines of local commercial gas companies engaged primarily in the business of distributing gas to consumers at retail nor to pipelines used by the owner thereof to supply natural gas or other petroleum products exclusively for such owner's own consumption and not for resale to others. If more than 85 percent of the natural gas or other petroleum products actually transported over the pipeline is used for the owner's own consumption and not for resale to others, then this subdivision shall not apply; provided, however, that in that event, the pipeline shall be assessed in proportion to the percentage of gas actually transported over such pipeline that is not used for the owner's own consumption. On or before August 1, the commissioner shall certify to the auditor of each county, the amount of such personal property assessment against each company in each district in which such property is located. If the commissioner determines that the amount of personal property assessment certified on or before August 1 is in error, the commissioner may issue a corrected certification on or before October 1. The commissioner may correct errors that are merely clerical in nature until December 31.

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

Sec. 8. Minnesota Statutes 2012, section 273.37, subdivision 2, is amended to read:

Subd. 2. **Listing and assessment by commissioner.** Transmission lines of less than 69 kv, transmission lines of 69 kv and above located in an unorganized township, and distribution lines, and equipment attached thereto, having a fixed situs outside the corporate limits of cities except distribution lines taxed as provided in sections 273.40 and 273.41, shall be listed with and assessed by the commissioner of revenue in the county where situated and the values provided to the city or county assessor by order. The commissioner shall assess such property at the percentage of market value fixed by law; and, on or before August 1, shall certify to the auditor of each county in which such property is located the amount of the assessment made against each company and person owning such property. If the commissioner determines that the amount of the assessment certified on or before August 1 is in error, the commissioner may issue a corrected certification on or before October 1. The commissioner may correct errors that are merely clerical in nature until December 31.

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

Sec. 9. Minnesota Statutes 2012, section 273.3711, is amended to read:

273.3711 RECOMMENDED AND ORDERED VALUES.

For purposes of sections 273.33, 273.35, 273.36, 273.37, 273.371, and 273.372, all values not required to be listed and assessed by the commissioner of revenue are recommended values. If the commissioner provides recommended values, the values must be certified to the auditor of each county in which the property is located on or before August 1. If the commissioner determines that the certified recommended value is in error the commissioner may issue a corrected certification on or before October 1. The commissioner may correct errors that are merely clerical in nature until December 31.

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

Sec. 10. Minnesota Statutes 2012, section 274.01, subdivision 1, is amended to read:

Subdivision 1. **Ordinary board; meetings, deadlines, grievances.** (a) The town board of a town, or the council or other governing body of a city, is the board of appeal and equalization except (1) in cities whose charters provide for a board of equalization or (2) in any city or town that has transferred its local board of review power and duties to the county board as provided in subdivision 3. The county assessor shall fix a day and time when the board or the board of equalization shall meet in the assessment districts of the county. Notwithstanding any law or city charter to the contrary, a city board of equalization shall be referred to as a board of appeal and equalization. On or before February 15 of each year the assessor shall give written notice of the time to the city or town clerk. Notwithstanding the provisions of any charter to the contrary, the meetings must be held between April 1 and May 31 each year. The clerk shall give published and posted notice of the meeting at least ten days before the date of the meeting.

The board shall meet either at a central location within the county or at the office of the clerk to review the assessment and classification of property in the town or city. No changes in valuation or classification which are intended to correct errors in judgment by the county assessor may be made by the county assessor after the board has adjourned in those cities or towns that hold a local board of review; however, corrections of errors that are merely clerical in nature or changes that extend homestead treatment to property are permitted after adjournment until the tax extension date for that assessment year. The changes must be fully documented and maintained in the assessor's office and must be available for review by any person. A copy of the changes made during this period in those cities or towns that hold a local board of review must be sent to the county board no later than December 31 of the assessment year.

(b) The board shall determine whether the taxable property in the town or city has been properly placed on the list and properly valued by the assessor. If real or personal property has been omitted, the board shall place it on the list with its market value, and correct the assessment so that each tract or lot of real property, and each article, parcel, or class of personal property, is entered on the assessment list at its market value. No assessment of the property of any person may be raised unless the person has been duly notified of the intent of the board to do so. On application of any person feeling aggrieved, the board shall review the assessment or classification, or both, and correct it as appears just. The board may not make an individual market value adjustment or classification change that would benefit the property if the owner or other person having control over the property has refused the assessor access to inspect the property and the interior of any buildings or structures as provided in section 273.20. A board member shall not participate in any actions of the board which

result in market value adjustments or classification changes to property owned by the board member, the spouse, parent, stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt, nephew, or niece of a board member, or property in which a board member has a financial interest. The relationship may be by blood or marriage.

