

## ONE HUNDRED SIXTH DAY

St. Paul, Minnesota, Tuesday, May 10, 2022

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

**CALL OF THE SENATE**

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

Prayer was offered by the Chaplain, Rev. Phil Shaw.

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 were present:

Abeler	Draheim	Ingebrigtsen	Marty	Rosen
Anderson	Duckworth	Isaacson	Mathews	Ruud
Bakk	Dziedzic	Jasinski	McEwen	Senjem
Benson	Eaton	Johnson	Miller	Tomassoni
Bigham	Eichorn	Johnson Stewart	Nelson	Torres Ray
Carlson	Eken	Kent	Newman	Utke
Chamberlain	Fateh	Kiffmeyer	Newton	Weber
Champion	Frentz	Klein	Osmek	Westrom
Clausen	Gazelka	Koran	Pappas	Wiger
Coleman	Goggin	Kunesh	Port	Wiklund
Cwodzinski	Hawj	Lang	Pratt	
Dahms	Hoffman	Latz	Putnam	
Dibble	Housley	Limmer	Rarick	
Dornink	Howe	López Franzen	Rest	

Pursuant to Rule 14.1, the President announced the following members intend to vote under Rule 40.7: Anderson, Bigham, Eaton, Gazelka, Klein, Lang, Latz, López Franzen, Miller, Newman, Newton, Putnam, Rosen, and Tomassoni.

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.

May 9, 2022

The Honorable Melissa Hortman  
Speaker of the House of Representatives

The Honorable David J. Osmek  
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 2022 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 2022	Date Filed 2022
	3254	51	1:30 p.m. May 9	May 9
	3545	52	1:30 p.m. May 9	May 9

Sincerely,  
Steve Simon  
Secretary of State

### MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 3834 and 4221.

Patrick D. Murphy, Chief Clerk, House of Representatives

Transmitted May 9, 2022

### FIRST READING OF HOUSE BILLS

The following bills were read the first time.

**H.F. No. 3834:** A bill for an act relating to local government; clarifying the statutory authority that applies to the Bloomington Housing and Redevelopment Authority; amending Laws 1971, chapter 616, sections 1, as amended; 2, as amended.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 3564, now on General Orders.

**H.F. No. 4221:** A bill for an act relating to local government; permitting the Hennepin Board of County Commissioners to set reasonable allowances for expenses or a per diem allowance for members of boards or agencies; amending Minnesota Statutes 2020, section 375.47, subdivision 1.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 4050, now on General Orders.

### REPORTS OF COMMITTEES

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

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

**H.F. No. 3285** 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.
3285	3032				

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 3285 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 3285, the first engrossment; and insert the language after the enacting clause of S.F. No. 3032, the first engrossment; further, delete the title of H.F. No. 3285, the first engrossment; and insert the title of S.F. No. 3032, the first engrossment.

And when so amended H.F. No. 3285 will be identical to S.F. No. 3032, and further recommends that H.F. No. 3285 be given its second reading and substituted for S.F. No. 3032, 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 Miller, from the Committee on Rules and Administration, to which was referred**

**H.F. No. 3768** 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.
3768	3636				

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 3768 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 3768, the second engrossment; and insert the language after the enacting clause of S.F. No. 3636, the fourth engrossment; further, delete the title of H.F. No. 3768, the second engrossment; and insert the title of S.F. No. 3636, the fourth engrossment.

And when so amended H.F. No. 3768 will be identical to S.F. No. 3636, and further recommends that H.F. No. 3768 be given its second reading and substituted for S.F. No. 3636, 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 Miller, from the Committee on Rules and Administration, to which was referred**

**H.F. No. 3805** for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

<b>GENERAL ORDERS</b>		<b>CONSENT CALENDAR</b>		<b>CALENDAR</b>	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
3805	3041				

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 3805 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 3805; and insert the language after the enacting clause of S.F. No. 3041, the first engrossment; further, delete the title of H.F. No. 3805; and insert the title of S.F. No. 3041, the first engrossment.

And when so amended H.F. No. 3805 will be identical to S.F. No. 3041, and further recommends that H.F. No. 3805 be given its second reading and substituted for S.F. No. 3041, 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 Miller, from the Committee on Rules and Administration, to which was referred**

**H.F. No. 3845** for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

<b>GENERAL ORDERS</b>		<b>CONSENT CALENDAR</b>		<b>CALENDAR</b>	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
3845	4209				

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 3845 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 3845, the second engrossment; and insert the language after the enacting clause of S.F. No. 4209, the fourth engrossment; further, delete the title of H.F. No. 3845, the second engrossment; and insert the title of S.F. No. 4209, the fourth engrossment.

And when so amended H.F. No. 3845 will be identical to S.F. No. 4209, and further recommends that H.F. No. 3845 be given its second reading and substituted for S.F. No. 4209, 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.

### SECOND READING OF HOUSE BILLS

H.F. Nos. 3285, 3768, 3805, and 3845 were read the second time.

### INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

#### **Senator Draheim introduced--**

**S.F. No. 4583:** A bill for an act relating to utilities; prohibiting rate recovery with respect to certain new facilities; amending Minnesota Statutes 2020, section 216B.16, by adding a subdivision.

Referred to the Committee on Energy and Utilities Finance and Policy.

#### **Senators Limmer and Ingebrigtsen introduced--**

**S.F. No. 4584:** A bill for an act relating to motor vehicles; prohibiting racing, drag racing, and related activities; authorizing vehicle forfeitures for certain violations; imposing criminal penalties; establishing a grant program; appropriating money; amending Minnesota Statutes 2020, sections 169.13, subdivision 1; 609.5312, subdivision 4; Minnesota Statutes 2021 Supplement, sections 171.18, subdivision 1; 609.531, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 169.

Referred to the Committee on Transportation Finance and Policy.

#### **Senators Pappas, Cwodzinski, and Kunesh introduced--**

**S.F. No. 4585:** A bill for an act relating to education; establishing a student threat assessment system; proposing coding for new law in Minnesota Statutes, chapter 121A.

Referred to the Committee on Education Finance and Policy.

#### **Senators Westrom and Chamberlain introduced--**

**S.F. No. 4586:** A bill for an act relating to state agencies; transferring the school nutrition programs unit from the Department of Education to the Department of Agriculture.

Referred to the Committee on Education Finance and Policy.

### MOTIONS AND RESOLUTIONS

Senator Housley moved that the name of Senator Kunesh be added as a co-author to S.F. No. 4034. The motion prevailed.

**SPECIAL ORDERS**

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

S.F. No. 3885, H.F. No. 3216, S.F. Nos. 4165, 1391, 3202, 3503, 3049, 3850, and 2922.

**SPECIAL ORDER**

**S.F. No. 3885:** A bill for an act relating to commerce; authorizing certain insurers to offer paid family leave insurance benefits; proposing coding for new law as Minnesota Statutes, chapter 63A.

Senator Coleman moved to amend S.F. No. 3885 as follows:

Page 1, line 20, delete everything after "means"

Page 1, line 21, delete everything before the period and insert "an individual who is licensed, certified, or otherwise authorized under law to practice in the individual's scope of practice as a physician, osteopath, surgeon, or advanced practice registered nurse"

The motion prevailed. So the amendment was adopted.

Senator Kent moved to amend S.F. No. 3885 as follows:

Delete everything after the enacting clause and insert:

**"ARTICLE 1****FAMILY AND MEDICAL BENEFITS**

Section 1. Minnesota Statutes 2020, section 13.719, is amended by adding a subdivision to read:

Subd. 7. **Family and medical insurance data.** (a) For the purposes of this subdivision, the terms used have the meanings given them in section 268B.01.

(b) Data on applicants, family members, or employers under chapter 268B are private or nonpublic data, provided that the department may share data collected from applicants with employers or health care providers to the extent necessary to meet the requirements of chapter 268B or other applicable law.

(c) The department and the Department of Labor and Industry may share data classified under paragraph (b) to the extent necessary to meet the requirements of chapter 268B or the Department of Labor and Industry's enforcement authority over chapter 268B, as provided in section 177.27.

Sec. 2. Minnesota Statutes 2020, section 177.27, subdivision 4, is amended to read:

Subd. 4. **Compliance orders.** The commissioner may issue an order requiring an employer to comply with sections 177.21 to 177.435, 181.02, 181.03, 181.031, 181.032, 181.101, 181.11, 181.13, 181.14, 181.145, 181.15, 181.172, paragraph (a) or (d), 181.275, subdivision 2a, 181.722, 181.79, ~~and~~ 181.939 to 181.943, 268B.09, subdivisions 1 to 6, and 268B.14, subdivision 3, or with any rule

promulgated under section 177.28. The commissioner shall issue an order requiring an employer to comply with sections 177.41 to 177.435 if the violation is repeated. For purposes of this subdivision only, a violation is repeated if at any time during the two years that preceded the date of violation, the commissioner issued an order to the employer for violation of sections 177.41 to 177.435 and the order is final or the commissioner and the employer have entered into a settlement agreement that required the employer to pay back wages that were required by sections 177.41 to 177.435. The department shall serve the order upon the employer or the employer's authorized representative in person or by certified mail at the employer's place of business. An employer who wishes to contest the order must file written notice of objection to the order with the commissioner within 15 calendar days after being served with the order. A contested case proceeding must then be held in accordance with sections 14.57 to 14.69. If, within 15 calendar days after being served with the order, the employer fails to file a written notice of objection with the commissioner, the order becomes a final order of the commissioner.

Sec. 3. Minnesota Statutes 2020, section 181.032, is amended to read:

**181.032 REQUIRED STATEMENT OF EARNINGS BY EMPLOYER; NOTICE TO EMPLOYEE.**

(a) At the end of each pay period, the employer shall provide each employee an earnings statement, either in writing or by electronic means, covering that pay period. An employer who chooses to provide an earnings statement by electronic means must provide employee access to an employer-owned computer during an employee's regular working hours to review and print earnings statements, and must make statements available for review or printing for a period of three years.

(b) The earnings statement may be in any form determined by the employer but must include:

(1) the name of the employee;

(2) the rate or rates of pay and basis thereof, including whether the employee is paid by hour, shift, day, week, salary, piece, commission, or other method;

(3) allowances, if any, claimed pursuant to permitted meals and lodging;

(4) the total number of hours worked by the employee unless exempt from chapter 177;

(5) the total amount of gross pay earned by the employee during that period;

(6) a list of deductions made from the employee's pay;

(7) any amount deducted by the employer under section 268B.14, subdivision 3, and the amount paid by the employer based on the employee's wages under section 268B.14, subdivision 1;

~~(7)~~ (8) the net amount of pay after all deductions are made;

~~(8)~~ (9) the date on which the pay period ends;

~~(9)~~ (10) the legal name of the employer and the operating name of the employer if different from the legal name;

~~(10)~~ (11) the physical address of the employer's main office or principal place of business, and a mailing address if different; and

~~(11)~~ (12) the telephone number of the employer.

(c) An employer must provide earnings statements to an employee in writing, rather than by electronic means, if the employer has received at least 24 hours notice from an employee that the employee would like to receive earnings statements in written form. Once an employer has received notice from an employee that the employee would like to receive earnings statements in written form, the employer must comply with that request on an ongoing basis.

(d) At the start of employment, an employer shall provide each employee a written notice containing the following information:

(1) the rate or rates of pay and basis thereof, including whether the employee is paid by the hour, shift, day, week, salary, piece, commission, or other method, and the specific application of any additional rates;

(2) allowances, if any, claimed pursuant to permitted meals and lodging;

(3) paid vacation, sick time, or other paid time-off accruals and terms of use;

(4) the employee's employment status and whether the employee is exempt from minimum wage, overtime, and other provisions of chapter 177, and on what basis;

(5) a list of deductions that may be made from the employee's pay;

(6) the number of days in the pay period, the regularly scheduled pay day, and the pay day on which the employee will receive the first payment of wages earned;

(7) the legal name of the employer and the operating name of the employer if different from the legal name;

(8) the physical address of the employer's main office or principal place of business, and a mailing address if different; and

(9) the telephone number of the employer.

(e) The employer must keep a copy of the notice under paragraph (d) signed by each employee acknowledging receipt of the notice. The notice must be provided to each employee in English. The English version of the notice must include text provided by the commissioner that informs employees that they may request, by indicating on the form, the notice be provided in a particular language. If requested, the employer shall provide the notice in the language requested by the employee. The commissioner shall make available to employers the text to be included in the English version of the notice required by this section and assist employers with translation of the notice in the languages requested by their employees.

(f) An employer must provide the employee any written changes to the information contained in the notice under paragraph (d) prior to the date the changes take effect.



Sec. 4. Minnesota Statutes 2020, section 268.19, subdivision 1, is amended to read:

Subdivision 1. **Use of data.** (a) Except as provided by this section, data gathered from any person under the administration of the Minnesota Unemployment Insurance Law are private data on individuals or nonpublic data not on individuals as defined in section 13.02, subdivisions 9 and 12, and may not be disclosed except according to a district court order or section 13.05. A subpoena is not considered a district court order. These data may be disseminated to and used by the following agencies without the consent of the subject of the data:

- (1) state and federal agencies specifically authorized access to the data by state or federal law;
- (2) any agency of any other state or any federal agency charged with the administration of an unemployment insurance program;
- (3) any agency responsible for the maintenance of a system of public employment offices for the purpose of assisting individuals in obtaining employment;
- (4) the public authority responsible for child support in Minnesota or any other state in accordance with section 256.978;
- (5) human rights agencies within Minnesota that have enforcement powers;
- (6) the Department of Revenue to the extent necessary for its duties under Minnesota laws;
- (7) public and private agencies responsible for administering publicly financed assistance programs for the purpose of monitoring the eligibility of the program's recipients;
- (8) the Department of Labor and Industry and the Commerce Fraud Bureau in the Department of Commerce for uses consistent with the administration of their duties under Minnesota law;
- (9) the Department of Human Services and the Office of Inspector General and its agents within the Department of Human Services, including county fraud investigators, for investigations related to recipient or provider fraud and employees of providers when the provider is suspected of committing public assistance fraud;
- (10) local and state welfare agencies for monitoring the eligibility of the data subject for assistance programs, or for any employment or training program administered by those agencies, whether alone, in combination with another welfare agency, or in conjunction with the department or to monitor and evaluate the statewide Minnesota family investment program by providing data on recipients and former recipients of Supplemental Nutrition Assistance Program (SNAP) benefits, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, or medical programs under chapter 256B or 256L or formerly codified under chapter 256D;
- (11) local and state welfare agencies for the purpose of identifying employment, wages, and other information to assist in the collection of an overpayment debt in an assistance program;
- (12) local, state, and federal law enforcement agencies for the purpose of ascertaining the last known address and employment location of an individual who is the subject of a criminal investigation;

(13) the United States Immigration and Customs Enforcement has access to data on specific individuals and specific employers provided the specific individual or specific employer is the subject of an investigation by that agency;

(14) the Department of Health for the purposes of epidemiologic investigations;

(15) the Department of Corrections for the purposes of case planning and internal research for preprobation, probation, and postprobation employment tracking of offenders sentenced to probation and preconfinement and postconfinement employment tracking of committed offenders;

(16) the state auditor to the extent necessary to conduct audits of job opportunity building zones as required under section 469.3201; ~~and~~

(17) the Office of Higher Education for purposes of supporting program improvement, system evaluation, and research initiatives including the Statewide Longitudinal Education Data System; and

(18) the Family and Medical Benefits Division of the Department of Employment and Economic Development to be used as necessary to administer chapter 268B.

(b) Data on individuals and employers that are collected, maintained, or used by the department in an investigation under section 268.182 are confidential as to data on individuals and protected nonpublic data not on individuals as defined in section 13.02, subdivisions 3 and 13, and must not be disclosed except under statute or district court order or to a party named in a criminal proceeding, administrative or judicial, for preparation of a defense.

(c) Data gathered by the department in the administration of the Minnesota unemployment insurance program must not be made the subject or the basis for any suit in any civil proceedings, administrative or judicial, unless the action is initiated by the department.

Sec. 5. **[268B.01] DEFINITIONS.**

Subdivision 1. **Scope.** For the purposes of this chapter, the terms defined in this section have the meanings given.

Subd. 2. **Account.** "Account" means the family and medical benefit insurance account in the special revenue fund in the state treasury under section 268B.02.

Subd. 3. **Applicant.** "Applicant" means an individual applying for leave with benefits under this chapter.

Subd. 4. **Applicant's average weekly wage.** "Applicant's average weekly wage" means an amount equal to the applicant's high quarter wage credits divided by 13.

Subd. 5. **Base period.** (a) "Base period," unless otherwise provided in this subdivision, means the most recent four completed calendar quarters before the effective date of an applicant's application for family or medical leave benefits if the application has an effective date occurring after the month following the most recent completed calendar quarter. The base period under this paragraph is as follows:

<u>If the application for family or medical leave benefits is effective on or between these dates:</u>	<u>The base period is the prior:</u>
<u>February 1 to March 31</u>	<u>January 1 to December 31</u>
<u>May 1 to June 30</u>	<u>April 1 to March 31</u>
<u>August 1 to September 30</u>	<u>July 1 to June 30</u>
<u>November 1 to December 31</u>	<u>October 1 to September 30</u>

(b) If an application for family or medical leave benefits has an effective date that is during the month following the most recent completed calendar quarter, then the base period is the first four of the most recent five completed calendar quarters before the effective date of an applicant's application for family or medical leave benefits. The base period under this paragraph is as follows:

<u>If the application for family or medical leave benefits is effective on or between these dates:</u>	<u>The base period is the prior:</u>
<u>January 1 to January 31</u>	<u>October 1 to September 30</u>
<u>April 1 to April 30</u>	<u>January 1 to December 31</u>
<u>July 1 to July 31</u>	<u>April 1 to March 31</u>
<u>October 1 to October 31</u>	<u>July 1 to June 30</u>

(c) Regardless of paragraph (a), a base period of the first four of the most recent five completed calendar quarters must be used if the applicant would have more wage credits under that base period than under a base period of the four most recent completed calendar quarters.

(d) If the applicant has insufficient wage credits to establish a benefit account under a base period of the four most recent completed calendar quarters, or a base period of the first four of the most recent five completed calendar quarters, but during either base period the applicant received workers' compensation for temporary disability under chapter 176 or a similar federal law or similar law of another state, or if the applicant whose own serious illness caused a loss of work for which the applicant received compensation for loss of wages from some other source, the applicant may request a base period as follows:

(1) if an applicant was compensated for a loss of work of seven to 13 weeks during a base period referred to in paragraph (a) or (b), then the base period is the first four of the most recent six completed calendar quarters before the effective date of the application for family or medical leave benefits;

(2) if an applicant was compensated for a loss of work of 14 to 26 weeks during a base period referred to in paragraph (a) or (b), then the base period is the first four of the most recent seven completed calendar quarters before the effective date of the application for family or medical leave benefits;

(3) if an applicant was compensated for a loss of work of 27 to 39 weeks during a base period referred to in paragraph (a) or (b), then the base period is the first four of the most recent eight completed calendar quarters before the effective date of the application for family or medical leave benefits; and

(4) if an applicant was compensated for a loss of work of 40 to 52 weeks during a base period referred to in paragraph (a) or (b), then the base period is the first four of the most recent nine completed calendar quarters before the effective date of the application for family or medical leave benefits.

Subd. 6. **Benefit.** "Benefit" or "benefits" means monetary payments under this chapter associated with qualifying bonding, family care, pregnancy, serious health condition, qualifying exigency, or safety leave events, unless otherwise indicated by context.

Subd. 7. **Benefit year.** "Benefit year" means the period of 52 calendar weeks beginning the date a benefit account under section 268B.04 is effective. For a benefit account established effective any January 1, April 1, July 1, or October 1, the benefit year will be a period of 53 calendar weeks.

Subd. 8. **Bonding.** "Bonding" means time spent by an applicant who is a biological, adoptive, or foster parent with a biological, adopted, or foster child in conjunction with the child's birth, adoption, or placement.

Subd. 9. **Calendar day.** "Calendar day" or "day" means a fixed 24-hour period corresponding to a single calendar date.

Subd. 10. **Calendar quarter.** "Calendar quarter" means the period of three consecutive calendar months ending on March 31, June 30, September 30, or December 31.

Subd. 11. **Calendar week.** "Calendar week" has the same meaning as "week" under subdivision 46.

Subd. 12. **Commissioner.** "Commissioner" means the commissioner of employment and economic development, unless otherwise indicated by context.

Subd. 13. **Covered employment.** (a) "Covered employment" means performing services of whatever nature, unlimited by the relationship of master and servant as known to the common law, or any other legal relationship performed for wages or under any contract calling for the performance of services, written or oral, express or implied.

(b) "Employment" includes an individual's entire service performed within or without or both within and without this state, if:

(1) the service is localized in this state; or

(2) the service is not localized in any state, but some of the service is performed in this state and:

(i) the base of operations of the employee is in the state, or if there is no base of operations, then the place from which such service is directed or controlled is in this state; or

(ii) the base of operations or place from which such service is directed or controlled is not in any state in which some part of the service is performed, but the individual's residence is in this state.

(c) "Covered employment" does not include:

(1) a self-employed individual; or

(2) an independent contractor.

Subd. 14. **Department.** "Department" means the Department of Employment and Economic Development, unless otherwise indicated by context.

Subd. 15. **Employee.** (a) "Employee" means an individual who is in the employment of an employer.

(b) Employee does not include employees of the United States of America.

Subd. 16. **Employer.** (a) "Employer" means:

(1) any person, type of organization, or entity, including any partnership, association, trust, estate, joint stock company, insurance company, limited liability company, or corporation, whether domestic or foreign, or the receiver, trustee in bankruptcy, trustee, or the legal representative of a deceased person, having any individual in covered employment;

(2) the state, statewide system, and state agencies; and

(3) any local government entity, including but not limited to a county, city, town, municipal corporation, quasimunicipal corporation, or political subdivision.

(b) Employer does not include:

(1) the United States of America; or

(2) a self-employed individual who has elected and been approved for coverage under section 268B.11 with regard to the self-employed individual's own coverage and benefits.

Subd. 17. **Estimated self-employment income.** "Estimated self-employment income" means a self-employed individual's average net earnings from self-employment in the two most recent taxable years. For a self-employed individual who had net earnings from self-employment in only one of the years, the individual's estimated self-employment income equals the individual's net earnings from self-employment in the year in which the individual had net earnings from self-employment.

Subd. 18. **Family benefit program.** "Family benefit program" means the program administered under this chapter for the collection of premiums and payment of benefits related to family care, bonding, safety leave, and leave related to a qualifying exigency.

Subd. 19. **Family care.** "Family care" means an applicant caring for a family member with a serious health condition or caring for a family member who is a covered service member.

Subd. 20. **Family member.** (a) "Family member" means an employee's child, adult child, spouse, sibling, parent, parent-in-law, grandchild, grandparent, stepparent, member of the employee's household, or domestic partner.

(b) For the purposes of this chapter, a child includes a stepchild, biological, adopted, or foster child of the employee, or a child for whom the employee is standing in loco parentis.

(c) For the purposes of this chapter, a grandchild includes a step-grandchild, biological, adopted, or foster grandchild of the employee.

(d) For the purposes of this chapter, an individual is a member of the employee's household if the individual has resided at the same address as the employee for at least one year as of the first day of leave under this chapter.

**Subd. 21. Health care provider.** "Health care provider" means:

(1) an individual who is licensed, certified, or otherwise authorized under law to practice in the individual's scope of practice as a physician, osteopath, surgeon, or advanced practice registered nurse; or

(2) any other individual determined by the commissioner by rule, in accordance with the rulemaking procedures in the Administrative Procedure Act, to be capable of providing health care services.

**Subd. 22. High quarter.** "High quarter" means the calendar quarter in an applicant's base period with the highest amount of wage credits.

**Subd. 23. Incapacity.** "Incapacity" means inability to perform regular work, attend school, or perform other regular daily activities due to a serious health condition, treatment therefore, or recovery therefrom.

**Subd. 24. Independent contractor.** (a) If there is an existing specific test or definition for independent contractor in Minnesota statute or rule applicable to an occupation or sector as of the date of enactment of this chapter, that test or definition shall apply to that occupation or sector for purposes of this chapter. If there is not an existing test or definition as described, the definition for independent contractor shall be as provided in this subdivision.

(b) An individual is an independent contractor and not an employee of the person for whom the individual is performing services in the course of the person's trade, business, profession, or occupation only if:

(1) the individual maintains a separate business with the individual's own office, equipment, materials, and other facilities;

(2) the individual:

(i) holds or has applied for a federal employer identification number; or

(ii) has filed business or self-employment income tax returns with the federal Internal Revenue Service if the individual has performed services in the previous year;

(3) the individual is operating under contract to perform the specific services for the person for specific amounts of money and under which the individual controls the means of performing the services;

(4) the individual is incurring the main expenses related to the services that the individual is performing for the person under the contract;

(5) the individual is responsible for the satisfactory completion of the services that the individual has contracted to perform for the person and is liable for a failure to complete the services;

(6) the individual receives compensation from the person for the services performed under the contract on a commission or per-job or competitive bid basis and not on any other basis;

(7) the individual may realize a profit or suffer a loss under the contract to perform services for the person;

(8) the individual has continuing or recurring business liabilities or obligations; and

(9) the success or failure of the individual's business depends on the relationship of business receipts to expenditures.

(c) For the purposes of this chapter, an insurance producer, as defined in section 60K.31, subdivision 6, is an independent contractor of an insurance company, as defined in section 60A.02, subdivision 4, unless the insurance producer and insurance company agree otherwise.

Subd. 25. **Inpatient care.** "Inpatient care" means an overnight stay in a hospital, hospice, or residential medical care facility, including any period of incapacity, or any subsequent treatment in connection with such inpatient care.

Subd. 26. **Maximum weekly benefit amount.** "Maximum weekly benefit amount" means the state's average weekly wage as calculated under section 268.035, subdivision 23.

Subd. 27. **Medical benefit program.** "Medical benefit program" means the program administered under this chapter for the collection of premiums and payment of benefits related to an applicant's serious health condition or pregnancy.

Subd. 28. **Net earnings from self-employment.** "Net earnings from self-employment" has the meaning given in section 1402 of the Internal Revenue Code, as defined in section 290.01, subdivision 31.

Subd. 29. **Pregnancy.** "Pregnancy" means prenatal care or incapacity due to pregnancy or recovery from childbirth, still birth, miscarriage, or related health conditions.

Subd. 30. **Qualifying exigency.** (a) "Qualifying exigency" means a need arising out of a military member's active duty service or notice of an impending call or order to active duty in the United States armed forces, including providing for the care or other needs of the family member's child or other dependent, making financial or legal arrangements for the family member, attending counseling, attending military events or ceremonies, spending time with the family member during a rest and recuperation leave or following return from deployment, or making arrangements following the death of the military member.

(b) For the purposes of this chapter, a "military member" means a current or former member of the United States armed forces, including a member of the National Guard or reserves, who, except

for a deceased military member, is a resident of the state and is a family member of the employee taking leave related to the qualifying exigency.

Subd. 31. **Safety leave.** "Safety leave" means leave from work because of domestic abuse, sexual assault, or stalking of the employee or employee's family member, provided the leave is to:

(1) seek medical attention related to the physical or psychological injury or disability caused by domestic abuse, sexual assault, or stalking;

(2) obtain services from a victim services organization;

(3) obtain psychological or other counseling;

(4) seek relocation due to the domestic abuse, sexual assault, or stalking; or

(5) seek legal advice or take legal action, including preparing for or participating in any civil or criminal legal proceeding related to, or resulting from, the domestic abuse, sexual assault, or stalking.

Subd. 32. **Self-employed individual.** "Self-employed individual" means a resident of the state who, in one of the two taxable years preceding the current calendar year, derived at least \$10,000 in net earnings from self-employment from an entity other than an S corporation for the performance of services in this state.

Subd. 33. **Self-employment premium base.** "Self-employment premium base" means the lesser of:

(1) a self-employed individual's estimated self-employment income for the calendar year plus the individual's self-employment wages in the calendar year; or

(2) the maximum earnings subject to the FICA Old-Age, Survivors, and Disability Insurance tax in the taxable year.

Subd. 34. **Self-employment wages.** "Self-employment wages" means the amount of wages that a self-employed individual earned in the calendar year from an entity from which the individual also received net earnings from self-employment.

Subd. 35. **Serious health condition.** (a) "Serious health condition" means a physical or mental illness, injury, impairment, condition, or substance use disorder that involves:

(1) at-home care or inpatient care in a hospital, hospice, or residential medical care facility, including any period of incapacity; or

(2) continuing treatment or supervision by a health care provider which includes any one or more of the following:

(i) a period of incapacity of more than three consecutive, full calendar days, and any subsequent treatment or period of incapacity relating to the same condition, that also involves:



(A) treatment two or more times by a health care provider or by a provider of health care services under orders of, or on referral by, a health care provider; or

(B) treatment by a health care provider on at least one occasion that results in a regimen of continuing treatment under the supervision of the health care provider;

(ii) a period of incapacity due to pregnancy, or for prenatal care;

(iii) a period of incapacity or treatment for a chronic health condition that:

(A) requires periodic visits, defined as at least twice a year, for treatment by a health care provider or under orders of, or on referral by, a health care provider;

(B) continues over an extended period of time, including recurring episodes of a single underlying condition; and

(C) may cause episodic rather than continuing periods of incapacity;

(iv) a period of incapacity which is permanent or long term due to a condition for which treatment may not be effective. The employee or family member must be under the continuing supervision of, but need not be receiving active treatment by, a health care provider; or

(v) a period of absence to receive multiple treatments, including any period of recovery from the treatments, by a health care provider or by a provider of health care services under orders of, or on referral by, a health care provider, for:

(A) restorative surgery after an accident or other injury; or

(B) a condition that would likely result in a period of incapacity of more than three consecutive, full calendar days in the absence of medical intervention or treatment.

(b) For the purposes of paragraph (a), clauses (1) and (2), treatment by a health care provider means an in-person visit or telemedicine visit with a health care provider, or by a provider of health care services under orders of, or on referral by, a health care provider.

(c) For the purposes of paragraph (a), treatment includes but is not limited to examinations to determine if a serious health condition exists and evaluations of the condition.

(d) Absences attributable to incapacity under paragraph (a), clause (2), item (ii) or (iii), qualify for leave under this chapter even if the employee or the family member does not receive treatment from a health care provider during the absence, and even if the absence does not last more than three consecutive, full calendar days.

Subd. 36. **State's average weekly wage.** "State's average weekly wage" means the weekly wage calculated under section 268.035, subdivision 23.

Subd. 37. **Supplemental benefit payment.** (a) "Supplemental benefit payment" means:

(1) a payment made by an employer to an employee as salary continuation or as paid time off. Such a payment must be in addition to any family or medical leave benefits the employee is receiving under this chapter; and

(2) a payment offered by an employer to an employee who is taking leave under this chapter to supplement the family or medical leave benefits the employee is receiving.

(b) Employers may, but are not required to, designate certain benefits including but not limited to salary continuation, vacation leave, sick leave, or other paid time off as a supplemental benefit payment.

(c) Nothing in this chapter requires an employee to receive supplemental benefit payments.

Subd. 38. **Taxable year.** "Taxable year" has the meaning given in section 290.01, subdivision 9.

Subd. 39. **Taxable wages.** "Taxable wages" means those wages paid to an employee in covered employment each calendar year up to an amount equal to the maximum wages subject to premium in a calendar year, which is equal to the maximum earnings in that year subject to the FICA Old-Age, Survivors, and Disability Insurance tax rounded to the nearest \$1,000.

Subd. 40. **Typical workweek hours.** "Typical workweek hours" means:

(1) for an hourly employee, the average number of hours worked per week by an employee within the high quarter during the base year; or

(2) 40 hours for a salaried employee, regardless of the number of hours the salaried employee typically works.

Subd. 41. **Wage credits.** "Wage credits" means the amount of wages paid within an applicant's base period for covered employment, as defined in subdivision 13.

Subd. 42. **Wage detail report.** "Wage detail report" means the report on each employee in covered employment required from an employer on a calendar quarter basis under section 268B.12.

Subd. 43. **Wages.** (a) "Wages" means all compensation for employment, including commissions; bonuses, awards, and prizes; severance payments; standby pay; vacation and holiday pay; back pay as of the date of payment; tips and gratuities paid to an employee by a customer of an employer and accounted for by the employee to the employer; sickness and accident disability payments, except as otherwise provided in this subdivision; and the cash value of housing, utilities, meals, exchanges of services, and any other goods and services provided to compensate an employee, except:

(1) the amount of any payment made to, or on behalf of, an employee under a plan established by an employer that makes provision for employees generally or for a class or classes of employees, including any amount paid by an employer for insurance or annuities, or into a plan, to provide for a payment, on account of (i) retirement, (ii) medical and hospitalization expenses in connection with sickness or accident disability, or (iii) death;

(2) the payment by an employer of the tax imposed upon an employee under United States Code, title 26, section 3101 of the Federal Insurance Contribution Act, with respect to compensation paid

to an employee for domestic employment in a private household of the employer or for agricultural employment;

(3) any payment made to, or on behalf of, an employee or beneficiary (i) from or to a trust described in United States Code, title 26, section 401(a) of the federal Internal Revenue Code, that is exempt from tax under section 501(a) at the time of the payment unless the payment is made to an employee of the trust as compensation for services as an employee and not as a beneficiary of the trust, or (ii) under or to an annuity plan that, at the time of the payment, is a plan described in section 403(a);

(4) the value of any special discount or markdown allowed to an employee on goods purchased from or services supplied by the employer where the purchases are optional and do not constitute regular or systematic payment for services;

(5) customary and reasonable directors' fees paid to individuals who are not otherwise employed by the corporation of which they are directors;

(6) the payment to employees for reimbursement of meal expenses when employees are required to perform work after their regular hours;

(7) the payment into a trust or plan for purposes of providing legal or dental services if provided for all employees generally or for a class or classes of employees;

(8) the value of parking facilities provided or paid for by an employer, in whole or in part, if provided for all employees generally or for a class or classes of employees;

(9) royalties to an owner of a franchise, license, copyright, patent, oil, mineral, or other right;

(10) advances or reimbursements for traveling or other ordinary and necessary expenses incurred or reasonably expected to be incurred in the business of the employer. Traveling and other reimbursed expenses must be identified either by making separate payments or by specifically indicating the separate amounts where both wages and expense allowances are combined in a single payment;

(11) residual payments to radio, television, and similar artists that accrue after the production of television commercials, musical jingles, spot announcements, radio transcriptions, film soundtracks, and similar activities;

(12) the income to a former employee resulting from the exercise of a nonqualified stock option;

(13) supplemental unemployment benefit payments under a plan established by an employer, if the payment is not wages under the Federal Unemployment Tax Act. The payments are wages unless made solely for the supplementing of weekly state or federal unemployment benefits. Supplemental unemployment benefit payments may not be assigned, nor may any consideration be required from the applicant, other than a release of claims in order to be excluded from wages;

(14) sickness or accident disability payments made by the employer after the expiration of six calendar months following the last calendar month that the individual worked for the employer;

(15) disability payments made under the provisions of any workers' compensation law;

(16) sickness or accident disability payments made by a third-party payer such as an insurance company; or

(17) payments made into a trust fund, or for the purchase of insurance or an annuity, to provide for sickness or accident disability payments to employees under a plan or system established by the employer that provides for the employer's employees generally or for a class or classes of employees.

(b) Nothing in this subdivision excludes from the term "wages" any payment made under any type of salary reduction agreement, including payments made under a cash or deferred arrangement and cafeteria plan, as defined in United States Code, title 26, sections 401(k) and 125 of the federal Internal Revenue Code, to the extent that the employee has the option to receive the payment in cash.

(c) Wages includes the total payment to the operator and supplier of a vehicle or other equipment where the payment combines compensation for personal services as well as compensation for the cost of operating and hiring the equipment in a single payment. This paragraph does not apply if:

(1) there is a preexisting written agreement providing for allocation of specific amounts; or

(2) at the time of each payment there is a written acknowledgment indicating the separate allocated amounts.

(d) Wages includes payments made for services as a caretaker. Unless there is a contract or other proof to the contrary, compensation is considered as being equally received by a married couple where the employer makes payment to only one spouse, or by all tenants of a household who perform services where two or more individuals share the same dwelling and the employer makes payment to only one individual.

(e) Wages includes payments made for services by a migrant family. Where services are performed by a married couple or a family and an employer makes payment to only one individual, each worker is considered as having received an equal share of the compensation unless there is a contract or other proof to the contrary.

(f) Wages includes advances or draws against future earnings, when paid, unless the payments are designated as a loan or return of capital on the books and records of the employer at the time of payment.

(g) Wages includes payments made by a subchapter "S" corporation, as organized under the Internal Revenue Code, to or on behalf of officers and shareholders that are reasonable compensation for services performed for the corporation.

For a subchapter "S" corporation, wages does not include:

(1) a loan for business purposes to an officer or shareholder evidenced by a promissory note signed by an officer before the payment of the loan proceeds and recorded on the books and records of the corporation as a loan to an officer or shareholder;

(2) a repayment of a loan or payment of interest on a loan made by an officer to the corporation and recorded on the books and records of the corporation as a liability;

(3) a reimbursement of reasonable corporation expenses incurred by an officer and documented by a written expense voucher and recorded on the books and records of the corporation as corporate expenses; and

(4) a reasonable lease or rental payment to an officer who owns property that is leased or rented to the corporation.

Subd. 44. **Wages paid.** (a) "Wages paid" means the amount of wages:

(1) that have been actually paid; or

(2) that have been credited to or set apart so that payment and disposition is under the control of the employee.

(b) Wage payments delayed beyond the regularly scheduled pay date are wages paid on the missed pay date. Back pay is wages paid on the date of actual payment. Any wages earned but not paid with no scheduled date of payment are wages paid on the last day of employment.

(c) Wages paid does not include wages earned but not paid except as provided for in this subdivision.

Subd. 45. **Week.** "Week" means calendar week ending at midnight Saturday.

Subd. 46. **Weekly benefit amount.** "Weekly benefit amount" means the amount of family and medical leave benefits computed under section 268B.04.

## Sec. 6. **[268B.02] FAMILY AND MEDICAL BENEFIT INSURANCE PROGRAM CREATION.**

Subdivision 1. **Creation.** A family and medical benefit insurance program is created to be administered by the commissioner according to the terms of this chapter.

Subd. 2. **Creation of division.** A Family and Medical Benefit Insurance Division is created within the department under the authority of the commissioner. The commissioner shall appoint a director of the division. The division shall administer and operate the benefit program under this chapter.

Subd. 3. **Rulemaking.** The commissioner may adopt rules to implement the provisions of this chapter.

Subd. 4. **Account creation; appropriation.** The family and medical benefit insurance account is created in the special revenue fund in the state treasury. Money in this account is appropriated to the commissioner to pay benefits under and to administer this chapter, including outreach required under section 268B.18.

Subd. 5. **Information technology services and equipment.** The department is exempt from the provisions of section 16E.016 for the purposes of this chapter.

Sec. 7. **[268B.03] PAYMENT OF BENEFITS.**

Subdivision 1. **Requirements.** The commissioner must pay benefits from the family and medical benefit insurance account as provided under this chapter to an applicant who has met each of the following requirements:

(1) the applicant has filed an application for benefits and established a benefit account in accordance with section 268B.04;

(2) the applicant has met all of the ongoing eligibility requirements under section 268B.06;

(3) the applicant does not have an outstanding overpayment of family or medical leave benefits, including any penalties or interest;

(4) the applicant has not been held ineligible for benefits under section 268.07, subdivision 2; and

(5) the applicant is not employed exclusively by a private plan employer and has wage credits during the base year attributable to employers covered under the state family and medical leave program.

Subd. 2. **Benefits paid from state funds.** Benefits are paid from state funds and are not considered paid from any special insurance plan, nor as paid by an employer. An application for family or medical leave benefits is not considered a claim against an employer but is considered a request for benefits from the family and medical benefit insurance account. The commissioner has the responsibility for the proper payment of benefits regardless of the level of interest or participation by an applicant or an employer in any determination or appeal. An applicant's entitlement to benefits must be determined based upon that information available without regard to a burden of proof. Any agreement between an applicant and an employer is not binding on the commissioner in determining an applicant's entitlement. There is no presumption of entitlement or nonentitlement to benefits.

**Sec. 8. [268B.04] BENEFIT ACCOUNT; BENEFITS.**

Subdivision 1. **Application for benefits; determination of benefit account.** (a) An application for benefits may be filed in person, by mail, or by electronic transmission as the commissioner may require. The applicant must meet eligibility requirements at the time the application is filed and must provide all requested information in the manner required. If the applicant does not meet eligibility at the time of the application or fails to provide all requested information, the communication is not an application for family and medical leave benefits.

(b) The commissioner must examine each application for benefits to determine the base period and the benefit year, and based upon all the covered employment in the base period the commissioner must determine the weekly benefit amount available, if any, and the maximum amount of benefits available, if any. The determination, which is a document separate and distinct from a document titled a determination of eligibility or determination of ineligibility, must be titled determination of benefit account. A determination of benefit account must be sent to the applicant and all base period employers, by mail or electronic transmission.

(c) If a base period employer did not provide wage detail information for the applicant as required under section ....., the commissioner may accept an applicant certification of wage credits, based upon the applicant's records, and issue a determination of benefit account.

(d) The commissioner may, at any time within 24 months from the establishment of a benefit account, reconsider any determination of benefit account and make an amended determination if the commissioner finds that the wage credits listed in the determination were incorrect for any reason. An amended determination of benefit account must be promptly sent to the applicant and all base period employers, by mail or electronic transmission. This paragraph does not apply to documents titled determinations of eligibility or determinations of ineligibility issued.

(e) If an amended determination of benefit account reduces the weekly benefit amount or maximum amount of benefits available, any benefits that have been paid greater than the applicant was entitled is an overpayment of benefits. A determination or amended determination issued under this section that results in an overpayment of benefits must set out the amount of the overpayment and the requirement under section ....., that the overpaid benefits must be repaid.

Subd. 2. **Benefit account requirements.** (a) Unless paragraph (b) applies, to establish a benefit account, an applicant must have wage credits of at least 5.3 percent of the state's average annual wage rounded down to the next lower \$100.

(b) To establish a new benefit account following the expiration of the benefit year on a prior benefit account, an applicant must have performed actual work in subsequent covered employment and have been paid wages in one or more completed calendar quarters that started after the effective date of the prior benefit account. The wages paid for that employment must be at least enough to meet the requirements of paragraph (a). A benefit account under this paragraph must not be established effective earlier than the Sunday following the end of the most recent completed calendar quarter in which the requirements of paragraph (a) were met. An applicant must not establish a second benefit account as a result of one loss of employment.

Subd. 3. **Weekly benefit amount; maximum amount of benefits available; prorated amount.** (a) Subject to the maximum weekly benefit amount, an applicant's weekly benefit is calculated by adding the amounts obtained by applying the following percentage to an applicant's average typical workweek and weekly wage during the high quarter of the base period:

(1) 90 percent of wages that do not exceed 50 percent of the state's average weekly wage; plus

(2) 66 percent of wages that exceed 50 percent of the state's average weekly wage but not 100 percent; plus

(3) 55 percent of wages that exceed 100 percent of the state's average weekly wage.

(b) The state's average weekly wage is the average wage as calculated under section 268.035, subdivision 23, at the time a benefit amount is first determined.

(c) The maximum weekly benefit amount is the state's average weekly wage as calculated under section 268.035, subdivision 23.

(d) The state's maximum weekly benefit amount, computed in accordance with section 268.035, subdivision 23, applies to a benefit account established effective on or after the last Sunday in October. Once established, an applicant's weekly benefit amount is not affected by the last Sunday in October change in the state's maximum weekly benefit amount.

(e) For an employee receiving family or medical leave, a weekly benefit amount is prorated when:

(1) the employee works hours for wages; or

(2) the employee uses paid sick leave, paid vacation leave, or other paid time off that is not considered a supplemental benefit payment as defined in section 268B.01, subdivision 37.

Subd. 4. **Timing of payment.** Except as otherwise provided for in this chapter, benefits must be paid weekly.

Subd. 5. **Maximum length of benefits.** (a) Except as provided in paragraph (b), in a single benefit year, an applicant may receive up to 12 weeks of benefits under this chapter related to the applicant's serious health condition or pregnancy and up to 12 weeks of benefits under this chapter for bonding, safety leave, or family care.

(b) An applicant may receive up to 12 weeks of benefits in a single benefit year for leave related to one or more qualifying exigencies.

Subd. 6. **Minimum period for which benefits payable.** Except for a claim for benefits for bonding leave, any claim for benefits must be based on a single qualifying event of at least seven calendar days. Benefits may be paid for a minimum duration of eight consecutive hours in a week. If an employee on leave claims eight hours at any point during a week, the minimum duration is satisfied.

Subd. 7. **Right of appeal.** (a) A determination or amended determination of benefit account is final unless an applicant files an appeal within 20 calendar days after the sending of the determination or amended determination. Every determination or amended determination of benefit account must contain a prominent statement indicating in clear language the consequences of not appealing. Proceedings on the appeal are conducted in accordance with section 268B.08.

(b) Any applicant may appeal from a determination or amended determination of benefit account on the issue of whether services performed constitute employment, whether the employment is covered employment, and whether money paid constitutes wages.

Subd. 8. **Limitations on applications and benefit accounts.** (a) An application for family or medical leave benefits is effective the Sunday of the calendar week that the application was filed. An application for benefits may be backdated one calendar week before the Sunday of the week the application was actually filed if the applicant requests the backdating within seven calendar days of the date the application is filed. An application may be backdated only if the applicant was eligible for the benefit during the period of the backdating. If an individual attempted to file an application for benefits, but was prevented from filing an application by the department, the application is effective the Sunday of the calendar week the individual first attempted to file an application.

(b) A benefit account established under subdivision 2 is effective the date the application for benefits was effective.

(c) A benefit account, once established, may later be withdrawn if:



(1) the applicant has not been paid any benefits on that benefit account; and

(2) a new application for benefits is filed and a new benefit account is established at the time of the withdrawal.

A benefit account may be withdrawn after the expiration of the benefit year, and the new work requirements of subdivision 2, paragraph (b), do not apply if the applicant was not paid any benefits on the benefit account that is being withdrawn.

A determination or amended determination of eligibility or ineligibility issued under section 268B.07 that was sent before the withdrawal of the benefit account, remains in effect and is not voided by the withdrawal of the benefit account.

Sec. 9. **[268B.05] CONTINUED REQUEST FOR BENEFITS.**

A continued request for family or medical leave benefits is a certification by an applicant, done on a weekly basis, that the applicant is unable to perform usual work due to a qualifying event and meets the ongoing eligibility requirements for benefits under section 268B.06. A continued request must include information on possible issues of ineligibility.

Sec. 10. **[268B.06] ELIGIBILITY REQUIREMENTS; PAYMENTS THAT AFFECT BENEFITS.**

Subdivision 1. **Eligibility conditions.** (a) An applicant may be eligible to receive family or medical leave benefits for any week if:

(1) the applicant has filed a continued request for benefits for that week under section .....;

(2) the week for which benefits are requested is in the applicant's benefit year;

(3) the applicant was unable to perform regular work due to a serious health condition, a qualifying exigency, safety leave, family care, bonding, pregnancy, or recovery from pregnancy for the period required under subdivision 2; and

(4) the applicant has sufficient wage credits from an employer or employers as defined in section 268B.01, subdivision 41, to establish a benefit account under section 268B.04.

(b) A self-employed individual or independent contractor who has elected and been approved for coverage under section 268B.11 need not fulfill the requirement of paragraph (a), clause (4).

Subd. 2. **Seven-day qualifying event.** (a) The period for which an applicant is seeking benefits must be or have been based on a single event of at least seven calendar days' duration related to pregnancy, recovery from pregnancy, family care, a qualifying exigency, safety leave, or the applicant's serious health condition. The days need not be consecutive.

