

SEVENTY-SIXTH DAY

St. Paul, Minnesota, Sunday, May 21, 2023

The Senate met at 12:00 noon and was called to order by the President.

CALL OF THE SENATE

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

The members of the Senate paused for a moment of silent prayer and reflection.

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	Dziedzic	Johnson	Maye Quade	Rarick
Anderson	Eichorn	Klein	McEwen	Rasmusson
Bahr	Farnsworth	Koran	Miller	Rest
Boldon	Fatch	Kreun	Mitchell	Seeberger
Carlson	Frentz	Kunesh	Mohamed	Utke
Champion	Green	Kupec	Morrison	Weber
Coleman	Gruenhagen	Lang	Murphy	Wesenberg
Cwodzinski	Gustafson	Latz	Nelson	Westlin
Dahms	Hauschild	Lieske	Oumou Verbeten	Westrom
Dibble	Hawj	Limmer	Pappas	Wiklund
Dornink	Hoffman	Lucero	Pha	Xiong
Draheim	Housley	Mann	Port	
Drazkowski	Howe	Marty	Pratt	
Duckworth	Jasinski	Mathews	Putnam	

The President declared a quorum present.

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

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

Senators Mohamed, Port, Gustafson, and Oumou Verbeten introduced--

S.F. No. 3357: A bill for an act relating to state government; proposing an amendment to the Minnesota Constitution, article XI; increasing the sales tax rate by three-eighths of one percent and

dedicating the receipts for housing purposes; creating a homeownership opportunity fund, a rental opportunity fund, and a household and community stability fund; creating fund councils; providing appointments; requiring reports; proposing coding for new law in Minnesota Statutes, chapters 256K; 462A.

Referred to the Committee on Taxes.

Senator Latz introduced--

S.F. No. 3358: A bill for an act relating to insurance; regulating sureties, supervising bail bond agencies, surety bail bond producers, and bail bond enforcement agents; amending Minnesota Statutes 2022, section 629.63; proposing coding for new law as Minnesota Statutes, chapter 60M.

Referred to the Committee on Commerce and Consumer Protection.

MOTIONS AND RESOLUTIONS

Senator Hoffman moved that his name be stricken as a co-author to S.F. No. 3353. The motion prevailed.

Senator Pappas moved that H.F. No. 669 be withdrawn from the Committee on Finance, given a second reading, and placed on General Orders. The motion prevailed.

H.F. No. 669 was read the second time.

Senators Dziejdzic and Johnson introduced --

Senate Resolution No. 58: A Senate resolution relating to conduct of Senate business during the interim between Sessions.

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

The powers, duties, and procedures set forth in this resolution apply during the interim between the adjournment sine die of the 93rd Legislature, 2023 Session, and the convening of the 93rd Legislature, 2024 Session.

The Committee on Rules and Administration may, from time to time, assign to the various committees and subcommittees of the Senate, in the interim, matters brought to its attention by any member of the Senate for study and investigation. The standing committees and subcommittees may study and investigate all subjects that come within their usual jurisdiction, as provided by Minnesota Statutes, Section 3.921. A committee shall carry on its work by subcommittee or by committee action as the committee from time to time determines. Any study undertaken by any of the standing committees, or any subcommittee thereof, shall be coordinated to the greatest extent possible with other standing committees or subcommittees of the Senate and House of Representatives, and may, if the committee or subcommittee so determines, be carried on jointly with another committee or subcommittee of the Senate or House of Representatives.

The Subcommittee on Committees of the Committee on Rules and Administration shall appoint persons as necessary to fill any vacancies that may occur in committees, commissions, and other bodies whose members are to be appointed by the Senate as authorized by rule, statute, resolution, or otherwise. The Subcommittee on Committees may appoint members of the Senate to assist in the work of any committee.

The Committee on Rules and Administration shall establish positions, set compensation and benefits, appoint employees, and authorize expense reimbursement as it deems proper to carry out the work of the Senate.

The Committee on Rules and Administration may authorize members of the Senate and personnel employed by the Senate to travel and to attend courses of instruction or conferences for the purpose of improving and making more efficient Senate operation and may reimburse these persons for the costs thereof out of monies appropriated to the Senate.

All members of activated standing committees or subcommittees of the Senate, and staff, shall be reimbursed for all expenses actually and necessarily incurred in the performance of their duties during the interim in the manner provided by law. Payment shall be made by the Secretary of the Senate out of monies appropriated to the Senate for the standing committees. The Committee on Rules and Administration shall determine the amount and manner of reimbursement for living and other expenses of each member of the Senate incurred in the performance of Senate duties when the Legislature is not in regular session.

The Secretary of the Senate shall continue to perform his duties during the interim. During the interim, but not including time which may be spent in any special session, the Secretary of the Senate shall be paid for services rendered the Senate at the rate established for his position for the 2023 regular session, unless otherwise directed by the Committee on Rules and Administration, plus travel and subsistence expense incurred incidental to his Senate duties, including salary and travel expense incurred in attending meetings of the National Conference of State Legislatures.

Should a vacancy occur in the position of Secretary of the Senate, by resignation or other causes, the Committee on Rules and Administration shall appoint an acting Secretary of the Senate who shall serve in that capacity during the remainder of the interim under the provisions herein specified.

The Secretary of the Senate is authorized to employ after the close of the session the employees necessary to finish the business of the Senate at the salaries paid under the rules of the Senate for the 2023 regular session. The Secretary of the Senate is authorized to employ the necessary employees to prepare for the 2024 session at the salaries in effect at that time.

The Secretary of the Senate shall classify as eligible for benefits under Minnesota Statutes, Sections 3.095 and 43A.24, those Senate employees heretofore or hereafter certified as eligible for benefits by the Committee on Rules and Administration.