(c) A local board may reduce assessments upon petition of the taxpayer but the total reductions must not reduce the aggregate assessment made by the county assessor by more than one percent. If the total reductions would lower the aggregate assessments made by the county assessor by more than one percent, none of the adjustments may be made. The assessor shall correct any clerical errors or double assessments discovered by the board without regard to the one percent limitation.

(d) A local board does not have authority to grant an exemption or to order property removed from the tax rolls.

(e) A majority of the members may act at the meeting, and adjourn from day to day until they finish hearing the cases presented. The assessor shall attend, with the assessment books and papers, and take part in the proceedings, but must not vote. The county assessor, or an assistant delegated by the county assessor shall attend the meetings. The board shall list separately, on a form appended to the assessment book, all omitted property added to the list by the board and all items of property increased or decreased, with the market value of each item of property, added or changed by the board, placed opposite the item. The county assessor shall enter all changes made by the board in the assessment book.

(f) Except as provided in subdivision 3, if a person fails to appear in person, by counsel, or by written communication before the board after being duly notified of the board's intent to raise the assessment of the property, or if a person feeling aggrieved by an assessment or classification fails to apply for a review of the assessment or classification, the person may not appear before the county board of appeal and equalization for a review of the assessment or classification. This paragraph does not apply if an assessment was made after the local board meeting, as provided in section 273.01, or if the person can establish not having received notice of market value at least five days before the local board meeting.

(g) The local board must complete its work and adjourn within 20 days from the time of convening stated in the notice of the clerk, unless a longer period is approved by the commissioner of revenue. No action taken after that date is valid. All complaints about an assessment or classification made after the meeting of the board must be heard and determined by the county board of equalization. A nonresident may, at any time, before the meeting of the board file written objections to an assessment or classification with the county assessor. The objections must be presented to the board at its meeting by the county assessor for its consideration.

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

Sec. 11. Minnesota Statutes 2012, section 274.014, subdivision 3, is amended to read:

Subd. 3. **Proof of compliance; transfer of duties.** (a) Any city or town that conducts local boards of appeal and equalization meetings must provide proof to the county assessor by ~~December 1, 2006~~ February 15, 2015, and each year thereafter, that it is in compliance with the requirements of subdivision 2. ~~Beginning in 2006~~ Beginning in 2015, this notice must also verify that there was a quorum of voting members at each meeting of the board of appeal and equalization in the current year. A city or town that does not comply with these requirements is deemed to have transferred its board of

appeal and equalization powers to the county beginning with the following year's assessment and continuing unless the powers are reinstated under paragraph (c).

(b) The county shall notify the taxpayers when the board of appeal and equalization for a city or town has been transferred to the county under this subdivision and, prior to the meeting time of the county board of equalization, the county shall make available to those taxpayers a procedure for a review of the assessments, including, but not limited to, open book meetings. This alternate review process shall take place in April and May.

(c) A local board whose powers are transferred to the county under this subdivision may be reinstated by resolution of the governing body of the city or town and upon proof of compliance with the requirements of subdivision 2. The resolution and proofs must be provided to the county assessor by ~~December 1~~ February 15 in order to be effective for the following year's assessment.

(d) A local board whose powers are transferred to the county under this subdivision may continue to employ a local assessor and is not deemed to have transferred its powers to make assessments.

EFFECTIVE DATE. This section is effective beginning with local boards of appeal and equalization meetings held after December 31, 2014.

Sec. 12. Minnesota Statutes 2013 Supplement, section 423A.02, subdivision 3, is amended to read:

Subd. 3. **Reallocation of amortization state aid.** (a) Seventy percent of the difference between \$5,720,000 and the current year amortization aid distributed under subdivision 1 that is not distributed for any reason to a municipality must be distributed by the commissioner of revenue according to this paragraph. The commissioner shall distribute 50 percent of the amounts derived under this paragraph to the Teachers Retirement Association, ten percent to the Duluth Teachers Retirement Fund Association, and 40 percent to the St. Paul Teachers Retirement Fund Association to fund the unfunded actuarial accrued liabilities of the respective funds. These payments must be made on July 15 each fiscal year. If the St. Paul Teachers Retirement Fund Association or the Duluth Teachers Retirement Fund Association becomes fully funded, the association's eligibility for its portion of this aid ceases. Amounts remaining in the undistributed balance account at the end of the biennium if aid eligibility ceases cancel to the general fund.