(b) Benefits related to bonding need not meet the seven-day qualifying event requirement.

(c) The commissioner must use the rulemaking authority under section 268B.02, subdivision 3, to adopt rules regarding what serious health conditions and other events are prospectively presumed to constitute seven-day qualifying events under this chapter.

Subd. 3. **Not eligible.** An applicant is ineligible for family or medical leave benefits for any portion of a typical workweek:

(1) that occurs before the effective date of a benefit account;

(2) that the applicant has an outstanding misrepresentation overpayment balance under section 268B.185, subdivision 5, including any penalties and interest;

(3) that the applicant fails or refuses to provide information on an issue of ineligibility required under section 268B.07, subdivision 2; or

(4) for which the applicant worked for pay.

Subd. 4. **Vacation, sick leave, and supplemental benefit payments.** (a) An applicant is not eligible to receive benefits for any portion of a typical workweek the applicant is receiving, has received, or will receive vacation pay, sick pay, or personal time off pay, also known as "PTO."

(b) Paragraph (a) does not apply:

(1) upon a permanent separation from employment;

(2) to payments from a vacation fund administered by a union or a third party not under the control of the employer; or

(3) to supplemental benefit payments, as defined in section 268B.01, subdivision 37.

(c) Payments under this subdivision are applied to the period immediately following the later of the date of separation from employment or the date the applicant first becomes aware that the employer will be making a payment. The date the payment is actually made or received, or that an applicant must agree to a release of claims, does not affect the application of this subdivision.

Subd. 5. **Workers' compensation and disability insurance offset.** (a) An applicant is not eligible to receive benefits for any portion of a week in which the applicant is receiving or has received compensation for loss of wages equal to or in excess of the applicant's weekly family or medical leave benefit amount under:

(1) the workers' compensation law of this state;

(2) the workers' compensation law of any other state or similar federal law; or

(3) any insurance or trust fund paid in whole or in part by an employer.

(b) This subdivision does not apply to an applicant who has a claim pending for loss of wages under paragraph (a). If the applicant later receives compensation as a result of the pending claim, the applicant is subject to paragraph (a) and the family or medical leave benefits paid are overpaid benefits under section 268B.185.

(c) If the amount of compensation described under paragraph (a) for any week is less than the applicant's weekly family or medical leave benefit amount, benefits requested for that week are reduced by the amount of that compensation payment.

Subd. 6. **Separation, severance, or bonus payments.** (a) An applicant is not eligible to receive benefits for any week the applicant is receiving, has received, or will receive separation pay, severance pay, bonus pay, or any other payments paid by an employer because of, upon, or after separation from employment. This subdivision applies if the payment is:

(1) considered wages under section 268B.01, subdivision 43; or

(2) subject to the Federal Insurance Contributions Act (FICA) tax imposed to fund Social Security and Medicare.

(b) Payments under this subdivision are applied to the period immediately following the later of the date of separation from employment or the date the applicant first becomes aware that the employer will be making a payment. The date the payment is actually made or received, or that an applicant must agree to a release of claims, does not affect the application of this paragraph.

(c) This subdivision does not apply to vacation pay, sick pay, personal time off pay, or supplemental benefit payment under subdivision 4.

(d) This subdivision applies to all the weeks of payment.

(e) Under this subdivision, if the payment with respect to a week is equal to or more than the applicant's weekly benefit amount, the applicant is ineligible for benefits for that week. If the payment with respect to a week is less than the applicant's weekly benefit amount, benefits are reduced by the amount of the payment.

Subd. 7. **Social Security disability benefits.** (a) An applicant who is receiving, has received, or has filed for primary Social Security disability benefits for any week is ineligible for benefits for that week, unless:

(1) the Social Security Administration approved the collecting of primary Social Security disability benefits each month the applicant was employed during the base period; or

(2) the applicant provides a statement from an appropriate health care professional who is aware of the applicant's Social Security disability claim and the basis for that claim, certifying that the applicant is available for suitable employment.

(b) If an applicant meets the requirements of paragraph (a), clause (1), there is no deduction from the applicant's weekly benefit amount for any Social Security disability benefits.

(c) If an applicant meets the requirements of paragraph (a), clause (2), there must be deducted from the applicant's weekly benefit amount 50 percent of the weekly equivalent of the primary Social Security disability benefits the applicant is receiving, has received, or has filed for, with respect to that week.

If the Social Security Administration determines that the applicant is not entitled to receive primary Social Security disability benefits for any week the applicant has applied for those benefits, this paragraph does not apply to that week.

(d) Information from the Social Security Administration is conclusive, absent specific evidence showing that the information was erroneous.

Sec. 11. **268B.07 DETERMINATION ON ISSUES OF ELIGIBILITY.**

Subdivision 1. **Employer notification.** (a) Upon a determination that an applicant is entitled to benefits, the commissioner must promptly send a notification to each current employer of the applicant, if any, in accordance with paragraph (b).

(b) The notification under paragraph (a) must include, at a minimum:

(1) the name of the applicant;

(2) that the applicant has applied for and received benefits;

(3) the week the benefits commence;

(4) the weekly benefit amount payable; and

(5) the maximum duration of benefits.

Subd. 2. **Determination.** (a) The commissioner must determine any issue of ineligibility raised by information required from an applicant and send to the applicant and any current base period employer, by mail or electronic transmission, a document titled a determination of eligibility or a determination of ineligibility, as is appropriate, within two weeks.

(b) If an applicant obtained benefits through misrepresentation, the department is authorized to issue a determination of ineligibility within 48 months of the establishment of the benefit account.

(c) If the department has filed an intervention in a worker's compensation matter under section 176.361, the department is authorized to issue a determination of ineligibility within 48 months of the establishment of the benefit account.

(d) A determination of eligibility or determination of ineligibility is final unless an appeal is filed by the applicant within 20 calendar days after sending. The determination must contain a prominent statement indicating the consequences of not appealing. Proceedings on the appeal are conducted in accordance with section 268B.08.

(e) An issue of ineligibility required to be determined under this section includes any question regarding the denial or allowing of benefits under this chapter.

Subd. 3. **Amended determination.** Unless an appeal has been filed, the commissioner, on the commissioner's own motion, may reconsider a determination of eligibility or determination of ineligibility that has not become final and issue an amended determination. Any amended determination must be sent to the applicant and any employer in the current base period by mail or electronic transmission. Any amended determination is final unless an appeal is filed by the applicant within 20 calendar days after sending. Proceedings on the appeal are conducted in accordance with section 268B.08.

Subd. 4. **Benefit payment.** If a determination or amended determination allows benefits to an applicant, the family or medical leave benefits must be paid regardless of any appeal period or any appeal having been filed.

Subd. 5. **Overpayment.** A determination or amended determination that holds an applicant ineligible for benefits for periods an applicant has been paid benefits is an overpayment of those family or medical leave benefits. A determination or amended determination issued under this section that results in an overpayment of benefits must set out the amount of the overpayment and the requirement under section ..... that the overpaid benefits must be repaid.

Sec. 12. **[268B.08] APPEAL PROCESS.**

Subdivision 1. **Hearing.** (a) The commissioner shall designate a chief benefit judge.

(b) Upon a timely appeal to a determination having been filed or upon a referral for direct hearing, the chief benefit judge must set a time and date for a de novo due-process hearing and send notice to an applicant and an employer, by mail or electronic transmission, not less than ten calendar days before the date of the hearing.

(c) The commissioner may adopt rules on procedures for hearings. The rules need not conform to common law or statutory rules of evidence and other technical rules of procedure.

(d) The chief benefit judge has discretion regarding the method by which the hearing is conducted.

Subd. 2. **Decision.** (a) After the conclusion of the hearing, upon the evidence obtained, the benefit judge must serve by mail or electronic transmission to all parties the decision, reasons for the decision, and written findings of fact.

(b) Decisions of a benefit judge are not precedential.

Subd. 3. **Request for reconsideration.** Any party, or the commissioner, may, within 30 calendar days after service of the benefit judge's decision, file a request for reconsideration asking the judge to reconsider that decision.

Subd. 4. **Appeal to court of appeals.** Any final determination on a request for reconsideration may be appealed by any party directly to the Minnesota Court of Appeals.

Subd. 5. **Benefit judges.** (a) Only employees of the department who are attorneys licensed to practice law in Minnesota may serve as a chief benefit judge, senior benefit judges who are supervisors, or benefit judges.

(b) The chief benefit judge must assign a benefit judge to conduct a hearing and may transfer to another benefit judge any proceedings pending before another benefit judge.

Sec. 13. **[268B.085] LEAVE.**

Subdivision 1. **Right to leave.** Ninety calendar days from the date of hire, an employee has a right to leave from employment for any day, or portion of a day, for which the employee would be eligible for benefits under this chapter, regardless of whether the employee actually applied for benefits and regardless of whether the employee is covered under a private plan or the public program under this chapter.

Subd. 2. **Notice to employer.** (a) If the need for leave is foreseeable, an employee must provide the employer at least 30 days' advance notice before leave under this chapter is to begin. If 30 days'

notice is not practicable because of a lack of knowledge of approximately when leave will be required to begin, a change in circumstances, or a medical emergency, notice must be given as soon as practicable. Whether leave is to be continuous or is to be taken intermittently or on a reduced-schedule basis, notice need only be given one time, but the employee must advise the employer as soon as practicable if dates of scheduled leave change or are extended, or were initially unknown. In those cases where the employee is required to provide at least 30 days' notice of foreseeable leave and does not do so, the employee must explain the reasons why notice was not practicable upon request from the employer.

(b) "As soon as practicable" means as soon as both possible and practical, taking into account all of the facts and circumstances in the individual case. When an employee becomes aware of a need for leave under this chapter less than 30 days in advance, it should be practicable for the employee to provide notice of the need for leave either the same day or the next day, unless the need for leave is based on a medical emergency. In all cases, however, the determination of when an employee could practicably provide notice must take into account the individual facts and circumstances.

(c) An employee shall provide at least verbal notice sufficient to make the employer aware that the employee needs leave allowed under this chapter and the anticipated timing and duration of the leave. An employer may require an employee giving notice of leave to include a certification for the leave as described in subdivision 5. Such certification, if required by an employer, is timely when the employee delivers it as soon as practicable given the circumstances requiring the need for leave, and the required contents of the certification.

(d) An employer may require an employee to comply with the employer's usual and customary notice and procedural requirements for requesting leave, absent unusual circumstances or other circumstances caused by the reason for the employee's need for leave. Leave under this chapter must not be delayed or denied where an employer's usual and customary notice or procedural requirements require notice to be given sooner than set forth in this subdivision.

(e) If an employer has failed to provide notice to the employee as required under section 268B.26, paragraph (a), (b), or (e), the employee is not required to comply with the notice requirements of this subdivision.

Subd. 3. **Bonding leave.** Bonding leave taken under this chapter begins at a time requested by the employee. Bonding leave must begin within 12 months of the birth, adoption, or placement of a foster child, except that, in the case where the child must remain in the hospital longer than the mother, the leave must begin within 12 months after the child leaves the hospital.

Subd. 4. **Intermittent or reduced-leave schedule.** (a) Leave under this chapter, based on a serious health condition, may be taken intermittently or on a reduced-leave schedule if such leave would be medically beneficial to the individual with the serious health condition. For all other leaves under this chapter, leave may be taken intermittently or on a reduced-leave schedule. Intermittent leave is leave taken in separate blocks of time due to a single, seven-day qualifying event. A reduced-leave schedule is a leave schedule that reduces an employee's usual number of working hours per workweek or hours per workday.

(b) Leave taken intermittently or on a reduced-schedule basis counts toward the maximums described in section .....

Subd. 5. Certification. (a) Certification for an applicant taking leave related to the applicant's serious health condition shall be sufficient if the certification states the date on which the serious health condition began, the probable duration of the condition, and the appropriate medical facts within the knowledge of the health care provider as required by the commissioner.

(b) Certification for an applicant taking leave to care for a family member with a serious health condition shall be sufficient if the certification states the date on which the serious health condition commenced, the probable duration of the condition, the appropriate medical facts within the knowledge of the health care provider as required by the commissioner, a statement that the family member requires care, and an estimate of the amount of time that the family member will require care.

(c) Certification for an applicant taking leave related to pregnancy shall be sufficient if the certification states the expected due date and recovery period based on appropriate medical facts within the knowledge of the health care provider.

(d) Certification for an applicant taking bonding leave because of the birth of the applicant's child shall be sufficient if the certification includes either the child's birth certificate or a document issued by the health care provider of the child or the health care provider of the person who gave birth, stating the child's birth date.

(e) Certification for an applicant taking bonding leave because of the placement of a child with the applicant for adoption or foster care shall be sufficient if the applicant provides a document issued by the health care provider of the child, an adoption or foster care agency involved in the placement, or by other individuals as determined by the commissioner that confirms the placement and the date of placement. To the extent that the status of an applicant as an adoptive or foster parent changes while an application for benefits is pending, or while the covered individual is receiving benefits, the applicant must notify the department of such change in status in writing.

(f) Certification for an applicant taking leave because of a qualifying exigency shall be sufficient if the certification includes:

- (1) a copy of the family member's active-duty orders;
- (2) other documentation issued by the United States armed forces; or
- (3) other documentation permitted by the commissioner.

(g) Certification for an applicant taking safety leave is sufficient if the certification includes a court record or documentation signed by a volunteer or employee of a victim's services organization, an attorney, a police officer, or an antiviolence counselor. The commissioner must not require disclosure of details relating to an applicant's or applicant's family member's domestic abuse, sexual assault, or stalking.

(h) Certifications under paragraphs (a) to (e) must be reviewed and signed by a health care provider with knowledge of the qualifying event associated with the leave.

(i) For a leave taken on an intermittent or reduced-schedule basis, based on a serious health condition of an applicant or applicant's family member, the certification under this subdivision must include an explanation of how such leave would be medically beneficial to the individual with the serious health condition.

Sec. 14. **[268B.09] EMPLOYMENT PROTECTIONS.**

Subdivision 1. **Retaliation prohibited.** An employer must not retaliate against an employee for requesting or obtaining benefits, or for exercising any other right under this chapter.

Subd. 2. **Interference prohibited.** An employer must not obstruct or impede an application for leave or benefits or the exercise of any other right under this chapter.

Subd. 3. **Waiver of rights void.** Any agreement to waive, release, or commute rights to benefits or any other right under this chapter is void.

Subd. 4. **No assignment of benefits.** Any assignment, pledge, or encumbrance of benefits is void. Benefits are exempt from levy, execution, attachment, or any other remedy provided for the collection of debt. Any waiver of this subdivision is void.

Subd. 5. **Continued insurance.** During any leave for which an employee is entitled to benefits under this chapter, the employer must maintain coverage under any group insurance policy, group subscriber contract, or health care plan for the employee and any dependents as if the employee was not on leave, provided, however, that the employee must continue to pay any employee share of the cost of such benefits.

Subd. 6. **Employee right to reinstatement.** (a) On return from leave under this chapter, an employee is entitled to be returned to the same position the employee held when leave commenced or to an equivalent position with equivalent benefits, pay, and other terms and conditions of employment. An employee is entitled to reinstatement even if the employee has been replaced or the employee's position has been restructured to accommodate the employee's absence.

(b)(1) An equivalent position is one that is virtually identical to the employee's former position in terms of pay, benefits, and working conditions, including privileges, prerequisites, and status. It must involve the same or substantially similar duties and responsibilities, which must entail substantially equivalent skill, effort, responsibility, and authority.

(2) If an employee is no longer qualified for the position because of the employee's inability to attend a necessary course, renew a license, fly a minimum number of hours, or similar condition, as a result of the leave, the employee must be given a reasonable opportunity to fulfill those conditions upon return from leave.

(c)(1) An employee is entitled to any unconditional pay increases which may have occurred during the leave period, such as cost of living increases. Pay increases conditioned upon seniority, length of service, or work performed must be granted in accordance with the employer's policy or practice with respect to other employees on an equivalent leave status for a reason that does not qualify for leave under this chapter. An employee is entitled to be restored to a position with the same or equivalent pay premiums, such as a shift differential. If an employee departed from a position



averaging ten hours of overtime, and corresponding overtime pay, each week an employee is ordinarily entitled to such a position on return from leave under this chapter.

(2) Equivalent pay includes any bonus or payment, whether it is discretionary or nondiscretionary, made to employees consistent with clause (1). If a bonus or other payment is based on the achievement of a specified goal such as hours worked, products sold, or perfect attendance, and the employee has not met the goal due to leave under this chapter, the payment may be denied, unless otherwise paid to employees on an equivalent leave status for a reason that does not qualify for leave under this chapter.

(d) Benefits under this section include all benefits provided or made available to employees by an employer, including group life insurance, health insurance, disability insurance, sick leave, annual leave, educational benefits, and pensions, regardless of whether benefits are provided by a practice or written policy of an employer through an employee benefit plan as defined in section 3(3) of United States Code, title 29, section 1002(3).

(1) At the end of an employee's leave under this chapter, benefits must be resumed in the same manner and at the same levels as provided when the leave began, and subject to any changes in benefit levels that may have taken place during the period of leave affecting the entire workforce, unless otherwise elected by the employee. Upon return from a leave under this chapter, an employee must not be required to requalify for any benefits the employee enjoyed before leave began, including family or dependent coverages.

(2) An employee may, but is not entitled to, accrue any additional benefits or seniority during a leave under this chapter. Benefits accrued at the time leave began must be available to an employee upon return from leave.

(3) With respect to pension and other retirement plans, leave under this chapter must not be treated as or counted toward a break in service for purposes of vesting and eligibility to participate. If the plan requires an employee to be employed on a specific date in order to be credited with a year of service for vesting, contributions, or participation purposes, an employee on leave under this chapter must be treated as employed on that date. Periods of leave under this chapter need not be treated as credited service for purposes of benefit accrual, vesting, and eligibility to participate.

(4) Employees on leave under this chapter must be treated as if they continued to work for purposes of changes to benefit plans. Employees on leave under this chapter are entitled to changes in benefit plans, except those which may be dependent upon seniority or accrual during the leave period, immediately upon return from leave or to the same extent they would have qualified if no leave had been taken.

(e) An equivalent position must have substantially similar duties, conditions, responsibilities, privileges, and status as the employee's original position.

(1) The employee must be reinstated to the same or a geographically proximate worksite from where the employee had previously been employed. If the employee's original worksite has been closed, the employee is entitled to the same rights as if the employee had not been on leave when the worksite closed.

(2) The employee is ordinarily entitled to return to the same shift or the same or an equivalent work schedule.

(3) The employee must have the same or an equivalent opportunity for bonuses, profit-sharing, and other similar discretionary and nondiscretionary payments.

(4) This chapter does not prohibit an employer from accommodating an employee's request to be restored to a different shift, schedule, or position which better suits the employee's personal needs on return from leave, or to offer a promotion to a better position. However, an employee must not be induced by the employer to accept a different position against the employee's wishes.

(f) The requirement that an employee be restored to the same or equivalent job with the same or equivalent pay, benefits, and terms and conditions of employment does not extend to de minimis, intangible, or unmeasurable aspects of the job.

Subd. 7. **Limitations on an employee's right to reinstatement.** An employee has no greater right to reinstatement or to other benefits and conditions of employment than if the employee had been continuously employed during the period of leave under this chapter. An employer must be able to show that an employee would not otherwise have been employed at the time reinstatement is requested in order to deny restoration to employment.

(1) If an employee is laid off during the course of taking a leave under this chapter and employment is terminated, the employer's responsibility to continue the leave, maintain group health plan benefits, and restore the employee cease at the time the employee is laid off, provided the employer has no continuing obligations under a collective bargaining agreement or otherwise. An employer would have the burden of proving that an employee would have been laid off during the period of leave under this chapter and, therefore, would not be entitled to restoration. Restoration to a job slated for layoff when the employee's original position would not meet the requirements of an equivalent position.

(2) If a shift has been eliminated or overtime has been decreased, an employee would not be entitled to return to work that shift or the original overtime hours upon restoration. However, if a position on, for example, a night shift has been filled by another employee, the employee is entitled to return to the same shift on which employed before taking leave under this chapter.

(3) If an employee was hired for a specific term or only to perform work on a discrete project, the employer has no obligation to restore the employee if the employment term or project is over and the employer would not otherwise have continued to employ the employee.

Subd. 8. **Remedies.** (a) In addition to any other remedies available to an employee in law or equity, an employer who violates the provisions of this section is liable to any employee affected for:

(1) damages equal to the amount of:

(i) any wages, salary, employment benefits, or other compensation denied or lost to such employee by reason of the violation, or, in cases in which wages, salary, employment benefits, or other compensation have not been denied or lost to the employee, any actual monetary losses sustained by the employee as a direct result of the violation; and

(ii) reasonable interest on the amount described in item (i); and

(2) such equitable relief as may be appropriate, including employment, reinstatement, and promotion.

(b) An action to recover damages or equitable relief prescribed in paragraph (a) may be maintained against any employer in any federal or state court of competent jurisdiction by any one or more employees for and on behalf of:

(1) the employees; or

(2) the employees and other employees similarly situated.

(c) The court in an action under this section must, in addition to any judgment awarded to the plaintiff or plaintiffs, allow reasonable attorney fees, reasonable expert witness fees, and other costs of the action to be paid by the defendant.

(d) Nothing in this section shall be construed to allow an employee to recover damages from an employer for the denial of benefits under this chapter by the department, unless the employer unlawfully interfered with the application for benefits under subdivision 2.

**Sec. 15. [268B.10] SUBSTITUTION OF A PRIVATE PLAN.**

Subdivision 1. **Application for substitution.** Employers may apply to the commissioner for approval to meet their obligations under this chapter through the substitution of a private plan that provides paid family, paid medical, or paid family and medical benefits. In order to be approved as meeting an employer's obligations under this chapter, a private plan must confer all of the same rights, protections, and benefits provided to employees under this chapter, including but not limited to benefits under section 268B.04 and employment protections under section 268B.09. An employee covered by a private plan under this section retains all applicable rights and remedies under section 268B.09.

Subd. 2. **Private plan requirements; medical benefit program.** (a) The commissioner must approve an application for private provision of the medical benefit program if the commissioner determines:

(1) all of the employees of the employer are to be covered under the provisions of the employer plan;

(2) eligibility requirements for benefits and leave are no more restrictive than as provided under this chapter;

(3) the weekly benefits payable under the private plan for any week are at least equal to the weekly benefit amount payable under this chapter, taking into consideration any coverage with respect to concurrent employment by another employer;

(4) the total number of weeks for which benefits are payable under the private plan is at least equal to the total number of weeks for which benefits would have been payable under this chapter;

(5) no greater amount is required to be paid by employees toward the cost of benefits under the employer plan than by this chapter;

(6) wage replacement benefits are stated in the plan separately and distinctly from other benefits;

(7) the private plan will provide benefits and leave for any serious health condition or pregnancy for which benefits are payable, and leave provided, under this chapter;

(8) the private plan will impose no additional condition or restriction on the use of medical benefits beyond those explicitly authorized by this chapter or regulations promulgated pursuant to this chapter;

(9) the private plan will allow any employee covered under the private plan who is eligible to receive medical benefits under this chapter to receive medical benefits under the employer plan; and

(10) coverage will continue under the private plan while an employee remains employed by the employer.

(b) Notwithstanding paragraph (a), a private plan may provide shorter durations of leave and benefit eligibility if the total dollar value of wage replacement benefits under the private plan for an employee for any particular qualifying event meets or exceeds what the total dollar value would be under the public family and medical benefit program.

Subd. 3. **Private plan requirements; family benefit program.** (a) The commissioner must approve an application for private provision of the family benefit program if the commissioner determines:

(1) all of the employees of the employer are to be covered under the provisions of the employer plan;

(2) eligibility requirements for benefits and leave are no more restrictive than as provided under this chapter;

(3) the weekly benefits payable under the private plan for any week are at least equal to the weekly benefit amount payable under this chapter, taking into consideration any coverage with respect to concurrent employment by another employer;

(4) the total number of weeks for which benefits are payable under the private plan is at least equal to the total number of weeks for which benefits would have been payable under this chapter;

(5) no greater amount is required to be paid by employees toward the cost of benefits under the employer plan than by this chapter;

(6) wage replacement benefits are stated in the plan separately and distinctly from other benefits;

(7) the private plan will provide benefits and leave for any care for a family member with a serious health condition, bonding with a child, qualifying exigency, or safety leave event for which benefits are payable, and leave provided, under this chapter;

(8) the private plan will impose no additional condition or restriction on the use of family benefits beyond those explicitly authorized by this chapter or regulations promulgated pursuant to this chapter;

(9) the private plan will allow any employee covered under the private plan who is eligible to receive medical benefits under this chapter to receive medical benefits under the employer plan; and

(10) coverage will continue under the private plan while an employee remains employed by the employer.

(b) Notwithstanding paragraph (a), a private plan may provide shorter durations of leave and benefit eligibility if the total dollar value of wage replacement benefits under the private plan for an employee for any particular qualifying event meets or exceeds what the total dollar value would be under the public family and medical benefit program.

Subd. 4. **Use of private insurance products.** Nothing in this section prohibits an employer from meeting the requirements of a private plan through a private insurance product. If the employer plan involves a private insurance product, that insurance product must conform to any applicable law or rule.

Subd. 5. **Private plan approval and oversight fee.** An employer with an approved private plan is not required to pay premiums established under section ..... An employer with an approved private plan is responsible for a private plan approval and oversight fee equal to \$250 for employers with fewer than 50 employees, \$500 for employers with 50 to 499 employees, and \$1,000 for employers with 500 or more employees. The employer must pay this fee (1) upon initial application for private plan approval, and (2) any time the employer applies to amend the private plan. The commissioner must review and report on the adequacy of this fee to cover private plan administrative costs annually beginning October 1, 2023, as part of the annual report established in section 268B.21.

Subd. 6. **Plan duration.** A private plan under this section must be in effect for a period of at least one year and, thereafter, continuously unless the commissioner finds that the employer has given notice of withdrawal from the plan in a manner specified by the commissioner in this section or rule. The plan may be withdrawn by the employer within 30 days of the effective date of any law increasing the benefit amounts or within 30 days of the date of any change in the rate of premiums. If the plan is not withdrawn, it must be amended to conform to provide the increased benefit amount or change in the rate of the employee's premium on the date of the increase or change.

Subd. 7. **Appeals.** An employer may appeal any adverse action regarding that employer's private plan to the commissioner, in a manner specified by the commissioner.

Subd. 8. **Employees no longer covered.** (a) An employee is no longer covered by an approved private plan if a leave under this chapter occurs after the employment relationship with the private plan employer ends, or if the commissioner revokes the approval of the private plan.

(b) An employee no longer covered by an approved private plan is, if otherwise eligible, immediately entitled to benefits under this chapter to the same extent as though there had been no approval of the private plan.

Subd. 9. **Posting of notice regarding private plan.** An employer with a private plan must provide a notice prepared by or approved by the commissioner regarding the private plan consistent with section .....

Subd. 10. **Amendment.** (a) The commissioner must approve any amendment to a private plan adjusting the provisions thereof, if the commissioner determines:

(1) that the plan, as amended, will conform to the standards set forth in this chapter; and

(2) that notice of the amendment has been delivered to all affected employees at least ten days before the submission of the amendment.

(b) Any amendments approved under this subdivision are effective on the date of the commissioner's approval, unless the commissioner and the employer agree on a later date.

Subd. 11. **Successor employer.** A private plan in effect at the time a successor acquires the employer organization, trade, or business, or substantially all the assets thereof, or a distinct and severable portion of the organization, trade, or business, and continues its operation without substantial reduction of personnel resulting from the acquisition, must continue the approved private plan and must not withdraw the plan without a specific request for withdrawal in a manner and at a time specified by the commissioner. A successor may terminate a private plan with notice to the commissioner and within 90 days from the date of the acquisition.

Subd. 12. **Revocation of approval by commissioner.** (a) The commissioner may terminate any private plan if the commissioner determines the employer:

(1) failed to pay benefits;

(2) failed to pay benefits in a timely manner, consistent with the requirements of this chapter;

(3) failed to submit reports as required by this chapter or rule adopted under this chapter; or

(4) otherwise failed to comply with this chapter or rule adopted under this chapter.

(b) The commissioner must give notice of the intention to terminate a plan to the employer at least ten days before taking any final action. The notice must state the effective date and the reason for the termination.

(c) The employer may, within ten days from mailing or personal service of the notice, file an appeal to the commissioner in the time, manner, method, and procedure provided by the commissioner under subdivision 7.

(d) The payment of benefits must not be delayed during an employer's appeal of the revocation of approval of a private plan.

(e) If the commissioner revokes approval of an employer's private plan, that employer is ineligible to apply for approval of another private plan for a period of three years, beginning on the date of revocation.

Subd. 13. **Employer penalties.** (a) The commissioner may assess the following monetary penalties against an employer with an approved private plan found to have violated this chapter:

(1) \$1,000 for the first violation; and

(2) \$2,000 for the second, and each successive violation.

(b) The commissioner must waive collection of any penalty if the employer corrects the violation within 30 days of receiving a notice of the violation and the notice is for a first violation.

(c) The commissioner may waive collection of any penalty if the commissioner determines the violation to be an inadvertent error by the employer.

(d) Monetary penalties collected under this section shall be deposited in the account.

(e) Assessment of penalties under this subdivision may be appealed as provided by the commissioner under subdivision 7.

Subd. 14. **Reports, information, and records.** Employers with an approved private plan must maintain all reports, information, and records as relating to the private plan and claims for a period of six years from creation and provide to the commissioner upon request.

Subd. 15. **Audit and investigation.** The commissioner may investigate and audit plans approved under this section both before and after the plans are approved.

Sec. 16. **[268B.11] SELF-EMPLOYED AND INDEPENDENT CONTRACTOR ELECTION OF COVERAGE.**

Subdivision 1. **Election of coverage.** (a) A self-employed individual or independent contractor may file with the commissioner by electronic transmission in a format prescribed by the commissioner an application to be entitled to benefits under this chapter for a period not less than 104 consecutive calendar weeks. Upon the approval of the commissioner, sent by United States mail or electronic transmission, the individual is entitled to benefits under this chapter beginning the calendar quarter after the date of approval or beginning in a later calendar quarter if requested by the self-employed individual or independent contractor. The individual ceases to be entitled to benefits as of the first day of January of any calendar year only if, at least 30 calendar days before the first day of January, the individual has filed with the commissioner by electronic transmission in a format prescribed by the commissioner a notice to that effect.

(b) The commissioner may terminate any application approved under this section with 30 calendar days' notice sent by United States mail or electronic transmission if the self-employed individual is delinquent on any premiums due under this chapter. If an approved application is terminated in this manner during the first 104 consecutive calendar weeks of election, the self-employed individual remains obligated to pay the premium under subdivision 3 for the remainder of that 104-week period.

Subd. 2. **Application.** A self-employed individual who applies for coverage under this section must provide the commissioner with (1) the amount of the individual's net earnings from self-employment, if any, from the two most recent taxable years and all tax documents necessary

to prove the accuracy of the amounts reported, and (2) any other documentation the commissioner requires. A self-employed individual who is covered under this chapter must annually provide the commissioner with the amount of the individual's net earnings from self-employment within 30 days of filing a federal income tax return.

Subd. 3. **Premium.** A self-employed individual who elects to receive coverage under this chapter must annually pay a premium equal to one-half the percentage in section 268B.14, subdivision 5, clause (1), times the lesser of:

(1) the individual's self-employment premium base; or

(2) the maximum earnings subject to the FICA Old-Age, Survivors, and Disability Insurance tax.

Subd. 4. **Benefits.** Notwithstanding anything to the contrary, a self-employed individual who has applied to and been approved for coverage by the commissioner under this section is entitled to benefits on the same basis as an employee under this chapter, except that a self-employed individual's weekly benefit amount under section 268B.04, subdivision 1, must be calculated as a percentage of the self-employed individual's self-employment premium base, rather than wages.

#### Sec. 17. **[268B.12] WAGE REPORTING.**

Subdivision 1. **Wage detail report.** (a) Each employer must submit, under the account provided for in section ....., a quarterly wage detail report by electronic transmission, in a format prescribed by the commissioner. The report must include for each employee in covered employment during the calendar quarter, the employee's name, Social Security number, the total wages paid to the employee, and total number of paid hours worked. For employees exempt from the definition of employee in section 177.23, subdivision 7, clause (6), the employer must report 40 hours worked for each week any duties were performed by a full-time employee and must report a reasonable estimate of the hours worked for each week duties were performed by a part-time employee. In addition, the wage detail report must include the number of employees employed during the payroll period that includes the 12th day of each calendar month and, if required by the commissioner, the report must be broken down by business location and, if section ..... apply, by separate unit. The report is due and must be received by the commissioner on or before the last day of the month following the end of the calendar quarter. The commissioner may delay the due date on a specific calendar quarter in the event the department is unable to accept wage detail reports electronically.

(b) The employer may report the wages paid to the next lower whole dollar amount.

(c) An employer need not include the name of the employee or other required information on the wage detail report if disclosure is specifically exempted from being reported by federal law.

(d) A wage detail report must be submitted for each calendar quarter even though no wages were paid, unless the employer has notified the commissioner, under section ....., of termination of business.

Subd. 2. **Electronic transmission of report required.** Each employer must submit the quarterly wage detail report by electronic transmission in a format prescribed by the commissioner. The commissioner has the discretion to accept wage detail reports that are submitted by any other means



or the commissioner may return the report submitted by other than electronic transmission to the employer, and reports returned are considered as not submitted and the late fees under subdivision 3 may be imposed.

Subd. 3. **Failure to timely file report; late fees.** (a) Any employer that fails to submit the quarterly wage detail report when due must pay a late fee of \$10 per employee, computed based upon the highest of:

(1) the number of employees reported on the last wage detail report submitted;

(2) the number of employees reported in the corresponding quarter of the prior calendar year;  
or

(3) if no wage detail report has ever been submitted, the number of employees listed at the time of employer registration.

The late fee is canceled if the wage detail report is received within 30 calendar days after a demand for the report is sent to the employer by mail or electronic transmission. A late fee assessed an employer may not be canceled more than twice each 12 months. The amount of the late fee assessed may not be less than \$250.

(b) If the wage detail report is not received in a manner and format prescribed by the commissioner within 30 calendar days after demand is sent under paragraph (a), the late fee assessed under paragraph (a) doubles and a renewed demand notice and notice of the increased late fee will be sent to the employer by mail or electronic transmission.

(c) Late fees due under this subdivision may be canceled, in whole or in part, under section .....

Subd. 4. **Missing or erroneous information.** (a) Any employer that submits the wage detail report, but fails to include all required employee information or enters erroneous information, is subject to an administrative service fee of \$25 for each employee for whom the information is partially missing or erroneous.

(b) Any employer that submits the wage detail report, but fails to include an employee, is subject to an administrative service fee equal to two percent of the total wages for each employee for whom the information is completely missing.

Subd. 5. **Fees.** The fees provided for in subdivisions 3 and 4 are in addition to interest and other penalties imposed by this chapter and are collected in the same manner as delinquent taxes and credited to the account.

**Sec. 18. [268B.13] EMPLOYER PREMIUM ACCOUNTS.**

The commissioner must maintain a premium account for each employer. The commissioner must assess the premium account for all the premiums due under section 268B.14, and credit the account with all premiums paid.

**Sec. 19. [268B.14] PREMIUMS.**

Subdivision 1. **Payments.** (a) Family and medical leave premiums accrue and become payable by each employer for each calendar year on the taxable wages that the employer paid to employees in covered employment.

Each employer must pay premiums quarterly, at the premium rate defined under this section, on the taxable wages paid to each employee. The commissioner must compute the premium due from the wage detail report required under section 268B.12 and notify the employer of the premium due. The premiums must be paid to the family and medical benefit insurance account and must be received by the department on or before the last day of the month following the end of the calendar quarter.

(b) If for any reason the wages on the wage detail report under section 268B.12 are adjusted for any quarter, the commissioner must recompute the premiums due for that quarter and assess the employer for any amount due or credit the employer as appropriate.

Subd. 2. **Payments by electronic payment required.** (a) Every employer must make any payments due under this chapter by electronic payment.

(b) All third-party processors, paying on behalf of a client company, must make any payments due under this chapter by electronic payment.

(c) Regardless of paragraph (a) or (b), the commissioner has the discretion to accept payment by other means.

Subd. 3. **Employee charge back.** Notwithstanding section 177.24, subdivision 4, or 181.06, subdivision 1, employers and covered business entities may deduct up to 50 percent of annual premiums paid under this section from employee wages. Such deductions for any given employee must be in equal proportion to the premiums paid based on the wages of that employee, and all employees of an employer must be subject to the same percentage deduction. Deductions under this section must not cause an employee's wage, after the deduction, to fall below the rate required to be paid to the worker by law, including any applicable statute, regulation, rule, ordinance, government resolution or policy, contract, or other legal authority, whichever rate of pay is greater.

Subd. 4. **Wages and payments subject to premium.** (a) The maximum wages subject to premium in a calendar year is equal to the maximum earnings in that year subject to the FICA Old-Age, Survivors, and Disability Insurance tax rounded to the nearest \$1,000.

(b) The maximum payment amount subject to premium in a calendar year, under subdivision ..... is equal to the maximum earnings in that year subject to the FICA Old-Age, Survivors, and Disability Insurance tax.

Subd. 5. **Annual premium rates.** The employer premium rates for the calendar year beginning January 1, 2024, shall be as follows:

(1) for employers participating in both family and medical benefit programs, 0.6 percent;

(2) for an employer participating in only the medical benefit program and with an approved private plan for the family benefit program, 0.486 percent; and

(3) for an employer participating in only the family benefit program and with an approved private plan for the medical benefit program, 0.114 percent.

Subd. 6. **Premium rate adjustments.** (a) Each calendar year following the calendar year beginning January 1, 2026, the commissioner must adjust the annual premium rates using the formula in paragraph (b).

(b) To calculate the employer rates for a calendar year, the commissioner must:

(1) multiply 1.45 times the amount disbursed from the account for the 52-week period ending September 30 of the prior year;

(2) subtract the amount in the account on that September 30 from the resulting figure;

(3) divide the resulting figure by twice the total wages in covered employment of employees of employers without approved private plans under section 268B.10 for either the family or medical benefit program. For employers with an approved private plan for either the medical benefit program or the family benefit program, but not both, count only the proportion of wages in covered employment associated with the program for which the employer does not have an approved private plan; and

(4) round the resulting figure down to the nearest one-hundredth of one percent.

(c) The commissioner must apportion the premium rate between the family and medical benefit programs based on the relative proportion of expenditures for each program during the preceding year.

Subd. 7. **Deposit of premiums.** All premiums collected under this section must be deposited into the account.

Subd. 8. **Nonpayment of premiums by employer.** The failure of an employer to pay premiums does not impact the right of an employee to benefits, or any other right, under this chapter.

#### Sec. 20. **[268B.145] INCOME TAX WITHHOLDING.**

If the Internal Revenue Service determines that benefits are subject to federal income tax, and an applicant elects to have federal income tax deducted and withheld from the applicant's benefits, the commissioner must deduct and withhold the amount specified in the Internal Revenue Code in a manner consistent with state law.

#### Sec. 21. **[268B.15] COLLECTION OF PREMIUMS.**

Subdivision 1. **Amount computed presumed correct.** Any amount due from an employer, as computed by the commissioner, is presumed to be correctly determined and assessed, and the burden is upon the employer to show its incorrectness. A statement by the commissioner of the amount due is admissible in evidence in any court or administrative proceeding and is prima facie evidence of the facts in the statement.

Subd. 2. **Priority of payments.** (a) Any payment received from an employer must be applied in the following order:

(1) family and medical leave premiums under this chapter; then

(2) interest on past due premiums; then

(3) penalties, late fees, administrative service fees, and costs.

(b) Paragraph (a) is the priority used for all payments received from an employer, regardless of how the employer may designate the payment to be applied, except when:

(1) there is an outstanding lien and the employer designates that the payment made should be applied to satisfy the lien;

(2) the payment is specifically designated by the employer to be applied to an outstanding overpayment of benefits of an applicant;

(3) a court or administrative order directs that the payment be applied to a specific obligation;

(4) a preexisting payment plan provides for the application of payment; or

(5) the commissioner, under the compromise authority of section ....., agrees to apply the payment to a different priority.

Subd. 3. **Estimating the premium due.** Only if an employer fails to make all necessary records available for an audit under section ..... and the commissioner has reason to believe the employer has not reported all the required wages on the quarterly wage detail reports, may the commissioner then estimate the amount of premium due and assess the employer the estimated amount due.

Subd. 4. **Costs.** (a) Any employer and any applicant subject to section ..... that fails to pay any amount when due under this chapter is liable for any filing fees, recording fees, sheriff fees, costs incurred by referral to any public or private collection agency, or litigation costs, including attorney fees, incurred in the collection of the amounts due.

(b) If any tendered payment of any amount due is not honored when presented to a financial institution for payment, any costs assessed the department by the financial institution and a fee of \$25 must be assessed to the person.

(c) Costs and fees collected under this subdivision are credited to the administration account.

Subd. 5. **Interest on amounts past due.** If any amounts due from an employer under this chapter are not received on the date due, the commissioner must assess interest on any amount that remains unpaid. Interest is assessed at the rate of one percent per month or any part of a month. Interest is not assessed on unpaid interest. Interest collected under this subdivision is credited to the account.

Subd. 6. **Interest on judgments.** Regardless of section 549.09, if a judgment is entered upon any past due amounts from an employer under this chapter, the unpaid judgment bears interest at the rate specified in subdivision 5 until the date of payment.

Subd. 7. **Credit adjustments; refunds.** (a) If an employer makes an application for a credit adjustment of any amount paid under this chapter within four years of the date that the payment was due, in a manner and format prescribed by the commissioner, and the commissioner determines that

the payment or any portion thereof was erroneous, the commissioner must make an adjustment and issue a credit without interest. If a credit cannot be used, the commissioner must refund, without interest, the amount erroneously paid. The commissioner, on the commissioner's own motion, may make a credit adjustment or refund under this subdivision.

(b) Any refund returned to the commissioner is considered unclaimed property under chapter 345.

(c) If a credit adjustment or refund is denied in whole or in part, a determination of denial must be sent to the employer by mail or electronic transmission. The determination of denial is final unless an employer files an appeal within 20 calendar days after sending. Proceedings on the appeal are conducted in accordance with section 268B.08.

(d) If an employer receives a credit adjustment or refund under this section, the employer must determine the amount of any overpayment attributable to a deduction from employee wages under section ..... and return any amount erroneously deducted to each affected employee.

Subd. 8. **Priorities under legal dissolutions or distributions.** In the event of any distribution of an employer's assets according to an order of any court, including any receivership, assignment for benefit of creditors, adjudicated insolvency, or similar proceeding, premiums then or thereafter due must be paid in full before all other claims except claims for wages of not more than \$1,000 per former employee, earned within six months of the commencement of the proceedings. In the event of an employer's adjudication in bankruptcy under federal law, premiums then or thereafter due are entitled to the priority provided in that law for taxes due in any state.

Sec. 22. **[268B.155] CHILD SUPPORT DEDUCTION FROM BENEFITS.**

Subdivision 1. **Definitions.** As used in this section:

(1) "child support agency" means the public agency responsible for child support enforcement, including federally approved comprehensive Tribal IV-D programs; and

(2) "child support obligations" means obligations that are being enforced by a child support agency in accordance with a plan described in United States Code, title 42, sections 454 and 455 of the Social Security Act that has been approved by the secretary of health and human services under part D of title IV of the Social Security Act. This does not include any type of spousal maintenance or foster care payments.

Subd. 2. **Notice upon application.** In an application for family or medical leave benefits, the applicant must disclose if child support obligations are owed and, if so, in what state and county. If child support obligations are owed, the commissioner must, if the applicant establishes a benefit account, notify the child support agency.

Subd. 3. **Withholding of benefit.** The commissioner must deduct and withhold from any family or medical leave benefits payable to an applicant who owes child support obligations:

(1) the amount required under a proper order of a court or administrative agency; or

(2) if clause (1) is not applicable, the amount determined under an agreement under United States Code, title 42, section 454 (20)(B)(i), of the Social Security Act; or

(3) if clause (1) or (2) is not applicable, the amount specified by the applicant.

Subd. 4. **Payment.** Any amount deducted and withheld must be paid to the child support agency, must for all purposes be treated as if it were paid to the applicant as family or medical leave benefits and paid by the applicant to the child support agency in satisfaction of the applicant's child support obligations.

Subd. 5. **Payment of costs.** The child support agency must pay the costs incurred by the commissioner in the implementation and administration of this section and sections 518A.50 and 518A.53.

Sec. 23. **[268B.16] COMPROMISE.**

(a) The commissioner may compromise in whole or in part any action, determination, or decision that affects only an employer and not an applicant. This paragraph applies if it is determined by a court of law, or a confession of judgment, that an applicant, while employed, wrongfully took from the employer \$500 or more in money or property.

(b) The commissioner may at any time compromise any premium or reimbursement due from an employer under this chapter.

(c) Any compromise involving an amount over \$10,000 must be authorized by an attorney licensed to practice law in Minnesota who is an employee of the department designated by the commissioner for that purpose.

(d) Any compromise must be in the best interest of the state of Minnesota.

Sec. 24. **[268B.17] ADMINISTRATIVE COSTS.**

From July 1, 2024, through December 31, 2024, the commissioner may spend up to seven percent of premiums collected under section ..... for administration of this chapter. Beginning January 1, 2025, and each calendar year thereafter, the commissioner may spend up to seven percent of projected benefit payments for that calendar year for the administration of this chapter. The department may enter into interagency agreements with the Department of Labor and Industry, including agreements to transfer funds, subject to the limit in this section, for the Department of Labor and Industry to fulfill its enforcement authority of this chapter.

Sec. 25. **[268B.18] PUBLIC OUTREACH.**

Beginning in fiscal year 2024, the commissioner must use at least 0.5 percent of revenue collected under this chapter for the purpose of outreach, education, and technical assistance for employees, employers, and self-employed individuals eligible to elect coverage under section 268B.11. The department may enter into interagency agreements with the Department of Labor and Industry, including agreements to transfer funds, subject to the limit in section ....., to accomplish the requirements of this section. At least one-half of the amount spent under this section must be used for grants to community-based groups.

Sec. 26. **[268B.185] BENEFIT OVERPAYMENTS.**

**Subdivision 1. Repaying an overpayment.** (a) Any applicant who (1) because of a determination or amended determination issued under this chapter, or (2) because of a benefit law judge's decision under section 268B.08, has received any family or medical leave benefits that the applicant was held not entitled to, is overpaid the benefits and must promptly repay the benefits to the family and medical benefit insurance account.

(b) If the applicant fails to repay the benefits overpaid, including any penalty and interest assessed under subdivisions 2 and 4, the total due may be collected by the methods allowed under state and federal law.

**Subd. 2. Overpayment because of misrepresentation.** (a) An applicant has committed misrepresentation if the applicant is overpaid benefits by making a false statement or representation without a good faith belief as to the correctness of the statement or representation.

(b) After the discovery of facts indicating misrepresentation, the commissioner must issue a determination of overpayment penalty assessing a penalty equal to 20 percent of the amount overpaid. This penalty is in addition to penalties under section 268B.19.

(c) Unless the applicant files an appeal within 20 calendar days after the sending of a determination of overpayment penalty to the applicant by mail or electronic transmission, the determination is final. Proceedings on the appeal are conducted in accordance with section 268B.08.

(d) A determination of overpayment penalty must state the methods of collection the commissioner may use to recover the overpayment, penalty, and interest assessed. Money received in repayment of overpaid benefits, penalties, and interest is first applied to the benefits overpaid, second to the penalty amount due, and third to any interest due.

(e) The department is authorized to issue a determination of overpayment penalty under this subdivision within 48 months of the establishment of the benefit account upon which the benefits were obtained through misrepresentation.