The Secretary of the Senate, as authorized and directed by the Committee on Rules and Administration, shall furnish each member of the Senate with postage and supplies, and upon proper verification of the expenses incurred, shall reimburse each member for expenses as authorized from time to time by the Committee on Rules and Administration.

The Secretary of the Senate shall correct and approve the Journal of the Senate for those days that have not been corrected and approved by the Senate, and shall correct printing errors found in the Journal of the Senate for the 93rd Legislature. The Secretary of the Senate may include in the Senate Journal proceedings of the last day, appointments by the Subcommittee on Committees to interim commissions created by legislative action, permanent commissions or committees established by statute, standing committees, official communications and other matters of record received on or after adjournment sine die.

The Secretary of the Senate may pay election and litigation costs as authorized by the Committee on Rules and Administration.

The Secretary of the Senate, with the approval of the Committee on Rules and Administration, shall secure bids and enter into contracts for the printing of the bills and binding of the permanent Senate Journal, shall secure bids and enter into contracts for remodeling, improvement and furnishing of Senate office space, conference rooms and the Senate Chamber and shall purchase all supplies, equipment and other goods and services necessary to carry out the work of the Senate. Any contracts in excess of \$10,000 shall be approved by the Chair of the Committee on Rules and Administration and another member designated by the chair.

The Secretary of the Senate shall draw warrants from the legislative expense fund in payment of the accounts herein referred to.

All Senate records, including committee books, are subject to the direction of the Committee on Rules and Administration.

The Senate Chamber, retiring room, committee rooms, all conference rooms, storage rooms, Secretary of the Senate's office, Rules and Administration office, and any and all other space assigned to the Senate shall be reserved for use by the Senate and its standing committees only and shall not be released or used for any other purpose except upon authorization of the Secretary of the Senate with the approval of the Committee on Rules and Administration, or the Chair thereof.

The commissioner of administration shall continue to provide parking space through the Secretary of the Senate for members and staff of the Minnesota State Senate. The Secretary of the Senate may deduct from the check of any legislator or legislative employee a sum adequate to cover the exercise of the parking privilege herein defined in conformity with the practice of the Department of Administration.

Senator Dziejdzic moved the adoption of the foregoing resolution.

The question was taken on the adoption of the resolution.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

Abeler	Duckworth	Howe	Mann	Port
Anderson	Dziedzic	Jasinski	Marty	Putnam
Bahr	Eichorn	Johnson	Mathews	Rarick
Boldon	Farnsworth	Klein	Maye Quade	Rasmusson
Carlson	Fateh	Koran	McEwen	Rest
Champion	Frentz	Kreun	Mitchell	Seeberger
Coleman	Green	Kunesh	Mohamed	Utke
Cwodzinski	Gruenhagen	Kupec	Morrison	Weber
Dahms	Gustafson	Lang	Murphy	Wesenberg
Dibble	Hauschild	Latz	Nelson	Westlin
Dornink	Hawj	Lieske	Oumou Verbeten	Wiklund
Draheim	Hoffman	Limmer	Pappas	Xiong
Drazkowski	Housley	Lucero	Pha	

Pursuant to Rule 40, Senator Boldon cast the affirmative vote on behalf of the following Senators: Hawj, Mann, and Port.

Pursuant to Rule 40, Senator Jasinski cast the affirmative vote on behalf of the following Senators: Duckworth and Lang.

The motion prevailed. So the resolution was adopted.

MOTIONS AND RESOLUTIONS - CONTINUED

Senators Dziedzic and Johnson introduced --

Senate Concurrent Resolution No. 7: A Senate concurrent resolution relating to adjournment of the House of Representatives and Senate until 2024.

BE IT RESOLVED by the Senate of the State of Minnesota, the House of Representatives concurring:

1. Upon adjournment on May 22, 2023, the House of Representatives and Senate may set the next day of meeting for Monday, February 12, 2024, at 12:00 noon.

2. By the adoption of this resolution, each house consents to the adjournment of the other house for more than three days.

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

Remaining on the Order of Business of Motions and Resolutions, Senator Dziedzic moved that the Senate take up the Confirmation Calendar. The motion prevailed.

CONFIRMATION

Senator Latz moved that the Senate do now consent to and confirm the appointments of the notaries public, as reported in the Senate Journal for January 4, 2023.

The motion prevailed. So the appointments were confirmed.

CONFIRMATION

Senator Latz moved that the Senate do now consent to and confirm the appointments of the notaries public, as reported in the Senate Journal for May 20, 2023.

The motion prevailed. So the appointments were confirmed.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages from the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1938, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1938 is herewith transmitted to the Senate.

Patrick D. Murphy, Chief Clerk, House of Representatives

Transmitted May 20, 2023

CONFERENCE COMMITTEE REPORT ON H. F. No. 1938

A bill for an act relating to financing and operation of state and local government; modifying provisions governing individual income and corporate franchise taxes, federal conformity, property taxes, certain state aid and credit programs, sales and use taxes, minerals taxes, tax increment financing, certain local taxes, provisions related to public finance, and various other taxes and tax-related provisions; modifying income tax credits; modifying existing and proposing new subtractions; modifying provisions related to the taxation of pass-through entities; providing for certain federal tax conformity; modifying individual income tax rates; modifying provisions related to reporting of corporate income; providing a onetime refundable rebate credit; providing for conformity to certain federal tax provisions; modifying property tax exemptions, classifications, and refunds; modifying local government aid calculations; establishing soil and water conservation district aid; providing for certain sales tax exemptions and providing new definitions; modifying taconite taxes and distributions; converting the renter's property tax refund into a refundable individual