(b) In order to receive amortization aid under paragraph (a), before June 30 annually Independent School District No. 625, St. Paul, must make an additional contribution of \$800,000 each year to the St. Paul Teachers Retirement Fund Association.

(c) Thirty percent of the difference between \$5,720,000 and the current year amortization aid under subdivision ~~1a~~ 1 that is not distributed for any reason to a municipality must be distributed under section 69.021, subdivision 7, paragraph (d), as additional funding to support a minimum fire state aid amount for volunteer firefighter relief associations.

EFFECTIVE DATE. This section is effective retroactively from June 1, 2013.

Sec. 13. Minnesota Statutes 2013 Supplement, section 477A.14, subdivision 1, is amended to read:

Subdivision 1. **General distribution.** Except as provided in subdivisions 2 and 3, 40 percent of the total payment to the county shall be deposited in the county general revenue fund to be used

to provide property tax levy reduction. The remainder shall be distributed by the county in the following priority:

(a) (1) 64.2 cents, for each acre of county-administered other natural resources land shall be deposited in a resource development fund to be created within the county treasury for use in resource development, forest management, game and fish habitat improvement, and recreational development and maintenance of county-administered other natural resources land. Any county receiving less than \$5,000 annually for the resource development fund may elect to deposit that amount in the county general revenue fund;

(b) ~~from the funds remaining;~~ (2) within 30 days of receipt of the payment to the county, the county treasurer shall pay ~~each organized township ten percent of the amount received a township with land that qualifies for payment under section 477A.12, subdivision 1, clauses (1), (2), and (5) to (7), ten percent of the payment the county received for such land within that township.~~ Payments for natural resources lands not located in an organized township shall be deposited in the county general revenue fund. Payments to counties and townships pursuant to this paragraph shall be used to provide property tax levy reduction, except that of the payments for natural resources lands not located in an organized township, the county may allocate the amount determined to be necessary for maintenance of roads in unorganized townships. ~~Provided that, if the total payment to the county pursuant to section 477A.12 is not sufficient to fully fund the distribution provided for in this clause, the amount available shall be distributed to each township and the county general revenue fund on a pro rata basis; and~~

(c) (3) any remaining funds shall be deposited in the county general revenue fund. Provided that, if the distribution to the county general revenue fund exceeds \$35,000, the excess shall be used to provide property tax levy reduction.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 14. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall change the terms "class rate" or "class rates" to "classification rate" or "classification rates" or similar terms whenever they appear in Minnesota Statutes when the terms are used to refer to the calculation of net tax capacity in the property tax system. The revisor can make changes to sentence structure to preserve the meaning of the text. The revisor shall make other changes in section and subdivision headnotes and in other terminology as necessary as a result of the enactment of this section. The Department of Revenue shall assist in making these corrections.

ARTICLE 9

DEPARTMENT POLICY AND TECHNICAL; INCOME AND FRANCHISE; SALES AND USE

Section 1. Minnesota Statutes 2012, section 270C.34, subdivision 2, is amended to read:

Subd. 2. **Procedure.** (a) A request for abatement of penalty under subdivision 1 or section 289A.60, subdivision 4, or a request for abatement of interest or additional tax charge, must be filed with the commissioner within 60 days of the date the notice was mailed to the taxpayer's last known address, stating that a penalty has been imposed.

(b) If the commissioner issues an order denying a request for abatement of penalty, interest, or additional tax charge, the taxpayer may file an administrative appeal as provided in section 270C.35 or appeal to Tax Court as provided in section 271.06.

(c) If the commissioner does not issue an order on the abatement request within 60 days from the date the request is received, the taxpayer may appeal to Tax Court as provided in section 271.06.

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

Sec. 2. Minnesota Statutes 2012, section 270C.56, subdivision 3, is amended to read:

Subd. 3. **Procedure for assessment; claims for refunds.** (a) The commissioner may assess liability for the taxes described in subdivision 1 against a person liable under this section. The assessment may be based upon information available to the commissioner. It must be made within the prescribed period of limitations for assessing the underlying tax, ~~or within one year after the date of an order assessing underlying tax, or within one year after the date of a final administrative or judicial determination,~~ whichever period expires later. An order assessing personal liability under this section is reviewable under section 270C.35 and is appealable to Tax Court.