**Subd. 3. Family and medical leave enforcement account created.** The family and medical leave enforcement account is created in the state treasury. Any penalties and interest collected under this section shall be deposited into the account and shall be used only for the purposes of administering and enforcing this title. Only the commissioner may authorize expenditures from the account.

**Subd. 4. Interest.** For any family and medical leave benefits obtained by misrepresentation, and any penalty amounts assessed under subdivision 2, the commissioner must assess interest on any amount that remains unpaid beginning 30 calendar days after the date of a determination of overpayment penalty. Interest is assessed at the rate of one percent per month or any part of a month. A determination of overpayment penalty must state that interest will be assessed. Interest is not assessed on unpaid interest. Interest collected under this subdivision is credited to the family and medical leave enforcement account.

**Subd. 5. Offset of benefits.** The commissioner may offset from any future family and medical leave benefits otherwise payable the amount of a nonmisrepresentation overpayment. Except when the nonmisrepresentation overpayment resulted because the applicant failed to report deductible

earnings or deductible or benefit delaying payments, no single offset may exceed 50 percent of the amount of the payment from which the offset is made.

Subd. 6. **Cancellation of overpayments.** (a) If family and medical leave benefits overpaid for reasons other than misrepresentation are not repaid or offset from subsequent benefits within six years after the date of the determination or decision holding the applicant overpaid, the commissioner must cancel the overpayment balance, and no administrative or legal proceedings may be used to enforce collection of those amounts.

(b) If family and medical leave benefits overpaid because of misrepresentation including penalties and interest are not repaid within ten years after the date of the determination of overpayment penalty, the commissioner must cancel the overpayment balance and any penalties and interest due, and no administrative or legal proceeding may be used to enforce collection of those amounts.

(c) The commissioner may cancel at any time any overpayment, including penalties and interest that the commissioner determines is uncollectible because of death or bankruptcy.

Subd. 7. **Court fees; collection fees.** (a) If the department is required to pay any court fees in an attempt to enforce collection of overpaid family and medical leave benefits, penalties, or interest, the amount of the court fees may be added to the total amount due.

(b) If an applicant who has been overpaid family and medical leave benefits because of misrepresentation seeks to have any portion of the debt discharged under the federal bankruptcy code, and the department files an objection in bankruptcy court to the discharge, the cost of any court fees may be added to the debt if the bankruptcy court does not discharge the debt.

(c) If the Internal Revenue Service assesses the department a fee for offsetting from a federal tax refund the amount of any overpayment, including penalties and interest, the amount of the fee may be added to the total amount due. The offset amount must be put in the family and medical leave enforcement account and that amount credited to the total amount due from the applicant.

Subd. 8. **Collection of overpayments.** (a) The commissioner has discretion regarding the recovery of any overpayment for reasons other than misrepresentation. Regardless of any law to the contrary, the commissioner is not required to refer any overpayment for reasons other than misrepresentation to a public or private collection agency, including agencies of this state.

(b) Amounts overpaid for reasons other than misrepresentation are not considered a "debt" to the state of Minnesota for purposes of any reporting requirements to the commissioner of management and budget.

(c) A pending appeal under section 268B.08 does not suspend the assessment of interest, penalties, or collection of an overpayment.

(d) Section 16A.626 applies to the repayment by an applicant of any overpayment, penalty, or interest.

Sec. 27. **[268B.19] APPLICANT ADMINISTRATIVE PENALTIES.**



(a) Any applicant who makes a false statement or representation without a good faith belief as to the correctness of the statement or representation in order to obtain or in an attempt to obtain benefits may be assessed, in addition to any other penalties, an administrative penalty of being ineligible for benefits for 13 to 104 weeks.

(b) A determination of ineligibility setting out the weeks the applicant is ineligible must be sent to the applicant by mail or electronic transmission. The department is authorized to issue a determination of ineligibility under this subdivision within 48 months of the establishment of the benefit account upon which the benefits were obtained, or attempted to be obtained. Unless an appeal is filed within 20 calendar days of sending, the determination is final. Proceedings on the appeal are conducted in accordance with section 268B.08.

Sec. 28. **[268B.20] EMPLOYER MISCONDUCT; PENALTY.**

(a) The commissioner must penalize an employer if that employer or any employee, officer, or agent of that employer is in collusion with any applicant for the purpose of assisting the applicant in receiving benefits fraudulently. The penalty is \$500 or the amount of benefits determined to be overpaid, whichever is greater.

(b) The commissioner must penalize an employer if that employer or any employee, officer, or agent of that employer:

(1) made a false statement or representation knowing it to be false;

(2) made a false statement or representation without a good-faith belief as to the correctness of the statement or representation; or

(3) knowingly failed to disclose a material fact.

(c) The penalty is the greater of \$500 or 50 percent of the following resulting from the employer's action:

(1) the amount of any overpaid benefits to an applicant;

(2) the amount of benefits not paid to an applicant that would otherwise have been paid; or

(3) the amount of any payment required from the employer under this chapter that was not paid.

(d) Penalties must be paid within 30 calendar days of issuance of the determination of penalty and credited to the account.

(e) The determination of penalty is final unless the employer files an appeal within 30 calendar days after the sending of the determination of penalty to the employer by United States mail or electronic transmission.

Sec. 29. **[268B.21] RECORDS; AUDITS.**

Subdivision 1. **Employer records; audits.** (a) Each employer must keep true and accurate records on individuals performing services for the employer, containing the information the

commissioner may require under this chapter. The records must be kept for a period of not less than four years in addition to the current calendar year.

(b) For the purpose of administering this chapter, the commissioner has the power to audit, examine, or cause to be supplied or copied, any books, correspondence, papers, records, or memoranda that are the property of, or in the possession of, an employer or any other person at any reasonable time and as often as may be necessary. Subpoenas may be issued under section 268B.22 as necessary, for an audit.

(c) An employer or other person that refuses to allow an audit of its records by the department or that fails to make all necessary records available for audit in the state upon request of the commissioner may be assessed an administrative penalty of \$500. The penalty collected is credited to the family and medical benefit insurance account.

(d) An employer, or other person, that fails to provide a weekly breakdown of money earned by an applicant upon request of the commissioner, information necessary for the detection of applicant misrepresentation under section ....., may be assessed an administrative penalty of \$100. Any notice requesting a weekly breakdown must clearly state that a \$100 penalty may be assessed for failure to provide the information. The penalty collected is credited to the family and medical benefit insurance account.

Subd. 2. **Department records; destruction.** (a) The commissioner may make summaries, compilations, duplications, or reproductions of any records pertaining to this chapter that the commissioner considers advisable for the preservation of the information.

(b) Regardless of any law to the contrary, the commissioner may destroy any records that are no longer necessary for the administration of this chapter. In addition, the commissioner may destroy any record from which the information has been electronically captured and stored.

Sec. 30. **[268B.22] SUBPOENAS; OATHS.**

(a) The commissioner or benefit judge has authority to administer oaths and affirmations, take depositions, certify to official acts, and issue subpoenas to compel the attendance of individuals and the production of documents and other personal property necessary in connection with the administration of this chapter.

(b) Individuals subpoenaed, other than applicants or officers and employees of an employer that is the subject of the inquiry, are paid witness fees the same as witness fees in civil actions in district court. The fees need not be paid in advance.

(c) The subpoena is enforceable through the district court in Ramsey County.

Sec. 31. **[268B.23] LIEN; LEVY; SETOFF; AND CIVIL ACTION.**

Subdivision 1. **Lien.** (a) Any amount due under this chapter, from an applicant or an employer, becomes a lien upon all the property, within this state, both real and personal, of the person liable, from the date of assessment. For the purposes of this section, "date of assessment" means the date the obligation was due.

(b) The lien is not enforceable against any purchaser, mortgagee, pledgee, holder of a Uniform Commercial Code security interest, mechanic's lien, or judgment lien creditor, until a notice of lien has been filed with the county recorder of the county where the property is situated, or in the case of personal property belonging to a nonresident person in the Office of the Secretary of State. When the notice of lien is filed with the county recorder, the fee for filing and indexing is as provided in sections 272.483 and 272.484.

(c) Notices of liens, lien renewals, and lien releases, in a form prescribed by the commissioner, may be filed with the county recorder or the secretary of state by mail, personal delivery, or electronic transmission into the computerized filing system of the secretary of state. The secretary of state must, on any notice filed with that office, transmit the notice electronically to the appropriate county recorder. The filing officer, whether the county recorder or the secretary of state, must endorse and index a printout of the notice as if the notice had been mailed or delivered.

(d) County recorders and the secretary of state must enter information on lien notices, renewals, and releases into the central database of the secretary of state. For notices filed electronically with the county recorders, the date and time of receipt of the notice and county recorder's file number, and for notices filed electronically with the secretary of state, the secretary of state's recording information, must be entered into the central database before the close of the working day following the day of the original data entry by the commissioner.

(e) The lien imposed on personal property, even though properly filed, is not enforceable against a purchaser of tangible personal property purchased at retail or personal property listed as exempt in sections 550.37, 550.38, and 550.39.

(f) A notice of lien filed has priority over any security interest arising under chapter 336, article 9, that is perfected prior in time to the lien imposed by this subdivision, but only if:

(1) the perfected security interest secures property not in existence at the time the notice of lien is filed; and

(2) the property comes into existence after the 45th calendar day following the day the notice of lien is filed, or after the secured party has actual notice or knowledge of the lien filing, whichever is earlier.

(g) The lien is enforceable from the time the lien arises and for ten years from the date of filing the notice of lien. A notice of lien may be renewed before expiration for an additional ten years.

(h) The lien is enforceable by levy under subdivision 2 or by judgment lien foreclosure under chapter 550.

(i) The lien may be imposed upon property defined as homestead property in chapter 510 but may be enforced only upon the sale, transfer, or conveyance of the homestead property.

(j) The commissioner may sell and assign to a third party the commissioner's right of redemption in specific real property for liens filed under this subdivision. The assignee is limited to the same rights of redemption as the commissioner, except that in a bankruptcy proceeding, the assignee does not obtain the commissioner's priority. Any proceeds from the sale of the right of redemption are credited to the contingent account.

Subd. 2. Levy. (a) If any amount due under this chapter, from an applicant or an employer, is not paid when due, the amount may be collected by the commissioner by direct levy upon all property and rights of property of the person liable for the amount due except property exempt from execution under section 550.37. For the purposes of this section, "levy" includes the power of distraint and seizure by any means.

(b) In addition to a direct levy, the commissioner may issue a warrant to the sheriff of any county who must proceed within 60 calendar days to levy upon the property or rights to property of the delinquent person within the county, except property exempt under section 550.37. The sheriff must sell that property necessary to satisfy the total amount due, together with the commissioner's and sheriff's costs. The sales are governed by the law applicable to sales of like property on execution of a judgment.

(c) Notice and demand for payment of the total amount due must be mailed to the delinquent person at least ten calendar days before action being taken under paragraphs (a) and (b).

(d) If the commissioner has reason to believe that collection of the amount due is in jeopardy, notice and demand for immediate payment may be made. If the total amount due is not paid, the commissioner may proceed to collect by direct levy or issue a warrant without regard to the ten calendar day period.

(e) In executing the levy, the commissioner must have all of the powers provided in chapter 550 or any other law that provides for execution against property in this state. The sale of property levied upon and the time and manner of redemption is as provided in chapter 550. The seal of the court is not required. The levy may be made whether or not the commissioner has commenced a legal action for collection.

(f) Where any assessment has been made by the commissioner, the property seized for collection of the total amount due must not be sold until any determination of liability has become final. No sale may be made unless a portion of the amount due remains unpaid for a period of more than 30 calendar days after the determination of liability becomes final. Seized property may be sold at any time if:

(1) the delinquent person consents in writing to the sale; or

(2) the commissioner determines that the property is perishable or may become greatly reduced in price or value by keeping, or that the property cannot be kept without great expense.

(g) Where a levy has been made to collect the amount due and the property seized is properly included in a formal proceeding commenced under sections 524.3-401 to 524.3-505 and maintained under full supervision of the court, the property may not be sold until the probate proceedings are completed or until the court orders.

(h) The property seized must be returned if the owner:

(1) gives a surety bond equal to the appraised value of the owner's interest in the property, as determined by the commissioner; or

(2) deposits with the commissioner security in a form and amount the commissioner considers necessary to insure payment of the liability.

(i) If a levy or sale would irreparably injure rights in property that the court determines superior to rights of the state, the court may grant an injunction to prohibit the enforcement of the levy or to prohibit the sale.

(j) Any person who fails or refuses to surrender without reasonable cause any property or rights to property subject to levy is personally liable in an amount equal to the value of the property or rights not so surrendered, but not exceeding the amount due.

(k) If the commissioner has seized the property of any individual, that individual may, upon giving 48 hours notice to the commissioner and to the court, bring a claim for equitable relief before the district court for the release of the property upon terms and conditions the court considers equitable.

(l) Any person in control or possession of property or rights to property upon which a levy has been made who surrenders the property or rights to property, or who pays the amount due is discharged from any obligation or liability to the person liable for the amount due with respect to the property or rights to property.

(m) The notice of any levy may be served personally or by mail.

(n) The commissioner may release the levy upon all or part of the property or rights to property levied upon if the commissioner determines that the release will facilitate the collection of the liability, but the release does not prevent any subsequent levy. If the commissioner determines that property has been wrongfully levied upon, the commissioner must return:

(1) the specific property levied upon, at any time; or

(2) an amount of money equal to the amount of money levied upon, at any time before the expiration of nine months from the date of levy.

(o) Regardless of section 52.12, a levy upon a person's funds on deposit in a financial institution located in this state, has priority over any unexercised right of setoff of the financial institution to apply the levied funds toward the balance of an outstanding loan or loans owed by the person to the financial institution. A claim by the financial institution that it exercised its right to setoff before the levy must be substantiated by evidence of the date of the setoff, and verified by an affidavit from a corporate officer of the financial institution. For purposes of determining the priority of any levy under this subdivision, the levy is treated as if it were an execution under chapter 550.

Subd. 3. **Right of setoff.** (a) Upon certification by the commissioner to the commissioner of management and budget, or to any state agency that disburses its own funds, that a person, applicant, or employer has a liability under this chapter, and that the state has purchased personal services, supplies, contract services, or property from that person, the commissioner of management and budget or the state agency must set off and pay to the commissioner an amount sufficient to satisfy the unpaid liability from funds appropriated for payment of the obligation of the state otherwise due the person. No amount may be set off from any funds exempt under section 550.37 or funds due an individual who receives assistance under chapter 256.

(b) All funds, whether general or dedicated, are subject to setoff.

(c) Regardless of any law to the contrary, the commissioner has first priority to setoff from any funds otherwise due from the department to a delinquent person.

Subd. 4. **Collection by civil action.** (a) Any amount due under this chapter, from an applicant or employer, may be collected by civil action in the name of the state of Minnesota. Civil actions brought under this subdivision must be heard as provided under section 16D.14. In any action, judgment must be entered in default for the relief demanded in the complaint without proof, together with costs and disbursements, upon the filing of an affidavit of default.

(b) Any person that is not a resident of this state and any resident person removed from this state, is considered to appoint the secretary of state as its agent for the acceptance of process in any civil action. The commissioner must file process with the secretary of state, together with a payment of a fee of \$15 and that service is considered sufficient service and has the same force and validity as if served personally within this state. Notice of the service of process, together with a copy of the process, must be sent by certified mail to the person's last known address. An affidavit of compliance with this subdivision, and a copy of the notice of service must be appended to the original of the process and filed in the court.

(c) No court filing fees, docketing fees, or release of judgment fees may be assessed against the state for actions under this subdivision.

Subd. 5. **Injunction forbidden.** No injunction or other legal action to prevent the determination, assessment, or collection of any amounts due under this chapter, from an applicant or employer, are allowed.

#### Sec. 32. **[268B.24] CONCILIATION SERVICES.**

The Department of Labor and Industry may offer conciliation services to employers and employees to resolve disputes concerning alleged violations of employment protections identified in section 268B.09.

#### Sec. 33. **[268B.25] ANNUAL REPORTS.**

(a) Beginning on or before December 1, 2024, the commissioner must annually report to the Department of Management and Budget and the house of representatives and senate committee chairs with jurisdiction over this chapter on program administrative expenditures and revenue collection for the prior fiscal year, including but not limited to:

(1) total revenue raised through premium collection;

(2) the number of self-employed individuals or independent contractors electing coverage under section 268B.11 and amount of associated revenue;

(3) the number of covered business entities paying premiums under this chapter and associated revenue;

(4) administrative expenditures including transfers to other state agencies expended in the administration of the chapter;

- (5) summary of contracted services expended in the administration of this chapter;
  - (6) grant amounts and recipients under section .....;
  - (7) an accounting of required outreach expenditures;
  - (8) summary of private plan approvals including the number of employers and employees covered under private plans; and
  - (9) adequacy and use of the private plan approval and oversight fee.
- (b) Beginning on or before December 1, 2024, the commissioner must annually publish a publicly available report providing the following information for the previous fiscal year:
- (1) total eligible claims;
  - (2) the number and percentage of claims attributable to each category of benefit;
  - (3) claimant demographics by age, gender, average weekly wage, occupation, and the type of leave taken;
  - (4) the percentage of claims denied and the reasons therefor, including but not limited to insufficient information and ineligibility and the reason therefor;
  - (5) average weekly benefit amount paid for all claims and by category of benefit;
  - (6) changes in the benefits paid compared to previous fiscal years;
  - (7) processing times for initial claims processing, initial determinations, and final decisions;
  - (8) average duration for cases completed; and
  - (9) the number of cases remaining open at the close of such year.

**Sec. 34. [268B.26] NOTICE REQUIREMENTS.**

(a) Each employer must post in a conspicuous place on each of its premises a workplace notice prepared or approved by the commissioner providing notice of benefits available under this chapter. The required workplace notice must be in English and each language other than English which is the primary language of five or more employees or independent contractors of that workplace, if such notice is available from the department.

(b) Each employer must issue to each employee not more than 30 days from the beginning date of the employee's employment, or 30 days before premium collection begins, whichever is later, the following written information provided or approved by the department in the primary language of the employee:

- (1) an explanation of the availability of family and medical leave benefits provided under this chapter, including rights to reinstatement and continuation of health insurance;
- (2) the amount of premium deductions made by the employer under this chapter;

- (3) the employer's premium amount and obligations under this chapter;
- (4) the name and mailing address of the employer;
- (5) the identification number assigned to the employer by the department;
- (6) instructions on how to file a claim for family and medical leave benefits;
- (7) the mailing address, e-mail address, and telephone number of the department; and
- (8) any other information required by the department.

Delivery is made when an employee provides written acknowledgment of receipt of the information, or signs a statement indicating the employee's refusal to sign such acknowledgment.

(c) Each employer shall provide to each independent contractor with whom it contracts, at the time such contract is made or, for existing contracts, within 30 days of the effective date of this section, the following written information provided or approved by the department in the self-employed individual's primary language:

- (1) the address and telephone number of the department; and
- (2) any other information required by the department.

(d) An employer that fails to comply with this subdivision may be issued, for a first violation, a civil penalty of \$50 per employee and per independent contractor with whom it has contracted, and for each subsequent violation, a civil penalty of \$300 per employee or self-employed individual with whom it has contracted. The employer shall have the burden of demonstrating compliance with this section.

(e) Employer notice to an employee under this section may be provided in paper or electronic format. For notice provided in electronic format only, the employer must provide employee access to an employer-owned computer during an employee's regular working hours to review and print required notices.

**Sec. 35. [268B.27] RELATIONSHIP TO OTHER LEAVE; CONSTRUCTION.**

Subdivision 1. **Concurrent leave.** An employer may require leave taken under this chapter to run concurrently with leave taken for the same purpose under section 181.941 or the Family and Medical Leave Act, United States Code, title 29, sections 2601 to 2654, as amended.

Subd. 2. **Construction.** Nothing in this chapter shall be construed to:

- (1) allow an employer to compel an employee to exhaust accumulated sick, vacation, or personal time before or while taking leave under this chapter;
- (2) prohibit an employer from providing additional benefits, including but not limited to covering the portion of earnings not provided under this chapter during periods of leave covered under this chapter; or



(3) limit the parties to a collective bargaining agreement from bargaining and agreeing with respect to leave benefits and related procedures and employee protections that meet or exceed, and do not otherwise conflict with, the minimum standards and requirements in this chapter.

Sec. 36. **[268B.28] SEVERABLE.**

If the United States Department of Labor or a court of competent jurisdiction determines that any provision of the family and medical benefit insurance program under this chapter is not in conformity with, or is inconsistent with, the requirements of federal law, the provision has no force or effect. If only a portion of the provision, or the application to any person or circumstances, is determined not in conformity, or determined inconsistent, the remainder of the provision and the application of the provision to other persons or circumstances are not affected.

Sec. 37. **[268B.29] SMALL BUSINESS ASSISTANCE GRANTS.**

(a) Employers with 50 or fewer employees may apply to the department for grants under this section.

(b) The commissioner may approve a grant of up to \$3,000 if the employer hires a temporary worker to replace an employee on family or medical leave for a period of seven days or more.

(c) For an employee's family or medical leave, the commissioner may approve a grant of up to \$1,000 as reimbursement for significant additional wage-related costs due to the employee's leave.

(d) To be eligible for consideration for a grant under this section, the employer must provide the department written documentation showing the temporary worker hired or significant wage-related costs incurred are due to an employee's use of leave under this chapter.

(e) The grants under this section may be funded from the account.

(f) For the purposes of this section, the commissioner shall average the number of employees reported by an employer over the last four completed calendar quarters to determine the size of the employer.

(g) An employer who has an approved private plan is not eligible to receive a grant under this section.

(h) The commissioner may award grants under this section only up to a maximum of \$5,000,000 per calendar year.

Sec. 38. **REVISOR INSTRUCTION.**

The revisor of statutes shall make necessary changes in statutory cross-references to accommodate the changes made in this act. If necessary, the revisor shall prepare a bill for introduction in the 2023 legislative session to make other necessary conforming changes that are beyond the scope of the revisor's authority to make editorial changes under this section or other law.

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

Sec. 39. **EFFECTIVE DATES.**

(a) Benefits under Minnesota Statutes, chapter 268B, shall not be applied for or paid until January 1, 2025, and thereafter.

(b) Sections 1, 2, 4, 5, and 6 are effective July 1, 2022.

(c) Section 15 is effective July 1, 2023.

(d) Sections 3, 17, 18, 22, 23, 24, and 26 are effective January 1, 2024.

(e) Sections 19, 21, 25, and 29 are effective January 1, 2024.

(f) Sections 7, 8, 9, 10, 11, 12, 13, 14, 16, 27, and 28 are effective January 1, 2025.

## ARTICLE 2

### FAMILY AND MEDICAL LEAVE BENEFIT AS EARNINGS

Section 1. Minnesota Statutes 2020, section 256J.561, is amended by adding a subdivision to read:

Subd. 4. **Parents receiving family and medical leave benefits.** A parent who meets the criteria under subdivision 2 and who receives benefits under chapter 268B is not required to participate in employment services.

Sec. 2. Minnesota Statutes 2020, section 256J.95, subdivision 3, is amended to read:

Subd. 3. **Eligibility for diversionary work program.** (a) Except for the categories of family units listed in clauses (1) to (8), all family units who apply for cash benefits and who meet MFIP eligibility as required in sections 256J.11 to 256J.15 are eligible and must participate in the diversionary work program. Family units or individuals that are not eligible for the diversionary work program include:

- (1) child only cases;
- (2) single-parent family units that include a child under 12 months of age. A parent is eligible for this exception once in a parent's lifetime;
- (3) family units with a minor parent without a high school diploma or its equivalent;
- (4) family units with an 18- or 19-year-old caregiver without a high school diploma or its equivalent who chooses to have an employment plan with an education option;
- (5) family units with a caregiver who received DWP benefits within the 12 months prior to the month the family applied for DWP, except as provided in paragraph (c);
- (6) family units with a caregiver who received MFIP within the 12 months prior to the month the family applied for DWP;
- (7) family units with a caregiver who received 60 or more months of TANF assistance; ~~and~~

(8) family units with a caregiver who is disqualified from the work participation cash benefit program, DWP, or MFIP due to fraud; and

(9) single-parent family units where a parent is receiving family and medical leave benefits under chapter 268B.

(b) A two-parent family must participate in DWP unless both caregivers meet the criteria for an exception under paragraph (a), clauses (1) through (5), or the family unit includes a parent who meets the criteria in paragraph (a), clause (6), (7), or (8).

(c) Once DWP eligibility is determined, the four months run consecutively. If a participant leaves the program for any reason and reapplies during the four-month period, the county must redetermine eligibility for DWP.

Sec. 3. Minnesota Statutes 2020, section 256J.95, subdivision 11, is amended to read:

Subd. 11. **Universal participation required.** (a) All DWP caregivers, except caregivers who meet the criteria in paragraph (d), are required to participate in DWP employment services. Except as specified in paragraphs (b) and (c), employment plans under DWP must, at a minimum, meet the requirements in section 256J.55, subdivision 1.

(b) A caregiver who is a member of a two-parent family that is required to participate in DWP who would otherwise be ineligible for DWP under subdivision 3 may be allowed to develop an employment plan under section 256J.521, subdivision 2, that may contain alternate activities and reduced hours.

(c) A participant who is a victim of family violence shall be allowed to develop an employment plan under section 256J.521, subdivision 3. A claim of family violence must be documented by the applicant or participant by providing a sworn statement which is supported by collateral documentation in section 256J.545, paragraph (b).

(d) One parent in a two-parent family unit ~~that has a natural born child under 12 months of age is not required to have an employment plan until the child reaches 12 months of age unless the family unit has already used the exclusion under section 256J.561, subdivision 3, or the previously allowed child under age one exemption under section 256J.56, paragraph (a), clause (5).~~ if that parent:

(1) receives family and medical leave benefits under chapter 268B; or

(2) has a natural born child under 12 months of age until the child reaches 12 months of age unless the family unit has already used the exclusion under section 256J.561, subdivision 3, or the previously allowed child under age one exemption under section 256J.56, paragraph (a), clause (5).

(e) The provision in paragraph (d) ends the first full month after the child reaches 12 months of age. This provision is allowable only once in a caregiver's lifetime. In a two-parent household, only one parent shall be allowed to use this category.

(f) The participant and job counselor must meet in the month after the month the child reaches 12 months of age to revise the participant's employment plan. The employment plan for a family

unit that has a child under 12 months of age that has already used the exclusion in section 256J.561 must be tailored to recognize the caregiving needs of the parent.

Sec. 4. Minnesota Statutes 2021 Supplement, section 256P.01, subdivision 3, is amended to read:

Subd. 3. **Earned income.** "Earned income" means income earned through the receipt of wages, salary, commissions, bonuses, tips, gratuities, profit from employment activities, net profit from self-employment activities, payments made by an employer for regularly accrued vacation or sick leave, severance pay based on accrued leave time, benefits paid under chapter 268B, royalties, honoraria, or other profit from activity that results from the client's work, effort, or labor for purposes other than student financial assistance, rehabilitation programs, student training programs, or service programs such as AmeriCorps. The income must be in return for, or as a result of, legal activity.

Sec. 5. **EFFECTIVE DATES.**

Sections 1 to 4 are effective July 1, 2025.

### ARTICLE 3

#### APPROPRIATIONS

Section 1. **FAMILY AND MEDICAL BENEFITS; APPROPRIATIONS.**

(a) \$10,828,000 in fiscal year 2023 is appropriated from the general fund to the commissioner of employment and economic development for the purposes of Minnesota Statutes, chapter 268B. This is a onetime appropriation. In fiscal year 2024, \$23,250,000 is appropriated from the paid family medical leave account to the commissioner of employment and economic development for the purposes of Minnesota Statutes, chapter 268B. The base for this appropriation is \$51,041,000 in fiscal year 2025 and \$50,125,000 in fiscal year 2026. Starting in fiscal year 2027, the base for this appropriation is \$46,465,000.

(b) In fiscal year 2024, \$630,000 is appropriated from the general fund to the commissioner of employment and economic development for the purpose of outreach, education, and technical assistance for employees and employers regarding Minnesota Statutes, chapter 268B. This appropriation is onetime. In fiscal year 2025, \$630,000 is appropriated from the paid family medical leave account to the commissioner of employment and economic development for the purpose of outreach, education, and technical assistance for employees and employers regarding Minnesota Statutes, chapter 268B. Of the amount appropriated, at least half must be used for grants to community-based groups providing outreach, education, and technical assistance for employees, employers, and self-employed individuals regarding Minnesota Statutes, chapter 268B. Outreach must include efforts to notify self-employed individuals of their ability to elect coverage under Minnesota Statutes, section 268B.11, and provide them with technical assistance in doing so.

(c) \$528,000 in fiscal year 2023 is appropriated from the general fund to the commissioner of labor and industry for the purposes of Minnesota Statutes, chapter 268B. This appropriation is onetime. From the paid family medical leave account, \$518,000 is appropriated in fiscal year 2024, \$468,000 is appropriated in fiscal year 2025, and \$618,000 is appropriated in fiscal year 2026 to the commissioner of labor and industry for the purposes of Minnesota Statutes, chapter 268B.

(d) \$574,000 in fiscal year 2024 is appropriated from the paid family medical leave account to the commissioner of human services for information technology system costs associated with Minnesota Statutes, chapter 268B. This appropriation is onetime.

(e) \$28,000 in fiscal year 2023 is appropriated from the general fund to the commissioner of management and budget for information technology systems upgrades necessary to comply with Minnesota Statutes, chapter 268B. This appropriation is onetime. From the paid family medical leave account, \$23,000 is appropriated in fiscal year 2024 for ongoing maintenance of these systems. The base for this appropriation is \$13,000.

(f) \$1,930,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of management and budget for the premiums and notice acknowledgement required of employers under Minnesota Statutes, chapter 268B. The base for this appropriation is \$3,727,000.

(g) \$11,000 in fiscal year 2023 is appropriated from the general fund to the legislative coordinating commission for systems upgrades necessary to comply with Minnesota Statutes, chapter 268B. This appropriation is onetime.

(h) \$20,000 in fiscal year 2023 is appropriated from the general fund to the supreme court for judicial responsibilities associated with Minnesota Statutes, chapter 268B. This is a onetime appropriation.

(i) \$5,600,000 in fiscal year 2026 is appropriated from the paid family medical leave account to the court of appeals for judicial responsibilities associated with Minnesota Statutes, chapter 268B.

**EFFECTIVE DATE.** This section is effective July 1, 2022.

**Sec. 2. FAMILY AND MEDICAL BENEFITS; TRANSFER.**

In fiscal year 2024 only, \$11,416,000 shall be transferred from the paid family medical leave account to the general fund.

**EFFECTIVE DATE.** This section is effective July 1, 2022."

Amend the title accordingly

Senator Benson questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

Senator Kent 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 35 and nays 30, as follows:

Those who voted in the affirmative were:

Abeler	Chamberlain	Draheim	Goggin	Jasinski
Anderson	Coleman	Duckworth	Housley	Johnson
Bakk	Dahms	Eichorn	Howe	Kiffmeyer
Benson	Dornink	Gazelka	Ingebrigtsen	Koran

Lang	Nelson	Pratt	Ruud	Utke
Mathews	Newman	Rarick	Senjem	Weber
Miller	Osmek	Rosen	Tomassoni	Westrom

Pursuant to Rule 40, Senator Jasinski cast the affirmative vote on behalf of the following Senators: Anderson, Gazelka, Lang, Miller, Newman, Rosen, and Tomassoni.

Those who voted in the negative were:

Bigham	Dziedzic	Hoffman	Latz	Port
Carlson	Eaton	Isaacson	López Franzen	Putnam
Champion	Eken	Johnson Stewart	Marty	Rest
Clausen	Fateh	Kent	McEwen	Torres Ray
Cwodzinski	Frentz	Klein	Newton	Wiger
Dibble	Hawj	Kunesh	Pappas	Wiklund

Pursuant to Rule 40, Senator Frentz cast the negative vote on behalf of the following Senators: Eaton, Klein, López Franzen, Newton, and Putnam.

So the decision of the President was sustained.

S.F. No. 3885 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 29, as follows:

Those who voted in the affirmative were:

Abeler	Draheim	Ingebrigtsen	Miller	Senjem
Anderson	Duckworth	Jasinski	Nelson	Tomassoni
Bakk	Eichorn	Johnson	Newman	Utke
Benson	Gazelka	Kiffmeyer	Osmek	Weber
Chamberlain	Goggin	Koran	Pratt	Westrom
Coleman	Hoffman	Lang	Rarick	
Dahms	Housley	Limmer	Rosen	
Dornink	Howe	Mathews	Ruud	

Pursuant to Rule 40, Senator Jasinski cast the affirmative vote on behalf of the following Senators: Anderson, Gazelka, Ingebrigtsen, Lang, Miller, Newman, Rosen, Ruud, and Tomassoni.

Those who voted in the negative were:

Bigham	Dziedzic	Isaacson	López Franzen	Putnam
Carlson	Eaton	Johnson Stewart	Marty	Rest
Champion	Eken	Kent	McEwen	Torres Ray
Clausen	Fateh	Klein	Newton	Wiger
Cwodzinski	Frentz	Kunesh	Pappas	Wiklund
Dibble	Hawj	Latz	Port	

Pursuant to Rule 40, Senator Frentz cast the negative vote on behalf of the following Senators: Eaton, Fateh, Klein, Newton, and Putnam.

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

**SPECIAL ORDER**

**H.F. No. 3216:** A bill for an act relating to transportation; amending membership of the local road improvement program advisory committee; amending Minnesota Statutes 2020, section 174.52, subdivision 3.

H.F. No. 3216 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 63 and nays 0, as follows:

Those who voted in the affirmative were:

Abeler	Dornink	Howe	López Franzen	Rest
Anderson	Draheim	Isaacson	Marty	Rosen
Bakk	Duckworth	Jasinski	Mathews	Ruud
Benson	Dziedzic	Johnson	Miller	Senjem
Bigham	Eaton	Johnson Stewart	Nelson	Tomassoni
Carlson	Eichorn	Kent	Newman	Torres Ray
Chamberlain	Eken	Kiffmeyer	Newton	Utke
Champion	Frentz	Klein	Osmeck	Weber
Clausen	Gazelka	Koran	Pappas	Westrom
Coleman	Goggin	Kunesh	Port	Wiger
Cwodzinski	Hawj	Lang	Pratt	Wiklund
Dahms	Hoffman	Latz	Putnam	
Dibble	Housley	Limmer	Rarick	

Pursuant to Rule 40, Senator Jasinski cast the affirmative vote on behalf of the following Senators: Anderson, Gazelka, Housley, Lang, Miller, Newman, Rosen, and Tomassoni.

Pursuant to Rule 40, Senator Frentz cast the affirmative vote on behalf of the following Senators: Eaton, Klein, Kunesh, Newton, Putnam, and Torres Ray.

So the bill passed and its title was agreed to.

**SPECIAL ORDER**

**S.F. No. 4165:** A bill for an act relating to human services; instructing the revisor of statutes to renumber statutes related to the Supplemental Nutrition Assistance Program and Minnesota food assistance program; repealing Minnesota Statutes 2020, section 256D.055.

Senator Abeler moved to amend S.F. No. 4165 as follows:

Page 1, delete section 2

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

S.F. No. 4165 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 64 and nays 0, as follows:

Those who voted in the affirmative were:

Abeler	Dornink	Howe	López Franzen	Rarick
Anderson	Draheim	Isaacson	Marty	Rest
Bakk	Duckworth	Jasinski	Mathews	Rosen
Benson	Dziedzic	Johnson	McEwen	Ruud
Bigham	Eaton	Johnson Stewart	Miller	Senjem
Carlson	Eichorn	Kent	Nelson	Tomassoni
Chamberlain	Eken	Kiffmeyer	Newman	Torres Ray
Champion	Frentz	Klein	Newton	Utke
Clausen	Gazelka	Koran	Osmek	Weber
Coleman	Goggin	Kunesh	Pappas	Westrom
Cwodzinski	Hawj	Lang	Port	Wiger
Dahms	Hoffman	Latz	Pratt	Wiklund
Dibble	Housley	Limmer	Putnam	

Pursuant to Rule 40, Senator Jasinski cast the affirmative vote on behalf of the following Senators: Anderson, Dahms, Gazelka, Housley, Lang, Miller, Newman, Rosen, and Tomassoni.

Pursuant to Rule 40, Senator Frentz cast the affirmative vote on behalf of the following Senators: Eaton, Klein, Kunesh, Newton, Putnam, and Torres Ray.

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

### SPECIAL ORDER

**S.F. No. 1391:** A bill for an act relating to commerce; regulating debt settlement services providers; amending Minnesota Statutes 2020, sections 332A.02, subdivision 8, by adding subdivisions; 332B.02, subdivision 13.

S.F. No. 1391 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 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Draheim	Ingebrigtsen	López Franzen	Rarick
Bakk	Duckworth	Isaacson	Marty	Rest
Benson	Dziedzic	Jasinski	Mathews	Rosen
Bigham	Eaton	Johnson	McEwen	Ruud
Carlson	Eichorn	Johnson Stewart	Miller	Senjem
Chamberlain	Eken	Kent	Nelson	Tomassoni
Champion	Frentz	Kiffmeyer	Newman	Torres Ray
Clausen	Gazelka	Klein	Newton	Utke
Coleman	Goggin	Koran	Osmek	Weber
Cwodzinski	Hawj	Kunesh	Pappas	Westrom
Dahms	Hoffman	Lang	Port	Wiger
Dibble	Housley	Latz	Pratt	Wiklund
Dornink	Howe	Limmer	Putnam	

Pursuant to Rule 40, Senator Jasinski cast the affirmative vote on behalf of the following Senators: Anderson, Benson, Dahms, Gazelka, Housley, Ingebrigtsen, Lang, Miller, Newman, Rosen, Tomassoni, and Utke.



Pursuant to Rule 40, Senator Frentz cast the affirmative vote on behalf of the following Senators: Eaton, Hoffman, Klein, Kunesh, Newton, Putnam, and Torres Ray.

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**S.F. No. 3202:** A bill for an act relating to health occupations; modifying a requirement for podiatrist licensure; amending Minnesota Statutes 2020, section 153.16, subdivision 1.

S.F. No. 3202 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 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Draheim	Ingebrigtsen	López Franzen	Rarick
Bakk	Duckworth	Isaacson	Marty	Rest
Benson	Dziedzic	Jasinski	Mathews	Rosen
Bigham	Eaton	Johnson	McEwen	Ruud
Carlson	Eichorn	Johnson Stewart	Miller	Senjem
Chamberlain	Eken	Kent	Nelson	Tomassoni
Champion	Frentz	Kiffmeyer	Newman	Torres Ray
Clausen	Gazelka	Klein	Newton	Utke
Coleman	Goggin	Koran	Osmek	Weber
Cwodzinski	Hawj	Kunesh	Pappas	Westrom
Dahms	Hoffman	Lang	Port	Wiger
Dibble	Housley	Latz	Pratt	Wiklund
Dornink	Howe	Limmer	Putnam	

Pursuant to Rule 40, Senator Jasinski cast the affirmative vote on behalf of the following Senators: Anderson, Benson, Dahms, Gazelka, Housley, Ingebrigtsen, Lang, Miller, Newman, Tomassoni, and Utke.

Pursuant to Rule 40, Senator Frentz cast the affirmative vote on behalf of the following Senators: Eaton, Hoffman, Klein, Kunesh, Newton, Putnam, and Torres Ray.

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**S.F. No. 3503:** A bill for an act relating to commerce; real estate appraisers; making changes related to minimum damage acquisition reports and continuing education; amending Minnesota Statutes 2020, sections 82B.03, by adding a subdivision; 82B.19, by adding a subdivision; 82C.17, subdivision 2; Minnesota Statutes 2021 Supplement, section 82B.25, subdivision 2.

S.F. No. 3503 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:

Abeler	Dornink	Howe	Limmer	Putnam
Anderson	Draheim	Ingebrigtsen	López Franzen	Rarick
Bakk	Duckworth	Isaacson	Marty	Rest
Benson	Dziedzic	Jasinski	Mathews	Rosen
Bigham	Eaton	Johnson	McEwen	Ruud
Carlson	Eichorn	Johnson Stewart	Miller	Senjem
Chamberlain	Eken	Kent	Nelson	Tomassoni
Champion	Frentz	Kiffmeyer	Newman	Torres Ray
Clausen	Gazelka	Klein	Newton	Utke
Coleman	Goggin	Koran	Osmek	Weber
Cwodzinski	Hawj	Kunesh	Pappas	Westrom
Dahms	Hoffman	Lang	Port	Wiger
Dibble	Housley	Latz	Pratt	Wiklund

Pursuant to Rule 40, Senator Jasinski cast the affirmative vote on behalf of the following Senators: Abeler, Anderson, Benson, Dahms, Gazelka, Ingebrigtsen, Lang, Newman, Tomassoni, and Utke.

Pursuant to Rule 40, Senator Frentz cast the affirmative vote on behalf of the following Senators: Eaton, Hoffman, Klein, Newton, and Putnam.

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**S.F. No. 3049:** A bill for an act relating to commerce; establishing certain rights for federal home loan banks with respect to collateral pledged by insurer members; proposing coding for new law in Minnesota Statutes, chapter 60B.

S.F. No. 3049 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:

Abeler	Dornink	Howe	Limmer	Putnam
Anderson	Draheim	Ingebrigtsen	López Franzen	Rarick
Bakk	Duckworth	Isaacson	Marty	Rest
Benson	Dziedzic	Jasinski	Mathews	Rosen
Bigham	Eaton	Johnson	McEwen	Ruud
Carlson	Eichorn	Johnson Stewart	Miller	Senjem
Chamberlain	Eken	Kent	Nelson	Tomassoni
Champion	Frentz	Kiffmeyer	Newman	Torres Ray
Clausen	Gazelka	Klein	Newton	Utke
Coleman	Goggin	Koran	Osmek	Weber
Cwodzinski	Hawj	Kunesh	Pappas	Westrom
Dahms	Hoffman	Lang	Port	Wiger
Dibble	Housley	Latz	Pratt	Wiklund

Pursuant to Rule 40, Senator Jasinski cast the affirmative vote on behalf of the following Senators: Abeler, Anderson, Benson, Dahms, Gazelka, Ingebrigtsen, Lang, Newman, Tomassoni, Utke, and Weber.

Pursuant to Rule 40, Senator Frentz cast the affirmative vote on behalf of the following Senators: Eaton, Hoffman, Klein, Newton, and Putnam.

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**S.F. No. 3850:** A bill for an act relating to civil law; clarifying indemnity application when insurance coverage exists; amending Minnesota Statutes 2020, section 604.21.

S.F. No. 3850 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:

Abeler	Dornink	Howe	Limmer	Putnam
Anderson	Draheim	Ingebrigtsen	López Franzen	Rarick
Bakk	Duckworth	Isaacson	Marty	Rest
Benson	Dziedzic	Jasinski	Mathews	Rosen
Bigham	Eaton	Johnson	McEwen	Ruud
Carlson	Eichorn	Johnson Stewart	Miller	Senjem
Chamberlain	Eken	Kent	Nelson	Tomassoni
Champion	Frentz	Kiffmeyer	Newman	Torres Ray
Clausen	Gazelka	Klein	Newton	Utke
Coleman	Goggin	Koran	Osmek	Weber
Cwodzinski	Hawj	Kunesh	Pappas	Westrom
Dahms	Hoffman	Lang	Port	Wiger
Dibble	Housley	Latz	Pratt	Wiklund

Pursuant to Rule 40, Senator Jasinski cast the affirmative vote on behalf of the following Senators: Abeler, Anderson, Benson, Dahms, Gazelka, Ingebrigtsen, Lang, Newman, Tomassoni, Utke, and Weber.

Pursuant to Rule 40, Senator Frentz cast the affirmative vote on behalf of the following Senators: Eaton, Hoffman, Klein, Newton, and Putnam.

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**S.F. No. 2922:** A bill for an act relating to commerce; modifying provisions governing licensure and registration of collection agencies; amending Minnesota Statutes 2020, section 332.33, subdivision 3, by adding a subdivision.

S.F. No. 2922 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:

Abeler	Dornink	Howe	Limmer	Putnam
Anderson	Draheim	Ingebrigtsen	López Franzen	Rarick
Bakk	Duckworth	Isaacson	Marty	Rest
Benson	Dziedzic	Jasinski	Mathews	Rosen
Bigham	Eaton	Johnson	McEwen	Ruud
Carlson	Eichorn	Johnson Stewart	Miller	Senjem
Chamberlain	Eken	Kent	Nelson	Tomassoni
Champion	Frentz	Kiffmeyer	Newman	Torres Ray
Clausen	Gazelka	Klein	Newton	Utke
Coleman	Goggin	Koran	Osmek	Weber
Cwodzinski	Hawj	Kunesh	Pappas	Westrom
Dahms	Hoffman	Lang	Port	Wiger
Dibble	Housley	Latz	Pratt	Wiklund

Pursuant to Rule 40, Senator Jasinski cast the affirmative vote on behalf of the following Senators: Abeler, Anderson, Benson, Dahms, Gazelka, Ingebrigtsen, Lang, Newman, Tomassoni, Utke, and Weber.

Pursuant to Rule 40, Senator Frentz cast the affirmative vote on behalf of the following Senators: Eaton, Hoffman, Klein, Newton, and Putnam.

So the bill 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 Johnson moved that the Committee Report at the Desk be now adopted. The motion prevailed.