income tax credit; modifying provisions related to tax increment financing and allowing certain special local provisions; modifying certain local taxes; establishing tourism improvement special taxing districts; requiring reports; appropriating money; amending Minnesota Statutes 2022, sections 3.8855, subdivisions 4, 7; 6.495, subdivision 3; 10A.31, subdivisions 1, 3; 13.46, subdivision 2; 41B.0391, subdivisions 1, 2, 4, 7; 116U.27, subdivisions 1, 4, 7; 118A.04, subdivision 5; 123B.61; 168B.07, subdivision 3; 256J.45, subdivision 2; 256L.15, subdivision 1a; 270A.03, subdivision 2; 270B.12, subdivision 8; 270B.14, subdivision 1; 270C.13, subdivision 1; 270C.19, subdivisions 1, 2; 270C.445, subdivisions 2, 3; 270C.446, subdivision 2; 270C.52, subdivision 2; 272.01, subdivision 2; 272.02, subdivisions 24, 73, 98, by adding a subdivision; 273.11, subdivision 12; 273.124, subdivisions 6, 13, 13a, 13c, 13d, 14; 273.1245, subdivision 1; 273.13, subdivisions 25, 34, 35; 273.1315, subdivision 2; 273.1341; 273.1392; 275.065, subdivisions 3, 3b, 4; 278.01, subdivision 1; 279.03, subdivision 1a; 282.261, subdivision 2; 289A.02, subdivision 7, as amended; 289A.08, subdivisions 7, as amended, 7a, as amended, by adding subdivisions; 289A.18, subdivision 5; 289A.38, subdivision 4; 289A.382, subdivision 2; 289A.50, by adding a subdivision; 289A.56, subdivision 6; 289A.60, subdivisions 12, 13, 28; 290.01, subdivisions 19, as amended, 31, as amended; 290.0132, subdivisions 4, 24, 26, 27, by adding subdivisions; 290.0133, subdivision 6; 290.0134, subdivision 18, by adding a subdivision; 290.06, subdivisions 2c, as amended, 2d, 22, 39; 290.067; 290.0671, as amended; 290.0674; 290.0677, subdivision 1; 290.0682, subdivision 2, by adding a subdivision; 290.0685, subdivision 1, by adding a subdivision; 290.0686; 290.091, subdivision 2, as amended; 290.17, subdivision 4, by adding a subdivision; 290.21, subdivision 9; 290.92, subdivision 20; 290.9705, subdivision 1; 290A.02; 290A.03, subdivisions 3, 6, 8, 12, 13, 15, as amended, by adding a subdivision; 290A.04, subdivisions 1, 2, 2h, 4, 5; 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, as amended; 295.50, subdivision 4; 296A.083, subdivision 3; 297A.61, subdivision 29, by adding subdivisions; 297A.67, subdivisions 2, 7, 9; 297A.68, subdivisions 4, 25; 297A.70, subdivisions 2, 4, 18, 19; 297E.02, subdivision 6; 297E.021, subdivision 4; 297H.13, subdivision 2; 297I.20, subdivision 4; 298.015; 298.018, subdivisions 1, 1a; 298.28, subdivisions 5, 7a, by adding a subdivision; 298.296, subdivision 4; 299C.76, subdivisions 1, 2; 327C.02, subdivision 5; 349.11; 349.12, subdivisions 12b, 12c, by adding a subdivision; 366.095, subdivision 1; 373.01, subdivision 3; 383B.117, subdivision 2; 410.32; 412.301; 462A.05, subdivision 24; 462A.38; 469.033, subdivision 6; 469.053, subdivisions 4, 6; 469.107, subdivision 1; 469.174, subdivision 14, by adding a subdivision; 469.175, subdivision 6; 469.176, subdivisions 3, 4; 469.1761, subdivision 1; 469.1763, subdivisions 2, 3, 4, 6; 469.1771, subdivisions 2, 2a, 3; 474A.02, subdivisions 22b, 23a; 475.54, subdivision 1; 477A.011, subdivision 34, by adding subdivisions; 477A.0124, subdivision 2; 477A.013, subdivisions 8, 9; 477A.03, subdivisions 2a, 2b, by adding a subdivision; 477A.12, subdivisions 1, 3, by adding a subdivision; 477A.30; 477B.01, subdivisions 5, 10, 11, by adding subdivisions; 477B.02, subdivisions 2, 3, 5, 8, 9, 10, by adding a subdivision; 477B.03, subdivisions 2, 3, 4, 5, 7; 477B.04, subdivision 1, by adding a subdivision; 477C.02, subdivision 4; 477C.03, subdivisions 2, 5; 477C.04, by adding a subdivision; 514.972, subdivision 5; Laws 1971, chapter 773, section 1, subdivision 2, as amended; Laws 1980, chapter 511, sections 1, subdivision 2, as amended; 2, as amended; Laws 2006, chapter

259, article 11, section 3, as amended; Laws 2008, chapter 366, article 5, sections 26, as amended; 36, subdivisions 1, 3, as amended; article 7, section 17; article 17, section 6; Laws 2014, chapter 308, article 6, section 12, subdivision 2; Laws 2023, chapter 1, section 15; proposing coding for new law in Minnesota Statutes, chapters 16A; 181; 290; 477A; proposing coding for new law as Minnesota Statutes, chapter 428B; repealing Minnesota Statutes 2022, sections 270A.04, subdivision 5; 290.01, subdivision 19i; 290.0131, subdivision 18; 290.0132, subdivision 33; 290A.03, subdivisions 9, 11; 290A.04, subdivision 2a; 290A.23, subdivision 1; 477A.011, subdivisions 30a, 38, 42, 45; 477A.013, subdivision 13; 477A.16, subdivisions 1, 2, 3; 477B.02, subdivision 4; 477B.03, subdivision 6.