(b) If the time for appealing the order has expired and a payment is made by or collected from the person assessed on the order in excess of the amount lawfully due from that person of any portion of the liability shown on the order, a claim for refund may be made by that person within 120 days after any payment of the liability if the payment is within 3-1/2 years after the date the order was issued. Claims for refund under this paragraph are limited to the amount paid during the 120-day period. Any amounts collected under paragraph (c) after a claim for refund is filed in order to satisfy the unpaid balance of the assessment that is the subject of the claim shall be returned if the claim is allowed. There is no claim for refund available under this paragraph if the assessment has previously been the subject of an administrative or Tax Court appeal, or a denied claim for refund. The taxpayer may contest denial of the refund as provided in the procedures governing claims for refunds under section 289A.50, subdivision 7.

(c) If a person has been assessed under this section for an amount for a given period and the time for appeal has expired, regardless of whether an action contesting denial of a claim for refund has been filed under paragraph (b), or there has been a final determination that the person is liable, collection action is not stayed pursuant to section 270C.33, subdivision 5, for that assessment or for subsequent assessments of additional amounts for the same person for the same period and tax type.

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

Sec. 3. Minnesota Statutes 2012, section 289A.18, subdivision 2, is amended to read:

Subd. 2. **Withholding returns, entertainer withholding returns, returns for withholding from payments to out-of-state contractors, and withholding returns from partnerships and S corporations.** (a) ~~Withholding returns for the first, second, and third quarters~~ are due on or before the last day of the month following the close of the quarterly period. However, if the return shows timely deposits in full payment of the taxes due for that period, the ~~returns for the first, second, and third quarters~~ may be filed on or before the tenth day of the second calendar month following the period. ~~The return for the fourth quarter must be filed on or before the 28th day of the second calendar month following the period.~~ An employer, in preparing a quarterly return, may take credit for deposits previously made for that quarter. Entertainer withholding tax returns are due within 30 days after each performance. Returns for withholding from payments to out-of-state contractors are

due within 30 days after the payment to the contractor. Returns for withholding by partnerships are due on or before the due date specified for filing partnership returns. Returns for withholding by S corporations are due on or before the due date specified for filing corporate franchise tax returns.

(b) A seasonal employer who provides notice in the form and manner prescribed by the commissioner before the end of the calendar quarter is not required to file a withholding tax return for periods of anticipated inactivity unless the employer pays wages during the period from which tax is withheld. For purposes of this paragraph, a seasonal employer is an employer that regularly, in the same one or more quarterly periods of each calendar year, pays no wages to employees.

EFFECTIVE DATE. (a) The amendments in paragraph (a) are effective for returns due after January 1, 2016.

(b) The amendment adding paragraph (b) is effective for wages paid after December 31, 2015.

Sec. 4. Minnesota Statutes 2012, section 296A.01, subdivision 16, is amended to read:

Subd. 16. **Dyed fuel.** "Dyed fuel" means ~~diesel~~ motor fuel to which indelible dye has been added, either before or upon withdrawal at a terminal or refinery rack, and which may be sold for exempt purposes. The dye may be either dye required to be added per the EPA or dye that meets other specifications required by the Internal Revenue Service or the commissioner.

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

Sec. 5. Minnesota Statutes 2013 Supplement, section 403.162, subdivision 5, is amended to read:

Subd. 5. **Fees deposited.** (a) The commissioner of revenue shall, based on the relative proportion of the prepaid wireless E911 fee and the prepaid wireless telecommunications access Minnesota fee imposed per retail transaction, divide the fees collected in corresponding proportions. Within 30 days of receipt of the collected fees, the commissioner shall:

(1) deposit the proportion of the collected fees attributable to the prepaid wireless E911 fee in the 911 emergency telecommunications service account in the special revenue fund; and

(2) deposit the proportion of collected fees attributable to the prepaid wireless telecommunications access Minnesota fee in the telecommunications access fund established in section 237.52, subdivision 1.

(b) The ~~department~~ commissioner of revenue may deduct and ~~retain~~ deposit in a special revenue account an amount, not to exceed two percent of collected fees; Money in the account is annually appropriated to the commissioner of revenue to reimburse its direct costs of administering the collection and remittance of prepaid wireless E911 fees and prepaid wireless telecommunications access Minnesota fees.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2014.

Sec. 6. Laws 2013, chapter 143, article 8, section 3, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2013, except for paragraph (p), which is effective the day following final enactment.

EFFECTIVE DATE. This section is effective retroactively from the day following final enactment of Laws 2013, chapter 143, article 8, section 3.