#### Senator Nelson from the Committee on Taxes, to which was referred

**H.F. No. 3669:** A bill for an act relating to taxation; modifying provisions governing individual income and corporate franchise taxes, sales and use taxes, property taxes, certain state aid programs, certain local taxes, tax increment financing, and various other taxes and tax-related provisions; providing for certain federal tax conformity; modifying and proposing certain income tax credits and subtractions; providing for certain sales tax exemptions; modifying property tax refunds and programs; proposing additional local government aid programs; authorizing certain tax increment financing; authorizing certain local taxes; converting the renter's property tax refund into a refundable individual income tax credit; requiring reports; appropriating money; amending Minnesota Statutes 2020, sections 6.495, subdivision 3; 38.27, subdivision 4; 41B.0391, subdivisions 1, 2, 4; 123B.595, subdivision 3; 123B.61; 126C.40, subdivision 1; 270A.03, subdivision 2; 270B.12, subdivision 8; 272.01, subdivision 2; 272.02, subdivisions 24, 98, by adding subdivisions; 272.025, subdivision 1; 273.124, subdivisions 3a, 6, 13a, 13c, 13d; 273.1245, subdivision 1; 273.13, subdivision 35; 273.1315, subdivision 2; 273.1387, subdivision 2; 273.41; 279.03, subdivision 1a; 282.261, subdivision 2; 287.12; 287.29; 287.31, subdivision 3; 289A.02, subdivision 7; 289A.38, subdivision 4; 289A.56, subdivision 6; 289A.60, subdivision 12; 290.0131, by adding subdivisions; 290.0132,

subdivisions 18, 21, 26, by adding subdivisions; 290.0133, by adding a subdivision; 290.0134, by adding a subdivision; 290.067; 290.0674, subdivision 2; 290.0681, subdivisions 2, 3, 4; 290.0685, subdivision 1, by adding a subdivision; 290.091, subdivision 2; 290.095, subdivision 11; 290A.02; 290A.03, subdivisions 6, 8, 12, 13, 15; 290A.04, subdivisions 1, 2, 2h, 4; 290A.05; 290A.07, subdivision 2a; 290A.08; 290A.09; 290A.091; 290A.13; 290A.19; 290A.25; 290B.03, subdivision 1; 290B.04, subdivisions 3, 4; 290B.05, subdivision 1; 291.005, subdivision 1; 296A.083, subdivision 3; 297A.61, subdivisions 12, 29; 297A.68, subdivision 25, by adding subdivisions; 297A.70, subdivision 21; 297A.71, subdivision 51, by adding subdivisions; 297A.94; 297A.99, subdivisions 1, 3; 297H.13, subdivision 2; 298.28, subdivisions 7a, 9b; 366.095, subdivision 1; 373.01, subdivision 3; 383B.117, subdivision 2; 410.32; 412.301; 462A.05, subdivision 24; 462A.38; 469.174, subdivision 14, by adding a subdivision; 469.176, subdivisions 3, 4; 469.1763, subdivision 6; 469.1771, subdivisions 2, 2a, 3; 477A.011, subdivision 34, by adding subdivisions; 477A.0124, subdivision 2; 477A.013, subdivisions 8, 9; 477A.015; 477A.03, subdivision 2a; 477A.12, subdivisions 1, 3, by adding a subdivision; 477B.01, subdivisions 5, 10, 11, by adding subdivisions; 477B.02, subdivisions 2, 3, 5, 8, 9, by adding a subdivision; 477B.03, subdivisions 2, 3, 4, 5, 7; 477B.04, subdivision 1, by adding a subdivision; 477C.03, subdivisions 2, 5; 477C.04, by adding a subdivision; Minnesota Statutes 2021 Supplement, sections 3.8855, subdivisions 4, 7; 16A.152, subdivision 2; 116J.8737, subdivision 5; 116U.27, subdivision 1; 126C.10, subdivision 2e; 272.0295, subdivision 2; 273.11, subdivision 12; 273.124, subdivisions 13, 14; 273.13, subdivisions 23, 25, 34; 289A.08, subdivisions 7, 7a; 289A.382, subdivision 2; 290.01, subdivisions 19, 31; 290.06, subdivisions 2c, 22; 290.0671, subdivision 1; 290.0681, subdivision 10; 290.0682, by adding subdivisions; 290.993; 290A.03, subdivision 3; 297A.71, subdivision 52; 297A.75, subdivisions 1, 2, 3; 297A.99, subdivision 2; 297F.09, subdivision 10; 297G.09, subdivision 9; 469.1763, subdivisions 2, 3, 4; 477A.03, subdivision 2b; 477A.30; Laws 1998, chapter 389, article 8, section 43, as amended; Laws 2003, chapter 127, article 10, section 31, subdivision 1, as amended; Laws 2006, chapter 259, article 11, section 3, as amended; Laws 2008, chapter 366, article 7, section 17; Laws 2011, First Special Session chapter 7, article 4, section 14; Laws 2014, chapter 308, article 6, section 12, subdivision 2; Laws 2017, First Special Session chapter 1, article 3, section 26; Laws 2019, First Special Session chapter 6, article 6, section 25; Laws 2021, First Special Session chapter 14, article 8, sections 5; 7; proposing coding for new law in Minnesota Statutes, chapters 240A; 290; 477A; proposing coding for new law as Minnesota Statutes, chapter 428B; repealing Minnesota Statutes 2020, sections 6.91; 290.0674, subdivision 2a; 290A.03, subdivisions 9, 11; 290A.04, subdivisions 2a, 5; 290A.23, subdivision 1; 327C.01, subdivision 13; 327C.16; 477A.011, subdivisions 30a, 38, 42, 45; 477A.013, subdivision 13; 477B.02, subdivision 4; 477B.03, subdivision 6; Minnesota Statutes 2021 Supplement, section 290.0111.

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

Delete everything after the enacting clause and insert:

## **"ARTICLE 1**

### **FEDERAL UPDATE**

Section 1. Minnesota Statutes 2020, section 289A.02, subdivision 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 31, 2018~~ November 15, 2021.

**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 the changes were effective for federal purposes, but are subject to the application of Minnesota Statutes, section 290.993, subdivision 2.

Sec. 2. Minnesota Statutes 2021 Supplement, section 289A.08, subdivision 7, is amended to read:

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

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

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

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

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

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

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

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

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

(j) For the purposes of this subdivision, "income" means the partner's share of federal adjusted gross income from the partnership modified by the additions provided in section 290.0131, subdivisions 8 to 10, 16, ~~and 17~~, 19, and 20, and the subtractions provided in: (1) section 290.0132, subdivisions 9, 27, and 28, to the extent the amount is assignable or allocable to Minnesota under section 290.17; and (2) section 290.0132, subdivision 14, 31, and 32. The subtraction allowed under section 290.0132, subdivision 9, is only allowed on the composite tax computation to the extent the electing partner would have been allowed the subtraction.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2021.

Sec. 3. Minnesota Statutes 2021 Supplement, section 290.01, subdivision 19, is amended to read:

Subd. 19. **Net income.** (a) For a trust or estate taxable under section 290.03, and a corporation taxable under section 290.02, the term "net income" means the federal taxable income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through the date named in this subdivision, incorporating the federal effective dates of changes to the Internal Revenue Code and any elections made by the taxpayer in accordance with the Internal Revenue Code in determining federal taxable income for federal income tax purposes, and with the modifications provided in sections 290.0131 to 290.0136.

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

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

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

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

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

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

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

(f) The Internal Revenue Code of 1986, as amended through ~~December 31, 2018~~ November 15, 2021, applies for taxable years beginning after December 31, 1996, ~~except the sections of federal law in section 290.0111 shall also apply.~~

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

**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 the changes were effective for federal purposes, but are subject to the application of Minnesota Statutes, section 290.993, subdivision 2.

Sec. 4. Minnesota Statutes 2021 Supplement, section 290.01, subdivision 31, 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 31, 2018~~, ~~except the sections of federal law in section 290.0111 shall also apply~~ November 15, 2021. 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.

**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 the changes were effective for federal purposes, but are subject to the application of Minnesota Statutes, section 290.993, subdivision 2.

Sec. 5. Minnesota Statutes 2020, section 290.0123, subdivision 3, is amended to read:

Subd. 3. **Amount for dependents.** For an individual who is a dependent, as defined in sections 151 and 152 of the Internal Revenue Code, of another taxpayer for a taxable year beginning in the calendar year in which the individual's taxable year begins, the standard deduction for that individual is limited to the greater of:

(1) \$1,100; or



(2) the lesser of (i) the sum of \$350 and that individual's earned income, as defined in section 32(c) of the Internal Revenue Code, except that a taxpayer must use earned income from the current taxable year; or (ii) the standard deduction amount allowed under subdivision 1, clause (3).

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

Sec. 6. Minnesota Statutes 2020, section 290.0131, is amended by adding a subdivision to read:

**Subd. 19. Meal expenses.** The amount of meal expenses in excess of the 50 percent limitation under section 274(n)(1) of the Internal Revenue Code allowed under subsection (n), paragraph (2), subparagraph (D), of that section is an addition.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2021.

Sec. 7. Minnesota Statutes 2020, section 290.0131, is amended by adding a subdivision to read:

**Subd. 20. Special limited adjustment.** (a) For taxable years beginning after December 31, 2021, and before January 1, 2023, the amount calculated under section 290.993, subdivision 2, paragraph (c), that increases net income for the taxable year is an addition.

(b) Partners, shareholders, or beneficiaries who file their returns on a calendar year basis, and who received an addition from a pass-through entity filing their return on a fiscal year basis, must make the addition in the taxable year it is received as required for federal income tax purposes.

(c) This subdivision expires for taxable years beginning after December 31, 2023.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2021, and before January 1, 2024.

Sec. 8. Minnesota Statutes 2020, section 290.0132, subdivision 18, is amended to read:

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

(b) The unused portion of a net operating loss carryover under section 290.095, subdivision 11, paragraph (d), is a subtraction. The subtraction is the lesser of:

(1) the amount carried into the taxable year minus any subtraction made under this section for prior taxable years; or

(2) 80 percent of Minnesota taxable net income in a single taxable year and determined without regard to this subtraction.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2021.

Sec. 9. Minnesota Statutes 2020, section 290.0132, is amended by adding a subdivision to read:

Subd. 31. **Special Limited Adjustment.** (a) For taxable years beginning after December 31, 2021, and before January 1, 2023, the amount calculated under section 290.993, subdivision 2, paragraph (c), that decreases net income for the taxable year is a subtraction.

(b) Partners, shareholders, or beneficiaries who file their returns on a calendar year basis, and who received a subtraction from a pass-through entity filing their return on a fiscal year basis, must make the subtraction in the taxable year it is received as required for federal income tax purposes.

(c) This subdivision expires for taxable years beginning after December 31, 2023.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2021, and before January 1, 2024.

Sec. 10. Minnesota Statutes 2020, section 290.0132, is amended by adding a subdivision to read:

Subd. 32. **Delayed business interest.** For each of the five taxable years beginning after December 31, 2021, there is allowed a subtraction equal to one-fifth of the adjustment amount, to the extent not already deducted, for the exclusion under section 290.993, subdivision 2, paragraph (c), clause (11), due to the Coronavirus Aid, Relief and Economic Security Act, Public Law 116-136, section 2306.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2021.

Sec. 11. Minnesota Statutes 2020, section 290.0133, is amended by adding a subdivision to read:

Subd. 15. **Meal expenses.** The amount of meal expenses in excess of the 50 percent limitation under section 274(n)(1) of the Internal Revenue Code allowed under section 274(n)(2)(D) of the Internal Revenue Code is an addition.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2021.

Sec. 12. Minnesota Statutes 2020, section 290.0133, is amended by adding a subdivision to read:

Subd. 16. **Special Limited Adjustment.** (a) For taxable years beginning after December 31, 2021, and before January 1, 2023, the amount calculated under section 290.993, subdivision 2, paragraph (c), that increases net income for the taxable year is an addition.

(b) Partners, shareholders, or beneficiaries who file their returns on a calendar year basis, and who received an addition from a pass-through entity filing their return on a fiscal year basis, must make the addition in the taxable year it is received as required for federal income tax purposes.

(c) This subdivision expires for taxable years beginning after December 31, 2023.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2021, and before January 1, 2024.

Sec. 13. Minnesota Statutes 2020, section 290.0134, is amended by adding a subdivision to read:

**Subd. 20. Special Limited Adjustment.** (a) For taxable years beginning after December 31, 2021, and before January 1, 2023, the amount calculated under section 290.993, subdivision 2, paragraph (c), that decreases net income for the taxable year is a subtraction.

**(b) Partners, shareholders, or beneficiaries who file their returns on a calendar year basis, and who received a subtraction from a pass-through entity filing their return on a fiscal year basis, must make the subtraction in the taxable year it is received as required for federal income tax purposes.**

**(c) This subdivision expires for taxable years beginning after December 31, 2023.**

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2021, and before January 1, 2024.

Sec. 14. Minnesota Statutes 2020, section 290.0134, is amended by adding a subdivision to read:

**Subd. 21. Delayed business interest.** For each of the five taxable years beginning after December 31, 2021, there is allowed a subtraction equal to one-fifth of the adjustment amount, to the extent not already deducted, for the exclusion under section 290.993, subdivision 2, paragraph (c), clause (11), due to the Coronavirus Aid, Relief and Economic Security Act, Public Law 116-136, section 2306.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2021.

Sec. 15. Minnesota Statutes 2021 Supplement, section 290.06, subdivision 2c, is amended to read:

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

- (1) On the first \$38,770, 5.35 percent;
- (2) On all over \$38,770, but not over \$154,020, 6.8 percent;
- (3) On all over \$154,020, but not over \$269,010, 7.85 percent;
- (4) On all over \$269,010, 9.85 percent.

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

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

- (1) On the first \$26,520, 5.35 percent;
- (2) On all over \$26,520, but not over \$87,110, 6.8 percent;
- (3) On all over \$87,110, but not over \$161,720, 7.85 percent;
- (4) On all over \$161,720, 9.85 percent.

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

- (1) On the first \$32,650, 5.35 percent;
- (2) On all over \$32,650, but not over \$131,190, 6.8 percent;
- (3) On all over \$131,190, but not over \$214,980, 7.85 percent;
- (4) On all over \$214,980, 9.85 percent.

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

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

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

(i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, ~~and 17~~, 19, and 20, and 290.0137, paragraph (a); and reduced by

(ii) the Minnesota assignable portion of the subtraction for United States government interest under section 290.0132, subdivision 2, the subtractions under sections 290.0132, subdivisions 9, 10, 14, 15, 17, 18, ~~and 27~~, 31, and 32, and 290.0137, paragraph (c), after applying the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

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

(i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, ~~and 17, 19, and 20~~, and 290.0137, paragraph (a); and reduced by

(ii) the subtractions under sections 290.0132, subdivisions 2, 9, 10, 14, 15, 17, 18, ~~and 27, 31, and 32~~, and 290.0137, paragraph (c).

(f) If an individual who is not a Minnesota resident for the entire year is a qualifying owner of a qualifying entity that elects to pay tax as provided in section 289A.08, subdivision 7a, paragraph (b), the individual must compute the individual's Minnesota income tax as provided in paragraph (e), and also must include, to the extent attributed to the electing qualifying entity:

(1) in paragraph (e), clause (1), item (i), and paragraph (e), clause (2), item (i), the addition under section 290.0131, subdivision 5; and

(2) in paragraph (e), clause (1), item (ii), and paragraph (e), clause (2), item (ii), the subtraction under section 290.0132, subdivision 3.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2021.

Sec. 16. Minnesota Statutes 2020, section 290.0671, subdivision 1a, is amended to read:

Subd. 1a. **Definitions.** For purposes of this section, the following terms "~~qualifying child,~~" and "~~earned income,~~" have the meanings given ~~in section 32(c) of the Internal Revenue Code, and the term "adjusted gross income" has the meaning given in section 62 of the Internal Revenue Code.:~~

~~"Earned income of the lesser earning spouse" has the meaning given in section 290.0675, subdivision 1, paragraph (d).~~

(1) "qualifying child" has the meaning given in section 32(c)(3) of the Internal Revenue Code;

(2) "earned income" has the meaning given in section 32(c)(2) of the Internal Revenue Code, except that a taxpayer must use earned income from the current taxable year;

(3) "adjusted gross income" has the meaning given in section 62 of the Internal Revenue Code; and

(4) "earned income of the lesser earning spouse" has the meaning given in section 290.0675, subdivision 1, paragraph (d).

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

Sec. 17. Minnesota Statutes 2020, section 290.0675, subdivision 1, is amended to read:

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

(b) "Earned income" means the sum of the following, to the extent included in Minnesota taxable income:

(1) earned income as defined in section 32(c)(2) of the Internal Revenue Code, except that a taxpayer must use earned income from the current taxable year;

(2) income received from a retirement pension, profit-sharing, stock bonus, or annuity plan; and

(3) Social Security benefits as defined in section 86(d)(1) of the Internal Revenue Code.

(c) "Taxable income" means net income as defined in section 290.01, subdivision 19.

(d) "Earned income of lesser-earning spouse" means the earned income of the spouse with the lesser amount of earned income as defined in paragraph (b) for the taxable year minus one-half the amount of the standard deduction under section 290.0123, subdivision 1, clause (1).

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

Sec. 18. Minnesota Statutes 2020, section 290.091, subdivision 2, is amended to read:

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

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

(1) the taxpayer's federal alternative minimum taxable income as defined in section 55(b)(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 person with a disability;

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

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

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

(6) the amount of addition required by section 290.0131, subdivisions 9, 10, ~~and 16,~~ and 20;

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

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

less the sum of the amounts determined under the following:

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

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

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

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

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

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

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

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

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

(d) "Regular tax" means the tax that would be imposed under this chapter (without regard to this section 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, 2021.

Sec. 19. Minnesota Statutes 2020, section 290.095, subdivision 11, is amended to read:

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

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

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

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

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

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

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

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



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

(d) For net operating loss carryovers or carrybacks arising in taxable years beginning after December 31, 2017, and before December 31, 2020, a net operating loss carryover or carryback is allowed as provided in the Internal Revenue Code as amended through December 31, 2018, as follows:

(1) the entire amount of the net operating loss, to the extent not already deducted, must be carried to the earliest taxable year and any unused portion may be carried forward for 20 taxable years after the loss; and

(2) the portion of the loss which may be carried to each of the other taxable years is the excess, if any, of the amount of the loss over the greater of the taxable net income or alternative minimum taxable income for each of the taxable years to which the loss may be carried.

**EFFECTIVE DATE.** This section is effective retroactively for losses arising in taxable years beginning after December 31, 2017, and before December 31, 2020.

Sec. 20. Minnesota Statutes 2021 Supplement, section 290.993, is amended to read:

**290.993 SPECIAL LIMITED ADJUSTMENT.**

Subdivision 1. **Tax year 2018.** (a) For an individual, estate, or trust, or a partnership that elects to file a composite return under section 289A.08, subdivision 7, for taxable years beginning after December 31, 2017, and before January 1, 2019, the following special rules apply:

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

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

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

Subd. 2. **Tax years 2017 to 2021.** (a) For all taxpayers, including an entity that elects to file a composite return under section 289A.08, subdivision 7, and an entity that elects to pay the pass-through entity tax under section 289A.08, subdivision 7a; for taxable years beginning after December 31, 2016, and before January 1, 2022, the following rules apply.

(b) There is an adjustment to net income equal to the difference between the amount calculated and reported under this chapter incorporating the Internal Revenue Code as amended through Minnesota Laws 2021, First Special Session chapter 14, and the amount calculated under this chapter incorporating the Internal Revenue Code as amended through November 15, 2021. This adjustment is only allowed as provided in paragraph (c) and to the extent the taxpayer reported a related nonconformity adjustment on their return for taxable years beginning after December 31, 2016, and before January 1, 2022. This adjustment does not include the changes due to the:

(1) Taxpayer Certainty and Disaster Relief Act of 2020, Public Law 116-260, section 114, exclusion of gross income of discharge of qualified principal residence indebtedness;

(2) Taxpayer Certainty and Disaster Relief Act of 2020, Public Law 116-260, section 304(b), special rules for disaster-related personal casualty losses; and

(3) American Rescue Plan Act, Public Law 117-2, section 9675, modification of treatment of student loan forgiveness.

(c) For purposes of this subdivision, the term "nonconformity adjustment" means the difference between adjusted gross income as defined under section 62 of the Internal Revenue Code for individuals, and federal taxable income as defined under section 63 of the Internal Revenue Code for all other taxpayers incorporating the Internal Revenue Code as amended through Minnesota Laws 2021, First Special Session chapter 14, and the amount calculated under this chapter incorporating the Internal Revenue Code as amended through November 15, 2021, but does not include impacts to state tax credits. The nonconformity adjustment is an addition or subtraction to net income but does not include the following federal law changes:

(1) Taxpayer Certainty and Disaster Relief Act of 2019, Public Law 116-94, section 104, deduction of qualified tuition and related expenses;

(2) Taxpayer Certainty and Disaster Relief Act of 2019, Public Law 116-94, section 203, employee retention credit for employers affected by qualified disasters;

(3) Families First Coronavirus Response Act, Public Law 116-127, section 7001, payroll credit for required paid sick leave;

(4) Families First Coronavirus Response Act, Public Law 116-127, section 7003, payroll credit for required paid family leave;

(5) Coronavirus Aid, Relief and Economic Security Act, Public Law 116-136, section 2204, allowance of partial above the line deduction for charitable contributions;

(6) Coronavirus Aid, Relief and Economic Security Act, Public Law 116-136, section 2205, excluding subsection (a), paragraph (B), temporary modification of limitations on charitable contributions as it applies to individual taxpayers only and including carryovers;

(7) Coronavirus Aid, Relief and Economic Security Act, Public Law 116-136, section 2206, exclusion of certain employer payment of student loans;

(8) Coronavirus Aid, Relief and Economic Security Act, Public Law 116-136, section 2301, employee retention credit for employers subject to closure due to COVID-19;

(9) Coronavirus Aid, Relief and Economic Security Act, Public Law 116-136, section 2303, modifications for net operating losses;

(10) Coronavirus Aid, Relief and Economic Security Act, Public Law 116-136, section 2304, modification of limitation on losses for taxpayers other than corporations;

(11) Coronavirus Aid, Relief and Economic Security Act, Public Law 116-136, section 2306, limitation on business interest;

(12) Taxpayer Certainty and Disaster Relief Act of 2020, Public Law 116-260, section 207, extension and modification of employee retention and rehiring credit;

(13) Taxpayer Certainty and Disaster Relief Act of 2020, Public Law 116-260, section 210, temporary allowance of full deduction for business meals;

(14) Taxpayer Certainty and Disaster Relief Act of 2020, Public Law 116-260, section 303, employee retention credit for employers affected by qualified disasters;

(15) American Rescue Plan Act, Public Law 117-2, section 9501(b), preserving health benefits for workers;

(16) American Rescue Plan Act, Public Law 117-2, section 9631, refundability and enhancement of child and dependent care tax credit;

(17) American Rescue Plan Act, Public Law 117-2, section 9641, payroll sick and family leave credits; and

(18) American Rescue Plan Act, Public Law, 117-2, section 9651, extension of employee retention credit.

The addition or subtraction required must only be made in taxable years beginning after December 31, 2021, and before January 1, 2023. Except partners, shareholders, or beneficiaries who file their returns on a calendar year basis, and who received an addition or subtraction from a pass-through entity filing their return on a fiscal year basis, must make the addition or subtraction in the taxable year it is received as required for federal income tax purposes. For purposes of this subdivision, a pass-through entity is defined as an entity that is not subject to the tax imposed under section 290.02, including but not limited to S corporations, partnerships, estates, and trusts other than grantor trusts.

**EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning after December 31, 2016, and before January 1, 2024.

Sec. 21. Minnesota Statutes 2020, section 290A.03, subdivision 15, is amended to read:

Subd. 15. **Internal Revenue Code.** "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December 31, 2018~~ November 15, 2021.

**EFFECTIVE DATE.** This section is effective for property tax refunds based on property taxes payable in 2022 and rent paid in 2021 and thereafter.

Sec. 22. Minnesota Statutes 2020, section 291.005, subdivision 1, 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, increased by the value of any property in which the decedent had a qualifying income interest for life and for which an election was made under section 291.03, subdivision 1d, for Minnesota estate tax purposes, but was not made for federal estate tax purposes.

(3) "Internal Revenue Code" means the United States Internal Revenue Code of 1986, as amended through ~~December 31, 2018~~ November 15, 2021.

(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, paragraphs (c) and (d), 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;

(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 includable 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 the day following final enactment, except the changes incorporated by federal changes are effective retroactively at the same time the changes were effective for federal purposes.

## ARTICLE 2

### INCOME, CORPORATE FRANCHISE, AND ESTATE TAXES

Section 1. Minnesota Statutes 2020, section 41B.0391, subdivision 6, is amended to read:

Subd. 6. **Report to legislature.** (a) No later than February 1, ~~2022~~ 2023, the Rural Finance Authority, in consultation with the commissioner of revenue, must provide a report to the chairs and ranking minority members of the legislative committees having jurisdiction over agriculture, economic development, rural development, and taxes, in compliance with sections 3.195 and 3.197, on the beginning farmer tax credits under this section issued in tax years beginning after December 31, 2017, and before January 1, ~~2022~~ 2023.

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

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

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

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

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

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

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

(6) data on the number of beginning farmers by geographic region in calendar years 2017 through ~~2021~~ 2022, including:

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

(ii) to the extent available, the number of beginning farmers who are members of a socially disadvantaged group, as defined in United States Code, Title 7, section 2279(a)(6); and

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

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

(1) the number and amount of credits issued;

(2) the geographic distribution of credits;

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

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

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

Sec. 2. Minnesota Statutes 2021 Supplement, section 116J.8737, subdivision 5, is amended to read:

Subd. 5. **Credit allowed.** (a) 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 to qualified investors or qualified funds more than the dollar amount in credits allowed for the taxable years listed in paragraph (i). For each taxable year, 50 percent must be allocated to credits for qualified investments in qualified greater Minnesota businesses and minority-owned, women-owned, or veteran-owned qualified small businesses in Minnesota. Any portion of a taxable year's credits that is reserved for qualified investments in greater Minnesota businesses and minority-owned, women-owned, or veteran-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 must be made available on the department's website 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 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.

(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.

(i) The credit allowed under this subdivision is effective as follows:

(1) \$10,000,000 for taxable years beginning after December 31, 2020, and before January 1, 2022; and

(2) ~~\$5,000,000~~ \$12,000,000 for taxable years beginning after December 31, 2021, and before January 1, 2023.



**EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning after December 31, 2021.

Sec. 3. **[116X.01] NEW MARKETS TAX CREDIT.**

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

(b) "Applicable percentage" means zero percent for each of the first two credit allowance dates and ten percent for each of the final five credit allowance dates.

(c) "CDFI fund" means the Community Development Financial Institutions fund of the United States Department of the Treasury.

(d) "Commissioner" means the commissioner of employment and economic development.

(e) "Credit allowance date" means:

(1) the date on which a qualified equity investment is initially made; and

(2) each of the six anniversary dates thereafter.

(f) "Greater Minnesota aggregate credit amount" means \$50,000,000 of credits allowed to all certified qualified equity investments in greater Minnesota counties.

(g) "Greater Minnesota allocation" means \$100,000,000 in qualified equity investment authority to be awarded for investment in qualified active low-income community businesses with principal business operations in a greater Minnesota county.

(h) "Greater Minnesota county" means any county that is not a metropolitan county.

(i) "Metropolitan aggregate credit amount" means \$50,000,000 of credits allowed to all certified qualified equity investments in metropolitan counties.

(j) "Metropolitan allocation" means \$100,000,000 in qualified equity investment authority to be awarded for investment in qualified active low-income community businesses with principal business operations in a metropolitan county.

(k) "Metropolitan county" has the meaning given in section 473.121, subdivision 4.

(l) "Minnesota qualified community development entity" means a qualified community development entity that is or whose controlling entity is headquartered in this state.

(m) "Internal Revenue Code" has the meaning given in section 290.01, subdivision 31.

(n) "Principal business operations" means the physical location of a business where at least 60 percent of a qualified active low-income community business' employees work or where employees that are paid at least 60 percent of the business' payroll work. An out-of-state business that has agreed to relocate employees or a Minnesota business that has agreed to hire employees using the proceeds of a qualified low-income community investment to establish principal business operations

in Minnesota is deemed to have principal business operations in Minnesota if the business satisfies the requirements of this paragraph within 180 days of receiving the qualified low-income community investment or another date as agreed by the business and the commissioner.

(o) "Purchase price" means the amount paid to the qualified community development entity for a qualified equity investment.

(p) "Qualified active low-income community business" has the meaning given in section 45D of the Internal Revenue Code, except that any business that derives or projects to derive 15 percent or more of its annual revenue from the rental or sale of real estate is not considered to be a qualified active low-income community business. This exception does not apply to a business that is controlled by or under common control with another business if the second business:

(1) does not derive or project to derive 15 percent or more of its annual revenue from the rental or sale of real estate; and

(2) is the primary tenant of the real estate leased from the initial business.

A business is deemed a qualified active low-income community business for the duration of a qualified low-income community investment if the qualified community development entity reasonably expects, at the time it makes the qualified low-income community investment, that the business will continue to satisfy the requirements for being a qualified active low-income community business throughout the entire period of the qualified low-income community investment.

(q) "Qualified community development entity" has the meaning given in section 45D of the Internal Revenue Code, provided that the entity:

(1) has previously entered into an allocation agreement with the CDFI fund with respect to credits authorized by section 45D of the Internal Revenue Code; and

(2) includes the state within the service area set forth in the allocation agreement.

(r) "Qualified equity investment" means an equity investment in a qualified community development entity, if the equity investment:

(1) is acquired after the effective date of this section at its original issuance solely in exchange for cash;

(2) has at least 100 percent of its cash purchase price used by the qualified community development entity to make qualified low-income community investments in qualified active low-income community businesses that have their principal business operations in the state of Minnesota; and

(3) is:

(i) designated by the qualified community development entity as a qualified equity investment under this section; and

(ii) except for a Minnesota qualified community development entity, is at least 50 percent designated by the qualified community development entity as a qualified equity investment under section 45D of the Internal Revenue Code.

An investment that does not qualify under clause (1) is a qualified equity investment if the investment met the requirements of this paragraph while under possession of a prior holder.

(s) "Qualified low-income community investment" means any capital or equity investment in, or loan to, any qualified active low-income community business.

(t) "Tax credit" or "credit" means a credit against the tax imposed by chapter 290 or 297I.

(u) "Taxpayer" means a taxpayer as defined in section 290.01, subdivision 6, or a taxpayer as defined in section 297I.01, subdivision 16.

Subd. 2. **Credit allowed; qualification; limitation.** (a) An entity earns a vested right to a credit against the tax imposed under chapter 290 or 297I, subject to the requirements of this subdivision. The credit may be claimed against the tax imposed by chapter 290 or 297I, but not both.

(b) The credit equals the applicable percentage for each credit allowance date multiplied by the purchase price paid to the qualified community development entity for the qualified equity investment.

Subd. 3. **Application.** (a) A qualified community development entity that seeks to have an equity investment designated as a qualified equity investment and eligible for the credit under this section shall apply to the commissioner on a form provided by the commissioner that includes:

(1) the name, address, and tax identification number of the applicant, and evidence of the applicant's certification as a qualified community development entity by the CDFI fund;

(2) a copy of the allocation agreement executed by the applicant or its controlling entity, and the CDFI fund;

(3) a certificate executed by an executive officer of the applicant attesting that the allocation agreement remains in effect and has not been revoked or canceled by the CDFI fund;

(4) a description of the proposed amount, structure, and purchaser of the equity investment;

(5) the amount of qualified equity investment authority sought under the greater Minnesota allocation or the metropolitan allocation, as applicable, which collectively may not exceed the applicant or its controlling entity's available qualified equity investment authority under section 45D of the Internal Revenue Code multiplied by two, provided this limitation does not apply to a Minnesota qualified community development entity;

(6) if required by clause (5), evidence of the applicant or its controlling entity's available qualified equity investment authority under section 45D of the Internal Revenue Code; and

(7) a nonrefundable application fee of \$5,000 paid to the commissioner to offset costs associated with personnel and administrative expenses related to administering the credit.

(b) The commissioner shall set a date to accept applications not less than 30 days but not more than 45 days after the CDFI fund announces allocation awards under a notice of funding availability that was published in the Federal Register in November 2021.

(c) A qualified community development entity may apply for both a greater Minnesota allocation and a metropolitan allocation.

**Subd. 4. Certification of qualified equity investments.** (a) Within 30 days after receipt of an application, the commissioner shall grant or deny the application in full or in part. If the commissioner denies any part of the application, the commissioner shall inform the applicant of the grounds for the denial. If the applicant provides the information required by the commissioner or otherwise completes its application within 15 days of the notice of denial, the application is deemed complete as of the original date of submission. If the applicant fails to provide the requested information or complete its application within the 15-day period, the applicant must submit a new application.

(b) If the application is deemed complete, the commissioner shall certify the proposed equity investment as a qualified equity investment eligible for a credit under this section. The commissioner shall provide written notice of the certification to the qualified community development entity. Once the qualified community development entity identifies the taxpayers who are allocated credits and their respective credit amounts, the qualified community development entity shall provide a notice of allocation to the commissioner, and the commissioner shall provide a certification to the qualified community development entity and each taxpayer containing the credit amount and utilization schedule for which the taxpayer is eligible. If the taxpayer is eligible to utilize the credits change due to a transfer of a qualified equity investment or a change in allocation pursuant to paragraph (c), the qualified community development entity shall notify the commissioner of the change.

(c) The commissioner shall certify applications for the greater Minnesota allocation and the metropolitan allocation in proportionate percentages based upon the ratio of the amount of qualified equity investments requested in applications for each allocation to the total amount of qualified equity investments requested in all applications for each allocation received on the same day.

(d) If a pending request cannot be fully certified, the commissioner shall certify the portion that may be certified unless the qualified community development entity elects to withdraw its request rather than receive a partial award of qualified equity investment authority.

(e) An approved applicant may transfer all or a portion of its certified qualified equity investment authority to its controlling entity or any affiliate or partner of the controlling entity that is also a qualified community development entity if the applicant provides the information required in the application with respect to the transferee and the applicant notifies the commissioner in the notice required by paragraph (f). Within 30 days after receiving notice of certification under paragraph (b), the applicant or transferee shall:

(1) issue qualified equity investments in an amount equal to the total amount of certified qualified equity investment authority;

(2) receive cash in the amount of the certified qualified equity investment; and

(3) if the applicant or transferee is not a Minnesota qualified community development entity, designate 50 percent of the qualified equity investment authority as a qualified equity investment under section 45D of the Internal Revenue Code.

(f) The qualified community development entity must provide the commissioner with evidence of the receipt of the cash investment and, if the qualified community development entity is not a Minnesota qualified community development entity, the designation of 50 percent of the qualified equity investment as a qualified equity investment under section 45D of the Internal Revenue Code within 35 days after receiving notice of certification. If the qualified community development entity does not receive the cash investment, issue the qualified equity investment within 30 days following receipt of the certification notice, and comply with paragraph (e), clause (3), if applicable, the certification is void. A voided certification must be returned to the commissioner and must first be awarded pro rata to applicants that received awards of qualified equity investment authority and complied with paragraph (e).

(g) The commissioner shall notify the commissioner of revenue of credits approved under this subdivision within 15 days of granting an application.

Subd. 5. **Credit recapture.** (a) The commissioner shall recapture credits allowed under this act and future credits are forfeited if:

(1) any amount of the federal tax credit available with respect to a qualified equity investment that is eligible for a credit under this section is recaptured under section 45D of the Internal Revenue Code. In that case, the commissioner's recapture shall be proportionate to the federal recapture with respect to that qualified equity investment;

(2) the qualified community development entity redeems or makes principal repayment with respect to a qualified equity investment prior to seven years after the date of issuance of the qualified equity investment. In that case, the commissioner's recapture shall be proportionate to the amount of the redemption or repayment with respect to the qualified equity investment; or

(3) the qualified community development entity fails to invest at least 100 percent of the cash purchase price of the qualified equity investment in qualified low-income community investments in greater Minnesota counties or metropolitan counties, as applicable, within 12 months of the issuance of the qualified equity investment and maintains the investment in qualified low-income community investments in greater Minnesota counties or metropolitan counties, as applicable, until the last credit allowance date for the qualified equity investment. A qualified community development entity must use the proceeds of qualified equity investments awarded under the greater Minnesota allocation to make qualified low-income community investments in qualified active low-income community businesses with principal business operations in greater Minnesota counties.

(b) For purposes of paragraph (a), clause (3), an investment is considered maintained by a qualified community development entity even if the investment has been sold or repaid, provided that the qualified community development entity reinvests an amount equal to the capital returned to or recovered by the qualified community development entity from the original investment, exclusive of any profits realized, in another qualified low-income community investment in this state as required under the greater Minnesota allocation or metropolitan allocation within 12 months

after the receipt of that capital. Periodic loan repayments received by a qualified community development entity from a qualified active low-income community business within a calendar year must be treated as maintained in qualified low-income community investments if a qualified community development entity reinvests the repayments in qualified low-income community investments by the end of the following calendar year.

(c) A qualified community development entity is not required to reinvest capital returned from qualified low-income community investments after the sixth anniversary of the issuance of the qualified equity investment, the proceeds of which were used to make the qualified low-income community investment, and the qualified low-income community investment is considered held by the qualified community development entity through the seventh anniversary of the qualified equity investment's issuance.

(d) With respect to any one qualified active low-income community business, the maximum amount of qualified low-income community investments made in that business in aggregate with all of its affiliates that may be counted toward the satisfaction of paragraph (a), clause (3), is \$10,000,000, whether made by one or several qualified community development entities but exclusive of redeemed or repaid qualified low-income community investment by the qualified active low-income community business.

(e) The commissioner shall provide notice to the qualified community development entity of any proposed recapture of credits pursuant to this subdivision. The notice must specify the conditions under which the deficiency resulting in the proposed recapture occurred and state that the credits will be recaptured within 90 days unless the qualified community development entity complies with the conditions identified in the notice. If the entity fails or is unable to cure the deficiency within the 90-day period, the commissioner shall provide the entity and the taxpayer from whom the credit is to be recaptured with a final order of recapture. Any credit for which a final recapture order has been issued must be recaptured by the commissioner from the taxpayer who claimed the credit on a tax return. The qualified equity investment authority of the recaptured credits must be returned to the commissioner and must first be awarded pro rata to applicants that have received awards of qualified equity investment authority and complied with this subdivision.

**Subd. 6. Examination and rulemaking.** (a) The commissioner may conduct examinations to verify that the credits under this section have been received and applied according to the requirements of this section and to verify that no event has occurred that would result in a recapture of credits under subdivision 5.

(b) The commissioner may issue advisory letters to individual qualified community development entities and their investors that are limited to the specific facts outlined in an advisory letter request from a qualified community development entity. The rulings cannot be relied upon by any person or entity other than the qualified community development entity that requested the letter and the taxpayers that are entitled to any tax credits generated from investments in the entity.

(c) In rendering advisory letters and making other determinations under this section, to the extent applicable, the commissioner shall rely upon guidance to section 45D of the Internal Revenue Code and the rules and regulations issued thereunder.

Subd. 7. **Annual reporting by community development entities.** (a) Each qualified community development entity shall submit an annual report to the commissioner within 120 days after the beginning of each calendar year during the compliance period. No annual report is due prior to the first anniversary of the initial credit allowance date. The report must include but is not limited to information with respect to all qualified low-income community investments made by the qualified community development entity, including:

(1) the date and amount of, and bank statements or wire transfer reports documenting, qualified low-income community investments;

(2) the name and address of each qualified active low-income community business funded by the qualified community development entity, the number of persons employed by the business at the time of the initial qualified low-income community investment, and a brief description of the business and its financing;

(3) the number of employment positions maintained by each qualified active low-income community business as of the date of the report or the end of the preceding calendar year and the average annual salaries of those positions;

(4) the total number of employment positions created and retained as a result of qualified low-income community investments and the average annual salaries of those positions;

(5) a certification by its chief executive officer or similar officer that no credits have been subject to recapture under subdivision 5; and

(6) any changes with respect to the taxpayers entitled to claim credits with respect to qualified equity investments issued by the qualified community development entity since its last report pursuant to this section.

(b) The qualified community development entity is not required to provide the annual report set forth in this section for qualified low-income community investments that have been redeemed or repaid.

Subd. 8. **Program report.** If the credit under this section has not been reviewed under the provisions of section 3.8855 by December 15, 2031, the commissioner shall report to the legislature no later than December 31, 2031, regarding the implementation of the credit under this section, including an evaluation of the credit using the components listed in section 3.885, subdivision 5.

Subd. 9. **Expiration.** This section expires for taxable years beginning after December 31, 2030, except that the commissioner's authority to allow the credit under subdivision 2 based on certificates that were issued under subdivision 4 before expiration remains in effect through the year following the year in which all certificates have either been canceled or resulted in issuance of credit certificates, or 2033, whichever is earlier.

Subd. 10. **Account created; appropriation.** The Minnesota new markets tax credit account is created in the special revenue fund in the state treasury. The account is administered by the commissioner. Application fees required under subdivision 3, paragraph (a), clause (7), are

appropriated to the commissioner for costs associated with certifying applications and for personnel and administrative expenses related to administering the credit under this section.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2022, and before January 1, 2031.

Sec. 4. Minnesota Statutes 2021 Supplement, section 289A.08, subdivision 7a, is amended to read:

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

(1) "income" has the meaning given in subdivision 7, paragraph (j), modified by the addition provided in section 290.0131, subdivision 5, and the subtraction provided in section 290.0132, subdivision 3, except that the provisions that apply to a partnership apply to a qualifying entity and the provisions that apply to a partner apply to a qualifying owner. The income of both a resident and qualifying owner of an entity taxed as a partnership under the Internal Revenue Code is not subject to allocation outside this state as provided for resident individuals under section 290.17, subdivision 1, paragraph (a). The income of a nonresident qualifying owner or the income of a qualifying owner of an entity taxed as an S corporation including a qualified subchapter S subsidiary organized under section 1361(b)(3)(B) of the Internal Revenue Code is allocated and assigned to this state as provided for nonresident partners and shareholders under sections 290.17, 290.191, and 290.20;

(2) "qualifying entity" means a partnership, limited liability company taxed as a partnership or S corporation, or S corporation including a qualified subchapter S subsidiary organized under section 1361(b)(3)(B) of the Internal Revenue Code. Qualifying entity does not may include a partnership, limited liability company, or corporation that has a ~~partnership, limited liability company other than a disregarded entity,~~ or corporation as a partner, member, or shareholder, provided those entities are excluded from the qualifying entity's tax return; the entity is taxed as a partnership, limited liability company, or S corporation; and is not a publicly traded partnership, as defined in section 7704 of the Internal Revenue Code, as amended through January 1, 2021; and

(3) "qualifying owner" means:

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

(ii) ~~a resident or nonresident trust that is a shareholder of a qualifying entity that is an S corporation~~ an entity taxed as a partnership under the Internal Revenue Code; or

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

(b) For taxable years beginning after December 31, 2020, in which the taxes of a qualifying owner are limited under section 164(b)(6)(B) of the Internal Revenue Code, a qualifying entity may elect to file a return and pay the pass-through entity tax imposed under paragraph (c). The election:



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

(2) may only be made by qualifying owners who collectively hold more than a 50 percent ownership interest in the qualifying entity;

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

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

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

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

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

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

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

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

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

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

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

(j) If a nonresident qualifying owner of a qualifying entity making the election to file and pay the tax under this subdivision has no other Minnesota source income, filing of the pass-through entity tax return is a return for purposes of subdivision 1, provided that the nonresident qualifying owner must not have any Minnesota source income other than the income from the qualifying entity, other electing qualifying entities, and other partnerships electing to file a composite return under subdivision 7. If it is determined that the nonresident qualifying owner has other Minnesota source

income, the inclusion of the income and tax liability for that owner under this provision will not constitute a return to satisfy the requirements of subdivision 1. The tax paid for the qualifying owner as part of the pass-through entity tax return is allowed as a payment of the tax by the qualifying owner on the date on which the pass-through entity tax return payment was made.

**EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning after December 31, 2020.

Sec. 5. Minnesota Statutes 2020, section 289A.10, subdivision 1, is amended to read:

Subdivision 1. **Return required.** (a) In the case of a decedent who has an interest in property with a situs in Minnesota, the personal representative must submit a Minnesota estate tax return to the commissioner, on a form prescribed by the commissioner, if:

(1) a federal estate tax return is required to be filed; or

(2) the sum of the federal gross estate and federal adjusted taxable gifts, as defined in section 2001(b) of the Internal Revenue Code, made within three years of the date of the decedent's death exceeds ~~\$1,200,000 for estates of decedents dying in 2014; \$1,400,000 for estates of decedents dying in 2015; \$1,600,000 for estates of decedents dying in 2016; \$2,100,000 for estates of decedents dying in 2017; \$2,400,000 for estates of decedents dying in 2018; \$2,700,000 for estates of decedents dying in 2019; and \$3,000,000 for estates of decedents dying in 2020 and thereafter.~~

(b) The return must contain a computation of the Minnesota estate tax due. The return must be signed by the personal representative.

(c) The return may include an election, as provided in section 291.03, subdivision 1e, to allow a decedent's surviving spouse to take into account the decedent's deceased spousal unused exclusion amount.

**EFFECTIVE DATE.** This section is effective for estates of decedents dying after June 30, 2022.

Sec. 6. Minnesota Statutes 2021 Supplement, section 289A.382, subdivision 2, is amended to read:

Subd. 2. **Reporting and payment requirements for partnerships and tiered partners.** (a) Except for when an audited partnership makes the election in subdivision 3, and except for negative federal adjustments required under federal law taken into account by the partnership in the partnership return for the adjustment or other year, all final federal adjustments of an audited partnership must comply with paragraph (b) and each direct partner of the audited partnership, other than a tiered partner, must comply with paragraph (c).

(b) No later than 90 days after the final determination date, the audited partnership must:

(1) file a completed federal adjustments report, including all partner-level information required under section 289A.12, subdivision 3, with the commissioner;

(2) notify each of its direct partners of their distributive share of the final federal adjustments;

(3) file an amended composite report for all direct partners who were included in a composite return under section 289A.08, subdivision 7, in the reviewed year, and pay the additional amount that would have been due had the federal adjustments been reported properly as required; ~~and~~

(4) file amended withholding reports for all direct partners who were or should have been subject to nonresident withholding under section 290.92, subdivision 4b, in the reviewed year, and pay the additional amount that would have been due had the federal adjustments been reported properly as required; and

(5) file an amended pass-through entity tax report for all direct partners who were included in a pass-through entity tax return under section 289A.08, subdivision 7a, in the reviewed year, and pay the additional amount that would have been due had the federal adjustments been reported properly as required.

(c) No later than 180 days after the final determination date, each direct partner, other than a tiered partner, that is subject to a tax administered under this chapter, other than the sales tax, must:

(1) file a federal adjustments report reporting their distributive share of the adjustments reported to them under paragraph (b), clause (2); and

(2) pay any additional amount of tax due as if the final federal adjustment had been properly reported, plus any penalty and interest due under this chapter, and less any credit for related amounts paid or withheld and remitted on behalf of the direct partner under paragraph (b), clauses (3) and (4).

**EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning after December 31, 2020.

Sec. 7. Minnesota Statutes 2020, section 290.0132, subdivision 4, is amended to read:

Subd. 4. **Education expenses.** (a) Subject to the limits in paragraph (b), the following amounts paid to others for each qualifying child are a subtraction:

(1) education-related expenses; plus

(2) tuition and fees paid to attend a school described in section 290.0674, subdivision 1, clause (4), that are not included in education-related expenses; less

(3) any amount used to claim the credit under section 290.0674.

(b) The maximum subtraction allowed under this subdivision is:

(1) ~~\$1,625~~ \$3,250 for each qualifying child in kindergarten through grade 6; and

(2) ~~\$2,500~~ \$5,000 for each qualifying child in grades 7 through 12.

(c) The definitions in section 290.0674, subdivision 1, apply to this subdivision.

(d) The commissioner shall annually adjust the subtraction amounts in paragraph (b) as provided in section 270C.22. The statutory year is 2022.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2021.

Sec. 8. Minnesota Statutes 2020, section 290.0132, subdivision 26, is amended to read:

Subd. 26. **Social Security benefits.** ~~(a) A portion~~ The amount of taxable Social Security benefits received by a taxpayer in the taxable year is allowed as a subtraction. The subtraction equals the lesser of taxable Social Security benefits or a maximum subtraction subject to the limits under paragraphs (b), (c), and (d).

~~(b) For married taxpayers filing a joint return and surviving spouses, the maximum subtraction equals \$5,150. The maximum subtraction is reduced by 20 percent of provisional income over \$78,180. In no case is the subtraction less than zero.~~

~~(c) For single or head-of-household taxpayers, the maximum subtraction equals \$4,020. The maximum subtraction is reduced by 20 percent of provisional income over \$61,080. In no case is the subtraction less than zero.~~

~~(d) For married taxpayers filing separate returns, the maximum subtraction equals one-half the maximum subtraction for joint returns under paragraph (b). The maximum subtraction is reduced by 20 percent of provisional income over one-half the threshold amount specified in paragraph (b). In no case is the subtraction less than zero.~~

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

~~(f) The commissioner shall adjust the maximum subtraction and threshold amounts in paragraphs (b) to (d) as provided in section 270C.22. The statutory year is taxable year 2019. The maximum subtraction and threshold amounts as adjusted must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount.~~

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2021.

Sec. 9. Minnesota Statutes 2020, section 290.0132, is amended by adding a subdivision to read:

Subd. 31. **Pension income; public safety officers and firefighters.** (a) Income received from the following pension plans, excluding disability income, is a subtraction:

(1) the police and fire plan governed by sections 353.63 to 353.68;

(2) the local government correctional service retirement plan under chapter 353E;

(3) the state patrol retirement plan under chapter 352B;

(4) the state correctional employees retirement plan under sections 352.90 to 352.955; or

(5) any similar annuity or benefit from a retirement system administered by the federal government.