May 20, 2023

The Honorable Melissa Hortman
Speaker of the House of Representatives

The Honorable Bobby Joe Champion
President of the Senate

We, the undersigned conferees for H. F. No. 1938 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 1938 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES

Section 1. Minnesota Statutes 2022, section 41B.0391, subdivision 1, is amended to read:

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

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

(c) "Beginning farmer" means an individual who:

(1) is a resident of Minnesota;

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

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

(4) except as provided in subdivision 2, paragraph (f), is not and whose spouse is not a family member of the owner of the agricultural assets from whom the beginning farmer is seeking to purchase or rent agricultural assets;

(5) except as provided in subdivision 2, paragraph (f), is not and whose spouse is not a family member of a partner, member, shareholder, or trustee of the owner of agricultural assets from whom the beginning farmer is seeking to purchase or rent agricultural assets; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

~~(h)~~ (h) "Owner of agricultural assets" means an individual, trust, or pass-through entity that is the owner in fee of agricultural land or has legal title to any other agricultural asset. Owner of agricultural assets does not mean an equipment dealer, livestock dealer defined in section 17A.03, subdivision 7, or comparable entity that is engaged in the business of selling agricultural assets for profit and that is not engaged in farming as its primary business activity. An owner of agricultural

assets approved and certified by the authority under subdivision 4 must notify the authority if the owner no longer meets the definition in this paragraph within the three year certification period and is then no longer eligible for credits under this section.

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

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

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 2. Minnesota Statutes 2022, section 41B.0391, subdivision 2, is amended to read:

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

(1) ~~five~~ eight percent of the lesser of the sale price or the fair market value of the agricultural asset, up to a maximum of ~~\$32,000~~ \$50,000;

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

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

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

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

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

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

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

(1) the owner of the agricultural land; or

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

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

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 3. Minnesota Statutes 2022, section 41B.0391, subdivision 4, is amended to read:

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

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

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

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

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

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

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

(c) For credits for owners of agricultural assets allowed under subdivision 2, the authority must not allocate more than ~~\$5,000,000 for taxable years beginning after December 31, 2017, and before January 1, 2019, and must not allocate more than \$6,000,000 for taxable years beginning after December 31, 2018~~ \$6,500,000 for taxable years beginning after December 31, 2022, and before January 1, 2024, and \$4,000,000 for taxable years beginning after December 31, 2023. The authority must allocate credits on a first-come, first-served basis beginning on January 1 of each year, except that recertifications for the second and third years of credits under subdivision 2, paragraph (a), clauses (1) and (2), have first priority. Any amount authorized but not allocated for taxable years ending before January 1, 2023, is canceled and is not allocated for future taxable years. For taxable years beginning after December 31, 2022, any amount authorized but not allocated in any taxable year does not cancel and is added to the allocation for the next taxable year. For each taxable year, 50 percent of newly allocated credits must be allocated to emerging farmers. Any portion of a taxable year's newly allocated credits that is reserved for emerging farmers that is not allocated by September 30 of the taxable year is available for allocation to other credit allocations beginning on October 1.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 4. Minnesota Statutes 2022, section 41B.0391, subdivision 6, is amended to read:

Subd. 6. **Report to legislature.** (a) No later than February 1, ~~2022~~ 2024, 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~~ 2024.

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

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

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

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

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

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

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

(6) data on the number of beginning farmers by geographic region in calendar years 2017 through 2024 2023, including:

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

(ii) to the extent available, the number of beginning farmers who are emerging farmers; and

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

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

(1) the number and amount of credits issued;

(2) the geographic distribution of credits;

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

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

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

Sec. 5. Minnesota Statutes 2022, section 41B.0391, subdivision 7, is amended to read:

Subd. 7. **Sunset.** This section expires for taxable years beginning after December 31, ~~2023~~ 2030.

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

Sec. 6. Minnesota Statutes 2022, 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 for taxable years beginning after December 31, 2021, and before January 1, ~~2023~~ 2025.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 7. Minnesota Statutes 2022, section 116J.8737, subdivision 12, is amended to read:

Subd. 12. **Sunset.** This section expires for taxable years beginning after December 31, ~~2022~~ 2024, except that reporting requirements under subdivision 6 and revocation of credits under subdivision 7 remain in effect through ~~2024~~ 2026 for qualified investors and qualified funds, and through ~~2026~~ 2028 for qualified small businesses, reporting requirements under subdivision 9 remain in effect through ~~2022~~ 2024, and the appropriation in subdivision 11 remains in effect through ~~2026~~ 2028.

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

Sec. 8. Minnesota Statutes 2022, section 116U.27, subdivision 1, is amended to read:

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

(b) "Allocation certificate" means a certificate issued by the commissioner to a taxpayer upon receipt and approval of an initial application for a credit for a project that has not yet been completed.

(c) "Application" means the application for a credit under subdivision 4.

(d) "Commissioner" means the commissioner of employment and economic development.

(e) "Credit certificate" means a certificate issued by the commissioner upon submission receipt and approval of the cost verification report in subdivision 4, paragraph (e).

(f) "Eligible production costs" means eligible production costs as defined in section 116U.26, paragraph (b), clause (1), incurred in Minnesota that are directly attributable to the production of a film project in Minnesota.

(g) "Film" has the meaning given in section 116U.26, paragraph (b), clause (2).

(h) "Project" means a film:

(1) that includes the promotion of Minnesota;

(2) for which the taxpayer has expended at least \$1,000,000 in the taxable year any consecutive 12-month period beginning after expenditures are first paid in Minnesota for eligible production costs; and

(3) to the extent practicable, that employs Minnesota residents.