Sec. 7. REPEALER.

Minnesota Rules, parts 8130.8900, subpart 3; and 8130.9500, subparts 1, 1a, 2, 3, 4, and 5, are repealed.

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

Delete the title and insert:

"A bill for an act relating to financing of state and local government; making changes to individual income, property, sales and use, excise, estate, mineral, tobacco, alcohol, special, local, and other taxes and tax-related provisions; modifying local government aids; modifying exclusions, exemptions, and levy deadlines; modifying sales, use, and excise tax exemptions; changing sales, use, and excise tax remittances; modifying certain local sales and use taxes; modifying income tax credits and subtractions; clarifying estate tax provisions; providing for certain local development projects; changing license revocation procedures; modifying installment payments; removing obsolete, redundant, and unnecessary laws and administrative rules administered by the Department of Revenue; making various policy and technical changes; requiring reports; modifying special service districts; repealing purpose statements and certain reporting requirements; increasing certain abatement authority; reallocating certain bond payments; requiring fund transfer; modifying tax increment finance rules; appropriating money; amending Minnesota Statutes 2012, sections 16D.02, subdivisions 3, 6; 16D.04, subdivisions 3, 4; 16D.07; 16D.11, subdivisions 1, 3, 7; 84A.20, subdivision 2; 84A.31, subdivision 2; 115B.49, subdivision 4; 116J.8737, subdivision 5, as amended; 163.06, subdivision 1; 270.11, subdivision 1; 270.12, subdivisions 2, 4; 270.87; 270A.03, subdivision 2; 270B.14, subdivision 3; 270C.085; 270C.34, subdivision 2; 270C.52, subdivision 2; 270C.56, subdivision 3; 270C.72, subdivisions 1, 3; 272.01, subdivisions 1, 3; 272.02, subdivisions 10, 93; 272.0211, subdivisions 1, 2, by adding a subdivision; 272.025, subdivision 1; 272.027, subdivision 1; 272.029, subdivisions 4a, 6; 272.03, subdivision 1; 273.01; 273.061, subdivision 6; 273.10; 273.11, subdivision 13; 273.112, subdivision 6a; 273.13, subdivision 22; 273.18; 273.33, subdivision 2; 273.37, subdivision 2; 273.3711; 274.01, subdivisions 1, 2; 274.014, subdivision 3; 275.065, subdivision 1; 275.08, subdivisions 1a, 1d; 275.74, subdivision 2; 275.75; 279.03, subdivisions 1, 1a, 2; 279.16; 279.23; 279.25; 280.001; 280.03; 280.07; 280.11; 281.03; 281.327; 282.01, subdivision 6; 282.04, subdivision 4; 282.261, subdivisions 2, 4, 5; 282.322; 287.30; 289A.02, subdivision 7, as amended; 289A.18, subdivision 2; 289A.25, subdivision 1; 289A.60, subdivision 15; 290.01, subdivisions 5, 7, 19f, 29; 290.015, subdivision 1; 290.0677, subdivisions 1, 1a; 290.07, subdivisions 1, 2; 290.081; 290.0922, subdivision 3; 290.095, subdivision 3; 290.9728, subdivision 2; 296A.01, subdivision 16; 297A.67, subdivision 13a, by adding subdivisions; 297A.68, by adding a subdivision; 297A.70, subdivision 10, by adding a subdivision; 297A.94; 297B.09; 297F.03, subdivision 2; 297F.09, subdivision 10; 297G.09, subdivision 9; 297I.05, subdivision 14; 298.28, subdivisions 5, as amended, 7a, as added; 298.75, subdivision 2; 383E.21, subdivisions 1, 2; 412.131; 469.176, subdivisions 1b, 3; 469.1763, subdivision 3; 473.665, subdivision 5; 477A.0124, subdivisions 3, 5, by adding a subdivision; 477A.014, subdivision 1; 611.27, subdivisions 13, 15; Minnesota Statutes 2013 Supplement, sections 116J.8738, subdivisions 2, 3, 4; 116V.03; 136A.129, subdivisions 1, 3, 5; 144F.01, subdivision 4; 270B.01, subdivision 8; 270B.03, subdivision 1; 273.13, subdivision 25; 273.1325, subdivisions 1, 2; 275.70, subdivision 5; 279.37, subdivision 2; 281.17; 289A.20, subdivision 4; 290.01, subdivisions 19, as amended, 19b, as amended, 19d, 31, as amended; 290.091, subdivision 2, as amended; 290.0921, subdivision 3; 290.191, subdivision 5; 290A.03, subdivision 15, as amended; 291.005, subdivision 1, as amended; 297A.61, subdivision 3, as amended; 297A.68,