(b) The subtraction applies to individuals who have attained at least 20 years of service as a public official or employee and a member of a plan listed under paragraph (a), and were born before December 31, 1967, and their surviving spouses.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2022.

Sec. 10. Minnesota Statutes 2020, section 290.05, subdivision 1, is amended to read:

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

(a) corporations, individuals, estates, and trusts engaged in the business of mining or producing iron ore and mining, producing, or refining other ores, metals, and minerals, the mining, production, or refining of which is subject to the occupation tax imposed by section 298.01; but if any such corporation, individual, estate, or trust engages in any other business or activity or has income from any property not used in such business it shall be subject to this tax computed on the net income from such property or such other business or activity. Royalty shall not be considered as income from the business of mining or producing iron ore within the meaning of this section;

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

(c) any insurance company, other than a disqualified captive insurance company; and

(d) a Nuclear Decommissioning Reserve Fund, as defined in section 468A of the Internal Revenue Code.

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

Sec. 11. Minnesota Statutes 2021 Supplement, section 290.06, subdivision 2c, is amended to read:

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

(1) On the first ~~\$38,770~~ \$41,050, ~~5.35~~ 2.8 percent;

- (2) On all over ~~\$38,770~~ \$41,050, but not over ~~\$154,020~~ \$163,060, 6.8 percent;
- (3) On all over ~~\$154,020~~ \$163,060, but not over ~~\$269,010~~ \$284,810, 7.85 percent;
- (4) On all over ~~\$269,010~~ \$284,810, 9.85 percent.

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

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

- (1) On the first ~~\$26,520~~ \$28,080, ~~5.35~~ 2.8 percent;
- (2) On all over ~~\$26,520~~ \$28,080, but not over ~~\$87,110~~ \$92,230, 6.8 percent;
- (3) On all over ~~\$87,110~~ \$92,230, but not over ~~\$161,720~~ \$171,220, 7.85 percent;
- (4) On all over ~~\$161,720~~ \$171,220, 9.85 percent.

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

- (1) On the first ~~\$32,650~~ \$34,570, ~~5.35~~ 2.8 percent;
- (2) On all over ~~\$32,650~~ \$34,570, but not over ~~\$131,190~~ \$138,890, 6.8 percent;
- (3) On all over ~~\$131,190~~ \$138,890, but not over ~~\$214,980~~ \$227,600, 7.85 percent;
- (4) On all over ~~\$214,980~~ \$227,600, 9.85 percent.

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

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

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

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

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

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

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

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

(f) If an individual who is not a Minnesota resident for the entire year is a qualifying owner of a qualifying entity that elects to pay tax as provided in section 289A.08, subdivision 7a, paragraph (b), the individual must compute the individual's Minnesota income tax as provided in paragraph (e), and also must include, to the extent attributed to the electing qualifying entity:

(1) in paragraph (e), clause (1), item (i), and paragraph (e), clause (2), item (i), the addition under section 290.0131, subdivision 5; and

(2) in paragraph (e), clause (1), item (ii), and paragraph (e), clause (2), item (ii), the subtraction under section 290.0132, subdivision 3.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2021.

Sec. 12. Minnesota Statutes 2020, section 290.06, subdivision 2d, is amended to read:

Subd. 2d. **Inflation adjustment of brackets.** The commissioner shall annually adjust the minimum and maximum dollar amounts for each rate bracket for which a tax is imposed in subdivision 2c as provided in section 270C.22. The statutory year is taxable year ~~2019~~ 2022. The rate applicable to any rate bracket must not be changed. The dollar amounts setting forth the tax shall be adjusted to reflect the changes in the rate brackets. The rate brackets as adjusted must be rounded to the nearest \$10 amount. If the rate bracket ends in \$5, it must be rounded up to the nearest \$10 amount. The commissioner shall determine the rate bracket for married filing separate returns after this adjustment is done. The rate bracket for married filing separate must be one-half of the rate bracket for married filing joint.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2021.

Sec. 13. Minnesota Statutes 2020, section 290.067, subdivision 1, is amended to read:

Subdivision 1. **Amount of credit.** (a) A taxpayer may take as a credit against the tax due from the taxpayer and a spouse, if any, under this chapter an amount equal to the dependent care credit for which the taxpayer is eligible pursuant to the provisions of section 21 of the Internal Revenue

Code except that in determining whether the child qualified as a dependent, income received as a Minnesota family investment program grant or allowance to or on behalf of the child must not be taken into account in determining whether the child received more than half of the child's support from the taxpayer.

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

(c) If a married couple:

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

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

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

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

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

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

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

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



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

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

(h) For taxpayers with federal adjusted gross income in excess of ~~\$52,230~~ \$70,000, the credit is equal to the lesser of the credit otherwise calculated under this subdivision, or the amount equal to \$600 minus five percent of federal adjusted gross income in excess of ~~\$52,230~~ \$70,000 for taxpayers with one qualified individual, or \$1,200 minus five percent of federal adjusted gross income in excess of ~~\$52,230~~ \$70,000 for taxpayers with two or more qualified individuals, but in no case is the credit less than zero.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2021.

Sec. 14. Minnesota Statutes 2020, section 290.0674, subdivision 2, is amended to read:

Subd. 2. **Limitations.** (a) For claimants with adjusted gross income not greater than \$33,500, the maximum credit allowed for a family is \$1,000 multiplied by the number of qualifying children in kindergarten through grade 12 in the family. The maximum credit for families with one qualifying child in kindergarten through grade 12 is reduced by \$1 for each \$4 of ~~household~~ adjusted gross income over ~~\$33,500~~ \$50,000, and the maximum credit for families with two or more qualifying children in kindergarten through grade 12 is reduced by \$2 for each \$4 of ~~household~~ adjusted gross income over ~~\$33,500~~ \$50,000, but in no case is the credit less than zero. In the case of an individual who files an income tax return on a fiscal year basis, the term "federal adjusted gross income" means federal adjusted gross income reflected in the fiscal year ending in the next calendar year. Federal adjusted gross income may not be reduced by the amount of a net operating loss carryback or carryforward or a capital loss carryback or carryforward allowed for the year.

(b) In the case of a married claimant, a credit is not allowed unless a joint income tax return is filed.

(c) For a nonresident or part-year resident, the credit determined under subdivision 1 and the maximum credit amount in paragraph (a) must be allocated using the percentage calculated in section 290.06, subdivision 2c, paragraph (e).

(d) The commissioner shall annually adjust the income amount in paragraph (a) as provided in section 270C.22. The statutory year is 2022.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2021.

Sec. 15. Minnesota Statutes 2020, section 290.068, subdivision 1, is amended to read:

Subdivision 1. **Credit allowed.** A corporation, partners in a partnership, or shareholders in a corporation treated as an "S" corporation under section 290.9725 are allowed a credit against the tax computed under this chapter for the taxable year equal to:

(a) ten percent of the first \$2,000,000 of the excess (if any) of

(1) the qualified research expenses for the taxable year, over

(2) the base amount; and

(b) ~~four~~ 4.25 percent on all of such excess expenses over \$2,000,000.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2021.

Sec. 16. Minnesota Statutes 2020, section 290.0681, subdivision 4, is amended to read:

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

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

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

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

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

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

**EFFECTIVE DATE.** This section is effective for property placed in service after June 30, 2022.

Sec. 17. **[290.0687] SMALL BUSINESS TAX CREDITS FOR PAID FAMILY LEAVE BENEFITS.**

Subdivision 1. **Employer tax credit.** (a) A qualified employer is allowed a credit against the taxes imposed under this chapter equal to the amount paid:

(1) directly by the qualified employer for paid family leave benefits on behalf of a qualified employee; or

(2) to an insurance company to provide paid family leave insurance benefits to a qualified employee.

(b) The credit allowed to an employer under this subdivision for a qualified employee for a taxable year is limited to the lesser of the amounts listed in clauses (1) to (3), to the extent not deducted in determining federal taxable income for corporate filers, estates, or trusts, or federal adjusted gross income for individual filers:

(1) \$3,000; or

(2) 100 percent of the amount paid directly by the qualified employer for paid family leave benefits on behalf of a qualified employee; or

(3) 50 percent of the amount paid to an insurance company to provide paid family leave insurance benefits to a qualified employee.

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

(b) "Armed forces" means members of the National Guard and Reserves;

(c) "Child" means a person who is:

(1) under 18 years of age, or 18 years of age or older and incapable of self-care because of a mental or physical disability; and

(2) a biological, adopted, or foster son or daughter; a stepson or stepdaughter; a legal ward; a son or daughter of a domestic partner; or a son or daughter of a person to whom the employee stands in loco parentis.

(d) "Employee" has the meaning given in section 290.92, subdivision 1, clause (3).

(e) "Family leave" means leave for any of the following purposes:

(1) participating in providing care, including physical or psychological care, for a family member of the employee made necessary by the family member's serious health condition;

(2) bonding with the employee's child during the first 12 months after the child's birth, or the first 12 months after the placement of the child for adoption or foster care with the employee; or

(3) addressing a qualifying exigency, as interpreted under the Family and Medical Leave Act, United States Code, title 29, section 2612(a)(1)(e), and Code of Federal Regulations, title 29, sections 825.126(a)(1) to (8), arising from the fact that the spouse, child, or parent of the employee is on active duty or has been notified of an impending call or order to active duty in the armed forces of the United States.

(f) "Family member" means a child, spouse, parent, or grandparent as defined in this chapter.

(g) "Parent" means a biological, foster, or adoptive parent; a stepparent; a legal guardian; or another person who stood in loco parentis to the employee when the employee was a child.

(h) "Qualified employee" means an employee who has been employed by the qualified employer for one year or more.

(i) "Qualified employer" means an employer subject to the withholding requirements under section 290.92, including a taxpaying employer referenced in section 268.046, who:

(1) employs 50 or fewer employees in Minnesota; and

(2) pays family leave benefits for one or more qualified employees.

(j) "Serious health condition" means an illness, injury, impairment, or physical or mental condition, including organ or tissue transplant or donation, that involves inpatient care in a hospital, hospice, or residential health care facility, continuing treatment, or continuing supervision by a health care provider as defined in an insurance policy. Continuing supervision by a health care provider includes a period of incapacity that is permanent or long term due to a condition for which treatment may not be effective and where the family member is not receiving active treatment by a health care provider.

Subd. 3. **Nonresidents and part-year residents.** For a nonresident or part-year resident, the credit must be allocated using the percentage calculated in section 290.06, subdivision 2c, paragraph (e).

Subd. 4. **Partnerships; multiple owners.** Credits granted to a partnership, a limited liability company taxed as a partnership, an S corporation, or multiple owners of property are passed through to the partners, members, shareholders, or owners, respectively, pro rata to each partner, member, shareholder, or owner based on their share of the entity's assets or as specially allocated in their organizational documents or any other executed document, as of the last day of the taxable year.

Subd. 5. **Carryover.** If the credit allowed under subdivision 1 exceeds the tax imposed under this chapter, the excess is a credit carryover to each of the five succeeding taxable years. The entire amount of the excess unused credit must be carried first to the earliest taxable year to which the amount may be carried. The unused portion of the credit must be carried to the following taxable year. No credit may be carried to a taxable year more than five years after the taxable year in which the credit was earned.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2023, and before January 1, 2027.

Sec. 18. **[290.0693] NEW MARKETS TAX CREDIT.**

Subdivision 1. **Definitions.** For purposes of this section, terms defined in section 116X.01 have the meanings given in that section.

Subd. 2. **Credit allowed.** (a) An entity that makes or is transferred a qualified equity investment is allowed a credit against the tax imposed under this chapter equal to the amount calculated under section 116X.01, subdivision 2.

(b) Tax credits earned by or allocated to a partnership, a limited liability company taxed as a partnership, or an S corporation are passed through to the partners, members, shareholders, or owners, respectively, in accordance with the provisions of any agreement among such partners, members, shareholders, or owners, or, in the absence of such agreement, pro rata to each partner, member, shareholder, or owner based on their share of the entity's assets as of the last day of the taxable year. A pass-through of a credit is not considered a sale for the purposes of section 116X.01.

(c) If the amount of the credit under this section exceeds the taxpayer's liability for tax under this chapter, the excess is a credit carryover to each of the five succeeding taxable years. The entire amount of the excess unused credit for the taxable year must be carried first to the earliest of the taxable years to which the credit may be carried and then to each successive year to which the credit may be carried. The amount of the unused credit that may be added under this paragraph may not exceed the taxpayer's liability for tax, less any credit for the current taxable year.

Subd. 3. **Audit powers.** Notwithstanding the certification eligibility issued by the commissioner of employment and economic development under section 116X.01, subdivision 4, the commissioner may utilize any audit and examination powers under chapter 270C or 289A to the extent necessary to verify that the taxpayer is eligible for the credit and to assess for the amount of any improperly claimed credit.

Subd. 4. **Sunset.** This section expires at the same time and on the same terms as section 116X.01, except that the expiration of this section does not affect the commissioner of revenue's authority to audit or power of examination and assessment for credits claimed under this section.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2022, and before January 1, 2031.

Sec. 19. Minnesota Statutes 2020, section 290.091, subdivision 2, is amended to read:

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

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

(1) the taxpayer's federal alternative minimum taxable income as defined in section 55(b)(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 person with a disability;

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

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

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

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

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

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

less the sum of the amounts determined under the following:

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

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

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

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

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

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

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

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

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

(d) "Regular tax" means the tax that would be imposed under this chapter (without regard to this section 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, 2022.

Sec. 20. Minnesota Statutes 2020, section 291.016, subdivision 3, is amended to read:

Subd. 3. **Subtraction.** (a) ~~For estates of decedents dying after December 31, 2016,~~ A subtraction is allowed in computing the Minnesota taxable estate, equal to the sum of:

(1) ~~the an~~ an exclusion amount for the year of death under paragraph (b) of \$3,000,000; and

~~(2) the lesser of:~~

~~(i) (2) the value of qualified small business property under section 291.03, subdivision 9, and the value of qualified farm property under section 291.03, subdivision 10; or, up to \$2,000,000.~~

~~(ii) \$5,000,000 minus the exclusion amount for the year of death under paragraph (b).~~

~~(b) The following exclusion amounts apply for the year of death:~~

~~(1) \$2,100,000 for decedents dying in 2017;~~

~~(2) \$2,400,000 for decedents dying in 2018;~~

~~(3) \$2,700,000 for decedents dying in 2019; and~~

~~(4) \$3,000,000 for decedents dying in 2020 and thereafter.~~

(b) In the case of a decedent that is a surviving spouse there is an additional subtraction allowed in computing the Minnesota taxable estate, a deceased spousal unused exclusion amount, which is equal to the lesser of:

(1) \$3,000,000; or

(2) the excess of \$3,000,000 over the amount of the Minnesota taxable estate of the last predeceased spouse of the decedent, but not including in the taxable estate property described in section 291.03, subdivisions 9 and 10, but in no case less than zero.

(c) The subtraction under this subdivision must not reduce the Minnesota taxable estate to less than zero.

**EFFECTIVE DATE.** This section is effective for estates of decedents dying after June 30, 2022.

Sec. 21. Minnesota Statutes 2020, section 291.03, subdivision 1, is amended to read:

Subdivision 1. **Tax amount.** The tax imposed must be computed by applying to the Minnesota taxable estate the following schedule of rates and then multiplying the resulting amount ~~multiplied~~ by a fraction, not greater than one, the numerator of which is the value of the Minnesota gross estate plus the value of gifts under section 291.016, subdivision 2, clause (3), with a Minnesota situs, and the denominator of which is the federal gross estate plus the value of gifts under section 291.016, subdivision 2, clause (3):

~~(a) For estates of decedents dying in 2017:~~

Amount of Minnesota Taxable Estate	Rate of Tax
Not over \$5,100,000	12 percent
Over \$5,100,000 but not over \$7,100,000	\$612,000 plus 12.8 percent of the excess over \$5,100,000
Over \$7,100,000 but not over \$8,100,000	\$868,000 plus 13.6 percent of the excess over \$7,100,000
Over \$8,100,000 but not over \$9,100,000	\$1,004,000 plus 14.4 percent of the excess over \$8,100,000
Over \$9,100,000 but not over \$10,100,000	\$1,148,000 plus 15.2 percent of the excess over \$9,100,000
Over \$10,100,000	\$1,300,000 plus 16 percent of the excess over \$10,100,000

~~(b) For estates of decedents dying in 2018 and thereafter:~~

Amount of Minnesota Taxable Estate	Rate of Tax
Not over \$7,100,000	13 percent
Over \$7,100,000 but not over \$8,100,000	\$923,000 plus 13.6 percent of the excess over \$7,100,000
Over \$8,100,000 but not over \$9,100,000	\$1,059,000 plus 14.4 percent of the excess over \$8,100,000
Over \$9,100,000 but not over \$10,100,000	\$1,203,000 plus 15.2 percent of the excess over \$9,100,000
Over \$10,100,000	\$1,355,000 plus 16 percent of the excess over \$10,100,000

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

Sec. 22. Minnesota Statutes 2020, section 291.03, is amended by adding a subdivision to read:



Subd. 1e. **Election of portability of deceased spousal unused exclusion amounts; election irrevocable; deemed elections.** (a) A personal representative of a decedent's estate may elect, on a return required under section 289A.10, subdivision 1, to allow a decedent's surviving spouse to take into account the decedent's deceased spousal unused exclusion amount, as provided in section 291.016, subdivision 3, paragraph (b).

(b) A personal representative of a decedent's estate that is not required to file a return under section 289A.10, subdivision 1, must file a return to allow a decedent's surviving spouse to take into account the decedent's deceased spousal unused exclusion amount, as provided in section 291.016, subdivision 3, paragraph (b). The return is subject to the same provisions as a return required under section 289A.10, subdivision 1.

(c) An election under paragraph (a) or (b) is irrevocable. The personal representative of a decedent's estate must state affirmatively on the return that the decedent's estate is electing portability. The commissioner may prescribe the form of the election on the return.

**EFFECTIVE DATE.** This section is effective for estates of decedents dying after June 30, 2022.

Sec. 23. Minnesota Statutes 2020, section 2971.20, is amended by adding a subdivision to read:

Subd. 6. **New markets tax credit.** A taxpayer may claim a credit against the premiums tax imposed under this chapter equal to the amount calculated under section 116X.01, subdivision 2. If the amount of the credit exceeds the liability for tax under this chapter, the excess is a credit carryover to each of the five succeeding taxable years. The entire amount of the excess unused credit for the taxable year must be carried first to the earliest of the taxable years to which the credit may be carried and then to each successive year to which the credit may be carried. This credit does not affect the calculation of fire state aid under section 477B.03 and police state aid under section 477C.03.

**EFFECTIVE DATE.** This section is effective for premiums received after December 31, 2022, and before January 1, 2031.

Sec. 24. **PRECEPTOR CREDIT.**

Subdivision 1. **Credit allowed.** (a) An individual who qualifies as a preceptor under this section is allowed a credit against the tax imposed by Minnesota Statutes, chapter 290. The credit equals:

(1) \$2,500 for an individual who served as a preceptor for at least four weeks or 160 hours but not more than seven weeks or 280 hours during the taxable year;

(2) \$3,750 for an individual who served as a preceptor for at least eight weeks or 320 hours but not more than 11 weeks or 440 hours during the taxable year; and

(3) \$5,000 for an individual who served as a preceptor for at least 12 weeks or 480 hours during the taxable year.

(b) For purposes of this section, a "preceptor" means an advanced practice registered nurse, physician assistant, or mental health professional who:

(1) served as a health professions student preceptor or medical resident preceptor for at least four weeks or 160 hours during the taxable year; and

(2) received no additional compensation for serving as a preceptor to an advanced practice registered nurse, physician assistant, or mental health professional student.

(c) If the amount of the credit that an individual is eligible to receive under this section exceeds the individual's tax liability under Minnesota Statutes, chapter 290, the commissioner of revenue shall refund the excess to the taxpayer.

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

(e) The commissioner of revenue, in consultation with the commissioner of health, shall prescribe the form and manner in which the credit must be claimed.

Subd. 2. **Appropriation.** An amount sufficient to pay the refunds required by this section is appropriated to the commissioner of revenue from the general fund.

Subd. 3. **Report.** (a) By March 1, 2026, the commissioner of revenue, in consultation with the commissioner of health, shall issue a report to the chairs and ranking minority members of the committees of the house of representatives and senate with jurisdiction over taxes, higher education, and health and human services detailing:

(1) the number of preceptors claiming the credit;

(2) the average amount of credits claimed;

(3) the geographical distribution by county of the location of the preceptor's services;

(4) the professions of the preceptor and the students served by the preceptor; and

(5) the impact of the tax credit on the availability of preceptors in Minnesota.

(b) The report required under this subdivision must comply with Minnesota Statutes, sections 3.195 and 3.197.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2022, and before January 1, 2026.

Sec. 25. **REPEALER.**

(a) Minnesota Statutes 2020, sections 290.0131, subdivision 15; and 290.0674, subdivision 2a, are repealed.

(b) Minnesota Statutes 2021 Supplement, section 290.0681, subdivision 10, is repealed.

**EFFECTIVE DATE.** Paragraph (a) is effective for taxable years beginning after December 31, 2021. Paragraph (b) is effective the day following final enactment.

### ARTICLE 3

#### SALES AND USE TAXES

Section 1. Minnesota Statutes 2020, section 297A.67, subdivision 35, is amended to read:

Subd. 35. **Suite licenses.** The sale of the privilege of admission under section 297A.61, subdivision 3, paragraph (g), clause (1), to a place of amusement or athletic event does not include consideration paid for a license to use a private suite, private skybox, or private box seat, and the sale of the license is exempt provided that: (1) the lessee may use the private suite, private skybox, or private box seat by mutual arrangement with the lessor on days when there is no amusement or athletic event; and (2) the sales price for the privilege of admission is separately stated and is equal to or greater than the highest priced general admission ticket for the closest seat not in the private suite, private skybox, or private box seat. The sale of food and beverages for consumption in a private suite, private skybox, or private box seat must be taxable to the extent provided under this chapter, but these taxable sales do not invalidate the exemption in this subdivision.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2023.

Sec. 2. Minnesota Statutes 2021 Supplement, section 297A.67, subdivision 38, is amended to read:

Subd. 38. **Season ticket purchasing rights to collegiate events.** (a) The sale of a right to purchase the privilege of admission to a college or university athletic event in a preferred viewing location for a season of a particular athletic event is exempt provided that:

(1) the consideration paid for the right to purchase is used entirely to support student scholarships, wellness, and academic costs;

(2) the consideration paid for the right to purchase is separately stated from the admission price; and

(3) the admission price is equal to or greater than the highest priced general admission ticket for the closest seat not in the preferred viewing location.

(b) The sale of food and beverages for consumption in a preferred seating location must be taxable to the extent provided under this chapter, but these taxable sales do not invalidate the exemption in this subdivision.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2023.

Sec. 3. Minnesota Statutes 2020, section 297A.68, is amended by adding a subdivision to read:

Subd. 46. **Certain amenities included with privilege of admission.** Amenities included in the sales price of the privilege of admission under section 297A.61, subdivision 3, paragraph (m), are exempt when purchased by a taxpayer selling the privilege of admission.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2023.

Sec. 4. Minnesota Statutes 2020, section 297A.69, subdivision 4, is amended to read:

Subd. 4. **Machinery, equipment, and fencing.** The following machinery, equipment, and fencing is exempt:

- (1) farm machinery;
- (2) logging equipment, including chain saws used for commercial logging;
- (3) fencing:
  - (i) used for the containment of farmed Cervidae, as defined in section 35.153, subdivision 3; or
  - (ii) on property classified as class 2a under section 273.13, subdivision 23;
- (4) primary and backup generator units used to generate electricity for the purpose of operating farm machinery, aquacultural production equipment, or logging equipment, or providing light or space heating necessary for the production of livestock, dairy animals, dairy products, or poultry and poultry products; and
- (5) aquaculture production equipment.

**EFFECTIVE DATE.** This section is effective retroactively for sales and purchases made after June 30, 2021.

Sec. 5. Minnesota Statutes 2020, section 297A.70, is amended by adding a subdivision to read:

Subd. 22. **Animal shelters.** (a) For purposes of this subdivision, the term "animal shelter" means a nonprofit organization engaged in the business of rescuing, sheltering, and finding homes for unwanted animals.

(b) Purchases made by an animal shelter are exempt if the purchases are used directly in the activities of rescuing, sheltering, and finding homes for unwanted animals. The exemption under this paragraph does not apply to the following purchases:

(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 an animal shelter or the animal shelter's contractors to be used in constructing buildings or facilities that will not be used principally by the animal shelter;

(3) 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; and

(4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11.

(c) The sale or adoption of unwanted animals by an animal shelter and the sale of associated animal supplies and equipment by an animal shelter are exempt.

(d) Sales made by and events run by an animal shelter for fund-raising purposes are exempt. Exempt sales include the sale of prepared food, candy, and soft drinks at a fund-raising event. The exemption under this paragraph is subject to the following limits:

(1) gross receipts from all fund-raising sales are taxable if the total fund-raising by the animal shelter exceeds 24 days per year;

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

(3) 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.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2022.

Sec. 6. Minnesota Statutes 2021 Supplement, section 297A.71, subdivision 52, is amended to read:

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

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

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

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

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

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

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

(7) the North Metro Regional Public Safety Training Facility in Maple Grove, if materials, supplies, and equipment are purchased after August 31, 2021, and before December 31, 2023.

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

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

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies retroactively to sales and purchases made during the period indicated for the project in paragraph (a), clause (7).

Sec. 7. Minnesota Statutes 2020, section 297A.71, is amended by adding a subdivision to read:

**Subd. 54. Construction materials purchased by contractors; exemption for certain entities.**

(a) Materials and supplies used or consumed in and equipment incorporated into the construction, reconstruction, repair, maintenance, or improvement of buildings or facilities used principally by school districts, as defined under section 297A.70, subdivision 2, paragraph (c), are exempt.

(b) Materials and supplies used or consumed in and equipment incorporated into the construction, reconstruction, repair, maintenance, or improvement of public infrastructure of any kind, including but not limited to roads, bridges, culverts, drinking water facilities, and wastewater facilities, purchased by a contractor, subcontractor, or builder as part of a contract with a school district, as defined under section 297A.70, subdivision 2, paragraph (c), are exempt.

(c) The tax on purchases exempt under this subdivision must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied, and then refunded in the manner provided in section 297A.75.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2024.

Sec. 8. Minnesota Statutes 2020, section 297A.71, is amended by adding a subdivision to read:

**Subd. 55. Building, repair, or replacement materials; farm fencing material.** Materials and supplies used or consumed in, and equipment incorporated into, the construction, improvement, repair, or replacement of farm fencing material that is not exempt under section 297A.69, subdivision 4, are exempt.

**EFFECTIVE DATE.** This section is effective retroactively for sales and purchases made after June 30, 2021.

Sec. 9. Minnesota Statutes 2021 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 veterans with a disability exempt under section 297A.71, subdivision 11;

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

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

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

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

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

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

(11) materials, supplies, and equipment for construction, improvement, or expansion of a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision 45;

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

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

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

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

(16) building materials, equipment, and supplies for constructing or replacing real property exempt under section 297A.71, subdivisions 49; 50, paragraph (b); and 51;

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

(18) building materials, equipment, and supplies for constructing, remodeling, expanding, or improving a fire station, police station, or related facilities exempt under section 297A.71, subdivision 53; and

(19) building construction or reconstruction materials, supplies, and equipment exempt under section 297A.71, subdivision 54.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2024.

Sec. 10. Minnesota Statutes 2021 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 (14), the applicant must be the purchaser;

(2) for subdivision 1, clause (3), the applicant must be the governmental subdivision;

(3) for subdivision 1, clause (4), the applicant must be the recipient of the benefits provided in United States Code, title 38, chapter 21;

(4) for subdivision 1, clause (5), the applicant must be the owner of the homestead property;

(5) for subdivision 1, clause (6), the owner of the qualified low-income housing project;

(6) for subdivision 1, clause (7), the applicant must be a municipal electric utility or a joint venture of municipal electric utilities;

(7) for subdivision 1, clauses (8), (11), (12), and (15), the owner of the qualifying business;

(8) for subdivision 1, clauses (9), (10), (13), (17), and (18), the applicant must be the governmental entity that owns or contracts for the project or facility; ~~and~~

(9) for subdivision 1, clause (16), the applicant must be the owner or developer of the building or project; and

(10) for subdivision 1, clause (19), the applicant must be the entity listed in section 297A.71, subdivision 54, paragraph (a), that principally uses the building or facility.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2024.



Sec. 11. Minnesota Statutes 2021 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 (13) or (15) to ~~(18)~~ (19), the contractor, subcontractor, or builder must furnish to the refund applicant a statement including the cost of the exempt items and the taxes paid on the items unless otherwise specifically provided by this subdivision. The provisions of sections 289A.40 and 289A.50 apply to refunds under this section.

(b) An applicant may not file more than two applications per calendar year for refunds for taxes paid on capital equipment exempt under section 297A.68, subdivision 5.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2024.

Sec. 12. **SALES AND USE TAX EXEMPTION; CERTAIN NATURAL GAS FEES.**

Subdivision 1. **Exemption.** Notwithstanding Minnesota Statutes, section 297A.67, subdivision 15, clause (2), fees related to natural gas sold for residential use to customers who were metered and billed as residential users and who used natural gas for their primary source of residential heat are exempt for purposes of the billing periods May to October, provided that:

(1) the fee for the natural gas is subject to a cost recovery plan for the price increase in natural gas during the period February 13, 2021, to February 17, 2021, identified in docket G-199/CI-21-135 before the Minnesota Public Utilities Commission; and

(2) the fee is separately stated and labeled as a fee pursuant to a cost recovery plan under clause (1).

Subd. 2. **Application; refund.** (a) By October 1, 2022, each utility must apply to the commissioner of revenue for a refund of sales taxes collected and remitted pursuant to Minnesota Statutes, section 297A.77, on fees for sales and purchases of natural gas subject to a cost recovery plan under subdivision 1, clause (1), that were added to residential customers' bills for the period beginning September 1, 2021, and ending June 30, 2022.

(b) The provisions of Minnesota Statutes, section 289A.50, subdivision 2, except for paragraph (c), apply to refunds issued under this subdivision. For purposes of this subdivision, "utility" means a utility subject to the cost recovery plan under subdivision 1, clause (1). Within 90 days after the date the commissioner issues the refund under Minnesota Statutes, section 289A.50, subdivision 2, paragraph (a), to the utility:

(1) the utility must provide a plan to the Minnesota Public Utilities Commission for crediting taxes exempt under subdivision 1 to residential customers; and

(2) any amount not refunded or credited to a residential customer by a utility must be returned to the commissioner by the utility.

**EFFECTIVE DATE.** This section is effective retroactively for fees applied to sales and purchases of natural gas made after February 12, 2021, and before February 18, 2021, that are billed from September 1, 2021, to December 31, 2026.

## ARTICLE 4

### PROPERTY TAXES

Section 1. Minnesota Statutes 2020, section 272.01, subdivision 2, is amended to read:

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

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

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

(2) except as provided in paragraph (c), property of an airport owned by a city, town, county, or group thereof which is:

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

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

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

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

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

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

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

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

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

(c) The exception from taxation provided in paragraph (b), clause (2), does not apply to:

(1) property located at an airport owned or operated by:

(i) the Metropolitan Airports Commission; or

(ii) a city of over 50,000 population according to the most recent federal census or such a city's airport authority, except that, when calculating the tax imposed by this subdivision for property taxes payable in 2023 through 2034, the net tax capacity of such property is reduced by 50 percent if it is owned or operated by a city over 50,000 but under 150,000 in population according to the most recent federal census or such a city's airport authority; or

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

(d) The exception from taxation provided in paragraph (b), clause (4), does not apply to:

(1) the property described in paragraph (b), clause (4), at airports that are owned or operated by:

(i) the Metropolitan Airports Commission; or

(ii) a city of over 50,000 population or an airport authority therein, except that, when calculating the tax imposed by this subdivision for property taxes payable in 2023 through 2034, the net tax capacity of such property is reduced by 50 percent if it is owned or operated by a city over 50,000 but under 150,000 in population according to the most recent federal census or such a city's airport authority; or

(2) real estate owned by a municipality in connection with the operation of a public airport and leased or used for agricultural purposes.

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

~~(f)~~ (f) The tax on real property of the federal government, the state or any of its political subdivisions that is leased, loaned, or otherwise made available to a private individual, association, or corporation and becomes taxable under this subdivision or other provision of law must be assessed

and collected as a personal property assessment. The taxes do not become a lien against the real property.

**EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2023.

Sec. 2. Minnesota Statutes 2020, section 272.02, subdivision 98, is amended to read:

Subd. 98. **Certain property owned by an Indian tribe.** (a) Property is exempt that:

(1) was classified as 3a under section 273.13, subdivision 24, for taxes payable in 2013;

(2) is located in a city of the first class with a population greater than 300,000 as of the 2010 federal census;

(3) was on January 2, 2012, and is for the current assessment owned by a federally recognized Indian tribe, or its instrumentality, that is located within the state of Minnesota; and

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

(b) For purposes of this subdivision, a "tribal purpose" means a public purpose as defined in subdivision 8 and includes noncommercial tribal government activities. Property that qualifies for the exemption under this subdivision is limited to no more than two contiguous parcels and structures that do not exceed in the aggregate 20,000 square feet. Property acquired for single-family housing, market-rate apartments, agriculture, or forestry does not qualify for this exemption. The exemption created by this subdivision expires with taxes payable in ~~2024~~ 2034.

(c) Property exempt under this section is exempt from the requirements of section 272.025.

**EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2022.

Sec. 3. Minnesota Statutes 2020, section 272.02, is amended by adding a subdivision to read:

Subd. 105. **Energy storage systems.** (a) Personal property consisting of an energy storage system is exempt. For the purposes of this subdivision, "energy storage system" has the meaning given in section 216B.2422, subdivision 1, paragraph (f).

(b) A taxpayer requesting an exemption under this subdivision must file an application with the commissioner of revenue. The commissioner shall prescribe the content, format, and manner of the application pursuant to section 270C.30, except that a "law administered by the commissioner" includes the property tax laws. In determining eligibility for the exemption under this section, the commissioner of revenue may request information and advice from the commissioner of commerce. On determining that property qualifies for exemption, the commissioner of revenue shall issue an order exempting the property from taxation. The commissioner of revenue shall develop an electronic means to notify interested parties when the commissioner has issued an order exempting property from taxation under this section. The energy storage system shall continue to be exempt from taxation as long as the order issued by the commissioner of revenue remains in effect.

(c) The exemption under this section expires with taxes payable in 2033.

**EFFECTIVE DATE.** This section is effective beginning with assessment year 2023.

Sec. 4. Minnesota Statutes 2020, 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, a taxpayer claiming an exemption from taxation on property described in section 272.02 must file a statement of exemption with the assessor of the assessment district in which the property is located. By January 2, 2018, and each third year thereafter, the commissioner of revenue shall publish on its website a list of the exemptions for which a taxpayer claiming an exemption must file a statement of exemption. The commissioner's requirement that a taxpayer file a statement of exemption pursuant to this subdivision shall not be considered a rule and is not subject to the Administrative Procedure Act, chapter 14.

(b) A taxpayer claiming an exemption from taxation on property described in section 272.02, ~~subdivision~~ subdivisions 10 and 105, 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 content, format, and manner of the statement of exemption pursuant to section 270C.30, except that a "law administered by the commissioner" includes the property tax laws.

(e) If a statement is made by electronic means, the taxpayer's signature is defined pursuant to section 270C.304, except that a "law administered by the commissioner" includes the property tax laws.

**EFFECTIVE DATE.** This section is effective beginning with assessment year 2023 and thereafter.

Sec. 5. Minnesota Statutes 2020, section 273.032, is amended to read:

**273.032 MARKET VALUE DEFINITION.**

(a) Unless otherwise provided, for the purpose of determining any property tax levy limitation based on market value or any limit on net debt, the issuance of bonds, certificates of indebtedness, or capital notes based on market value, any qualification to receive state aid based on market value, or any state aid amount based on market value, the terms "market value," "estimated market value," and "market valuation," whether equalized or unequalized, mean the estimated market value of taxable property within the local unit of government before any of the following or similar adjustments for:

(1) the market value exclusions under:

(i) section 273.11, subdivisions 14a and 14c (vacant platted land);

(ii) section 273.11, subdivision 16 (certain improvements to homestead property);

- (iii) section 273.11, subdivisions 19 and 20 (certain improvements to business properties);
- (iv) section 273.11, subdivision 21 (homestead property damaged by mold);
- (v) section 273.13, subdivision 34 (homestead of a veteran with a disability or family caregiver);

or

- (vi) section 273.13, subdivision 35 (homestead market value exclusion); or
- (vii) section 273.13, subdivision 36 (affordable housing market value exclusion); or

(2) the deferment of value under:

- (i) the Minnesota Agricultural Property Tax Law, section 273.111;
- (ii) the Aggregate Resource Preservation Law, section 273.1115;
- (iii) the Minnesota Open Space Property Tax Law, section 273.112;
- (iv) the rural preserves property tax program, section 273.114; or
- (v) the Metropolitan Agricultural Preserves Act, section 473H.10; or

(3) the adjustments to tax capacity for:

- (i) tax increment financing under sections 469.174 to 469.1794;
- (ii) fiscal disparities under chapter 276A or 473F; or
- (iii) powerline credit under section 273.425.

(b) Estimated market value under paragraph (a) also includes the market value of tax-exempt property if the applicable law specifically provides that the limitation, qualification, or aid calculation includes tax-exempt property.

(c) Unless otherwise provided, "market value," "estimated market value," and "market valuation" for purposes of property tax levy limitations and calculation of state aid, refer to the estimated market value for the previous assessment year and for purposes of limits on net debt, the issuance of bonds, certificates of indebtedness, or capital notes refer to the estimated market value as last finally equalized.

(d) For purposes of a provision of a home rule charter or of any special law that is not codified in the statutes and that imposes a levy limitation based on market value or any limit on debt, the issuance of bonds, certificates of indebtedness, or capital notes based on market value, the terms "market value," "taxable market value," and "market valuation," whether equalized or unequalized, mean "estimated market value" as defined in paragraph (a).

**EFFECTIVE DATE.** This section is effective beginning with assessment year 2023.

Sec. 6. Minnesota Statutes 2020, section 273.11, subdivision 23, is amended to read:

Subd. 23. **First tier valuation limit; agricultural homestead property.** (a) The commissioner of revenue shall annually certify the first tier limit for agricultural homestead property. For assessment year ~~2010~~ 2023, the limit is ~~\$1,140,000~~ \$2,500,000. Beginning with assessment year ~~2011~~ 2024, the limit is the product of (i) the first tier limit for the preceding assessment year, and (ii) the ratio of the statewide average taxable market value of agricultural property per acre of deeded farm land in the preceding assessment year to the statewide average taxable market value of agricultural property per acre of deeded farm land for the second preceding assessment year. The limit shall be rounded to the nearest \$10,000.

(b) For the purposes of this subdivision, "agricultural property" means all class 2a property under section 273.13, subdivision 23, except for property consisting of the house, garage, and immediately surrounding one acre of land of an agricultural homestead.

(c) The commissioner shall certify the limit by January 2 of each assessment year.

**EFFECTIVE DATE.** This section is effective beginning with assessment year 2023.

Sec. 7. Minnesota Statutes 2020, section 273.128, is amended by adding a subdivision to read:

Subd. 1a. **Approval.** A property owner must receive approval by resolution of the governing body of the city or town where the property is located before submitting an initial application to the Housing Finance Agency, as required under subdivision 2, for property that has not, in whole or in part, been classified as class 4d under section 273.13, subdivision 25, prior to assessment year 2023. A property owner that receives approval as required under this subdivision, and the certification made under subdivision 3, shall not be required to seek approval under this subdivision prior to submitting an application under subdivision 2 in each subsequent year.

**EFFECTIVE DATE.** This section is effective beginning with assessment year 2023.

Sec. 8. Minnesota Statutes 2020, section 273.128, subdivision 2, is amended to read:

Subd. 2. **Application.** (a) Application for certification under this section must be filed by March 31 of the levy year, or at a later date if the Housing Finance Agency deems practicable. The application must be filed with the Housing Finance Agency, on a form prescribed by the agency, and must contain the information required by the Housing Finance Agency.

(b) Each application must include:

(1) the property tax identification number; and

(2) evidence that the property meets the requirements of ~~subdivision~~ subdivisions 1 and 1a.

(c) The Housing Finance Agency may charge an application fee approximately equal to the costs of processing and reviewing the applications but not to exceed \$10 per unit. If imposed, the applicant must pay the application fee to the Housing Finance Agency. The fee must be deposited in the housing development fund.

**EFFECTIVE DATE.** This section is effective beginning with assessment year 2023.

Sec. 9. [273.129] AFFORDABLE HOUSING MARKET VALUE EXCLUSION PROGRAM; ESTABLISHMENT.

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

(b) "Governing body" means, with respect to a city, a city council, with respect to a town, a town board, and with respect to an unorganized territory, the county board acting on behalf of the unorganized territory.

(c) "Market value" has the meaning given in section 272.03, subdivision 8.

(d) "Municipality" means a statutory or home rule charter city, a township, or unorganized territory.

(e) "Property" means a residential rental housing property classified as class 4a under section 273.13, subdivision 25, a portion of which is occupied by residents meeting the income requirement under subdivision 4.

Subd. 2. **Establishment.** An affordable housing market value exclusion program is established to promote the development of affordable rental properties in the state. Eligible properties located in participating municipalities are eligible to receive a market value exclusion of 50 percent.

Subd. 3. **Approval.** (a) A governing body may, upon approval by a majority vote of its members, adopt a resolution agreeing to participate in the affordable housing market value exclusion program. Prior to approval, the governing body must publish notice of its intent to discuss the resolution at a regularly scheduled meeting, in a newspaper with general circulation in the city or on the municipality's website, not less than 30 days prior to the meeting. The notice must include the date, time, and location of the meeting at which the program will be discussed and public input allowed.

(b) After a governing body has adopted a resolution agreeing to participate in the program, the governing body must adopt a separate resolution, subject to the same voting, notice, and public hearing requirements under paragraph (a), for each property the governing body approves to receive the affordable housing market value exclusion. The resolution must state the property qualifies for a valuation exclusion of 50 percent, and that shall remain the same each year, subject to the duration limit under subdivision 5.

(c) After a governing body has adopted the property-specific resolution as required under paragraph (b), the governing body, other than the county board acting on behalf of an unorganized territory, must provide the county board with a copy of the resolution for each property the local government approved to receive the affordable housing market value exclusion, along with information relating to the fiscal implications resulting from the approved exclusion. The county board may request additional information from the local government that the board deems necessary. The county board must approve, by a majority vote of its members, the affordable housing market value exclusion for each property within 60 days of receipt. If a county board fails to approve the exclusion within 60 days of receipt, or if the county board affirmatively denies approval of the exclusion, the property shall not receive the affordable housing market value exclusion.



Subd. 4. **Eligibility.** (a) A property located in a participating municipality is eligible for the affordable housing market value exclusion applied under section 273.13, subdivision 36, if:

(1) the property is not classified in whole or in part as class 4d under section 273.13, subdivision 25;

(2) construction of the property began on or after January 1, 2023; and

(3) the Minnesota Housing Finance Agency certifies to the county or local assessor that:

(i) at least 20 percent of the units in the property are available for residents whose household income at the time of initial occupancy does not exceed 60 percent of area median income, adjusted for family size, as determined by the United States Department of Housing and Urban Development;

(ii) at least 80 percent of the available units in the property are occupied by residents meeting the income requirement; and

(iii) any unoccupied available units are being actively marketed toward persons meeting the income requirements, as attested by the property owner.

(b) By February 1 each assessment year, an application for certification under this subdivision must be filed by the property owner to the Minnesota Housing Finance Agency. The property owner must provide a copy of the application to the county or city assessor. The application must be filed on a form prescribed by the agency and must contain the property tax identification number, evidence that the property meets the requirements of paragraph (a), a copy of the property-specific approval by the county board if required, and any other information necessary for the Minnesota Housing Finance Agency to determine eligibility. The Minnesota Housing Finance Agency may charge an application fee approximately equal to the costs of processing and reviewing the applications. If imposed, the applicant must pay the application fee to the Minnesota Housing Finance Agency and the fee must be deposited in the housing development fund.

(c) By April 1 each assessment year, the Minnesota Housing Finance Agency must certify to the appropriate county or city assessor:

(1) the specific properties, identified by parcel identification numbers, that are eligible under this section to receive the exclusion for the current assessment year; and

(2) the specific properties, identified by parcel identification numbers, that received the exclusion in the previous assessment year but no longer meet the requirements under this section.

In making the certification, the Minnesota Housing Finance Agency must rely on the property owner's application and any other supporting information that the agency deems necessary.

Subd. 5. **Duration.** The governing body of a participating municipality shall determine the duration of the affordable housing market value exclusion for each eligible property, provided that the exclusion applies for at least ten but not more than 20 assessment years, except that when a property no longer meets the requirements of subdivision 4, the exclusion shall be removed for the current assessment year.

Subd. 6. **Expiration.** The affordable housing market value exclusion program expires on December 31, 2030. A property that has not received the required approval under subdivision 3 by December 31, 2030, shall not receive the exclusion.

**EFFECTIVE DATE.** This section is effective beginning with assessment year 2023.

Sec. 10. Minnesota Statutes 2020, section 273.13, subdivision 22, is amended to read:

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

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

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

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

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

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

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

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

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

(c) Class 1c property is commercial use real and personal property that abuts public water as defined in section 103G.005, subdivision 15, or abuts a state trail administered by the Department of Natural Resources, and is devoted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes for more than 250 days in the year preceding the

year of assessment, and that includes a portion used as a homestead by the owner, which includes a dwelling occupied as a homestead by a shareholder of a corporation that owns the resort, a partner in a partnership that owns the resort, or a member of a limited liability company that owns the resort even if the title to the homestead is held by the corporation, partnership, or limited liability company. For purposes of this paragraph, property is devoted to a commercial purpose on a specific day if any portion of the property, excluding the portion used exclusively as a homestead, is used for residential occupancy and a fee is charged for residential occupancy. Class 1c property must contain three or more rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site equipped with water and electrical hookups for recreational vehicles. Class 1c property must provide recreational activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill or cross-country ski equipment; provide marina services, launch services, or guide services; or sell bait and fishing tackle. Any unit in which the right to use the property is transferred to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies for class 1c even though it may remain available for rent. A camping pad offered for rent by a property that otherwise qualifies for class 1c is also class 1c, regardless of the term of the rental agreement, as long as the use of the camping pad does not exceed 250 days. If the same owner owns two separate parcels that are located in the same township, and one of those properties is classified as a class 1c property and the other would be eligible to be classified as a class 1c property if it was used as the homestead of the owner, both properties will be assessed as a single class 1c property; for purposes of this sentence, properties are deemed to be owned by the same owner if each of them is owned by a limited liability company, and both limited liability companies have the same membership. The portion of the property used as a homestead is class 1a property under paragraph (a). The remainder of the property is classified as follows: the first ~~\$600,000~~ \$850,000 of market value is tier I, the next ~~\$1,700,000~~ \$2,250,000 of market value is tier II, and any remaining market value is tier III. The classification rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25 percent. Owners of real and personal property devoted to temporary and seasonal residential occupancy for recreation purposes in which all or a portion of the property was devoted to commercial purposes for not more than 250 days in the year preceding the year of assessment desiring classification as class 1c, must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located must be designated as class 1c as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located must be designated as class 3a commercial. The owner of property desiring designation as class 1c property must provide guest registers or other records demonstrating that the units for which class 1c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes does not qualify for class 1c.