(i) "Promotion of Minnesota" or "promotion" means visible display of a static or animated logo, approved by the commissioner and lasting approximately five seconds, that promotes Minnesota within its presentation in the end credits before the below-the-line crew crawl for the life of the project.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 9. Minnesota Statutes 2022, section 116U.27, subdivision 4, is amended to read:

Subd. 4. **Applications; allocations.** (a) To qualify for a credit under this section, a taxpayer must submit to the commissioner an application for a credit in the form prescribed by the commissioner, in consultation with the commissioner of revenue.

(b) Upon approving an application for a credit that meets the requirements of this section, the commissioner shall issue allocation certificates that:

(1) verify eligibility for the credit;

(2) state the amount of credit anticipated for the eligible project, with the credit amount up to 25 percent of eligible project costs; and

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

The commissioner must consult with the Minnesota Film and TV Board prior to issuing an allocation certificate.

(c) The commissioner must not issue allocation certificates for more than ~~\$4,950,000~~ \$24,950,000 of credits each year. If the entire amount is not allocated in that taxable year, any remaining amount is available for allocation for the four following taxable years until the entire allocation has been made. The commissioner must not award any credits for taxable years beginning after December 31, ~~2024~~ 2030, and any unallocated amounts cancel on that date.

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

(e) Upon completion of a project, the taxpayer shall submit to the commissioner a report prepared by an independent certified public accountant licensed in the state of Minnesota to verify the amount of eligible production costs related to the project. The report must be prepared in accordance with generally accepted accounting principles. Upon receipt and ~~review~~ approval of the cost verification report and other documents required by the commissioner, the commissioner shall determine the final amount of eligible production costs and issue a credit certificate to the taxpayer. The credit may not exceed the anticipated credit amount on the allocation certificate. If the credit is less than the anticipated amount on the allocation credit, the difference is returned to the amount available for allocation under paragraph (c). To claim the credit under section 290.06, subdivision 39, or 297I.20, subdivision 4, a taxpayer must include a copy of the credit certificate as part of the taxpayer's return.

EFFECTIVE DATE. This section is effective for allocation certificates issued after December 31, 2022.

Sec. 10. Minnesota Statutes 2022, section 116U.27, subdivision 7, is amended to read:

Subd. 7. **Expiration.** Subdivisions 1 to 5 expire January 1, ~~2025~~ 2031, for taxable years beginning after December 31, ~~2024~~ 2030.

EFFECTIVE DATE. This section is effective for allocation certificates issued after December 31, 2022.

Sec. 11. **[181.141] SEXUAL HARASSMENT OR ABUSE SETTLEMENT; PAYMENT AS SEVERANCE OR WAGES PROHIBITED.**

In a sexual harassment or abuse settlement between an employer and an employee, when there is a financial settlement provided, the financial settlement cannot be provided as wages or severance pay to the employee regardless of whether the settlement includes a nondisclosure agreement.

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

Sec. 12. Minnesota Statutes 2022, section 289A.08, subdivision 7, as amended by Laws 2023, chapter 1, section 2, 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, and the subtractions provided in: (1) section 290.0132, subdivisions 9, 27, 28, and 31, to the extent the amount is assignable or allocable to Minnesota under section 290.17; and (2) section 290.0132, subdivision 14. The subtraction allowed under section 290.0132, subdivision 9, is only allowed on the composite tax computation to the extent the electing partner~~

~~would have been allowed the subtraction.~~ has the meaning given in section 290.01, subdivision 19, paragraph (h).

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 13. Minnesota Statutes 2022, section 289A.08, subdivision 7, as amended by Laws 2023, chapter 1, section 2, 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. The computation of a partner's net investment income tax liability must be computed under section 290.033.

(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, and the subtractions provided in: (1) section 290.0132, subdivisions 9, 27, 28, and 31, to the extent the amount is assignable or allocable to Minnesota under section 290.17; and (2) section 290.0132, subdivision 14. The subtraction allowed under section 290.0132, subdivision 9, is only allowed on the composite tax computation to the extent the electing partner would have been allowed the subtraction.

EFFECTIVE DATE. Effective for taxable years beginning after December 31, 2023.

Sec. 14. Minnesota Statutes 2022, section 289A.08, subdivision 7a, as amended by Laws 2023, chapter 1, section 3, 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~~ section 290.01, subdivision 19, paragraph (i). The income of a resident qualifying owner of a qualifying entity that is a partnership or limited liability company taxed as a partnership under the Internal Revenue Code is not subject to allocation outside this state as provided for resident individuals under section 290.17, subdivision 1, paragraph (a). The income of a nonresident qualifying owner of a qualifying entity and the income of a resident qualifying owner of a qualifying entity that is an S corporation, including a qualified subchapter S subsidiary organized under section 1361(b)(3)(B) of the Internal Revenue Code, are allocated and assigned to this state as provided for nonresident partners and shareholders under sections 290.17, 290.191, and 290.20;

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

(3) "qualifying owner" means:

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

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

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

(b) For taxable years beginning after December 31, 2020, ~~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) must exclude partners, members, shareholders, or owners who are not qualifying owners;

~~(2)~~ (3) may only be made by qualifying owners who collectively hold more than a 50 percent of the ownership interest interests in the qualifying entity held by qualifying owners;

~~(3)~~ (4) is binding on all qualifying owners who have an ownership interest in the qualifying entity; and

~~(4)~~ (5) once made is irrevocable for the taxable year.