subdivisions 42, 44; 297A.70, subdivisions 2, 13, 14; 297A.75, subdivisions 1, 2, 3; 297B.01, subdivision 16; 297F.05, subdivision 1; 298.28, subdivision 4; 360.531, subdivision 2; 403.162, subdivision 5; 423A.02, subdivision 3; 423A.022, subdivision 3; 428A.02, subdivision 1; 469.1763, subdivision 2; 477A.0124, subdivision 2; 477A.013, subdivision 8; 477A.03, subdivision 2b; 477A.12, subdivisions 1, 2; 477A.14, subdivision 1; Laws 1980, chapter 511, section 1, subdivision 2, as amended; Laws 1999, chapter 243, article 14, section 5, subdivision 1; Laws 2005, First Special Session chapter 3, article 5, section 38, subdivision 4; Laws 2006, chapter 257, section 2, as amended; Laws 2008, chapter 366, article 10, section 15; Laws 2013, chapter 143, article 8, sections 3; 22; 23; 27; 37; article 9, section 23; article 11, section 10; Laws 2014, chapter 150, article 3, section 4; proposing coding for new law in Minnesota Statutes, chapters 168A; 290; repealing Minnesota Statutes 2012, sections 3.192; 16D.02, subdivisions 5, 8; 16D.11, subdivision 2; 270C.131; 270C.53; 270C.991, subdivision 4; 272.02, subdivisions 1, 1a, 48, 51, 53, 67, 72, 82; 272.027, subdivision 2; 272.031; 273.015, subdivision 1; 273.03, subdivision 3; 273.075; 273.1383; 273.1386; 273.80; 275.77; 279.32; 281.173, subdivision 8; 281.174, subdivision 8; 281.328; 282.10; 282.23; 287.20, subdivision 4; 287.27, subdivision 2; 289A.56, subdivision 7; 290.01, subdivisions 4b, 19e, 20e; 290.06, subdivisions 30, 31; 290.0674, subdivision 3; 290.33; 295.52, subdivision 7; 297A.68, subdivision 38; 297A.71, subdivisions 4, 5, 7, 10, 17, 18, 20, 32; 297F.08, subdivision 11; 297H.10, subdivision 2; 469.174, subdivision 10c; 469.175, subdivision 2b; 469.176, subdivision 1i; 469.1764; 469.177, subdivision 10; 469.330; 469.331; 469.332; 469.333; 469.334; 469.335; 469.336; 469.337; 469.338; 469.339; 469.340, subdivisions 1, 2, 3, 5; 469.341; 477A.0124, subdivisions 1, 6; 505.173; Minnesota Statutes 2013 Supplement, section 469.340, subdivision 4; Laws 1961, chapter 372, sections 1; 2; Laws 1963, chapter 118, sections 1, as amended; 2, as amended; 3; 4, as amended; 5; 6, as amended; 7; 8; 9; 10; Laws 1996, chapter 471, article 8, sections 19; 20; 21; 22; Minnesota Rules, parts 8002.0200, subpart 8; 8007.0200; 8100.0800; 8130.7500, subpart 7; 8130.8900, subpart 3; 8130.9500, subparts 1, 1a, 2, 3, 4, 5."

And when so amended the bill do pass. Amendments adopted. Report adopted.

SECOND READING OF HOUSE BILLS

H.F. No. 3167 was read the second time.

MEMBERS EXCUSED

Senator Schmit was excused from the Session of today. Senator Stumpf was excused from the Session of today from 1:55 to 2:20 p.m. Senator Thompson was excused from the Session of today from 3:30 to 3:45 p.m. Senator Brown was excused from the Session of today from 6:00 to 6:15 p.m. Senator Chamberlain was excused from the Session of today at 6:10 p.m. Senator Marty was excused from the Session of today at 6:20 p.m. Senator Sparks was excused from the Session of today from 6:30 to 6:40 p.m. Senator Bakk was excused from the Session of today from 6:45 to 7:00 p.m.

85TH DAY]

TUESDAY, APRIL 8, 2014

8003

ADJOURNMENT

Senator Bakk moved that the Senate do now adjourn until 11:00 a.m., Wednesday, April 9, 2014.
The motion prevailed.

JoAnne M. Zoff, Secretary of the Senate