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

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

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

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

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

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

**EFFECTIVE DATE.** This section is effective for taxes payable in 2023 and thereafter.

Sec. 11. Minnesota Statutes 2021 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 classification rate of 1.25 percent.

(b) Class 4b includes:

(1) residential real estate containing less than four units, including property rented as a short-term rental property for more than 14 days in the preceding year, 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.

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

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

(c) Class 4bb includes:

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

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

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

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

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 items (ii) and (iii), (ii) manufactured home parks as defined in section 327.14, subdivision 3, that are described in section 273.124, subdivision 3a, and (iii) class I manufactured home parks as defined in section 327C.01, subdivision 13;

(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: (i) is located on a lake as defined under section 103G.005, subdivision 15, paragraph (a), clause (3); and (ii) 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 item (ii). 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 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 classification rates as class 4bb property, (ii) manufactured home parks assessed under clause (5), item (i), have the same classification rate as class 4b property, the market value of manufactured home parks assessed under clause (5), item (ii), 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 classification rate of one percent if 50 percent or less of the lots are so occupied, and class I manufactured home parks as defined in section 327C.01, subdivision 13, have a classification rate of 1.0 percent, (iii) commercial-use seasonal residential recreational property and marina recreational land as described in clause (11), has a 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 classification rate of one percent, (v) the market value of property described in clauses (2), (6), and (10) has a classification rate of 1.25 percent, (vi) that portion of the market value of property in clause (9) qualifying for class 4c property has a classification rate of 1.25 percent, and (vii) property qualifying for classification under clause (3) that is owned or operated by a congressionally chartered veterans organization has a classification rate of one percent. The commissioner of veterans affairs must provide a list of congressionally chartered veterans organizations to the commissioner of revenue by June 30, 2017, and by January 1, 2018, and each year thereafter.

(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. Class 4d property has a classification rate of 0.25 percent.

~~(f) The first tier of market value of class 4d property has a classification rate of 0.75 percent. The remaining value of class 4d property has a 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 years 2022 and 2023. For subsequent assessment 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 2023.

Sec. 12. Minnesota Statutes 2021 Supplement, section 273.13, subdivision 34, is amended to read:

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

honorably discharged from the United States armed forces, as indicated by United States Government Form DD214 or other official military discharge papers.

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

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

(c) If a veteran with a disability qualifying for a valuation exclusion under paragraph (b), clause (2), predeceases the veteran's spouse, and if upon the death of the veteran the spouse holds the legal or beneficial title to the homestead and permanently resides there, the exclusion shall carry over to the benefit of the veteran's spouse until such time as the spouse remarries, or sells, transfers, or otherwise disposes of the property, except as otherwise provided in paragraph (n). Qualification under this paragraph requires an application under paragraph (h), and a spouse must notify the assessor if there is a change in the spouse's marital status, ownership of the property, or use of the property as a permanent residence. If a spouse previously received the exclusion under this paragraph, but the exclusion expired prior to assessment year 2019 before the eligibility time period for surviving spouses was changed to a lifetime benefit, the spouse may reapply under paragraph (h) for the exclusion under this paragraph.

(d) If the spouse of a member of any branch or unit of the United States armed forces who dies due to a service-connected cause while serving honorably in active service, as indicated on United States Government Form DD1300 or DD2064, holds the legal or beneficial title to a homestead and permanently resides there, the spouse is entitled to the benefit described in paragraph (b), clause (2), until such time as the spouse remarries or sells, transfers, or otherwise disposes of the property, except as otherwise provided in paragraph (n). If a spouse previously received the exclusion under this paragraph, but the exclusion expired prior to assessment year 2019 before the eligibility time period for surviving spouses was changed to a lifetime benefit, the spouse may reapply under paragraph (h) for the exclusion under this paragraph.

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

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

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

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

(i) A first-time application by a qualifying spouse for the market value exclusion under paragraph (d) must be made any time within two years of the death of the service member, within two years of the United States Department of Veterans Affairs Dependency and Indemnity Compensation determination, or by December 31, 2023, whichever is later. A qualifying spouse whose application was previously denied may reapply, pursuant to this paragraph, by December 31, 2023.

(j) For purposes of this subdivision:

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

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

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

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

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

(1) the spouse files a first-time application within two years of the death of the service member, within two years of the United States Department of Veterans Affairs Dependency and Indemnity Compensation determination, if applicable, or by ~~June 1, 2019~~ December 31, 2023, whichever is later. A spouse whose application was previously denied may reapply, pursuant to this paragraph, by December 31, 2023;

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

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

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

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

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

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

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

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

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

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

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

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

**EFFECTIVE DATE.** This section is effective for assessment year 2022 and thereafter.

Sec. 13. Minnesota Statutes 2020, section 273.13, subdivision 35, is amended to read:

Subd. 35. **Homestead market value exclusion.** (a) Prior to determining a property's net tax capacity under this section, property classified as class 1a or 1b under subdivision 22, and the portion of property classified as class 2a under subdivision 23 consisting of the house, garage, and surrounding one acre of land, shall be eligible for a market value exclusion as determined under paragraph (b).

(b) For a homestead valued at ~~\$76,000~~ \$95,000 or less, the exclusion is 40 percent of market value. For a homestead valued between ~~\$76,000~~ \$95,000 and ~~\$413,800~~ \$517,200, the exclusion is ~~\$30,400~~ \$38,000 minus nine percent of the valuation over ~~\$76,000~~ \$95,000. For a homestead valued at ~~\$413,800~~ \$517,200 or more, there is no valuation exclusion. The valuation exclusion shall be rounded to the nearest whole dollar, and may not be less than zero.

(c) Any valuation exclusions or adjustments under section 273.11 shall be applied prior to determining the amount of the valuation exclusion under this subdivision.

(d) In the case of a property that is classified as part homestead and part nonhomestead, (i) the exclusion shall apply only to the homestead portion of the property, but (ii) if a portion of a property is classified as nonhomestead solely because not all the owners occupy the property, not all the owners have qualifying relatives occupying the property, or solely because not all the spouses of owners occupy the property, the exclusion amount shall be initially computed as if that nonhomestead portion were also in the homestead class and then prorated to the owner-occupant's percentage of ownership. For the purpose of this section, when an owner-occupant's spouse does not occupy the property, the percentage of ownership for the owner-occupant spouse is one-half of the couple's ownership percentage.

**EFFECTIVE DATE.** This section is effective for assessment year 2023 and thereafter.

Sec. 14. Minnesota Statutes 2020, section 273.13, is amended by adding a subdivision to read:

Subd. 36. **Affordable housing market value exclusion.** (a) Prior to determining a property's net tax capacity under this section, property classified as class 4a under subdivision 25, paragraph (a), shall be eligible for an affordable housing market value exclusion as determined under paragraph (b).

(b) For a property that meets the requirements under section 273.129, the exclusion is 50 percent of the market value. The valuation shall be rounded to the nearest whole dollar, and may not be less than zero.

(c) Any valuation exclusions or adjustments under section 273.11 shall be applied prior to determining the amount of the valuation exclusion under this subdivision.

**EFFECTIVE DATE.** This section is effective beginning with assessment year 2023.

Sec. 15. Minnesota Statutes 2020, section 273.41, is amended to read:

**273.41 AMOUNT OF TAX; DISTRIBUTION.**

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

**EFFECTIVE DATE.** This section is effective beginning with assessment year 2023.

Sec. 16. Minnesota Statutes 2021 Supplement, section 275.025, subdivision 1, is amended to read:

Subdivision 1. **Levy amount.** The state general levy is levied against commercial-industrial property and seasonal residential recreational property, as defined in this section. The state general levy for commercial-industrial property is ~~\$716,990,000~~ \$708,188,000 for taxes payable in 2023 through 2025; \$637,369,000 for taxes payable in 2026; \$566,550,000 for taxes payable in 2027; \$495,731,000 for taxes payable in 2028; \$424,912,000 for taxes payable in 2029; \$354,093,000 for taxes payable in 2030; \$283,274,000 for taxes payable in 2031; \$212,455,000 for taxes payable in 2032; \$141,636,000 for taxes payable in 2033; \$70,817,000 for taxes payable in 2034; and \$0 for taxes payable in 2035 and thereafter. The state general levy for seasonal-recreational property is

~~\$41,690,000~~ \$41,178,000 for taxes payable in ~~2020~~ 2023 through 2025; \$37,060,000 for taxes payable in 2026; \$32,942,000 for taxes payable in 2027; \$28,824,000 for taxes payable in 2028; \$24,706,000 for taxes payable in 2029; \$20,588,000 for taxes payable in 2030; \$16,470,000 for taxes payable in 2031; \$12,352,000 for taxes payable in 2032; \$8,234,000 for taxes payable in 2033; \$4,116,000 for taxes payable in 2034; and \$0 for taxes payable in 2035 and thereafter. The tax under this section is not treated as a local tax rate under section 469.177 and is not the levy of a governmental unit under chapters 276A and 473F.

The commissioner shall increase or decrease the preliminary or final rate for a year as necessary to account for errors and tax base changes that affected a preliminary or final rate for either of the two preceding years. Adjustments are allowed to the extent that the necessary information is available to the commissioner at the time the rates for a year must be certified, and for the following reasons:

(1) an erroneous report of taxable value by a local official;

(2) an erroneous calculation by the commissioner; and

(3) an increase or decrease in taxable value for commercial-industrial or seasonal residential recreational property reported to the commissioner under section 270C.85, subdivision 2, clause (4), for the same year.

The commissioner may, but need not, make adjustments if the total difference in the tax levied for the year would be less than \$100,000.

**EFFECTIVE DATE.** This section is effective for taxes payable in 2023 and thereafter.

Sec. 17. Minnesota Statutes 2020, section 276.04, subdivision 2, is amended to read:

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

including the dollar amount of any special assessments, may be rounded to the nearest even whole dollar. For purposes of this section whole odd-numbered dollars may be adjusted to the next higher even-numbered dollar. The amount of market value excluded under section 273.11, subdivision 16, if any, must also be listed on the tax statement.

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

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

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

(2) the property's homestead market value exclusion under section 273.13, subdivision 35, or the affordable housing market value exclusion under section 273.13, subdivision 36;

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

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

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

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

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

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

**EFFECTIVE DATE.** This section is effective beginning with assessment year 2023.

Sec. 18. Minnesota Statutes 2020, section 279.03, subdivision 1a, is amended to read:

Subd. 1a. **Rate.** (a) Except as provided in ~~paragraph~~ paragraphs (b) and (c), interest on delinquent property taxes, penalties, and costs unpaid on or after January 1 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 is ten percent.~~ The maximum per annum rate is 14 percent if the rate specified under section 270C.40, subdivision 5, exceeds 14 percent. The rate 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 is payable at twice the rate determined under paragraph (a) for the year.

(c) A county board, by resolution, may establish an interest rate lower than the interest rate determined under paragraph (a).

**EFFECTIVE DATE.** This section is effective for property taxes, penalties, and costs determined to be delinquent on or after January 1, 2023.

Sec. 19. Minnesota Statutes 2020, section 282.261, subdivision 2, is amended to read:

Subd. 2. **Interest rate.** (a) Except as provided under paragraph (b), the unpaid balance on any repurchase contract approved by the county board is 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 279.03, subdivision 1a.

(b) A county board, by resolution, or a county auditor, if delegated the responsibility to administer tax-forfeited land assigned to the county board as provided under section 282.135, may establish an interest rate lower than the interest rate determined under paragraph (a).

**EFFECTIVE DATE.** This section is effective January 1, 2023.

Sec. 20. Minnesota Statutes 2020, section 290A.04, subdivision 2h, is amended to read:

Subd. 2h. **Additional refund.** (a) If the gross property taxes payable on a homestead increase more than ~~12~~ ten percent over the property taxes payable in the prior year on the same property that is owned and occupied by the same owner on January 2 of both years, and the amount of that increase is \$100 or more, a claimant who is a homeowner shall be allowed an additional refund equal to 60 percent of the amount of the increase over the greater of ~~12~~ ten percent of the prior year's property taxes payable or \$100. This subdivision shall not apply to any increase in the gross property taxes payable attributable to improvements made to the homestead after the assessment date for the prior year's taxes. This subdivision shall not apply to any increase in the gross property taxes payable attributable to the termination of valuation exclusions under section 273.11, subdivision 16.

The maximum refund allowed under this subdivision is ~~\$1,000~~ \$2,000.

(b) For purposes of this subdivision "gross property taxes payable" means property taxes payable determined without regard to the refund allowed under this subdivision.

(c) In addition to the other proofs required by this chapter, each claimant under this subdivision shall file with the property tax refund return a copy of the property tax statement for taxes payable in the preceding year or other documents required by the commissioner.

(d) Upon request, the appropriate county official shall make available the names and addresses of the property taxpayers who may be eligible for the additional property tax refund under this section. The information shall be provided on a magnetic computer disk. The county may recover



its costs by charging the person requesting the information the reasonable cost for preparing the data. The information may not be used for any purpose other than for notifying the homeowner of potential eligibility and assisting the homeowner, without charge, in preparing a refund claim.

**EFFECTIVE DATE.** This section is effective for refund claims based on taxes payable in 2023 and thereafter.

Sec. 21. Minnesota Statutes 2020, section 290B.03, subdivision 1, is amended to read:

Subdivision 1. **Program qualifications.** The qualifications for the senior citizens' property tax deferral program are as follows:

(1) the property must be owned and occupied as a homestead by a person 65 years of age or older. In the case of a married couple, at least one of the spouses must be at least 65 years old at the time the first property tax deferral is granted, regardless of whether the property is titled in the name of one spouse or both spouses, or titled in another way that permits the property to have homestead status, and the other spouse must be at least 62 years of age;

(2) the total household income of the qualifying homeowners, as defined in section 290A.03, subdivision 5, for the calendar year preceding the year of the initial application may not exceed ~~\$60,000~~ \$75,000;

(3) the homestead must have been owned and occupied as the homestead of at least one of the qualifying homeowners for at least ~~15~~ five years prior to the year the initial application is filed;

(4) there are no state or federal tax liens or judgment liens on the homesteaded property;

(5) there are no mortgages or other liens on the property that secure future advances, except for those subject to credit limits that result in compliance with clause (6); and

(6) the total unpaid balances of debts secured by mortgages and other liens on the property, including unpaid and delinquent special assessments and interest and any delinquent property taxes, penalties, and interest, but not including property taxes payable during the year or debts secured by a residential PACE lien, as defined in section 216C.435, subdivision 10d, does not exceed 75 percent of the assessor's estimated market value for the year.

**EFFECTIVE DATE.** This section is effective for applications received for deferral of taxes payable in 2023 and thereafter.

Sec. 22. Minnesota Statutes 2020, section 290B.04, subdivision 3, is amended to read:

Subd. 3. **Excess-income certification by taxpayer.** A taxpayer whose initial application has been approved under subdivision 2 shall notify the commissioner of revenue in writing by July 1 if the taxpayer's household income for the preceding calendar year exceeded ~~\$60,000~~ \$75,000. The certification must state the homeowner's total household income for the previous calendar year. No property taxes may be deferred under this chapter in any year following the year in which a program participant filed or should have filed an excess-income certification under this subdivision, unless the participant has filed a resumption of eligibility certification as described in subdivision 4.

**EFFECTIVE DATE.** This section is effective for applications received for deferral of taxes payable in 2023 and thereafter.

Sec. 23. Minnesota Statutes 2020, section 290B.04, subdivision 4, is amended to read:

Subd. 4. **Resumption of eligibility certification by taxpayer.** A taxpayer who has previously filed an excess-income certification under subdivision 3 may resume program participation if the taxpayer's household income for a subsequent year is ~~\$60,000~~ \$75,000 or less. If the taxpayer chooses to resume program participation, the taxpayer must notify the commissioner of revenue in writing by July 1 of the year following a calendar year in which the taxpayer's household income is ~~\$60,000~~ \$75,000 or less. The certification must state the taxpayer's total household income for the previous calendar year. Once a taxpayer resumes participation in the program under this subdivision, participation will continue until the taxpayer files a subsequent excess-income certification under subdivision 3 or until participation is terminated under section 290B.08, subdivision 1.

**EFFECTIVE DATE.** This section is effective for applications received for deferral of taxes payable in 2023 and thereafter.

Sec. 24. Minnesota Statutes 2020, section 290B.05, subdivision 1, is amended to read:

Subdivision 1. **Determination by commissioner.** The commissioner shall determine each qualifying homeowner's "annual maximum property tax amount" following approval of the homeowner's initial application and following the receipt of a resumption of eligibility certification. The "annual maximum property tax amount" equals three percent of the homeowner's total household income for the year preceding either the initial application or the resumption of eligibility certification, whichever is applicable. Following approval of the initial application, the commissioner shall determine the qualifying homeowner's "maximum allowable deferral." No tax may be deferred relative to the appropriate assessment year for any homeowner whose total household income for the previous year exceeds ~~\$60,000~~ \$75,000. No tax shall be deferred in any year in which the homeowner does not meet the program qualifications in section 290B.03. The maximum allowable total deferral is equal to 75 percent of the assessor's estimated market value for the year, less the balance of any mortgage loans and other amounts secured by liens against the property at the time of application, including any unpaid and delinquent special assessments and interest and any delinquent property taxes, penalties, and interest, but not including property taxes payable during the year.

**EFFECTIVE DATE.** This section is effective for applications received for deferral of taxes payable in 2023 and thereafter.

Sec. 25. **CITY OF VIRGINIA; NET DEBT LIMIT EXEMPTION.**

The city of Virginia may finance the construction of a public safety building in the city of Virginia by obtaining a loan from the United States Department of Agriculture secured by its general obligation pledge. Any bonds issued relating to this construction project or repayment of the loan must not be included in the computation of the city's limit on net debt under Minnesota Statutes, section 475.53, subdivision 1.

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

**ARTICLE 5****PROPERTY TAX AIDS AND CREDITS****Section 1. 273.1388] AGRICULTURAL RIPARIAN BUFFER CREDIT.**

Subdivision 1. **Eligibility.** Class 2a and 2b property under section 273.13, subdivision 23, containing a riparian buffer as defined in section 103F.48, not including land enrolled in and generating payments under a state or federal conservation reserve or easement program under sections 103F.501 to 103F.531, is eligible to receive the credit under this section, provided that the landowner follows the requirements of section 103F.48. Eligible land must be certified by the local soil and water conservation district to the county assessor. This certification is effective until the local soil and water conservation district notifies the assessor that qualified land is no longer eligible for a credit under the requirements of this section. The local soil and water conservation districts must annually notify their county assessor of any qualified land that is no longer eligible for a credit under the requirements of this section.

Subd. 2. **Credit amount.** For each qualifying property, the agricultural riparian buffer credit is equal to the amount of net tax capacity-based property tax attributable to the portion of the property eligible under subdivision 1.

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

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

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

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

**EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2024.

Sec. 2. Minnesota Statutes 2020, section 273.1392, is amended to read:

**273.1392 PAYMENT; SCHOOL DISTRICTS.**

The amounts of bovine tuberculosis credit reimbursements under section 273.113; conservation tax credits under section 273.119; disaster or emergency reimbursement under sections 273.1231 to 273.1235; agricultural credits under sections 273.1384 ~~and~~ 273.1387, and 273.1388; aids and credits under section 273.1398; enterprise zone property credit payments under section 469.171; ~~and~~ metropolitan agricultural preserve reduction under section 473H.10; and electric generation transition aid under section 477A.23 for school districts, shall be certified to the Department of Education by the Department of Revenue. The amounts so certified shall be paid according to section 127A.45, subdivisions 9, 10, and 13.

**EFFECTIVE DATE.** This section is effective July 1, 2024.

Sec. 3. Minnesota Statutes 2020, section 273.1393, is amended to read:

**273.1393 COMPUTATION OF NET PROPERTY TAXES.**

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

- (1) disaster credit as provided in sections 273.1231 to 273.1235;
- (2) powerline credit as provided in section 273.42;
- (3) agricultural preserves credit as provided in section 473H.10;
- (4) enterprise zone credit as provided in section 469.171;
- (5) disparity reduction credit;
- (6) conservation tax credit as provided in section 273.119;
- (7) ~~the~~ school bond credit as provided in section 273.1387;
- (8) agricultural riparian buffer credit as provided in section 273.1388;
- ~~(8)~~ (9) agricultural credit as provided in section 273.1384;
- ~~(9)~~ (10) taconite homestead credit as provided in section 273.135;
- ~~(10)~~ (11) supplemental homestead credit as provided in section 273.1391; and
- ~~(11)~~ (12) the bovine tuberculosis zone credit, as provided in section 273.113.

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

**EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2024.

Sec. 4. Minnesota Statutes 2021 Supplement, section 275.065, subdivision 3, is amended to read:

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

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

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

(d) The notice must state for each parcel:

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

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

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

(ii) the proposed tax amount.

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

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

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

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

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

(1) special assessments;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(3) Metropolitan Mosquito Control Commission under section 473.711.

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

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

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

(2) population growth and decline;

(3) state or federal government action; and

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

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

**EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2024.

Sec. 5. **[477A.23] ELECTRIC GENERATION TRANSITION AID.**

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

(b) "Electric generating unit" means a single generating unit at an electric generating plant powered by coal, nuclear, or natural gas.

(c) "Electric generation property" means taxable property of an electric generating plant owned by a public utility, as defined in section 216B.02, subdivision 4, that is powered by coal, nuclear, or natural gas and located in an eligible taxing jurisdiction.

(d) "Eligible taxing jurisdiction" means a county, home rule charter or statutory city, town, or school district.

(e) "Unit base year" means the assessment year in which the assessed value of electric generation property is reduced due to the retirement of the electric generating unit.

(f) "Unit differential" means (1) the tax capacity of electric generation property in the assessment year preceding the unit base year, minus (2) the tax capacity of electric generation property in the unit base year. The unit differential may not be less than zero. The unit differential equals zero if the tax capacity of electric generation property in the eligible taxing jurisdiction in the assessment year preceding the unit base year is less than four percent of the total net tax capacity of the eligible taxing jurisdiction in the assessment year preceding the aid calculation year, as adjusted under section 473F.08, subdivision 2, or 276A.06, subdivision 2, as applicable.

**Subd. 2. Required notification.** Notwithstanding the requirements of Minnesota Rules, chapter 8100, a public utility must notify the commissioner when the public utility expects to retire an electric generating unit and remove that unit from the property tax base. The notification must be in the form and manner determined by the commissioner, include information required by the commissioner to calculate transition aid under this section, and be filed together with the reports required under section 273.371.

**Subd. 3. Unit transition amount.** (a) The initial unit transition amount equals the product of (1) the unit differential, times (2) the jurisdiction's tax rate for taxes payable in the unit base year.

(b) The unit transition amount for the year following the unit base year, or in the year as provided under subdivision 6, equals the initial unit transition amount. Unit transition amounts in subsequent years must be reduced each year by an amount equal to five percent of the initial unit transition



amount. If the unit transition amount attributable to any unit is less than \$5,000 in any year, the unit transition amount for that unit equals zero.

Subd. 4. **Electric generation transition aid.** Electric generation transition aid for an eligible taxing jurisdiction equals the sum of the unit transition amounts for that jurisdiction.

Subd. 5. **Aid elimination.** (a) Notwithstanding subdivision 4, beginning for aid in the year after the year in which the jurisdiction first qualified for aid, aid for an eligible taxing jurisdiction equals zero if the commissioner determines that the eligible taxing jurisdiction's total net tax capacity in the assessment year preceding the aid calculation year is greater than the product of:

(1) 90 percent of the jurisdiction's total net tax capacity in the assessment year preceding the aid calculation year in which the jurisdiction first qualified for aid under this section; times

(2) the greater of one or the ratio of (i) the statewide total net tax capacity of real and personal property in the assessment year preceding the aid calculation year to (ii) the statewide total net tax capacity of real and personal property in the assessment year preceding the aid calculation year in which the jurisdiction first qualified for aid under this section.

(b) For the purposes of this subdivision, "net tax capacity" means net tax capacity as adjusted under section 473F.08, subdivision 2, or 276A.06, subdivision 2, as applicable.

(c) If aid to a jurisdiction attributable to a previous unit retirement has been eliminated under this subdivision, the jurisdiction may qualify for aid under this section for subsequent unit retirements.

(d) The requirements of this subdivision do not apply to the aid attributable to prior unit retirements qualifying under subdivision 7.

Subd. 6. **Commissioner's duties; payment schedule.** (a) The commissioner of revenue shall compute the amount of electric generation transition aid payable to each jurisdiction under this section. On or before August 1 of each year, the commissioner shall certify the amount of aid computed for aids payable in the following year for each jurisdiction. The commissioner shall pay aid to each jurisdiction other than school districts annually at the times provided in section 477A.015. Aids to school districts must be certified to the commissioner of education and paid under section 273.1392.

(b) The commissioner of revenue may require counties to provide any data that the commissioner deems necessary to administer this section.

Subd. 7. **Aid for prior unit retirements.** An electric generating unit with a unit base year after 2016 but before 2023 must be counted for the purpose of calculating aid under this section. For a unit eligible to be counted under this subdivision and for the purpose of the schedule of amounts under subdivision 3, paragraph (b), the unit base year is 2023.

Subd. 8. **Appropriation.** An amount sufficient to make the aid payments required by this section to eligible taxing jurisdictions other than school districts is annually appropriated from the general fund to the commissioner of revenue. An amount sufficient to make the aid payments required by

this section for school districts is annually appropriated from the general fund to the commissioner of education.

**EFFECTIVE DATE.** This section is effective for aids payable in 2024 and thereafter.

**Sec. 6. MILLE LACS COUNTY; COUNTY, CITY, TOWNSHIP, AND SCHOOL DISTRICT REIMBURSEMENT.**

(a) A taxing jurisdiction located in Mille Lacs County that has lost property tax revenue due to the placement of property into trust by the United States Department of the Interior Bureau of Indian Affairs is eligible for reimbursement under this section in the following manner:

(1) by July 1, 2022, the auditor of Mille Lacs County must certify to the commissioner of revenue the amount of tax revenue lost by each taxing jurisdiction in the county due to property being placed into trust between January 1, 2009, and December 31, 2020;

(2) by July 1 of each year starting in 2022, the auditor of Mille Lacs County must certify to the commissioner of revenue the amount of tax revenue lost by each taxing jurisdiction in the county due to property being placed into trust during the preceding calendar year. This clause only applies to properties that were the subject of an application for placement into trust between January 1, 2009, and June 30, 2021; and

(3) in the first five years following certification under clause (1) or (2), the commissioner of education must distribute to the county the full amount certified for school districts, and the commissioner of revenue must distribute to the county the full amount certified for taxing jurisdictions other than school districts. The county must distribute to each taxing jurisdiction the certified amount of tax revenue lost by the jurisdiction. In the sixth year following certification and in each year thereafter, the commissioners of education and revenue must distribute to the county, for distribution to each taxing jurisdiction, an amount equal to the previous year's amount minus 20 percent of the amount distributed in the first year.

(b) Reimbursements required by this section must be paid to taxing jurisdictions other than school districts at the times provided in Minnesota Statutes, section 477A.015, for payment of local government aid. Aid to school districts must be certified to the commissioner of education and paid under Minnesota Statutes, section 273.1392.

(c) An amount sufficient to make the payments to taxing jurisdictions other than school districts is annually appropriated from the general fund to the commissioner of revenue. An amount sufficient to make the payment to school districts is annually appropriated from the general fund to the commissioner of education.

(d) For purposes of this section, "taxing jurisdiction" means a political subdivision including a county, city, town, township, school district, or special taxing district imposing a levy on real property.

(e) For purposes of this section, "tax revenue lost" means the amount that was payable in the year before the property became exempt.

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

Sec. 7. **CLASS 4D LOW-INCOME RENTAL PROPERTY 2024 AND 2025 TRANSITION AID; APPROPRIATION.**

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

(b) "4d property" means class 4d low-income rental property under Minnesota Statutes, section 273.13, subdivision 25.

(c) "Base assessment year" means assessment year 2022.

(d) "Local unit" means a home rule charter or statutory city.

(e) "Modified transition tax capacity" means the product of (1) one minus the transition ratio for the local unit, times (2) the transition tax capacity for the local unit.

(f) "Transition ratio" means the ratio of (1) the net tax capacity of 4d property for the local unit in the base assessment year calculated using the classification rates and first-tier limit in effect for 4d property for taxes payable in 2024, to (2) the net tax capacity of 4d property for the local unit in the base assessment year calculated using the classification rates and first-tier limit in effect for 4d property for taxes payable in 2023.

(g) "Transition tax capacity" means the greater of zero or the difference between (1) the net tax capacity of 4d property for the local unit in the base assessment year, minus (2) two percent of the total net tax capacity for the local unit in the base assessment year.

Subd. 2. **Aid amount.** In 2024 and 2025 only, transition aid for a local unit equals the product of (1) the local unit's tax rate for taxes payable in 2023, times (2) the modified transition tax capacity for the local unit.

Subd. 3. **Administration; payment schedule.** (a) For purposes of this section, net tax capacity must be determined by the commissioner of revenue based on information available to the commissioner as of July 15, 2023.

(b) The commissioner of revenue must notify a local unit of its transition aid amount before August 1 of the year preceding the aid distribution year and must pay the aid in two installments on the dates specified in Minnesota Statutes, section 477A.015.

Subd. 4. **Appropriation.** An amount sufficient to pay transition aid under this section is annually appropriated from the general fund to the commissioner of revenue.

**EFFECTIVE DATE.** This section is effective for aid payable in calendar year 2024 and 2025 only.

Sec. 8. **2019 LOCAL GOVERNMENT AID PENALTY FORGIVENESS; CITY OF ROOSEVELT; APPROPRIATION.**

(a) Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Roosevelt shall receive its aid payment for calendar year 2019 under Minnesota Statutes, section 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision 3, provided that the state auditor certifies to the commissioner of revenue that the state auditor received the annual financial reporting form for 2018 from the city as well as all forms, including the audited financial statement for calendar year 2019, by June 1, 2022. The commissioner of revenue shall make a payment of \$25,410 on July 1, 2022.

(b) An amount sufficient to pay aid under this section is appropriated in fiscal year 2023 from the general fund to the commissioner of revenue. This is a onetime appropriation.

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

**Sec. 9. 2021 AID PENALTY FORGIVENESS; CITY OF BENA.**

Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Bena must receive the city's aid payment for calendar year 2021 under Minnesota Statutes, section 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision 3, and the city's small city assistance payment for calendar year 2021 under Minnesota Statutes, section 162.145, that was withheld under Minnesota Statutes, section 162.145, subdivision 3, paragraph (c), provided that the state auditor certifies to the commissioner of revenue that the state auditor received the annual financial reporting form for 2020 from the city by June 1, 2022. The commissioner of revenue must make a payment of \$43,774 to the city by June 30, 2022.

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

**Sec. 10. 2021 AID PENALTY FORGIVENESS; CITY OF BOY RIVER.**

Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Boy River must receive the city's aid payment for calendar year 2021 under Minnesota Statutes, section 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision 3, and the city's small city assistance payment for calendar year 2021 under Minnesota Statutes, section 162.145, that was withheld under Minnesota Statutes, section 162.145, subdivision 3, paragraph (c), provided that the state auditor certifies to the commissioner of revenue that the state auditor received the annual financial reporting form for 2020 from the city by June 1, 2022. The commissioner of revenue must make a payment of \$19,578 to the city by June 30, 2022.

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

**Sec. 11. 2021 AID PENALTY FORGIVENESS; CITY OF ECHO.**

Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Echo must receive its aid payment for calendar year 2021 under Minnesota Statutes, section 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision 3, and its small city assistance payment for calendar year 2021 under Minnesota Statutes, section 162.145, that was withheld under Minnesota Statutes, section 162.145, subdivision 3, paragraph (c), provided that the state auditor certifies to the commissioner of revenue that the state auditor received the annual financial reporting

form for 2020 from the city by June 1, 2022. The commissioner of revenue must make a payment of \$46,060 to the city by June 30, 2022.

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

Sec. 12. **2021 AID PENALTY FORGIVENESS; CITY OF MORTON.**

Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Morton must receive its aid payment for calendar year 2021 under Minnesota Statutes, section 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision 3, and its small city assistance payment for calendar year 2021 under Minnesota Statutes, section 162.145, that was withheld under Minnesota Statutes, section 162.145, subdivision 3, paragraph (c), provided that the state auditor certifies to the commissioner of revenue that it received the annual financial reporting form for 2020 from the city by June 1, 2022. The commissioner of revenue must make a payment of \$79,476 to the city by June 30, 2022.

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

## ARTICLE 6

### PUBLIC FINANCE

Section 1. Minnesota Statutes 2020, section 123B.61, is amended to read:

#### **123B.61 PURCHASE OF CERTAIN EQUIPMENT.**

The board of a district may issue general obligation certificates of indebtedness or capital notes subject to the district debt limits to: (a) purchase vehicles, computers, telephone systems, cable equipment, photocopy and office equipment, technological equipment for instruction, and other capital equipment having an expected useful life at least as long as the terms of the certificates or notes; (b) purchase computer hardware and software, without regard to its expected useful life, whether bundled with machinery or equipment or unbundled, together with application development services and training related to the use of the computer; and (c) prepay special assessments. The certificates or notes must be payable in not more than ~~ten~~ 20 years and must be issued on the terms and in the manner determined by the board, ~~except that certificates or notes issued to prepay special assessments must be payable in not more than 20 years.~~ The certificates or notes may be issued by resolution and without the requirement for an election. The certificates or notes are general obligation bonds for purposes of section 126C.55. A tax levy must be made for the payment of the principal and interest on the certificates or notes, in accordance with section 475.61, as in the case of bonds. The sum of the tax levies under this section and section 123B.62 for each year must not exceed the lesser of the amount of the district's total operating capital revenue or the sum of the district's levy in the general and community service funds excluding the adjustments under this section for the year preceding the year the initial debt service levies are certified. The district's general fund levy for each year must be reduced by the sum of (1) the amount of the tax levies for debt service certified for each year for payment of the principal and interest on the certificates or notes issued under this section as required by section 475.61, (2) the amount of the tax levies for debt service certified for each year for payment of the principal and interest on bonds issued under section 123B.62, and (3)

any excess amount in the debt redemption fund used to retire bonds, certificates, or notes issued under this section or section 123B.62 after April 1, 1997, other than amounts used to pay capitalized interest. If the district's general fund levy is less than the amount of the reduction, the balance shall be deducted first from the district's community service fund levy, and next from the district's general fund or community service fund levies for the following year. A district using an excess amount in the debt redemption fund to retire the certificates or notes shall report the amount used for this purpose to the commissioner by July 15 of the following fiscal year. A district having an outstanding capital loan under section 126C.69 or an outstanding debt service loan under section 126C.68 must not use an excess amount in the debt redemption fund to retire the certificates or notes.

Sec. 2. Minnesota Statutes 2020, section 366.095, subdivision 1, is amended to read:

Subdivision 1. **Certificates of indebtedness.** The town board may issue certificates of indebtedness within the debt limits for a town purpose otherwise authorized by law. The certificates shall be payable in not more than ~~ten~~ 20 years and be issued on the terms and in the manner ~~as determined by the board may determine, provided that notes issued for projects that eliminate R-22, as defined in section 240A.09, paragraph (b), clause (2), must be payable in not more than 20 years.~~ If the amount of the certificates to be issued exceeds 0.25 percent of the estimated market value of the town, they shall not be issued for at least ten days after publication in a newspaper of general circulation in the town of the board's resolution determining to issue them. If within that time, a petition asking for an election on the proposition signed by voters equal to ten percent of the number of voters at the last regular town election is filed with the clerk, the certificates shall not be issued until their issuance has been approved by a majority of the votes cast on the question at a regular or special election. A tax levy shall be made to pay the principal and interest on the certificates as in the case of bonds.

Sec. 3. Minnesota Statutes 2020, section 373.01, subdivision 3, is amended to read:

Subd. 3. **Capital notes.** (a) A county board may, by resolution and without referendum, issue capital notes subject to the county debt limit to purchase capital equipment useful for county purposes that has an expected useful life at least equal to the term of the notes. The notes shall be payable in not more than ~~ten~~ 20 years and shall be issued on the terms and in a the manner determined by the board determines. A tax levy shall be made for payment of the principal and interest on the notes, in accordance with section 475.61, as in the case of bonds.

(b) For purposes of this subdivision, "capital equipment" means:

(1) public safety, ambulance, road construction or maintenance, ~~and~~ medical equipment, and other capital equipment; and

(2) computer hardware and software, whether bundled with machinery or equipment or unbundled, together with application development services and training related to the use of the computer hardware or software.

Sec. 4. Minnesota Statutes 2020, section 383B.117, subdivision 2, is amended to read:

Subd. 2. **Equipment acquisition; capital notes.** The board may, by resolution and without public referendum, issue capital notes within existing debt limits for the purpose of purchasing

ambulance and other medical equipment, road construction or maintenance equipment, public safety equipment and other capital equipment having an expected useful life at least equal to the term of the notes issued. The notes shall be payable in not more than ~~ten~~ 20 years and shall be issued on the terms and in a the manner as determined by the board determines, provided that notes issued for projects that eliminate R-22, as defined in section 240A.09, paragraph (b), clause (2), must be payable in not more than 20 years. The total principal amount of the notes issued for any fiscal year shall not exceed one percent of the total annual budget for that year and shall be issued solely for the purchases authorized in this subdivision. A tax levy shall be made for the payment of the principal and interest on such notes as in the case of bonds. For purposes of this subdivision, "equipment" includes computer hardware and software, whether bundled with machinery or equipment or unbundled. For purposes of this subdivision, the term "medical equipment" includes computer hardware and software and other intellectual property for use in medical diagnosis, medical procedures, research, record keeping, billing, and other hospital applications, together with application development services and training related to the use of the computer hardware and software and other intellectual property, all without regard to their useful life. For purposes of determining the amount of capital notes which the county may issue in any year, the budget of the county and Hennepin Healthcare System, Inc. shall be combined and the notes issuable under this subdivision shall be in addition to obligations issuable under section 373.01, subdivision 3.

Sec. 5. Minnesota Statutes 2020, section 410.32, is amended to read:

**410.32 CITIES MAY ISSUE CAPITAL NOTES FOR CAPITAL EQUIPMENT.**

(a) Notwithstanding any contrary provision of other law or charter, a home rule charter city may, by resolution and without public referendum, issue capital notes subject to the city debt limit to purchase capital equipment.

(b) For purposes of this section, "capital equipment" means:

(1) public safety equipment, ambulance and other medical equipment, road construction and maintenance equipment, and other capital equipment; and

(2) computer hardware and software, whether bundled with machinery or equipment or unbundled, together with application development services and training related to the use of the computer hardware and software.

(c) The equipment or software must have an expected useful life at least as long as the term of the notes.

(d) The notes shall be payable in not more than ~~ten~~ 20 years and be issued on the terms and in the manner determined by the city determines, provided that notes issued for projects that eliminate R-22, as defined in section 240A.09, paragraph (b), clause (2), must be payable in not more than 20 years. The total principal amount of the capital notes issued in a fiscal year shall not exceed 0.03 percent of the estimated market value of taxable property in the city for that year.

(e) A tax levy shall be made for the payment of the principal and interest on the notes, in accordance with section 475.61, as in the case of bonds.

(f) Notes issued under this section shall require an affirmative vote of two-thirds of the governing body of the city.

(g) Notwithstanding a contrary provision of other law or charter, a home rule charter city may also issue capital notes subject to its debt limit in the manner and subject to the limitations applicable to statutory cities pursuant to section 412.301.

Sec. 6. Minnesota Statutes 2020, section 412.301, is amended to read:

**412.301 FINANCING PURCHASE OF CERTAIN EQUIPMENT.**

(a) The council may issue certificates of indebtedness or capital notes subject to the city debt limits to purchase capital equipment.

(b) For purposes of this section, "capital equipment" means:

(1) public safety equipment, ambulance and other medical equipment, road construction and maintenance equipment, and other capital equipment; and

(2) computer hardware and software, whether bundled with machinery or equipment or unbundled, together with application development services and training related to the use of the computer hardware or software.

(c) The equipment or software must have an expected useful life at least as long as the terms of the certificates or notes.

(d) Such certificates or notes shall be payable in not more than ~~ten~~ 20 years and shall be issued on ~~such the terms and in such the manner as determined by the council may determine, provided, however, that notes issued for projects that eliminate R-22, as defined in section 240A.09, paragraph (b), clause (2), must be payable in not more than 20 years.~~

(e) If the amount of the certificates or notes to be issued to finance any such purchase exceeds 0.25 percent of the estimated market value of taxable property in the city, they shall not be issued for at least ten days after publication in the official newspaper of a council resolution determining to issue them; and if before the end of that time, a petition asking for an election on the proposition signed by voters equal to ten percent of the number of voters at the last regular municipal election is filed with the clerk, such certificates or notes shall not be issued until the proposition of their issuance has been approved by a majority of the votes cast on the question at a regular or special election.

(f) A tax levy shall be made for the payment of the principal and interest on such certificates or notes, in accordance with section 475.61, as in the case of bonds.

**ARTICLE 7**

**LOCAL SALES TAXES**

Section 1. Minnesota Statutes 2020, section 297A.99, subdivision 3, is amended to read:



Subd. 3. **Legislative authority required before voter approval; requirements for adoption, use, termination.** (a) A political subdivision must receive legislative authority to impose a local sales tax before submitting the tax for approval by voters of the political subdivision. Imposition of a local sales tax is subject to approval by voters of the political subdivision at a general election. The election must be conducted at a general election within the two-year period after the governing body of the political subdivision has received authority to impose the tax. If the authorizing legislation allows the tax to be imposed for more than one project, ~~there must be~~ the political subdivision is not required to present each project on the ballot. The political subdivision may present a separate question approving the use of the tax revenue for each project. Regardless of whether the ballot presents a separate question for each project, the question must state the project or projects proposed to be funded with the tax, the amount for each project proposed to be funded with the tax, and the estimated length of time the tax will be in effect. Notwithstanding the authorizing legislation, a project that is not approved by the voters may not be funded with the local sales tax revenue and the termination date of the tax set in the authorizing legislation must be reduced proportionately based on the share of that project's cost to the total costs of all projects included in the authorizing legislation.

(b) The proceeds of the tax must be dedicated exclusively to payment of the construction and rehabilitation costs and associated bonding costs related to the specific capital improvement projects that were approved by the voters under paragraph (a).

(c) The tax must terminate after the revenues raised are sufficient to fund the projects approved by the voters under paragraph (a).

(d) After a sales tax imposed by a political subdivision has expired or been terminated, the political subdivision is prohibited from imposing a local sales tax for a period of one year.

(e) Notwithstanding paragraph (a), if a political subdivision received voter approval to seek authority for a local sales tax at the November 6, 2018, general election and is granted authority to impose a local sales tax before January 1, 2021, the tax may be imposed without an additional referendum provided that it meets the requirements of subdivision 2 and the list of specific projects contained in the resolution does not conflict with the projects listed in the approving referendum.

(f) If a tax is terminated because sufficient revenues have been raised, any amount of tax collected under subdivision 9, after sufficient revenues have been raised and before the quarterly termination required under subdivision 12, paragraph (a), that is greater than the average quarterly revenues collected over the immediately preceding 12 calendar months must be retained by the commissioner for deposit in the general fund.

**EFFECTIVE DATE.** This section is effective for local sales taxes authorized in Laws 2021, First Special Session chapter 14, article 8, and thereafter.

Sec. 2. Minnesota Statutes 2020, section 469.190, subdivision 7, is amended to read:

Subd. 7. **Collection.** The statutory or home rule charter city, town, or county when the county board is acting as a town board with respect to an unorganized territory may agree with the commissioner of revenue that a tax imposed pursuant to this section shall be collected by the commissioner together with the tax imposed by chapter 297A, and subject to the same interest,

penalties, and other rules and that its proceeds, less the cost of collection, shall be remitted to the city.

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

Sec. 3. Laws 1998, chapter 389, article 8, section 43, as amended by Laws 2005, First Special Session chapter 3, article 5, sections 28, 29, and 30, Laws 2011, First Special Session chapter 7, article 4, sections 5, 6, and 7, and Laws 2013, chapter 143, article 10, sections 11, 12, and 13, is amended by adding a subdivision to read:

**Subd. 1a. Authorization; extension.** Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Rochester may extend the sales and use tax of one-half of one percent authorized under subdivision 1, paragraph (a), for the purposes specified in subdivision 3a. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

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

Sec. 4. Laws 1998, chapter 389, article 8, section 43, as amended by Laws 2005, First Special Session chapter 3, article 5, sections 28, 29, and 30, Laws 2011, First Special Session chapter 7, article 4, sections 5, 6, and 7, and Laws 2013, chapter 143, article 10, sections 11, 12, and 13, is amended by adding a subdivision to read:

**Subd. 3a. Use of sales and use tax revenues; additional projects.** The revenues derived from the extension of the tax authorized under subdivision 1a must be used by the city of Rochester to pay the costs of collecting and administering the tax and paying for the following projects in the city, including securing and paying debt service on bonds issued to finance all or part of the following projects:

**(1) notwithstanding Minnesota Statutes, section 297A.99, subdivision 2, paragraph (d), \$50,000,000, plus associated bonding costs for the housing vitality fund;**

**(2) notwithstanding Minnesota Statutes, section 297A.99, subdivision 2, paragraph (d), \$50,000,000, plus associated bonding costs for street reconstruction;**

**(3) notwithstanding Minnesota Statutes, section 297A.99, subdivision 2, paragraph (d), \$40,000,000, plus associated bonding costs for flood control and water quality; and**

**(4) \$65,000,000, plus associated bonding costs for a Regional Community and Recreation Complex.**

**EFFECTIVE DATE.** This section is effective the day after compliance by the governing body of the city of Rochester with Minnesota Statutes, section 645.021.

Sec. 5. Laws 1998, chapter 389, article 8, section 43, as amended by Laws 2005, First Special Session chapter 3, article 5, sections 28, 29, and 30, Laws 2011, First Special Session chapter 7, article 4, sections 5, 6, and 7, and Laws 2013, chapter 143, article 10, sections 11, 12, and 13, is amended by adding a subdivision to read:

**Subd. 4a. Bonding authority; additional projects and extension of tax.** (a) The city of Rochester may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in subdivision 3a and approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued under this subdivision may not exceed \$205,000,000 for the projects described in subdivision 3a, plus an amount to be applied to the payment of the costs of issuing the bonds.

(b) The bonds may be paid from or secured by any funds available to the city of Rochester, including the tax authorized under subdivision 1a and the full faith and credit of the city. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The bonds are not included in computing any debt limitation applicable to the city of Rochester, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

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

Sec. 6. Laws 1998, chapter 389, article 8, section 43, subdivision 5, as amended by Laws 2005, First Special Session chapter 3, article 5, section 30, Laws 2011, First Special Session chapter 7, article 4, section 7, and Laws 2013, chapter 143, article 10, section 13, is amended to read:

**Subd. 5. Termination of taxes.** (a) The taxes imposed under subdivisions 1 and 2 expire at the later of (1) December 31, 2009, or (2) when the city council determines that sufficient funds have been received from the taxes to finance the first \$71,500,000 of capital expenditures and bonds for the projects authorized in subdivision 3, including the amount to prepay or retire at maturity the principal, interest, and premium due on any bonds issued for the projects under subdivision 4, unless the taxes are extended as allowed in paragraph (b). Any funds remaining after completion of the project and retirement or redemption of the bonds shall also be used to fund the projects under subdivision 3. The taxes imposed under subdivisions 1 and 2 may expire at an earlier time if the city so determines by ordinance.

(b) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Rochester may, by ordinance, extend the taxes authorized in subdivisions 1 and 2 beyond December 31, 2009, if approved by the voters of the city at a special election in 2005 or the general election in 2006. The question put to the voters must indicate that an affirmative vote would allow up to an additional \$40,000,000 of sales tax revenues be raised and up to \$40,000,000 of bonds to be issued above the amount authorized in the June 23, 1998, referendum for the projects specified in subdivision 3. If the taxes authorized in subdivisions 1 and 2 are extended under this paragraph, the taxes expire when the city council

determines that sufficient funds have been received from the taxes to finance the projects and to prepay or retire at maturity the principal, interest, and premium due on any bonds issued for the projects under subdivision 4. Any funds remaining after completion of the project and retirement or redemption of the bonds may be placed in the general fund of the city.