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

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

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

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

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

(f) This subdivision does not negate the requirement that a qualifying owner pay estimated tax if the qualifying owner's tax liability would exceed the requirements set forth in section 289A.25. The qualifying owner's liability to pay estimated tax on the qualifying owner's tax liability as

determined under paragraph (d) is, however, satisfied when the qualifying entity pays estimated tax in the manner prescribed in section 289A.25 for composite estimated tax.

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

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

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

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

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

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

EFFECTIVE DATE. (a) Paragraphs (a), (b), and (l) are effective for taxable years beginning after December 31, 2022.

(b) Paragraph (d) is effective for taxable years beginning after December 31, 2023.

Sec. 15. Minnesota Statutes 2022, 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. 16. Minnesota Statutes 2022, 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, 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.

(h) In the case of a partnership electing to file a composite return under section 289A.08, subdivision 7, "net income" means the partner's share of federal adjusted gross income from the partnership modified by the additions provided in section 290.0131, subdivisions 8 to 10, 16, and 17, and the subtractions provided in: (1) section 290.0132, subdivisions 9, 27, and 28, to the extent the amount is assignable or allocable to Minnesota under section 290.17; and (2) section 290.0132, subdivision 14. The subtraction allowed under section 290.0132, subdivision 9, is only allowed on the composite tax computation to the extent the electing partner would have been allowed the subtraction.

(i) In the case of a qualifying entity electing to pay the pass-through entity tax under section 289A.08, subdivision 7a, "net income" means the qualifying owner's share of federal adjusted gross income from the qualifying entity modified by the additions provided in section 290.0131, subdivisions 5, 8 to 10, 16, and 17, and the subtractions provided in: (1) section 290.0132, subdivisions 3, 9, 27, and 28, to the extent the amount is assignable or allocable to Minnesota under section 290.17; and (2) section 290.0132, subdivision 14. The subtraction allowed under section 290.0132, subdivision 9, is only allowed on the pass-through entity tax computation to the extent the qualifying owners would have been allowed the subtraction. The income of both a resident and nonresident qualifying owner is allocated and assigned to this state as provided for nonresident partners and shareholders under sections 290.17, 290.191, and 290.20.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 17. Minnesota Statutes 2022, section 290.01, subdivision 21a, is amended to read:

Subd. 21a. **Adjusted gross income; federal adjusted gross income.** (a) The terms "adjusted gross income" and "federal adjusted gross income" mean adjusted gross income, as defined in section 62 of the Internal Revenue Code, as amended through the date named in subdivision 19, paragraph (f), incorporating the federal effective date of changes to the Internal Revenue Code and any elections made by the taxpayer under the Internal Revenue Code in determining federal adjusted gross income for federal income tax purposes.

(b) When computing federal adjusted gross income for purposes of credits and deductions, a taxpayer must calculate their federal adjusted gross income without any deduction for the specified income tax payments as defined in Internal Revenue Code Notice 2020-75. The taxpayer must provide detailed substantiation to support the computation.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 18. Minnesota Statutes 2022, section 290.0122, subdivision 2, is amended to read:

Subd. 2. **Deductions limited; inflation adjustment.** (a) The itemized deductions of a taxpayer with adjusted gross income ~~in excess of the applicable amount~~ over \$220,650 are reduced by the lesser of:

(1) three percent of the excess of the taxpayer's federal adjusted gross income over the applicable amount \$220,650 but not over \$304,970; plus ten percent of the taxpayer's adjusted gross income over \$304,970; or

(2) 80 percent of the amount of the taxpayer's itemized deductions.

~~(b) "Applicable amount" means \$194,650, or \$97,325~~

(b) Notwithstanding paragraph (a), for a taxpayer with adjusted gross income over \$1,000,000, a taxpayer's itemized deductions are reduced by 80 percent.

(c) For a married individual filing a separate return, the reduction under paragraph (a) must be calculated using one-half of the adjusted gross income amounts specified in that paragraph.

~~(d)~~ (d) For the purposes of this subdivision, "itemized deductions" means the itemized deductions otherwise allowable to the taxpayer under subdivision 1, except itemized deductions excludes:

(1) the portion of the deduction for interest under subdivision 5 that represents investment interest;

(2) the deduction for medical expenses under subdivision 6; and

(3) the deduction for losses under subdivision 8.

~~(e)~~ (e) For taxable years beginning after December 31, ~~2019~~ 2023, the commissioner must adjust for inflation the applicable adjusted gross income amounts under ~~paragraph~~ paragraphs (a) and (b) as provided in section 270C.22. The statutory year is taxable year ~~2019~~ 2023. The amounts as

adjusted must be rounded down to the nearest \$50 amount. The threshold amount for married individuals filing separate returns must be one-half of the adjusted amount for married individuals filing joint returns.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 19. Minnesota Statutes 2022, section 290.0123, subdivision 5, is amended to read:

Subd. 5. **Deduction limited.** (a) The standard deduction of a taxpayer with adjusted gross income ~~in excess of the applicable amount~~ over \$220,650 is reduced by the lesser of:

(1) ~~three percent of the excess of the taxpayer's federal adjusted gross income over the applicable amount \$220,650 but not over \$304,970; plus ten percent of the taxpayer's adjusted gross income over \$304,970; or~~

(2) 80 percent of the standard deduction otherwise allowable under this section.

(b) Notwithstanding paragraph (a), for a taxpayer with adjusted gross income over \$1,000,000, the standard deduction is reduced by 80 percent of the standard deduction otherwise allowable under this section.

(b) "Applicable amount" means \$194,650, or \$97,325 (c) For a married individual filing a separate return, the reduction under paragraph (a) must be calculated using one-half of the adjusted gross income amounts specified in that paragraph.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 20. Minnesota Statutes 2022, section 290.0123, subdivision 6, is amended to read:

Subd. 6. **Inflation adjustment.** For taxable years beginning after December 31, ~~2019~~ 2023, the commissioner must adjust for inflation the standard deduction amounts in subdivision 1, the additional amounts in subdivision 2, the amounts in subdivision 3, and the ~~applicable~~ adjusted gross income amounts in subdivision 5 as provided in section 270C.22. The statutory year is taxable year ~~2019~~ 2023. The amounts as adjusted must be rounded down to the nearest \$50 amount. The standard deduction amount for married individuals filing separate returns is one-half of the adjusted amount for married individuals filing joint returns.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 21. Minnesota Statutes 2022, section 290.0131, subdivision 17, is amended to read:

Subd. 17. **Foreign-derived intangible income.** To the extent deducted from net income, the amount of ~~foreign-derived intangible~~ income deducted under section 250 of the Internal Revenue Code for the taxable year is an addition.

EFFECTIVE DATE. This section is effective for taxable years beginning after December, 31, 2022.

Sec. 22. Minnesota Statutes 2022, 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~~ subdivision 1a, paragraph (b), 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 for each qualifying child in kindergarten through grade 6; and

(2) \$2,500 for each qualifying child in grades 7 through 12.

(c) The definitions in section 290.0674, ~~subdivision 1~~ subdivision 1a, apply to this subdivision.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 23. Minnesota Statutes 2022, section 290.0132, subdivision 24, is amended to read:

Subd. 24. ~~**Discharge of indebtedness; education loans**~~ **Student loan discharges.** (a) ~~The amount equal to the discharge of indebtedness of the~~ qualified student loan discharge of a taxpayer is a subtraction ~~if:~~

~~(1) the indebtedness discharged is a qualified education loan; and~~

~~(2) the indebtedness was discharged under section 136A.1791, or following the taxpayer's completion of an income-driven repayment plan.~~

~~(b) For the purposes of this subdivision, "qualified education loan" has the meaning given in section 221 of the Internal Revenue Code.~~

~~(c) For purposes of this subdivision, "income-driven repayment plan" means a payment plan established by the United States Department of Education that sets monthly student loan payments based on income and family size under United States Code, title 20, section 1087e, or similar authority and specifically includes, but is not limited to:~~

(b) For the purposes of this subdivision, "qualified student loan discharge" means a discharge of indebtedness eligible for the exclusion from gross income under section 9675 of Public Law 117-2. A discharge of indebtedness that occurred after December 31, 2025, but otherwise qualifies for the exclusion under that section is a qualified student loan discharge.

(c) "Qualified student loan discharge" includes but is not limited to a discharge of indebtedness under:

(1) the income-based repayment plan under United States Code, title 20, section 1098e;

(2) the income contingent repayment plan established under United States Code, title 20, section 1087e, subsection (e); ~~and~~

(3) the PAYE program or REPAYE program established by the Department of Education under administrative regulations; and

(4) section 136A.1791.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 24. Minnesota Statutes 2022, section 290.0132, subdivision 26, is amended to read:

Subd. 26. **Social Security benefits.** (a) ~~A portion of taxable Social Security benefits is allowed as a subtraction. The taxpayer is allowed a subtraction equals equal to the greater of the simplified subtraction allowed under paragraph (b) or the alternate subtraction determined under paragraph (e).~~

(b) A taxpayer's simplified subtraction equals the amount of taxable social security benefits, as reduced under paragraphs (c) and (d).

(c) For a taxpayer other than a married taxpayer filing a separate return with adjusted gross income above the phaseout threshold, the simplified subtraction is reduced by ten percent for each \$4,000 of adjusted gross income, or fraction thereof, in excess of the phaseout threshold. The phaseout threshold equals:

(1) \$100,000 for a married taxpayer filing a joint return or surviving spouse;

(2) \$78,000 for a single or head of household taxpayer; and

(3) for a married taxpayer filing a separate return, half the amount for a married taxpayer filing a joint return.

(d) For a married taxpayer filing a separate return, the simplified subtraction is reduced by ten percent for each \$2,000 of adjusted gross income, or fraction thereof, in excess of the phaseout threshold.

(e) A taxpayer's alternate subtraction equals the lesser of taxable Social Security benefits or a maximum subtraction subject to the limits under paragraphs ~~(b), (e), and (d)~~ (f), (g), and (h).

~~(b)~~ (f) For married taxpayers filing a joint return and surviving spouses, the maximum subtraction under paragraph (c) equals \$5,150 \$5,840. The maximum subtraction is reduced by 20 percent of provisional income over \$78,180 \$88,630. In no case is the subtraction less than zero.

~~(e)~~ (g) For single or head-of-household taxpayers, the maximum subtraction under paragraph (c) equals \$4,020 \$4,560. The maximum subtraction is reduced by 20 percent of provisional income over \$61,080 \$69,250. In no case is the subtraction less than zero.

~~(d)~~ (h) For married taxpayers filing separate returns, the maximum subtraction under paragraph (c) equals one-half the maximum subtraction for joint returns under paragraph ~~(b)~~ (d). The maximum

subtraction is reduced by 20 percent of provisional income over one-half the threshold amount specified in paragraph ~~(b)~~ (d). In no case is the subtraction less than zero.

~~(e)~~ (i) For purposes of this subdivision, "provisional income" means modified adjusted gross income as defined in section 86(b)(2) of the Internal Revenue Code, plus one-half of the taxable Social Security benefits received during the taxable year, and "Social Security benefits" has the meaning given in section 86(d)(1) of the Internal Revenue Code.