(c) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Rochester may, by ordinance, extend the taxes authorized in subdivisions 1, paragraph (a), and 2, up to December 31, 2049, provided that all additional revenues above those necessary to fund the projects and associated financing costs listed in subdivision 3, paragraphs (a) to (e), are committed to fund public infrastructure projects contained in the development plan adopted under Minnesota Statutes, section 469.43, including all financing costs; otherwise the taxes terminate when the city council determines that sufficient funds have been received from the taxes to finance expenditures and bonds for the projects authorized in subdivision 3, paragraphs (a) to (e), plus an amount equal to the costs of issuance of the bonds and including the amount to prepay or retire at maturity the principal, interest, and premiums due on any bonds issued for the projects under subdivision 4.

(d) The tax imposed under subdivision 1, paragraph (b), expires at the earlier of December 31, 2049, or when the city council determines that sufficient funds have been raised from the tax plus all other city funding sources authorized in this article to meet the city obligation for financing the public infrastructure projects contained in the development plan adopted under Minnesota Statutes, section 469.43, including all financing costs.

(e) The tax imposed under subdivision 1a expires at the earlier of (1) 16-1/2 years after first imposed, or (2) when the city council determines that the amount of revenues received from the tax is sufficient to pay for the project costs authorized under subdivision 3a for projects approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance of the bonds under subdivision 4a, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of the city. The tax imposed under subdivision 1a may expire at an earlier time if the city so determines by ordinance.

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

Sec. 7. Laws 2008, chapter 366, article 7, section 17, is amended to read:

Sec. 17. **COOK COUNTY; LODGING AND ADMISSIONS TAXES TAX.**

Subdivision 1. **Lodging tax.** Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, the Board of Commissioners of Cook County may impose, by ordinance, a tax of up to one percent on the gross receipts subject to the lodging tax under Minnesota Statutes, section 469.190. This tax is in addition to any tax imposed under Minnesota

Statutes, section 469.190, and the total tax imposed under that section and this provision must not exceed four percent.

~~Subd. 2. **Admissions and recreation tax.** Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, the Board of Commissioners of Cook County may impose, by ordinance, a tax of up to three percent on admissions to entertainment and recreational facilities and rental of recreation equipment.~~

Subd. 3. **Use of taxes.** The ~~taxes tax~~ tax imposed in ~~subdivisions~~ subdivision 1 and 2 must be used to fund a new Cook County Event and Visitors Bureau as established by the Board of Commissioners of Cook County. The Board of Commissioners of Cook County must annually review the budget of the Cook County Event and Visitors Bureau. The event and visitors bureau may not receive revenues raised from the ~~taxes tax~~ tax imposed in ~~subdivisions~~ subdivision 1 and 2 until the board of commissioners approves the annual budget.

Subd. 4. **Termination.** The ~~taxes tax~~ tax imposed in ~~subdivisions~~ subdivision 1 and 2 ~~terminate 15~~ terminates 30 years after they are it is first imposed.

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

Sec. 8. Laws 2011, First Special Session chapter 7, article 4, section 14, is amended to read:

Sec. 14. **CITY OF MARSHALL; SALES AND USE TAX.**

Subdivision 1. **Authorization.** Notwithstanding Minnesota Statutes, section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city charter, the city of Marshall, if approved by the voters at a general election held within two years of the date of final enactment of this section, may impose the tax authorized under subdivision 2. Two separate ballot questions must be presented to the voters, one for each of the two facility projects named in subdivision 3.

Subd. 2. **Sales and use tax authorized.** The city of Marshall may impose by ordinance a sales and use tax of up to one-half of one percent for the purposes specified in subdivision 3. The provisions of Minnesota Statutes, section 297A.99, except subdivisions 1 and 2, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

Subd. 2a. **Authorization; extension.** Notwithstanding Minnesota Statutes, section 297A.99, subdivision 3, paragraph (d), or 477A.016, or any other law, ordinance, or city charter, after payment of the bonds authorized under subdivision 4, and if approved by the voters at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Marshall may extend the sales and use tax of one-half of one percent authorized under subdivision 2 for the purposes specified in subdivision 3a. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 3. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 2 must be used by the city of Marshall to pay the costs of collecting and administering the sales and use tax and to pay all or part of the costs of the new and existing facilities of the

Minnesota Emergency Response and Industry Training Center and all or part of the costs of the new facilities of the Southwest Minnesota Regional Amateur Sports Center. Authorized expenses include, but are not limited to, acquiring property, predesign, design, and paying construction, furnishing, and equipment costs related to these facilities and paying debt service on bonds or other obligations issued by the city of Marshall under subdivision 4 to finance the capital costs of these facilities.

Subd. 3a. **Use of sales and use tax revenues; aquatic center.** The revenues derived from the extension of the tax authorized under subdivision 2a must be used by the city of Marshall to pay the costs of collecting and administering the tax and paying for \$16,000,000 plus associated bonding costs for the construction of a new municipal aquatic center in the city, including securing and paying debt service on bonds issued to finance the project.

Subd. 4. **Bonds.** (a) If the imposition of a sales and use tax is approved by the voters, the city of Marshall may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in subdivision 3, and may issue bonds to refund bonds previously issued. The aggregate principal amount of bonds issued under this subdivision may not exceed \$17,290,000, plus an amount to be applied to the payment of the costs of issuing the bonds. The bonds may be paid from or secured by any funds available to the city of Marshall, including the tax authorized under subdivision 2.

(b) The bonds are not included in computing any debt limitation applicable to the city of Marshall, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds, is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4a. **Bonds; additional use and extension of tax.** (a) After payment of the bonds authorized under subdivision 4, the city of Marshall may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in subdivision 2a and approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued under this subdivision may not exceed \$16,000,000, plus an amount to be applied to the payment of the costs of issuing the bonds.

(b) The bonds may be paid from or secured by any funds available to the city of Marshall, including the tax authorized under subdivision 2a. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The bonds are not included in computing any debt limitation applicable to the city of Marshall, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 5. **Termination of taxes.** (a) The tax imposed under subdivision 2 expires at the earlier of (1) 15 years after the tax is first imposed, or (2) when the city council determines that the amount of revenues received from the tax to pay for the capital and administrative costs of the facilities under subdivision 3 first equals or exceeds the amount authorized to be spent for the facilities plus the additional amount needed to pay the costs related to issuance of the bonds under subdivision 4, including interest on the bonds. Any funds remaining after payment of all such costs and retirement

or redemption of the bonds shall be placed in the general fund of the city. The tax imposed under subdivision 2 may expire at an earlier time if the city so determines by ordinance.

(b) The tax imposed under subdivision 2a expires at the earlier of (1) 30 years after the tax under subdivision 2 is first imposed, or (2) when the city council determines that the amount of revenues received from the tax is sufficient to pay for the project costs authorized under subdivision 3a for the project approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance of the bonds under subdivision 4a, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of the city. The tax imposed under subdivision 2a may expire at an earlier time if the city so determines by ordinance.

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

Sec. 9. Laws 2021, First Special Session chapter 14, article 8, section 14, subdivision 4, is amended to read:

Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the earlier of: (1) ~~22~~ 30 years after the tax is first imposed; or (2) when the city council determines that the amount received from the tax is sufficient to pay for the project costs authorized under subdivision 2 for the project approved by voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

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

Sec. 10. Laws 2021, First Special Session chapter 14, article 8, section 15, is amended to read:

**Sec. 15. CITY OF OAKDALE; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 477A.016, or any other ordinance or city charter, and if approved by the voters at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Oakdale may impose, by ordinance, a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of Oakdale to pay the costs of collecting and administering the tax and paying for the following projects in the city, including securing and paying debt service on bonds issued to finance all or part of the following projects:

(1) \$22,000,000 plus associated bonding costs for construction of a new public works facility; and

(2) \$15,000,000 plus associated bonding costs for construction and rehabilitation, and associated building costs of the police department facility.

Subd. 3. **Bonding authority.** (a) The city of Oakdale may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed: (1) \$22,000,000 for the project listed in subdivision 2, clause (1), plus an amount applied to the payment of costs of issuing the bonds; and (2) \$15,000,000 for the projects listed in subdivision 2, clause (2), plus an amount applied to the payment of costs of issuing the bonds. The bonds may be paid from or secured by any funds available to the city of Oakdale, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(b) The bonds are not included in computing any debt limitation applicable to the city. Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the earlier of: (1) ~~25~~ 30 years after the tax is first imposed; or (2) when the city council determines that the city has received from this tax \$37,000,000 to fund the projects listed in subdivision 2, plus an amount sufficient to pay costs related to issuance of any bonds authorized in subdivision 3, including interest on the bonds. Except as otherwise provided under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to timing of the termination under Minnesota Statutes, section 297A.99, shall be placed in the city's general fund. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

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

Sec. 11. Laws 2021, First Special Session chapter 14, article 8, section 20, subdivision 2, is amended to read:

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of Waite Park to pay the costs of collecting and administering the tax and for the following projects in the city, including securing and paying debt service on bonds issued to finance all or part of the following projects:



(1) up to \$7,500,000 plus associated bonding costs for regional trail connections; ~~and~~

(2) up to \$20,000,000 plus associated bonding costs for construction and equipping of a public safety facility; and

(3) notwithstanding Minnesota Statutes, section 297A.99, subdivision 2, paragraph (d), up to \$15,500,000 plus associated bonding costs for the 10th Avenue regional corridor project.

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

Sec. 12. Laws 2021, First Special Session chapter 14, article 8, section 20, subdivision 3, is amended to read:

Subd. 3. **Bonding authority.** (a) The city of Waite Park may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued under this subdivision may not exceed:

(1) ~~\$7,500,000~~ \$43,000,000 for the ~~project~~ projects listed in subdivision 2, ~~clause (1),~~ plus an amount needed to pay capitalized interest and an amount to be applied to the payment of the costs of issuing the bonds; ~~and~~

(2) ~~\$20,000,000~~ for the ~~project~~ listed in subdivision 2, ~~clause (2),~~ plus an amount needed to pay capitalized interest and an amount to be applied to the payment of the costs of issuing the bonds.

(b) The bonds may be paid from or secured by any funds available to the city of Waite Park, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

~~(b)~~ (c) The bonds are not included in computing any debt limitation applicable to the city of Waite Park, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

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

Sec. 13. Laws 2021, First Special Session chapter 14, article 8, section 20, subdivision 4, is amended to read:

Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) ~~19~~ 20 years after the tax is first imposed, or (2) when the city council determines that the amount received from the tax is sufficient to pay for the project costs authorized under subdivision 2 for projects approved by voters as required

under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

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

Sec. 14. **CITY OF AITKIN; TAXES AUTHORIZED.**

**Subdivision 1. Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Aitkin may impose by ordinance a sales and use tax of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

**Subd. 2. Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of Aitkin to pay the costs of collecting and administering the tax and paying for the following projects in the city, including securing and paying debt service on bonds issued to finance all or part of the following projects:

- (1) \$8,300,000 plus associated bonding costs for construction of a new municipal building; and
- (2) \$1,000,000 plus associated bonding costs for improvements to parks and trails.

**Subd. 3. Bonding authority.** (a) The city of Aitkin may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued under this subdivision may not exceed \$9,300,000 for the projects listed in subdivision 2, plus an amount to be applied to the payment of the costs of issuing the bonds.

(b) The bonds may be paid from or secured by any funds available to the city of Aitkin, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The bonds are not included in computing any debt limitation applicable to the city of Aitkin, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 19 years after being first imposed, or (2) when the city council determines that the amount received from the tax is sufficient to pay for the project costs authorized under subdivision 2 for projects approved by voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

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

**Sec. 15. CITY OF BLACKDUCK; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Blackduck may impose by ordinance a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of Blackduck to pay the costs of collecting and administering the tax and paying for the following projects in the city, including securing and paying debt service on bonds issued to finance all or part of the following projects:

- (1) \$200,000 plus associated bonding costs for improvements to a city campground;
- (2) \$300,000 plus associated bonding costs for improvements to a walking trail;
- (3) \$250,000 plus associated bonding costs for improvements to a wayside rest;
- (4) \$150,000 plus associated bonding costs for golf course irrigation improvements; and
- (5) \$100,000 plus associated bonding costs for reconstruction of a library.

Subd. 3. **Bonding authority.** (a) The city of Blackduck may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued under this subdivision may not exceed \$1,000,000 for the projects listed in subdivision 2, plus an amount to be applied to the payment of the costs of issuing the bonds.

(b) The bonds may be paid from or secured by any funds available to the city of Blackduck, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The bonds are not included in computing any debt limitation applicable to the city of Blackduck, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years after being first imposed, or (2) when the city council determines that the amount received from the tax is sufficient to pay for the project costs authorized under subdivision 2 for projects approved by voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

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

Sec. 16. **CITY OF BLOOMINGTON; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Bloomington may impose by ordinance a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. **Use of sales and use tax revenues.** (a) The revenues derived from the tax authorized under subdivision 1 must be used by the city of Bloomington to pay the costs of collecting and administering the tax and paying for the following projects in the city, including securing and paying debt service on bonds issued to finance all or part of the following projects:

(1) \$32,000,000 plus associated bonding costs for construction of improvements and rehabilitation of the Bloomington Ice Garden and associated infrastructure;

(2) \$70,000,000 plus associated bonding costs for construction of a new Community Health and Wellness Center and associated infrastructure;

(3) \$33,000,000 plus associated bonding costs for construction of an expansion to the Bloomington Center for the Arts Concert Hall and associated infrastructure; and

(4) \$15,000,000 plus associated bonding costs for construction of and improvements to the Dwan Golf Course and associated infrastructure.

(b)(1) For purposes of this subdivision, "associated infrastructure" includes any or all of the following activities: demolition, reconstruction, expansion, improvement, construction, or rehabilitation, related to the existing facility or the new project, or both.

(2) Associated infrastructure activities described in clause (1) include but are not limited to the following activities associated with the capital project or projects that are needed for safe access or use: facilities, roads, lighting, sidewalks, parking, landscaping, or utilities.

(3) Costs include all the costs associated with delivering the projects.

Subd. 3. **Bonding authority.** (a) The city of Bloomington may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued under this subdivision may not exceed \$150,000,000 for the projects listed in subdivision 2, plus an amount to be applied to the payment of the costs of issuing the bonds.

(b) The bonds may be paid from or secured by any funds available to the city of Bloomington, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The bonds are not included in computing any debt limitation applicable to the city of Bloomington, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years after being first imposed, or (2) when the city council determines that the amount received from the tax is sufficient to pay for the project costs authorized under subdivision 2 for projects approved by voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

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

Sec. 17. **CITY OF BROOKLYN CENTER; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Brooklyn Center may impose by ordinance a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of Brooklyn Center to pay the costs of collecting and administering the tax and to finance up to \$55,000,000, plus associated bonding costs, for the renovation and expansion of the Brooklyn Center Community Center.

Subd. 3. **Bonding authority.** (a) The city of Brooklyn Center may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed \$55,000,000 plus an amount to be applied to the payment of the costs of issuing the bonds.

(b) The bonds may be paid from or secured by any funds available to the city of Brooklyn Center, including the tax authorized under subdivision 1 and the full faith and credit of the city. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The bonds are not included in computing any debt limitation applicable to the city of Brooklyn Center and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years after being first imposed, or (2) when the city council determines that the amount received from the tax is sufficient to pay for the project costs authorized under subdivision 2 for projects approved by voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

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

Sec. 18. **CITY OF EAST GRAND FORKS; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of East Grand Forks may impose by ordinance a sales and use tax of 1.25 percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of East Grand Forks to pay the costs of collecting and administering the tax and paying for the following projects in the city, including securing and paying debt service on bonds issued to finance all or part of the following projects:

(1) \$15,500,000 plus associated bonding costs for reconstruction and remodeling of, and upgrades and additions to, the Civic Center Sports Complex; and

(2) \$6,000,000 plus associated bonding costs for reconstruction and remodeling of, and upgrades and additions to, the VFW Memorial and Blue Line Arena.

Subd. 3. **Bonding authority.** (a) The city of East Grand Forks may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued under this subdivision may not exceed \$21,000,000 for the projects listed in subdivision 2, plus an amount to be applied to the payment of the costs of issuing the bonds.

(b) The bonds may be paid from or secured by any funds available to the city of East Grand Forks, including the tax authorized under subdivision 1 and the full faith and credit of the city. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The bonds are not included in computing any debt limitation applicable to the city of East Grand Forks and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years after being first imposed, or (2) when the city council determines that the amount received from the tax is sufficient to pay for the project costs authorized under subdivision 2 for projects approved by voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed

in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

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

Sec. 19. **CITY OF GOLDEN VALLEY; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Golden Valley may impose by ordinance a sales and use tax of three-quarters of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of Golden Valley to pay the costs of collecting and administering the tax and paying for the following projects in the city, including securing and paying debt service on bonds issued to finance all or part of the following projects:

(1) \$38,000,000 plus associated bonding costs for construction of a new public works facility; and

(2) \$35,000,000 plus associated bonding costs for construction of a new public safety facility.

Subd. 3. **Bonding authority.** (a) The city of Golden Valley may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued under this subdivision may not exceed \$73,000,000 for the projects listed in subdivision 2, plus an amount to be applied to the payment of the costs of issuing the bonds.

(b) The bonds may be paid from or secured by any funds available to the city of Golden Valley, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The bonds are not included in computing any debt limitation applicable to the city of Golden Valley, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 30 years after the tax is first imposed, or (2) when the city council determines that the amount received from the tax is sufficient to pay for the project costs authorized under subdivision 2 for projects approved by voters as required



under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, must be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

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

**Sec. 20. CITY OF HENDERSON; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Henderson may impose by ordinance a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of Henderson to pay the costs of collecting and administering the tax, and to finance up to \$240,000 plus associated bonding costs for the Allanson's Park Campground and Trail project. Authorized project costs include improvements to trails, improvements to the park campground and related facilities, utility improvements, handicap access improvements, and other improvements related to linkage to other local trails, as well as the associated bond costs for any bonds issued under subdivision 3.

Subd. 3. **Bonding authority.** (a) The city of Henderson may issue bonds under Minnesota Statutes, chapter 475, to finance up to \$240,000 of the portion of the costs of the project authorized in subdivision 2, and approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued under this subdivision may not exceed \$240,000 plus an amount to be applied to the payment of the costs of issuing the bonds.

(b) The bonds may be paid from or secured by any funds available to the city of Henderson, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The bonds are not included in computing any debt limitation applicable to the city of Henderson, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of: (1) 15 years after the tax is first imposed; or (2) when the city council determines that the amount received from the tax is sufficient to pay for the project costs authorized under subdivision 2 for projects approved by voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

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

**Sec. 21. LAKE OF THE WOODS COUNTY LODGING TAX AUTHORIZED.**

(a) Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, and subject to the limitation in paragraph (b), the Board of Commissioners of Lake of the Woods County may impose, by ordinance, a tax of up to three percent on gross receipts in Lake of the Woods County subject to the lodging tax provisions under Minnesota Statutes, section 469.190.

(b) The provisions of paragraph (a) do not apply to the city of Baudette or any statutory or home rule city or town located in Lake of the Woods County that imposes a lodging tax under Minnesota Statutes, section 469.190. The total tax imposed under Minnesota Statutes, section 469.190, and this section must not exceed three percent.

(c) To the extent not inconsistent with Minnesota Statutes, section 469.190, this section is governed by Minnesota Statutes, section 469.190.

(d) Revenues derived from taxes imposed under this section must be used to fund a new Lake of the Woods County Event and Visitors Bureau, as established by the Board of Commissioners of Lake of the Woods County, for purposes of marketing Lake of the Woods County. The Board of Commissioners must annually review the budget of the Event and Visitors Bureau. The Event and Visitors Bureau may receive revenues raised from the taxes imposed under this section only upon annual approval by the Board of Commissioners of the Event and Visitors Bureau budget.

**EFFECTIVE DATE.** This section is effective the day after the governing body of Lake of the Woods County and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

**Sec. 22. CITY OF PARK RAPIDS; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at a general election as required under Minnesota Statutes, section 297A.99, subdivision

3, the city of Park Rapids may impose by ordinance a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. **Use of sales and use tax revenues.** Notwithstanding the requirements of Minnesota Statutes, section 297A.99, subdivision 2, paragraph (d), the revenues derived from the tax authorized under subdivision 1 must be used by the city of Park Rapids to pay the costs of collecting and administering the tax and paying for the following arterial roadway improvement projects in the city, including securing and paying debt service on bonds issued to finance all or part of the following projects:

(1) \$3,201,000, plus associated bonding costs, for improvements to 12th Street and Eastern Avenue from the southeast into the city;

(2) \$2,377,000, plus associated bonding costs, for improvements to 8th Street and Fishhook Avenue from the south into the city;

(3) \$1,309,500, plus associated bonding costs, for improvements to Kaywood Drive on the north side into the city and the Walmart retail area;

(4) \$1,261,000, plus associated bonding costs, for improvements to Huntsinger Avenue on the east side into the city and near Park Rapids High School; and

(5) \$651,500, plus associated bonding costs, for improvements to Main Avenue South into the city's downtown business district.

Subd. 3. **Bonding authority.** (a) The city of Park Rapids may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued under this subdivision may not exceed \$8,799,500 for the projects listed in subdivision 2, plus an amount to be applied to the payment of the costs of issuing the bonds.

(b) The bonds may be paid from or secured by any funds available to the city of Park Rapids, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The bonds are not included in computing any debt limitation applicable to the city of Park Rapids, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years after the tax is first imposed, or (2) when the city council determines that the amount received from the tax is sufficient to pay for the project costs authorized under subdivision 2 for projects approved by voters as required

under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, must be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

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

Sec. 23. **CITY OF PROCTOR; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Proctor may impose by ordinance a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of Proctor to pay the costs of collecting and administering the tax and to finance up to \$3,850,000 plus associated bonding costs for construction of a new regional and statewide trail spur in the city, including securing and paying debt service on bonds issued to finance all or part of the project.

Subd. 3. **Bonding authority.** (a) The city of Proctor may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed \$3,850,000, plus an amount to be applied to the payment of the costs of issuing the bonds.

(b) The bonds may be paid from or secured by any funds available to the city of Proctor, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The bonds are not included in computing any debt limitation applicable to the city of Proctor, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years after being first imposed, or (2) when the city council determines that the amount received from the tax is sufficient to pay for the project costs authorized under subdivision 2, plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as

otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

**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. 24. **RICE COUNTY; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 477A.016, or any other law or ordinance, and if approved by the voters at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3, Rice County may impose by ordinance a sales and use tax of three-eighths of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by Rice County to pay the costs of collecting and administering the tax and paying for up to \$77,000,000 plus associated bonding costs for construction of a public safety facility in the county, including associated bond costs for any bonds issued under subdivision 3.

Subd. 3. **Bonding authority.** (a) Rice County may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued under this subdivision may not exceed \$77,000,000, plus an amount to be applied to the payment of the costs of issuing the bonds.

(b) The bonds may be paid from or secured by any funds available to Rice County, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The bonds are not included in computing any debt limitation applicable to Rice County, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 30 years after being first imposed, or (2) when the county board of commissioners determines that the amount received from the tax is sufficient to pay for the project costs authorized under subdivision 2, plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the

termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of the county. The tax imposed under subdivision 1 may expire at an earlier time if the county so determines by ordinance.

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

Sec. 25. **CITY OF ROSEVILLE; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Roseville may impose by ordinance a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of Roseville to pay the costs of collecting and administering the tax and paying for the following projects in the city, including securing and paying debt service on bonds issued to finance all or part of the following projects:

(1) \$42,000,000 plus associated bonding costs for construction of a new maintenance facility;

(2) \$7,000,000 plus associated bonding costs for construction of a new license and passport center; and

(3) \$16,000,000 plus associated bonding costs for construction of a pedestrian bridge.

Subd. 3. **Bonding authority.** (a) The city of Roseville may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued under this subdivision may not exceed \$65,000,000 for the projects listed in subdivision 2, plus an amount to be applied to the payment of the costs of issuing the bonds.

(b) The bonds may be paid from or secured by any funds available to the city of Roseville, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The bonds are not included in computing any debt limitation applicable to the city of Roseville, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 16 years after the tax is first imposed, or (2) when the city council determines that the amount received from the tax is sufficient to pay for the project costs authorized under subdivision 2 for projects approved by voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

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

Sec. 26. **WINONA COUNTY; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3, Winona County may impose, by ordinance, a sales and use tax of one-quarter of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by Winona County to pay the costs of collecting and administering the tax, and to finance up to \$28,000,000 plus associated bonding costs for construction of a new correctional facility or upgrades to an existing correctional facility, as well as the associated bond costs for any bonds issued under subdivision 3.

Subd. 3. **Bonding authority.** (a) Winona County may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed \$28,000,000, plus an amount applied to the payment of costs of issuing the bonds.

(b) The bonds may be paid from or secured by any funds available to the county, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The bonds are not included in computing any debt limitation applicable to the county. Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the earlier of: (1) 25 years after the tax is first imposed; or (2) when the county determines that it has received from this tax \$28,000,000 to fund the project listed in subdivision 2, plus an amount sufficient to pay costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the county's general fund. The tax imposed under subdivision 1 may expire at an earlier time if the county determines by ordinance.

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

Sec. 27. **PANDEMIC-RELATED CONSTRUCTION COSTS; TEMPORARY AUTHORITY FOR INCREASE.**

(a) This section is intended as a response to pandemic-related increases in construction costs for projects funded by local sales taxes governed under Minnesota Statutes, section 297A.99.

(b) Notwithstanding Minnesota Statutes, section 297A.99, subdivision 2, the amount authorized to finance projects authorized in Laws 2021, First Special Session chapter 14, article 8, may be increased by up to \$3,000,000. This limitation applies to the total amount for all projects included in the authorization for a political subdivision and does not apply to each project authorized. The governing body of the political subdivision shall adopt a resolution indicating approval of the increased amount for each project and submit the resolution to the state auditor no later than August 31 of the year the political subdivision presents the tax for voter approval as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The increase allowed under this section applies only to political subdivisions that have not held an election as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The question to approve the tax must indicate the amount approved in the resolution.

(c) Notwithstanding Minnesota Statutes, section 297A.99, subdivision 2, the amount authorized to finance a project authorized in this act may be increased by up to ten percent if the governing body of the political subdivision adopts a resolution indicating approval of the increased amount for each project and submits the resolution to the state auditor no later than August 31 of the year the political subdivision presents the tax for voter approval as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The question to approve the tax as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), must indicate the amount approved in the resolution.

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



**ARTICLE 8****TAX INCREMENT FINANCING**

Section 1. Minnesota Statutes 2020, section 469.174, subdivision 14, is amended to read:

Subd. 14. **Administrative expenses.** (a) "Administrative expenses" or "administrative costs" means all documented expenditures of an authority other than a municipality, including but not limited to:

(1) amounts paid for services provided by bond counsel, fiscal consultants, and economic development consultants;

(2) allocated expenses and staff time of the authority or municipality for administering a project, including but not limited to preparing the tax increment financing plan, negotiating and preparing agreements, accounting for segregated funds of the district, preparing and submitting required reporting for the district, and reviewing and monitoring compliance with sections 469.174 to 469.1794;

(3) amounts paid to publish annual disclosures and provide notices under section 469.175;

(4) amounts to provide for the usual and customary maintenance and operation of properties purchased with tax increments, including necessary reserves for repairs and the cost of any insurance;

(5) amounts allocated or paid to prepare a development action response plan for a soils condition district or hazardous substance subdistrict; and

(6) amounts used to pay bonds, interfund loans, or other financial obligations to the extent those obligations were used to finance costs described in clauses (1) to (5).

(b) Administrative expenses and administrative costs do not include:

(1) amounts paid for the purchase of land and buildings;

(2) amounts paid to contractors or others providing materials and services, including architectural and engineering services, directly connected with the physical development of the real property in the project, including architectural and engineering services and materials and services for demolition, soil correction, and the construction or installation of public improvements;

(3) relocation benefits paid to or services provided for persons residing or businesses located in the project;

(4) amounts used to pay principal or interest on, fund a reserve for, or sell at a discount bonds issued pursuant to section 469.178; or

(5) (4) amounts paid for property taxes or payments in lieu of taxes; and

(5) amounts used to pay principal or interest on, fund a reserve for, or sell at a discount bonds issued pursuant to section 469.178 or other financial obligations to the extent those obligations were used to finance costs described in clauses (1) to ~~(3)~~ (4).

~~For districts for which the requests for certifications were made before August 1, 1979, or after June 30, 1982, "administrative expenses" includes amounts paid for services provided by bond counsel, fiscal consultants, and planning or economic development consultants.~~

This definition does not apply to administrative expenses or administrative costs referenced under section 469.176, subdivision 4h.

**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. 2. Minnesota Statutes 2020, section 469.174, is amended by adding a subdivision to read:

Subd. 30. **Pay-as-you-go contract and note.** "Pay-as-you-go contract and note" means a written note or contractual obligation under which all of the following apply:

(1) the note or contractual obligation evidences an authority's commitment to reimburse a developer, property owner, or note holder for the payment of costs of activities, including any interest on unreimbursed costs;

(2) the reimbursement is made from tax increment revenues identified in the note or contractual obligation as received by a municipality or authority as taxes are paid; and

(3) the risk that available tax increments may be insufficient to fully reimburse the costs is borne by the developer, property owner, or note holder.

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

Sec. 3. Minnesota Statutes 2020, 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, 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 ten percent of the total tax increment expenditures for the project net of any amounts returned to the county auditor as excess increment; as returned increment under section 469.1763, subdivision 4, paragraph (g); or as remedies under section 469.1771, subdivision 2, whichever is less.

(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 ten percent of the total tax increments, as defined in section 469.174, subdivision 25, clause (1), ~~from~~ received for the district net of any amounts returned to the county auditor as excess increment; as returned increment under section 469.1763, subdivision 4, paragraph (g); or as remedies under section 469.1771, subdivision 2, whichever is less.

(c) Increments used to pay the county's administrative expenses under subdivision 4h are not subject to the percentage limits in this subdivision.

(d) Increments defined under section 469.174, subdivision 25, clause (2), used for administrative expenses described under section 469.174, subdivision 14, paragraph (a), clause (4), are not subject to the percentage limits in this subdivision.

**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. 4. Minnesota Statutes 2020, section 469.176, subdivision 4, is amended to read:

Subd. 4. **Limitation on use of tax increment; general rule.** All revenues derived from tax increment shall be used in accordance with the tax increment financing plan. The revenues shall be used solely for the following purposes: (1) to pay the principal of and interest on bonds issued to finance a project; (2) by a rural development financing authority for the purposes stated in section 469.142; by a port authority or municipality exercising the powers of a port authority to finance or otherwise pay the cost of redevelopment pursuant to sections 469.048 to 469.068; by an economic development authority to finance or otherwise pay the cost of redevelopment pursuant to sections 469.090 to 469.108; by a housing and redevelopment authority or economic development authority to finance or otherwise pay public redevelopment costs pursuant to sections 469.001 to 469.047; by a municipality or economic development authority to finance or otherwise pay the capital and administration costs of a development district pursuant to sections 469.124 to 469.133; by a municipality or authority to finance or otherwise pay the costs of developing and implementing a development action response plan; by a municipality or redevelopment agency to finance or otherwise pay premiums for insurance or other security guaranteeing the payment when due of principal of and interest on the bonds pursuant to chapter 462C, sections 469.152 to 469.165, or both, or to accumulate and maintain a reserve securing the payment when due of the principal of and interest on the bonds pursuant to chapter 462C, sections 469.152 to 469.165, or both, which revenues in the reserve shall not exceed, subsequent to the fifth anniversary of the date of issue of the first bond issue secured by the reserve, an amount equal to 20 percent of the aggregate principal amount of the outstanding and nondefeased bonds secured by the reserve; and (3) to pay administrative expenses.

**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. 5. Minnesota Statutes 2020, section 469.176, subdivision 4c, is amended to read:

Subd. 4c. **Economic development districts.** (a) Revenue derived from tax increment from an economic development district may not be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form to developments consisting of buildings and ancillary facilities, if more than 15 percent of the buildings and facilities (determined on the basis of square footage) are used for a purpose other than:

(1) the manufacturing or production of tangible personal property, including processing resulting in the change in condition of the property;

(2) warehousing, storage, and distribution of tangible personal property, excluding retail sales;

- (3) research and development related to the activities listed in clause (1) or (2);
- (4) telemarketing if that activity is the exclusive use of the property;
- (5) tourism facilities;
- (6) space necessary for and related to the activities listed in clauses (1) to (5); or
- (7) a workforce housing project that satisfies the requirements of paragraph (d).

(b) Notwithstanding the provisions of this subdivision, revenues derived from tax increment from an economic development district may be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form for up to 15,000 square feet of any separately owned commercial facility located within the municipal jurisdiction of a small city, if the revenues derived from increments are spent only to assist the facility directly or for administrative expenses, the assistance is necessary to develop the facility, and all of the increments, except those for administrative expenses, are spent only for activities within the district. If the separately owned commercial facility is a multilevel facility, the 15,000 square foot limitation under this paragraph shall apply to the first floor only. For purposes of this paragraph, "first floor" means the floor at street level.

(c) A city is a small city for purposes of this subdivision if the city was a small city in the year in which the request for certification was made and applies for the rest of the duration of the district, regardless of whether the city qualifies or ceases to qualify as a small city.

(d) A project qualifies as a workforce housing project under this subdivision if:

(1) increments from the district are used exclusively to assist in the acquisition of property; construction of improvements; and provision of loans or subsidies, grants, interest rate subsidies, public infrastructure, and related financing costs for rental housing developments in the municipality;

(2) the governing body of the municipality made the findings for the project required by section 469.175, subdivision 3, paragraph (f); and

(3) the governing bodies of the county and the school district, following receipt, review, and discussion of the materials required by section 469.175, subdivision 2, for the tax increment financing district, have each approved the tax increment financing plan, by resolution.

**EFFECTIVE DATE.** This section is effective for districts for which the request for certification was made after December 31, 2021.

Sec. 6. Minnesota Statutes 2021 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 revenues derived from tax increments paid by properties in 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 considered to be expenditures 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; or

(5) to assist owner-occupied housing that meets the requirements of section 469.1761, subdivision 2.

(e) 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.

(f) For purposes of determining whether the minimum percentage of expenditures for activities in the district and maximum percentages of expenditures allowed on activities outside the district have been met under this subdivision, any amounts returned to the county auditor as excess increment, as returned increment under subdivision 4, paragraph (g), or as remedies under section 469.1771, subdivision 2, shall first be subtracted from the total revenues derived from tax increments paid by properties in the district. Any other amounts returned to the county auditor for purposes other than a remedy under section 469.1771, subdivision 3, are considered to be expenditures for activities in the district.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to all districts with a request for certification date after April 30, 1990, except that paragraph (f) shall apply to districts decertifying after December 31, 2022.

Sec. 7. Minnesota Statutes 2021 Supplement, section 469.1763, subdivision 3, is amended to read:

Subd. 3. **Five-year rule.** (a) Revenues derived from tax increments paid by properties in the district ~~that are considered to have been~~ expended on an activity within the district ~~under~~ will instead be considered to have been expended on an activity outside the district for purposes of subdivision 2 ~~only if one of the following occurs unless:~~

(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 of the district, 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~~ revenues are spent for housing purposes as ~~permitted~~ described by subdivision 2, ~~paragraphs paragraph~~ (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, 2012, 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.

(d) For a redevelopment district that was certified after December 31, 2017, and before June 30, 2020, the five-year periods described in paragraph (a) are extended to eight years after certification of the district.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to all districts with a request for certification date after April 30, 1990.

Sec. 8. Minnesota Statutes 2021 Supplement, section 469.1763, subdivision 4, is amended to read:

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

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

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

~~(3) credit enhanced bonds to which the revenues derived from tax increments are pledged, but only to the extent that revenues of the district for which the credit enhanced bonds were issued are~~

insufficient to pay the bonds and to the extent that the increments from the applicable pooling percent share for the district are insufficient; or

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

~~(b) The (a) Beginning with the sixth year following certification of the district, or beginning with the year following the extended period for districts whose five-year period is extended under subdivision 3, paragraphs (c) and (d), a district must be decertified and the pledge of tax increment discharged when the outstanding bonds have been defeased and when sufficient money has been set aside to pay, based on the product of the applicable in-district percentage multiplied by the increment to be cumulative revenues derived from tax increments paid by properties in the district that have been collected through the end of the calendar year, equals or exceeds an amount sufficient to pay the following amounts:~~

~~(1) contractual any costs and obligations as defined described in subdivision 3, paragraph paragraphs (a), clauses (3) and (4); and (b), excluding those under a qualifying pay-as-you-go contract and note;~~

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

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

~~(2) any accrued interest on the costs and obligations in clause (1), payable in accordance with the terms thereof; and~~

~~(3) any administrative expenses falling within the exception in subdivision 2, paragraph (c).~~

~~(b) For districts with an outstanding qualifying pay-as-you-go contract and note, the required decertification under paragraph (a) is deferred until the end of the remaining term of the last outstanding qualifying pay-as-you-go contract and note, and the applicable in-district percentage of cumulative revenues derived from tax increments paid by properties in the district are sufficient to pay the obligations identified in subdivision 3, paragraphs (a) and (b), provided that the deferral shall not exceed the district's duration limit under section 469.176. During the deferral, beginning at the time paragraph (a) would otherwise require decertification, the authority must annually either:~~

~~(1) remove from the district, by the end of the year, all parcels that will no longer have their tax increment revenue pledged or subject to a qualifying pay-as-you-go contract and note or other costs and obligations described in subdivision 3, paragraphs (a) and (b), after the end of the year; or~~

~~(2) use the applicable in-district percentage of revenues derived from tax increments paid by those parcels to prepay an outstanding qualifying pay-as-you-go contract and note of the district or other costs and obligations described in subdivision 3, paragraphs (a) and (b), or to accumulate and use revenues derived from tax increments paid by those parcels as permitted under paragraph (i).~~



The authority must remove any parcels as required by this paragraph by modification of the tax increment financing plan and notify the county auditor of the removed parcels by the end of the same calendar year. Notwithstanding section 469.175, subdivision 4, paragraphs (b), clause (1), and (e), the notice, discussion, public hearing, and findings required for approval of the original plan are not required for such a modification.

(c) Notwithstanding paragraph (a) or (b), if tax increment was pledged prior to August 1, 2022, to a bond other than a pay-as-you-go contract and note or interfund loan, and the proceeds of the bond were used solely or in part to pay authorized costs for activities outside the district, the requirement to decertify under paragraph (a) or remove parcels under paragraph (b) shall not apply prior to the bond being fully paid or defeased.

(d) For purposes of this subdivision, "applicable in-district percentage" means the percentage of tax increment revenue that is restricted for expenditures within the district, as determined under subdivision 2, paragraphs (a) and (d), for the district.

(e) For purposes of this subdivision, "qualifying pay-as-you-go contract and note" means a pay-as-you-go contract and note that is considered to be for activities within the district under subdivision 3, paragraph (a).

(f) For purposes of this subdivision, the reference in paragraph (a) to cumulative revenues derived from tax increments paid by properties in the district through the end of the calendar year shall include any final settlement distributions made in the following January. For purposes of the calculation in paragraph (a), any amounts returned to the county auditor as excess increment or as remedies under section 469.1771, subdivision 2, shall first be subtracted from the cumulative revenues derived from tax increments paid by properties in the district.

(g) The timing and implementation of a decertification pursuant to paragraphs (a) and (b) shall be subject to the following:

(1) when a decertification is required under paragraph (a) and not deferred under paragraph (b), the authority must, as soon as practical and no later than the final settlement distribution date of January 25 as identified in section 276.111 for the property taxes payable in the calendar year identified in paragraph (a), make the decertification by resolution effective for the end of the calendar year identified in paragraph (a), and communicate the decertification to the county auditor;

(2) when a decertification is deferred under paragraph (b), the authority must, by December 31 of the year in which the last qualifying pay-as-you-go contract and note reaches termination, make the decertification by resolution effective for the end of that calendar year and communicate the decertification to the county auditor;

(3) if the county auditor is unable to prevent tax increments from being calculated for taxes payable in the year following the year for which the decertification is made effective, the county auditor may redistribute the tax increments in the same manner as excess increments under section 469.176, subdivision 2, paragraph (c), clause (4), without first distributing them to the authority; and

(4) if tax increments are distributed to an authority for a taxes payable year after the year for which the decertification was required to be effective, the authority must return the amount of the distributions to the county auditor for redistribution in the same manner as excess increments under section 469.176, subdivision 2, paragraph (c), clause (4).

(h) The provisions of this subdivision do not apply to a housing district.

(i) Notwithstanding anything to the contrary in paragraph (a) or (b), if an authority has made the election in the tax increment financing plan for the district under subdivision 2, paragraph (d), then the requirement to decertify under paragraph (a) or remove parcels under paragraph (b) shall not apply prior to such time that the accumulated revenues derived from tax increments paid by properties in the district that are eligible to be expended for housing purposes described under subdivision 2, paragraph (d), equals the lesser of the amount the authority is permitted to expend for housing purposes described under subdivision 2, paragraph (d), or the amount authorized for such purposes in the tax increment financing plan. Increment revenues collected after the district would have decertified under paragraph (a) or from parcels which otherwise would be subject to removal under paragraph (b), absent the exception of this paragraph, shall be used solely for housing purposes as described in subdivision 2, paragraph (d).

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to all districts with a request for certification after April 30, 1990, except that the requirements under paragraph (b) to remove parcels or use revenues from such parcels as prescribed in paragraph (b) apply only to districts for which the request for certification was made after the day following final enactment.

Sec. 9. Minnesota Statutes 2020, section 469.1763, subdivision 6, is amended to read:

**Subd. 6. Pooling permitted for deficits.** (a) This subdivision applies only to districts for which the request for certification was made before August 1, 2001, and without regard to whether the request for certification was made prior to August 1, 1979.

(b) The municipality for the district may transfer available increments from another tax increment financing district located in the municipality, if the transfer is necessary to eliminate a deficit in the district to which the increments are transferred. The municipality may transfer increments as provided by this subdivision without regard to whether the transfer or expenditure is authorized by the tax increment financing plan for the district from which the transfer is made. A deficit in the district for purposes of this subdivision means the lesser of the following two amounts:

(1)~~(i)~~ the amount due during the calendar year to pay preexisting obligations of the district; minus the sum of

~~(ii)~~ (i) the total increments collected or to be collected from properties located within the district that are available for the calendar year including amounts collected in prior years that are currently available; plus

~~(iii)~~ (ii) total increments from properties located in other districts in the municipality including amounts collected in prior years that are available to be used to meet the district's obligations under this section, excluding this subdivision, or other provisions of law; or

(2) the reduction in increments collected from properties located in the district for the calendar year as a result of the changes in classification rates in Laws 1997, chapter 231, article 1; Laws 1998, chapter 389, article 2; and Laws 1999, chapter 243, and Laws 2001, First Special Session chapter 5, or the elimination of the general education tax levy under Laws 2001, First Special Session chapter 5.

The authority may compute the deficit amount under clause (1) only (without regard to the limit under clause (2)) if the authority makes an irrevocable commitment, by resolution, to use increments from the district to which increments are to be transferred and any transferred increments are only used to pay preexisting obligations and administrative expenses for the district that are required to be paid under section 469.176, subdivision 4h, paragraph (a).

(c) A preexisting obligation means:

(1) bonds issued and sold before August 1, 2001, or bonds issued pursuant to a binding contract requiring the issuance of bonds entered into before July 1, 2001, and bonds issued to refund such bonds or to reimburse expenditures made in conjunction with a signed contractual agreement entered into before August 1, 2001, to the extent that the bonds are secured by a pledge of increments from the tax increment financing district; and

(2) binding contracts entered into before August 1, 2001, to the extent that the contracts require payments secured by a pledge of increments from the tax increment financing district.

(d) The municipality may require a development authority, other than a seaway port authority, to transfer available increments including amounts collected in prior years that are currently available for any of its tax increment financing districts in the municipality to make up an insufficiency in another district in the municipality, regardless of whether the district was established by the development authority or another development authority. This authority applies notwithstanding any law to the contrary, but applies only to a development authority that:

(1) was established by the municipality; or

(2) the governing body of which is appointed, in whole or part, by the municipality or an officer of the municipality or which consists, in whole or part, of members of the governing body of the municipality. The municipality may use this authority only after it has first used all available increments of the receiving development authority to eliminate the insufficiency and exercised any permitted action under section 469.1792, subdivision 3, for preexisting districts of the receiving development authority to eliminate the insufficiency.

(e) The authority under this subdivision to spend tax increments outside of the area of the district from which the tax increments were collected:

(1) is an exception to the restrictions under section 469.176, subdivisions 4b, 4c, 4d, 4e, 4i, and 4j; the expenditure limits under section 469.176, subdivision 1c; and the other provisions of this section; and the percentage restrictions under subdivision 2 must be calculated after deducting increments spent under this subdivision from the total increments for the district; and

(2) applies notwithstanding the provisions of the Tax Increment Financing Act in effect for districts for which the request for certification was made before June 30, 1982, or any other law to the contrary.

(f) If a preexisting obligation requires the development authority to pay an amount that is limited to the increment from the district or a specific development within the district and if the obligation requires paying a higher amount to the extent that increments are available, the municipality may determine that the amount due under the preexisting obligation equals the higher amount and may authorize the transfer of increments under this subdivision to pay up to the higher amount. The existence of a guarantee of obligations by the individual or entity that would receive the payment under this paragraph is disregarded in the determination of eligibility to pool under this subdivision. The authority to transfer increments under this paragraph may only be used to the extent that the payment of all other preexisting obligations in the municipality due during the calendar year have been satisfied.

(g) For transfers of increments made in calendar year 2005 and later, the reduction in increments as a result of the elimination of the general education tax levy for purposes of paragraph (b), clause (2), for a taxes payable year equals the general education tax rate for the school district under Minnesota Statutes 2000, section 273.1382, subdivision 1, for taxes payable in 2001, multiplied by the captured tax capacity of the district for the current taxes payable year.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies only to districts for which the request for certification was made before August 1, 2001, and without regard to whether the request for certification was made prior to August 1, 1979.

Sec. 10. Minnesota Statutes 2020, section 469.1771, subdivision 2, is amended to read:

Subd. 2. **Collection of increment.** If an authority includes or retains a parcel of property in a tax increment financing district that does not qualify for inclusion or retention within the district, the authority must pay to the county auditor an amount of money equal to the increment collected from the property for the year or years. The property must be eliminated from the original and captured tax capacity of the district effective for the current property tax assessment year. ~~This subdivision does not apply to a failure to decertify a district at the end of the duration limit specified in the tax increment financing plan.~~

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

Sec. 11. Minnesota Statutes 2020, section 469.1771, subdivision 2a, is amended to read:

Subd. 2a. **Suspension of distribution of tax increment.** (a) If an authority fails to make a disclosure or to submit a report containing the information required by section 469.175, subdivisions 5 and 6, regarding a tax increment financing district within the time provided in section 469.175, subdivisions 5 and 6, the state auditor shall mail to the authority a written notice that it or the municipality has failed to make the required disclosure or to submit a required report with respect to a particular district. The state auditor shall mail the notice on or before the third Tuesday of August of the year in which the disclosure or report was required to be made or submitted. The notice must describe the consequences of failing to disclose or submit a report as provided in paragraph (b). If the state auditor has not received a copy of a disclosure or a report described in this paragraph on

or before the first day of October of the year in which the disclosure or report was required to be made or submitted, the state auditor shall mail a written notice to the county auditor to hold the distribution of tax increment from a particular district.

(b) Upon receiving written notice from the state auditor to hold the distribution of tax increment, the county auditor shall hold all tax increment that otherwise would be distributed after receipt of the notice, until further notified under paragraph (c).

~~(1) 100 percent of the amount of tax increment that otherwise would be distributed, if the distribution is made after the first day of October but during the year in which the disclosure or report was required to be made or submitted; or~~

~~(2) 100 percent of the amount of tax increment that otherwise would be distributed, if the distribution is made after December 31 of the year in which the disclosure or report was required to be made or submitted.~~

(c) Upon receiving the copy of the disclosure and all of the reports described in paragraph (a) with respect to a district regarding which the state auditor has mailed to the county auditor a written notice to hold distribution of tax increment, the state auditor shall mail to the county auditor a written notice lifting the hold and authorizing the county auditor to distribute to the authority or municipality any tax increment that the county auditor had held pursuant to paragraph (b). The state auditor shall mail the written notice required by this paragraph within five working days after receiving the last outstanding item. The county auditor shall distribute the tax increment to the authority or municipality within 15 working days after receiving the written notice required by this paragraph.

(d) Notwithstanding any law to the contrary, any interest that accrues on tax increment while it is being held by the county auditor pursuant to paragraph (b) is not tax increment and may be retained by the county.

(e) For purposes of sections 469.176, subdivisions 1a to 1g, and 469.177, subdivision 11, tax increment being held by the county auditor pursuant to paragraph (b) is considered distributed to or received by the authority or municipality as of the time that it would have been distributed or received but for paragraph (b).

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

Sec. 12. Minnesota Statutes 2020, section 469.1771, subdivision 3, is amended to read:

Subd. 3. **Expenditure of increment.** If an authority expends revenues derived from tax increments, including the proceeds of tax increment bonds, (1) for a purpose that is not a permitted project under ~~section 469.176~~ sections 469.174 to 469.1794, (2) for a purpose that is not permitted under ~~section 469.176~~ sections 469.174 to 469.1794 for the district from which the increment was received, or (3) on activities outside of the geographic area in which the revenues may be expended under this chapter, the authority must pay to the county auditor an amount equal to the expenditures made in violation of the law.

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

Sec. 13. Laws 2014, chapter 308, article 6, section 12, subdivision 2, is amended to read:

Subd. 2. **Special rules.** (a) If the city elects, upon the adoption of the tax increment financing plan for a district, the rules under this section apply to a redevelopment district, renewal and renovation district, soil condition district, or soil deficiency district established by the city or a development authority of the city in the project area.

(b) Prior to or upon the adoption of the first tax increment plan subject to the special rules under this subdivision, the city must find by resolution that parcels consisting of at least 80 percent of the acreage of the project area, excluding street and railroad rights-of-way, are characterized by one or more of the following conditions:

(1) peat or other soils with geotechnical deficiencies that impair development of commercial buildings or infrastructure;

(2) soils or terrain that require substantial filling in order to permit the development of commercial buildings or infrastructure;

(3) landfills, dumps, or similar deposits of municipal or private waste;

(4) quarries or similar resource extraction sites;

(5) floodway; and

(6) substandard buildings, within the meaning of Minnesota Statutes, section 469.174, subdivision 10.

(c) For the purposes of paragraph (b), clauses (1) to (5), a parcel is characterized by the relevant condition if at least 70 percent of the area of the parcel contains the relevant condition. For the purposes of paragraph (b), clause (6), a parcel is characterized by substandard buildings if substandard buildings occupy at least 30 percent of the area of the parcel.

(d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ~~eight~~ 11 years for any district; the five-year period under Minnesota Statutes, section 469.175, subdivision 4, paragraph (f), is extended to eight years for any district; and Minnesota Statutes, section 469.1763, subdivision 4, does not apply to any district.

(e) Notwithstanding any provision to the contrary in Minnesota Statutes, section 469.1763, subdivision 2, paragraph (a), not more than 40 percent of the total revenue derived from tax increments paid by properties in any district, measured over the life of the district, may be expended on activities outside the district but within the project area.

(f) For a soil deficiency district:

(1) increments may be collected through 20 years after the receipt by the authority of the first increment from the district;

(2) increments may be used only to:

- (i) acquire parcels on which the improvements described in item (ii) will occur;
  - (ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the additional cost of installing public improvements directly caused by the deficiencies; and
  - (iii) pay for the administrative expenses of the authority allocable to the district; and
- (3) any parcel acquired with increments from the district must be sold at no less than their fair market value.
- (g) Increments spent for any infrastructure costs, whether inside a district or outside a district but within the project area, are deemed to satisfy the requirements of Minnesota Statutes, section 469.176, subdivision 4j.
- (h) The authority to approve tax increment financing plans to establish tax increment financing districts under this section expires June 30, 2020.

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

Sec. 14. **CITY OF SHAKOPEE; TAX INCREMENT FINANCING DISTRICT.**

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

(b) "City" means the city of Shakopee.

(c) "Project area" means the following parcels, identified by parcel identification number: 279160102, 279160110, 279170020, and 279160120.

(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 70 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), 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, other than clauses (8) to (10), 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. The city, or a development authority acting on its behalf, may establish one or more soil deficiency districts within 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 70 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 residential or commercial buildings or infrastructure;

(2) soils or terrain that requires substantial filling in order to permit the development of residential or commercial buildings or infrastructure;

(3) landfills, dumps, or similar deposits of municipal or private waste;

(4) quarries or similar resource extraction sites;

(5) floodways; 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 60 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 the period under Minnesota Statutes, section 469.1763, subdivision 4, is extended to 11 years.

(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) The authority to approve tax increment financing plans to establish tax increment financing districts under this section expires December 31, 2026.

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

**Sec. 15. CITY OF WOODBURY; TIF DISTRICT NO. 13; EXPENDITURES ALLOWED; DURATION EXTENSION.**

(a) Notwithstanding Minnesota Statutes, section 469.1763, subdivision 2, or any other law to the contrary, the city of Woodbury may expend increments generated from Tax Increment Financing District No. 13 for the maintenance and facility and infrastructure upgrades to Central Park. All such expenditures are deemed expended on activities within the district.

(b) Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, the city of Woodbury may elect to extend the duration of Tax Increment Financing District No. 13 by five years.

**EFFECTIVE DATE.** Paragraph (a) is effective the day after the governing body of the city of Woodbury and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3. Paragraph (b) is effective upon compliance by the city of Woodbury, Washington County, and Independent School District No. 833 with the requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021, subdivisions 2 and 3.

## ARTICLE 9

### MISCELLANEOUS

Section 1. Minnesota Statutes 2021 Supplement, section 3.192, is amended to read:

#### **3.192 REQUIREMENTS FOR NEW OR RENEWED TAX EXPENDITURES.**

(a) ~~Any~~ Within 60 days after final enactment of a bill that creates, renews, or continues a tax expenditure ~~must include~~, the chairs of the house of representatives and senate committees with primary jurisdiction over taxes must submit to the Tax Expenditure Review Commission a statement of intent that clearly provides the purpose of the tax expenditure and a standard or goal against which its effectiveness may be measured.

(b) For purposes of this section, "tax expenditure" has the meaning given in section 270C.11, subdivision 6, and "Tax Expenditure Review Commission" has the meaning given in section 3.855.

(c) ~~Any bill that creates a new tax expenditure or continues an expiring tax expenditure must include an expiration date for the tax expenditure that is no more than eight years from the day the provision takes effect~~ Compliance with paragraphs (a) and (b) is not subject to judicial review.

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

Sec. 2. Minnesota Statutes 2020, section 270C.11, is amended by adding a subdivision to read:

Subd. 2a. **Report of expiring tax expenditures.** By October 1 of each year, the commissioner shall provide a report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over taxation listing each tax expenditure that, absent legislative action, will expire before July 1 of the following year.

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

Sec. 3. Minnesota Statutes 2021 Supplement, section 290.92, subdivision 20, is amended to read:

Subd. 20. **Miscellaneous withholding arrangements.** (a) For purposes of this section, any payment or distribution to an individual as defined under section 3405(e)(2) or (3) of the Internal Revenue Code shall be ~~treated as if it were a payment of wages by an employer to an employee for a payroll period~~ subject to withholding at a rate of 6.25 percent, or any rate specified by the recipient. Any payment to an individual of sick pay which does not constitute wages, determined without regard to this subdivision, shall be treated as if it were a payment of wages by an employer to an employee for a payroll period, if, at the time the payment is made a request that such sick pay be subject to withholding under this section is in effect. Sick pay means any amount which:

(1) is paid to an employee pursuant to a plan to which the employer is a party, and

(2) constitutes remuneration or a payment in lieu of remuneration for any period during which the employee is temporarily absent from work on account of sickness or personal injuries.

(b) A request for withholding, the amount withheld, and sick pay paid pursuant to certain collective bargaining agreements shall conform with the provisions of section 3402(o)(3), (4), and (5) of the Internal Revenue Code.

(c) The commissioner is authorized by rules to provide for withholding:

(1) from remuneration for services performed by an employee for the employer which, without regard to this subdivision, does not constitute wages, and

(2) from any other type of payment with respect to which the commissioner finds that withholding would be appropriate under the provisions of this section, if the employer and the employee, or in the case of any other type of payment the person making and the person receiving the payment, agree to such withholding. Such agreement shall be made in such form and manner as the commissioner may by rules provide. For purposes of this section remuneration or other payments with respect to which such agreement is made shall be treated as if they were wages paid by an employer to an employee to the extent that such remuneration is paid or other payments are made during the period for which the agreement is in effect.

(d) An individual receiving a payment or distribution under paragraph (a) may elect to have paragraph (a) not apply to the payment or distribution ~~as follows:~~

~~(1) For payments defined under section 3405(e)(2) of the Internal Revenue Code, and~~ an election remains in effect until revoked by such individual.

~~(2) For distributions defined under section 3405(e)(3) of the Internal Revenue Code, the election is on a distribution-by-distribution basis.~~

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2021.

Sec. 4. Minnesota Statutes 2021 Supplement, section 297E.02, subdivision 3, is amended to read:

Subd. 3. **Collection; disposition.** (a) Taxes imposed by this section are due and payable to the commissioner when the gambling tax return is required to be filed. Distributors must file their monthly sales figures with the commissioner on a form prescribed by the commissioner. Returns covering the taxes imposed under this section must be filed with the commissioner on or before the 20th day of the month following the close of the previous calendar month. The commissioner shall prescribe the content, format, and manner of returns or other documents pursuant to section 270C.30. The proceeds, along with the revenue received from all license fees and other fees under sections 349.11 to 349.191, 349.211, and 349.213, must be paid to the commissioner of management and budget for deposit in the general fund.

(b) The sales tax imposed by chapter 297A on the sale of pull-tabs and tipboards by the distributor is imposed on the retail sales price. The retail sale of pull-tabs or tipboards by the organization is exempt from taxes imposed by chapter 297A and is exempt from all local taxes and license fees except a fee authorized under section 349.16, subdivision 8.

(c)(1) One-half of one percent of the revenue deposited in the general fund under paragraph (a), is appropriated to the commissioner of human services for the compulsive gambling treatment program established under section 245.98. One-half of one percent of the revenue deposited in the general fund under paragraph (a), is appropriated to the commissioner of human services for a grant to the state affiliate recognized by the National Council on Problem Gambling to increase public awareness of problem gambling, education and training for individuals and organizations providing effective treatment services to problem gamblers and their families, and research relating to problem gambling. Money appropriated by this paragraph must supplement and must not replace existing state funding for these programs.

(2) For fiscal years 2024 and 2025 only, the appropriations under clause (1) must be calculated without regard to the changes to the combined net receipts tax brackets in section 297E.02, subdivision 6.

(d) The commissioner of human services must provide to the state affiliate recognized by the National Council on Problem Gambling a monthly statement of the amounts deposited under paragraph (c). Beginning January 1, 2022, the commissioner of human services must provide to the chairs and ranking minority members of the legislative committees with jurisdiction over treatment for problem gambling and to the state affiliate recognized by the National Council on Problem Gambling an annual reconciliation of the amounts deposited under paragraph (c). The annual reconciliation under this paragraph must include the amount allocated to the commissioner of human services for the compulsive gambling treatment program established under section 245.98, and the amount allocated to the state affiliate recognized by the National Council on Problem Gambling.

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

Sec. 5. Minnesota Statutes 2020, section 297E.02, subdivision 6, is amended to read:

Subd. 6. **Combined net receipts tax.** (a) In addition to the taxes imposed under subdivision 1, a tax is imposed on the combined net receipts of the organization. As used in this section, "combined net receipts" is the sum of the organization's gross receipts from lawful gambling less gross receipts directly derived from the conduct of paper bingo, raffles, and paddlewheels, as defined in section 297E.01, subdivision 8, and less the net prizes actually paid, other than prizes actually paid for paper bingo, raffles, and paddlewheels, for the fiscal year. The combined net receipts of an organization are subject to a tax computed according to the following schedule:

If the combined net receipts for the fiscal year are:	The tax is:
Not over <del>\$87,500</del> <u>\$100,000</u>	<del>nine</del> <u>five</u> percent
Over <del>\$87,500</del> <u>\$100,000</u> , but not over <del>\$122,500</del> <u>\$150,000</u>	<del>\$7,875</del> <u>\$5,000</u> plus 18 percent of the amount over <del>\$87,500</del> <u>\$100,000</u> , but not over <del>\$122,500</del> <u>\$150,000</u>
Over <del>\$122,500</del> <u>\$150,000</u> , but not over <del>\$157,500</del> <u>\$200,000</u>	<del>\$14,175</del> <u>\$18,000</u> plus 27 percent of the amount over <del>\$122,500</del> <u>\$150,000</u> , but not over <del>\$157,500</del> <u>\$200,000</u>
Over <del>\$157,500</del> <u>\$200,000</u>	<del>\$23,625</del> <u>\$31,500</u> plus 36 percent of the amount over <del>\$157,500</del> <u>\$200,000</u>

(b) Gross receipts derived from sports-themed tipboards are exempt from taxation under this section. For purposes of this paragraph, a sports-themed tipboard means a sports-themed tipboard as defined in section 349.12, subdivision 34, under which the winning numbers are determined by the numerical outcome of a professional sporting event.

**EFFECTIVE DATE.** This section is effective for games reported as played after June 30, 2023.

Sec. 6. Minnesota Statutes 2020, section 297E.021, subdivision 2, is amended to read:

Subd. 2. **Determination of revenue increase.** By March 15 of each fiscal year, the commissioner of management and budget, in consultation with the commissioner, shall determine the estimated increase in revenues received from taxes imposed under this chapter over ~~the estimated revenues under the February 2012 state budget forecast for that fiscal year. For fiscal years after fiscal year 2015, the commissioner of management and budget shall use the February 2012 state budget forecast for fiscal year 2015 as the~~ a baseline of: (1)\$30,100,000 in fiscal year 2024; and (2)\$29,300,000 in fiscal year 2025 and thereafter. All calculations under this subdivision must be made net of estimated refunds of the taxes required to be paid.

**EFFECTIVE DATE.** This section is effective for fiscal year 2024 and thereafter.

Sec. 7. Minnesota Statutes 2020, section 298.28, subdivision 5, is amended to read:

Subd. 5. **Counties.** (a) ~~21.05 cents per taxable ton for distributions in 2015 through 2023, and 26.05 cents per taxable ton for distributions beginning in 2024,~~ 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) 1.0 cent per taxable ton of the tax distributed to the counties under paragraph (b) shall be paid to a county that received a distribution under this section in 2000 because there was located in the county an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite in a different county.

(d) ~~10.525 cents per taxable ton for distributions in 2015 through 2023, and 15.525 cents per taxable ton for distributions beginning in 2024,~~ 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.

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

Sec. 8. Minnesota Statutes 2020, section 298.28, subdivision 7a, is amended to read:

Subd. 7a. **Iron Range school consolidation and cooperatively operated school account.** (a) The following amounts must be allocated to the commissioner of Iron Range resources and rehabilitation to be deposited in the Iron Range school consolidation and cooperatively operated school account that is hereby created:

(1)(i) for distributions in 2015 through ~~2023~~ 2033, ten cents per taxable ton of the tax imposed under section 298.24; and

(ii) for distributions beginning in ~~2024~~ 2034, five 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) any other amount as provided by law.

(b) Expenditures from this account may be approved as ongoing annual expenditures and 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 commissioner of Iron Range resources and rehabilitation after consultation with 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 April 3, 2006; and (2) approved by the commissioner of education pursuant to section 123B.71.

(c) Beginning in fiscal year 2019, the disbursement to school districts for payments for bonds issued under section 123A.482, subdivision 9, must be increased each year to offset any reduction in debt service equalization aid that the school district qualifies for in that year, under section 123B.53, subdivision 6, compared with the amount the school district qualified for in fiscal year 2018.

(d) No expenditure under this section shall be made unless approved by the commissioner of Iron Range resources and rehabilitation after consultation with the Iron Range Resources and Rehabilitation Board.

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

Sec. 9. Minnesota Statutes 2020, section 298.28, subdivision 9b, is amended to read:

Subd. 9b. **Taconite environmental fund.** Five cents per ton through distributions in 2033 must be paid to the taconite environmental fund for use under section 298.2961, subdivision 4. Beginning with distributions in 2034, ten cents per ton must be paid to the taconite environmental fund of which five cents per ton must be used as provided under section 298.2961, subdivision 4.

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

## ARTICLE 10

### DEPARTMENT OF REVENUE POLICY AND TECHNICAL: PARTNERSHIP TAXES

Section 1. Minnesota Statutes 2021 Supplement, section 289A.08, subdivision 7a, is amended to read:

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

(1) "income" has the meaning given in subdivision 7, paragraph (j), modified by the addition provided in section 290.0131, subdivision 5, and the subtraction provided in section 290.0132, subdivision 3, except that the provisions that apply to a partnership apply to a qualifying entity and the provisions that apply to a partner apply to a qualifying owner. The income of both a resident and nonresident qualifying owner is allocated and assigned to this state as provided for nonresident partners and shareholders under sections 290.17, 290.191, and 290.20;

(2) "qualifying entity" means a partnership, limited liability company taxed as a partnership or S corporation, or S corporation including a qualified subchapter S subsidiary organized under section 1361(b)(3)(B) of the Internal Revenue Code. Qualifying entity does not include a partnership, limited liability company, or corporation that has a partnership, limited liability company other than a disregarded entity, or corporation as a partner, member, or shareholder; and

(3) "qualifying owner" means:

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

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

(b) For taxable years beginning after December 31, 2020, in which the taxes of a qualifying owner are limited under section 164(b)(6)(B) of the Internal Revenue Code, a qualifying entity may elect to file a return and pay the pass-through entity tax imposed under paragraph (c). The election:

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

(2) may only be made by qualifying owners who collectively hold more than a 50 percent ownership interest in the qualifying entity;

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

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

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

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

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

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

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

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

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

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

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

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

**EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning after December 31, 2020.

Sec. 2. Minnesota Statutes 2021 Supplement, section 289A.382, subdivision 2, is amended to read:

Subd. 2. **Reporting and payment requirements for partnerships and tiered partners.** (a) Except for when an audited partnership makes the election in subdivision 3, and except for negative federal adjustments required under federal law taken into account by the partnership in the partnership return for the adjustment or other year, all final federal adjustments of an audited partnership must comply with paragraph (b) and each direct partner of the audited partnership, other than a tiered partner, must comply with paragraph (c).

(b) No later than 90 days after the final determination date, the audited partnership must:

(1) file a completed federal adjustments report, including all partner-level information required under section 289A.12, subdivision 3, with the commissioner;

(2) notify each of its direct partners of their distributive share of the final federal adjustments;

(3) file an amended composite report for all direct partners who were included in a composite return under section 289A.08, subdivision 7, in the reviewed year, and pay the additional amount that would have been due had the federal adjustments been reported properly as required; ~~and~~

(4) file amended withholding reports for all direct partners who were or should have been subject to nonresident withholding under section 290.92, subdivision 4b, in the reviewed year, and pay the additional amount that would have been due had the federal adjustments been reported properly as required; and

(5) file an amended pass-through entity tax report for all direct partners who were included in a pass-through entity tax return under section 289A.08, subdivision 7a, in the reviewed year, and pay the additional amount that would have been due had the federal adjustments been reported properly as required.

(c) No later than 180 days after the final determination date, each direct partner, other than a tiered partner, that is subject to a tax administered under this chapter, other than the sales tax, must:



(1) file a federal adjustments report reporting their distributive share of the adjustments reported to them under paragraph (b), clause (2); and

(2) pay any additional amount of tax due as if the final federal adjustment had been properly reported, plus any penalty and interest due under this chapter, and less any credit for related amounts paid or withheld and remitted on behalf of the direct partner under paragraph (b), clauses (3) and (4).

**EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning after December 31, 2020.

## ARTICLE 11

### DEPARTMENT OF REVENUE POLICY AND TECHNICAL: SALES AND USE TAXES AND SPECIAL TAXES

Section 1. Minnesota Statutes 2020, section 296A.083, subdivision 3, is amended to read:

Subd. 3. **Surcharge rate.** (a) By ~~July 16, 2008, and each April 1 thereafter~~ May 1 each year, the commissioner of revenue shall calculate and publish a surcharge as provided in ~~paragraphs~~ paragraph (b) and (c). The surcharge is imposed ~~from August 1, 2008, through June 30, 2009, and each new surcharge thereafter is imposed the following~~ beginning July 1 of the year it is published through June 30 of the following year.

(b) ~~For fiscal years 2009 through 2012, the commissioner shall set the surcharge as specified in the following surcharge rate schedule.~~

#### Surcharge Rate Schedule

Fiscal Year	Rate (in cents per gallon)
2009	0.5
2010	2.1
2011	2.5
2012	3.0

~~(c) For fiscal year 2013 and thereafter,~~ (b) The commissioner shall set the surcharge at the lesser of (1) 3.5 cents, or (2) an amount calculated so that the total proceeds from the surcharge deposited in the trunk highway fund from fiscal year 2009 to the upcoming fiscal year equals the total amount of debt service from fiscal years 2009 to 2039, and the surcharge is rounded to the nearest 0.1 cent.

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

Sec. 2. Minnesota Statutes 2020, section 297A.61, subdivision 29, is amended to read:

Subd. 29. **State.** Unless specifically provided otherwise, "state" means any state of the United States, ~~the Commonwealth of Puerto Rico, and the District of Columbia, and any territory of the~~ United States, including American Samoa, Guam, Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands.

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

## ARTICLE 12

### DEPARTMENT OF REVENUE POLICY AND TECHNICAL: FIRE AND POLICE STATE AIDS

Section 1. Minnesota Statutes 2020, section 6.495, subdivision 3, is amended to read:

Subd. 3. **Report Reports to commissioner of revenue.** (a) On or before September 15, November 1, March 1, and June 1, the state auditor shall must file with the commissioner of revenue a financial compliance report certifying for each relief association:

(1) the completion of the annual financial report required under section 424A.014 and the auditing or certification of those financial reports under subdivision 1; and

(2) the receipt of any actuarial valuations required under section 424A.093 or Laws 2013, chapter 111, article 5, sections 31 to 42.

(b) The commissioner of revenue shall prescribe the content, format, and manner of the financial compliance reports required by paragraph (a), pursuant to section 270C.30.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023 and thereafter.

Sec. 2. Minnesota Statutes 2020, section 477B.01, is amended by adding a subdivision to read:

Subd. 1a. **Apportionment agreement.** "Apportionment agreement" means an agreement between two or more fire departments that provide contracted fire protection service to the same municipality and establishes the percentage of the population and the percentage of the estimated market value within the municipality serviced by each fire department.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023 and thereafter.

Sec. 3. Minnesota Statutes 2020, section 477B.01, subdivision 5, is amended to read:

Subd. 5. **Fire department.** (a) "Fire department" includes means:

(1) a municipal fire department and;

(2) an independent nonprofit firefighting corporation;

(3) a fire department established as or operated by a joint powers entity; or

(4) a fire protection special taxing district established under chapter 144F or special law.

(b) This subdivision only applies to this chapter.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023 and thereafter.

Sec. 4. Minnesota Statutes 2020, section 477B.01, is amended by adding a subdivision to read:

Subd. 7a. **Joint powers entity.** "Joint powers entity" means a joint powers entity created under section 471.59.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023 and thereafter.

Sec. 5. Minnesota Statutes 2020, section 477B.01, subdivision 10, is amended to read:

Subd. 10. **Municipality.** (a) "Municipality" means:

- (1) a home rule charter or statutory city;
- (2) an organized town;
- (3) ~~a park district subject to chapter 398~~ a joint powers entity;
- (4) ~~the University of Minnesota~~ a fire protection special taxing district; and or
- (5) an American Indian tribal government entity located within a federally recognized American Indian reservation.

(b) This subdivision only applies to this chapter ~~477B~~.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023 and thereafter.

Sec. 6. Minnesota Statutes 2020, section 477B.01, subdivision 11, is amended to read:

Subd. 11. **Secretary.** (a) "Secretary" means:

(1) the secretary of an independent nonprofit firefighting corporation that has a subsidiary incorporated firefighters' relief association or whose firefighters participate in the statewide volunteer firefighter plan; or

(2) the secretary of a joint powers entity or fire protection special taxing district or, if there is no such person, the person primarily responsible for managing the finances of a joint powers entity or fire protection special taxing district.

(b) This subdivision only applies to this chapter.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023 and thereafter.

Sec. 7. Minnesota Statutes 2020, section 477B.02, subdivision 2, is amended to read:

Subd. 2. **Establishment of fire department.** (a) An independent nonprofit firefighting corporation must be created under the nonprofit corporation act of this state operating for the exclusive purpose of firefighting, or the governing body of a municipality must officially establish a fire department.

(b) The fire department must have provided firefighting services for at least one calendar year, and must have a current fire department identification number issued by the state fire marshal.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023 and thereafter.

Sec. 8. Minnesota Statutes 2020, section 477B.02, subdivision 3, is amended to read:

Subd. 3. ~~**Personnel and Benefits requirements.** (a) A fire department must have a minimum of ten paid or volunteer firefighters, including a fire chief and assistant fire chief.~~

~~(b) The fire department must have regular scheduled meetings and frequent drills that include instructions in firefighting tactics and in the use, care, and operation of all fire apparatus and equipment.~~

~~(c) (a) The fire department must have a separate subsidiary incorporated firefighters' relief association that provides retirement benefits or must participate in the statewide volunteer firefighter plan; or if the municipality solely employs full-time firefighters as defined in section 299N.03, subdivision 5, retirement coverage must be provided by the public employees police and fire retirement plan. For purposes of retirement benefits, a fire department may be associated with only one volunteer firefighters' relief association or one account in the voluntary statewide volunteer firefighter retirement plan at one time.~~

~~(d) (b) Notwithstanding paragraph (c) (a), a municipality without a relief association as described under section 424A.08, paragraph (a), may still qualify to receive fire state aid if all other requirements of this section are met.~~

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023 and thereafter.

Sec. 9. Minnesota Statutes 2020, section 477B.02, is amended by adding a subdivision to read:

Subd. 4a. **Public safety answering point requirement.** The fire department must be dispatched by a public safety answering point as defined in section 403.02, subdivision 19.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023 and thereafter.

Sec. 10. Minnesota Statutes 2020, section 477B.02, subdivision 5, is amended to read:

Subd. 5. ~~**Fire service contract or agreement; apportionment agreement filing requirement requirements.**~~ (a) Every municipality or independent nonprofit firefighting corporation must file a copy of any duly executed and valid fire service contract or agreement with the commissioner (1) a copy of any duly executed and valid fire service contracts, (2) written notification of any fire

service contract terminations, and (3) written notification of any dissolution of a fire department, within 60 days of contract execution or termination, or department dissolution.

(b) ~~If more than one fire department provides service to a municipality, the fire departments furnishing service must enter into an agreement apportioning among themselves the percentage of the population and the percentage of the estimated market value of each shared service fire department service area. The agreement must be in writing and must be filed~~ file an apportionment agreement with the commissioner.

(c) When a municipality is a joint powers entity, it must file its joint powers agreement with the commissioner. If the joint powers agreement does not include sufficient information defining the fire department service area of the joint powers entity for the purposes of calculating fire state aid, the secretary must file a written statement with the commissioner defining the fire department service area.

(d) When a municipality is a fire protection special taxing district, it must file its resolution establishing the fire protection special taxing district, and any agreements required for the establishment of the fire protection special taxing district, with the commissioner. If the resolution or agreement does not include sufficient information defining the fire department service area of the fire protection special taxing district, the secretary must file a written statement with the commissioner defining the fire department service area.

(e) The commissioner shall prescribe the content, format, and manner of the notifications, apportionment agreements, and written statements under paragraphs (a) to (d), pursuant to section 270C.30, except that copies of fire service contracts, joint powers agreements, and resolutions establishing fire protection special taxing districts shall be filed in their existing form.

(f) A document filed with the commissioner under this subdivision must be refiled any time it is updated within 60 days of the update. An apportionment agreement must be refiled only when a change in the averaged sum of the percentage of population and percentage of estimated market value serviced by a fire department subject to the apportionment agreement is at least one percent. The percentage amount must be rounded to the nearest whole percentage.

(g) Upon the request of the commissioner, the county auditor must provide information that the commissioner requires to accurately apportion the estimated market value of a fire department service area for a fire department providing service to an unorganized territory located in the county.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023 and thereafter.

Sec. 11. Minnesota Statutes 2020, section 477B.02, subdivision 8, is amended to read:

Subd. 8. **PERA certification to commissioner.** On or before February 1 each year, ~~if retirement coverage for a fire department is provided by the statewide volunteer firefighter plan,~~ the executive director of the Public Employees Retirement Association must certify ~~the existence of retirement coverage.~~ to the commissioner the fire departments that transferred retirement coverage to, or terminated participation in, the voluntary statewide volunteer firefighter retirement plan since the

previous certification under this paragraph. This certification must include the number of active volunteer firefighters under section 477B.03, subdivision 5, paragraph (e).

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023 and thereafter.

Sec. 12. Minnesota Statutes 2020, section 477B.02, subdivision 9, is amended to read:

Subd. 9. **Fire department certification to commissioner.** On or before March 15 of each year, the municipal clerk or the secretary, ~~and the fire chief,~~ must jointly certify to the commissioner ~~that the fire department exists and meets the qualification requirements of this section~~ the fire department service area as of December 31 of the previous year, and that the fire department meets the qualification requirements of this section. The municipal clerk or the secretary must provide the commissioner with documentation that the commissioner deems necessary for determining eligibility for fire state aid or for calculating and apportioning fire state aid under section 477B.03. The commissioner shall prescribe the content, format, and manner of the certification ~~must be on a form prescribed by the commissioner and must include all other information that the commissioner requires pursuant to section 270C.30.~~ The municipal clerk or the secretary must send a copy of the certification filed under this subdivision to the fire chief within five business days of the date the certification was filed with the commissioner.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023 and thereafter.

Sec. 13. Minnesota Statutes 2020, section 477B.03, subdivision 2, is amended to read:

Subd. 2. **Apportionment of fire state aid.** (a) The amount of fire state aid available for apportionment, before the addition of the minimum fire state aid allocation amount under subdivision 5, is equal to 107 percent of the amount of premium taxes paid to the state upon the fire, lightning, sprinkler leakage, and extended coverage premiums reported to the commissioner by companies or insurance companies on the Minnesota Fire Premium Report, ~~except that credits claimed under section 297I.20, subdivisions 3, 4, and 5, do not affect the calculation of the amount of fire state aid available for apportionment.~~ This amount must be reduced by the amount required to pay the state auditor's costs and expenses of the audits or exams of the firefighters' relief associations.

(b) The total amount available for apportionment must not be less than two percent of the premiums less return premiums reported to the commissioner by companies or insurance companies on the Minnesota Fire Premium Report after subtracting the following amounts:

(1) the amount required to pay the state auditor's costs and expenses of the audits or exams of the firefighters' relief associations; and

(2) one percent of the premiums reported by township mutual insurance companies and mutual property and casualty companies with total assets of \$5,000,000 or less.

(c) The commissioner must apportion the fire state aid to each municipality or independent nonprofit firefighting corporation qualified under section 477B.02 relative to the premiums reported on the Minnesota Fire Premium Reports filed under this chapter.

(d) The commissioner must calculate the percentage of increase or decrease reflected in the apportionment over or under the previous year's available state aid using the same premiums as a basis for comparison.

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

Sec. 14. Minnesota Statutes 2020, section 477B.03, subdivision 3, is amended to read:

Subd. 3. **Population and estimated market value.** (a) ~~Official statewide federal census figures~~ The most recent population estimates made by the state demographer pursuant to section 4A.02, paragraph (d), must be used in calculations requiring the use of population figures under this chapter. ~~Increases or decreases in population disclosed by reason of any special census must not be taken into consideration.~~

(b) ~~The latest available~~ estimated market value property figures for the assessment year immediately preceding the year the aid is distributed must be used in calculations requiring the use of estimated market value property figures under this chapter.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023 and thereafter.

Sec. 15. Minnesota Statutes 2020, section 477B.03, subdivision 4, is amended to read:

Subd. 4. **Initial fire state aid allocation amount.** (a) The initial fire state aid allocation amount is the amount available for apportionment as fire state aid under subdivision 2, without the inclusion of any additional funding amount to support a minimum fire state aid amount under section 423A.02, subdivision 3. The initial fire state aid allocation amount is allocated one-half in proportion to the population for each fire department service area and one-half in proportion to the estimated market value of each fire department service area, including (1) the estimated market value of tax-exempt property, and (2) the estimated market value of natural resources lands receiving in lieu payments under sections 477A.11 to 477A.14 and 477A.17. The estimated market value of minerals is excluded.

(b) In the case of a municipality or independent nonprofit firefighting corporation furnishing fire protection to other municipalities as evidenced by valid fire service contracts, joint powers agreements, resolutions, and other supporting documents filed with the commissioner under section 477B.02, subdivision 5, the distribution must be adjusted proportionately to take into consideration the crossover fire protection service. Necessary adjustments must be made to subsequent apportionments.

(c) In the case of municipalities or independent nonprofit firefighting corporations qualifying for aid, the commissioner must calculate the state aid for the municipality or independent nonprofit firefighting corporation on the basis of the population and the estimated market value of the area furnished fire protection service by the fire department as evidenced by valid fire service agreements, contracts, joint powers agreements, resolutions, and other supporting documents filed with the commissioner under section 477B.02, subdivision 5.

(d) In the case of more than one fire department furnishing contracted fire service to a municipality, the population and estimated market value in the apportionment agreement filed with the commissioner under section 477B.02, subdivision 5, must be used in calculating the state aid.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023 and thereafter.

Sec. 16. Minnesota Statutes 2020, section 477B.03, subdivision 5, is amended to read:

Subd. 5. **Minimum fire state aid allocation amount.** (a) The minimum fire state aid allocation amount is the amount derived from any additional funding amount to support a minimum fire state aid amount under section 423A.02, subdivision 3. The minimum fire state aid allocation amount is allocated to municipalities or independent nonprofit firefighting corporations with volunteer firefighters' relief associations or covered by the statewide volunteer firefighter plan. The amount is based on the number of active volunteer firefighters who are (1) members of the relief association as reported to the Office of the State Auditor in a specific annual financial reporting year as specified in paragraphs (b) to (d), or (2) covered by the statewide volunteer firefighter plan as specified in paragraph (e).

(b) For relief associations established in calendar year 1993 or a prior year, the number of active volunteer firefighters equals the number of active volunteer firefighters who were members of the relief association as reported in the annual financial reporting for calendar year 1993, but not to exceed 30 active volunteer firefighters.

(c) For relief associations established in calendar year 1994 through calendar year 1999, the number of active volunteer firefighters equals the number of active volunteer firefighters who were members of the relief association as reported in the annual financial reporting for calendar year 1998 to the Office of the State Auditor, but not to exceed 30 active volunteer firefighters.

(d) For relief associations established after calendar year 1999, the number of active volunteer firefighters equals the number of active volunteer firefighters who are members of the relief association as reported in the first annual financial reporting submitted to the Office of the State Auditor, but not to exceed 20 active volunteer firefighters.

~~(e) If a relief association is terminated as a result of~~ For a municipality or independent nonprofit firefighting corporation that is providing retirement coverage for volunteer firefighters by the statewide volunteer firefighter plan under chapter 353G, the number of active volunteer firefighters equals the number of active volunteer firefighters of the municipality or independent nonprofit firefighting corporation covered by the statewide plan as certified by the executive director of the Public Employees Retirement Association to the commissioner and the state auditor by February 1 immediately following the date the municipality or independent nonprofit firefighting corporation begins coverage in the plan, but not to exceed 30 active firefighters.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023 and thereafter.

Sec. 17. Minnesota Statutes 2020, section 477B.03, subdivision 7, is amended to read:



Subd. 7. **Appeal.** A municipality, an independent nonprofit firefighting corporation, a fire relief association, or the statewide volunteer firefighter plan may object to the amount of fire state aid apportioned to it by filing a written request with the commissioner to review and adjust the apportionment of funds within the state. The objection of a municipality, an independent nonprofit firefighting corporation, a fire relief association, or the voluntary statewide volunteer firefighter retirement plan must be filed with the commissioner within 60 days of the date the amount of apportioned fire state aid is paid. The decision of the commissioner is subject to appeal, review, and adjustment by the district court in the county in which the applicable municipality or independent nonprofit firefighting corporation is located or by the Ramsey County District Court with respect to the statewide volunteer firefighter plan.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023 and thereafter.

Sec. 18. Minnesota Statutes 2020, section 477B.04, subdivision 1, is amended to read:

Subdivision 1. **Payments.** (a) The commissioner must make payments to the Public Employees Retirement Association for deposit in the statewide volunteer firefighter fund on behalf of a municipality or independent nonprofit firefighting corporation that is a member of the statewide volunteer firefighter plan under chapter 353G, ~~or directly to a municipality or county designated by an independent nonprofit firefighting corporation.~~ The commissioner must directly pay all other municipalities qualifying for fire state aid, except as provided in paragraph (d). The payment is equal to the amount of fire state aid apportioned to the applicable fire state aid recipient under section 477B.03.

(b) Fire state aid is payable on October 1 annually. The amount of state aid due and not paid by October 1 accrues interest payable to the recipient at the rate of one percent for each month or part of a month that the amount remains unpaid after October 1.

(c) If the commissioner of revenue does not receive a financial compliance report described in section 6.495, subdivision 3, for a relief association, the amount of fire state aid apportioned to a municipality or independent nonprofit firefighting corporation under section 477B.03 for that relief association must be withheld from payment to the Public Employees Retirement Association or the municipality. The commissioner of revenue must issue a withheld payment within ten business days of receipt of a financial compliance report under section 6.495, subdivision 3. The interest under paragraph (b) does not apply when to a payment has not been made by October 1 due to noncompliance with sections 424A.014 and 477B.02, subdivision 7 withheld under this paragraph.

(d) The commissioner must make payments directly to the largest municipality in population located within any area included in a joint powers entity that does not have a designated agency under section 471.59, subdivision 3, or within the fire department service area of an eligible independent nonprofit firefighting corporation. If there is no city or town within the fire department service area of an eligible independent nonprofit firefighting corporation, fire state aid must be paid to the county where the independent nonprofit firefighting corporation is located.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023 and thereafter.

Sec. 19. Minnesota Statutes 2020, section 477B.04, is amended by adding a subdivision to read:

Subd. 4. **Aid amount corrections.** (a) An adjustment needed to correct a fire state aid overpayment or underpayment due to a clerical error must be made to subsequent fire state aid payments as provided in paragraphs (b) and (c). The authority to correct an aid payment under this subdivision is limited to three years after the payment was issued.

(b) If an overpayment equals more than ten percent of the most recently paid aid amount, the commissioner must reduce the aid a municipality or independent nonprofit firefighting corporation is to receive by the amount overpaid over a period of no more than three years. If an overpayment equals or is less than ten percent of the most recently paid aid amount, the commissioner must reduce the next aid payment occurring in 30 days or more by the amount overpaid.

(c) In the event of an underpayment, the commissioner must distribute the amount of underpaid funds to the municipality or independent nonprofit firefighting corporation over a period of no more than three years. An additional distribution to a municipality or independent nonprofit firefighting corporation must be paid from the general fund and must not diminish the payments made to other municipalities or independent nonprofit firefighting corporations under this chapter.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023 and thereafter.

Sec. 20. Minnesota Statutes 2020, section 477C.03, subdivision 2, is amended to read:

**Subd. 2. Apportionment of police state aid.** (a) The total amount available for apportionment as police state aid is equal to 104 percent of the amount of premium taxes paid to the state on the premiums reported to the commissioner by companies or insurance companies on the Minnesota Aid to Police Premium Report, except that credits claimed under section 297I.20, subdivisions 3, 4, and 5, do not affect the calculation of the total amount of police state aid available for apportionment. The total amount for apportionment for the police state aid program must not be less than two percent of the amount of premiums reported to the commissioner by companies or insurance companies on the Minnesota Aid to Police Premium Report.

(b) The commissioner must calculate the percentage of increase or decrease reflected in the apportionment over or under the previous year's available state aid using the same premiums as a basis for comparison.

(c) In addition to the amount for apportionment of police state aid under paragraph (a), each year \$100,000 must be apportioned for police state aid. An amount sufficient to pay this increase is annually appropriated from the general fund.

(d) The commissioner must apportion police state aid to all municipalities in proportion to the relationship that the total number of peace officers employed by that municipality for the prior calendar year and the proportional or fractional number who were employed less than a calendar year as credited under section 477C.02, subdivision 1, paragraph (c), bears to the total number of peace officers employed by all municipalities subject to any reduction under subdivision 3.

~~(e) Any necessary additional adjustments must be made to subsequent police state aid apportionments.~~

**EFFECTIVE DATE.** (a) The amendment to paragraph (a) is effective the day following final enactment.

(b) The amendment striking paragraph (e) is effective for aids payable in calendar year 2023 and thereafter.

Sec. 21. Minnesota Statutes 2020, section 477C.03, subdivision 5, is amended to read:

Subd. 5. **Appeal.** A municipality may object to the amount of police state aid apportioned to it by filing a written request with the commissioner to review and adjust the apportionment of funds to the municipality. The objection of a municipality must be filed with the commissioner within 60 days of the date the amount of apportioned police state aid is paid. The decision of the commissioner is subject to appeal, review, and adjustment by the district court in the county in which the applicable municipality is located or by the Ramsey County District Court with respect to the Departments of Natural Resources or Public Safety.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023 and thereafter.

Sec. 22. Minnesota Statutes 2020, section 477C.04, is amended by adding a subdivision to read:

Subd. 4. **Aid amount corrections.** (a) An adjustment needed to correct a police state aid overpayment or underpayment due to a clerical error must be made to subsequent police state aid payments as provided in paragraphs (b) and (c). The authority to correct an aid payment under this subdivision is limited to three years after the payment was issued.

(b) If an overpayment equals more than ten percent of the most recently paid aid amount, the commissioner must reduce the aid a municipality is to receive by the amount overpaid over a period of no more than three years. If an overpayment equals or is less than ten percent of the most recently paid aid amount, the commissioner must reduce the next aid payment occurring in 30 days or more by the amount overpaid.

(c) In the event of an underpayment, the commissioner must distribute the amount of underpaid funds to the municipality over a period of no more than three years. An additional distribution to a municipality must be paid from the general fund and must not diminish the payments made to other municipalities under this chapter.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023 and thereafter.

Sec. 23. **REPEALER.**

Minnesota Statutes 2020, sections 477B.02, subdivision 4; and 477B.03, subdivision 6, are repealed.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023 and thereafter.

### ARTICLE 13

#### DEPARTMENT OF REVENUE POLICY AND TECHNICAL: MISCELLANEOUS TAX PROVISIONS

Section 1. Minnesota Statutes 2020, section 290A.03, subdivision 13, is amended to read:

Subd. 13. **Property taxes payable.** "Property taxes payable" means the property tax exclusive of special assessments, penalties, and interest payable on a claimant's homestead after deductions made under sections 273.135, 273.1384, 273.1391, 273.42, subdivision 2, and any other state paid property tax credits in any calendar year, and after any refund claimed and allowable under section 290A.04, subdivision 2h, that is first payable in the year that the property tax is payable. In the case of a claimant who makes ground lease payments, "property taxes payable" includes the amount of the payments directly attributable to the property taxes assessed against the parcel on which the house is located. Regardless of the limitations in section 280A(c)(5) of the Internal Revenue Code, "property taxes payable" must be apportioned or reduced for the use of a portion of the claimant's homestead for a business purpose if the claimant deducts any business depreciation expenses for the use of a portion of the homestead or deducts expenses under section 280A of the Internal Revenue Code for a business operated in the claimant's homestead. For homesteads which are manufactured homes as defined in section 273.125, subdivision 8, including manufactured homes located in a manufactured home community owned by a cooperative organized under chapter 308A or 308B, and park trailers taxed as manufactured homes under section 168.012, subdivision 9, "property taxes payable" shall also include 17 percent of the gross rent paid in the preceding year for the site on which the homestead is located. When a homestead is owned by two or more persons as joint tenants or tenants in common, such tenants shall determine between them which tenant may claim the property taxes payable on the homestead. If they are unable to agree, the matter shall be referred to the commissioner of revenue whose decision shall be final. Property taxes are considered payable in the year prescribed by law for payment of the taxes.

In the case of a claim relating to "property taxes payable," the claimant must have owned and occupied the homestead on January 2 of the year in which the tax is payable and (i) the property must have been classified as homestead property pursuant to section 273.124, on or before December ~~15~~ 31 of the assessment year to which the "property taxes payable" relate; or (ii) the claimant must provide documentation from the local assessor that application for homestead classification has been made on or before December ~~15~~ 31 of the year in which the "property taxes payable" were payable and that the assessor has approved the application.

**EFFECTIVE DATE.** This section is effective for refund claims based on property taxes payable in 2022 and thereafter.

Sec. 2. Minnesota Statutes 2020, section 290A.19, is amended to read:

#### **290A.19 OWNER OR MANAGING AGENT TO FURNISH RENT CERTIFICATE.**

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

(b) The commissioner may require the owner or managing agent, through a simple process, to furnish to the commissioner on or before March 1 a copy of each certificate of rent paid furnished to a renter for rent paid in the prior year. The commissioner shall prescribe the content, format, and manner of the form pursuant to section 270C.30. The commissioner may require the Social Security number, individual taxpayer identification number, federal employer identification number, or Minnesota taxpayer identification number of the owner or managing agent who is required to furnish a certificate of rent paid under this paragraph. Prior to implementation, the commissioner, after consulting with representatives of owners or managing agents, shall develop an implementation and administration plan for the requirements of this paragraph that attempts to minimize financial burdens, administration and compliance costs, and takes into consideration existing systems of owners and managing agents.

(c) For the purposes of this section, "owner" includes a park owner as defined under section 327C.01, subdivision 6, and "property" includes a lot as defined under section 327C.01, subdivision 3.

**EFFECTIVE DATE.** This section is effective for refund claims based on rent paid in 2022 and thereafter."

Amend the title accordingly

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

## SECOND READING OF HOUSE BILLS

H.F. No. 3669 was read the second time.

## MEMBERS EXCUSED

Senator Murphy was excused from the Session of today. Senator Limmer was excused from the Session of today from 11:00 to 11:45 a.m. Senator Ingebrigtsen was excused from the Session of today from 12:45 to 1:00 p.m. Senator Fateh was excused from the Session of today at 12:50 p.m. Senator Abeler was excused from the Session of today from 1:05 to 1:20 p.m.

**ADJOURNMENT**

Senator Johnson moved that the Senate do now adjourn until 10:30 a.m., Wednesday, May 11, 2022. The motion prevailed.

Cal R. Ludeman, Secretary of the Senate