~~(f)~~ (j) The commissioner shall adjust the ~~maximum subtraction and phaseout~~ threshold amounts in paragraphs ~~(b) to (c)~~ and (d) as provided in section 270C.22. The statutory year is taxable year ~~2019~~ 2023. The maximum subtraction and threshold amounts as adjusted must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 25. Minnesota Statutes 2022, section 290.0132, subdivision 27, is amended to read:

Subd. 27. **Deferred foreign income.** The amount of deferred foreign income ~~recognized because of section 965 of the Internal Revenue Code~~ under section 965 of the Internal Revenue Code included in federal adjusted gross income or federal taxable income, is a subtraction.

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

Sec. 26. Minnesota Statutes 2022, section 290.0132, is amended by adding a subdivision to read:

Subd. 34. **Qualified retirement benefits.** (a) The amount of qualified public pension income is a subtraction. The subtraction in this section is limited to:

(1) \$25,000 for a married taxpayer filing a joint return or surviving spouse; or

(2) \$12,500 for all other filers.

(b) For a taxpayer with adjusted gross income above the phaseout threshold, the subtraction is reduced by ten percent for each \$2,000 of adjusted gross income, or fraction thereof, in excess of the threshold. The phaseout threshold equals:

(1) \$100,000 for a married taxpayer filing a joint return or surviving spouse;

(2) \$78,000 for a single or head of household taxpayer; or

(3) for a married taxpayer filing a separate return, half the amount for a married taxpayer filing a joint return.

(c) For the purposes of this section, "qualified public pension income" means any amount received:

(1) by a former basic member or the survivor of a former basic member, as an annuity or survivor benefit, from a pension plan governed by chapter 353, 353E, 354, or 354A, provided that the annuity

or benefit is based on service for which the member or survivor is not also receiving Social Security benefits;

(2) as an annuity or survivor benefit from the legislators plan under chapter 3A, the State Patrol retirement plan under chapter 352B, or the public employees police and fire plan under sections 353.63 to 353.666, provided that the annuity or benefit is based on service for which the member or survivor is not also receiving Social Security benefits;

(3) from any retirement system administered by the federal government that is based on service for which the recipient or the recipient's survivor is not also receiving Social Security benefits; or

(4) from a public retirement system of or created by another state or any of its political subdivisions, or the District of Columbia, if the income tax laws of the other state or district permit a similar deduction or exemption or a reciprocal deduction or exemption of a retirement or pension benefit received from a public retirement system of or created by this state or any political subdivision of this state.

(d) The commissioner must annually adjust the subtraction limits in paragraph (a) and the phaseout thresholds in paragraph (b), as provided in section 270C.22. The statutory year is taxable year 2023.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 27. Minnesota Statutes 2022, section 290.0132, is amended by adding a subdivision to read:

Subd. 35. **Damages for sexual harassment or abuse.** The amount of damages received under a sexual harassment or abuse claim that is not excluded from gross income under section 104(a)(2) of the Internal Revenue Code because the damages are not received on account of personal physical injuries or physical sickness is a subtraction.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 28. Minnesota Statutes 2022, section 290.0133, subdivision 6, is amended to read:

Subd. 6. **Special deductions.** The amount of any special deductions under sections 241 to 247, and 250, ~~and 965~~ of the Internal Revenue Code is an addition.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 29. Minnesota Statutes 2022, section 290.0134, subdivision 18, is amended to read:

Subd. 18. **Deferred foreign income.** The amount of deferred foreign income ~~recognized because of section 965 of the Internal Revenue Code~~ under section 965 of the Internal Revenue Code included in federal taxable income, is a subtraction.

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

Sec. 30. **[290.033] NET INVESTMENT INCOME TAX.**

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

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

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

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

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

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

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

Sec. 31. Minnesota Statutes 2022, section 290.06, subdivision 23, is amended to read:

Subd. 23. Refund of contributions to political parties and candidates. (a) A taxpayer may claim a refund equal to the amount of the taxpayer's contributions made in the calendar year to candidates and to a political party. The maximum refund for an individual must not exceed ~~\$50~~ \$75 and for a married couple, filing jointly, must not exceed ~~\$100~~ \$150. A refund of a contribution is allowed only if the taxpayer files a form required by the commissioner and attaches to the form a copy of an official refund receipt form issued by the candidate or party and signed by the candidate, the treasurer of the candidate's principal campaign committee, or the chair or treasurer of the party unit, after the contribution was received. The receipt forms must be numbered, and the data on the receipt that are not public must be made available to the campaign finance and public disclosure board upon its request. A claim must be filed with the commissioner no sooner than January 1 of the calendar year in which the contribution was made and no later than April 15 of the calendar year following the calendar year in which the contribution was made. A taxpayer may file only one claim per calendar year. Amounts paid by the commissioner after June 15 of the calendar year following the calendar year in which the contribution was made must include interest at the rate specified in section 270C.405.

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

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

- (2) is seeking an office for which voluntary spending limits are specified in section 10A.25; and
- (3) has designated a principal campaign committee.

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

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

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

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

"Contribution" means a gift of money.

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

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

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

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

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

EFFECTIVE DATE. This section is effective January 1, 2024, and applies to refunds for contributions made in calendar year 2024 and thereafter.

Sec. 32. Minnesota Statutes 2022, section 290.06, is amended by adding a subdivision to read:

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

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

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

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

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

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

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

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 33. Minnesota Statutes 2022, section 290.06, subdivision 39, is amended to read:

Subd. 39. **Film production credit.** (a) A taxpayer, including a taxpayer to whom a credit has been assigned under section 116U.27, subdivision 3, may claim a credit against the tax imposed by this chapter equal to the amount certified on a credit certificate under section 116U.27, subject to the limitations in this subdivision.

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

(c) Credits allowed 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, pro rata to each based on the partner's, member's, shareholder's, or owner's share of the entity's assets, or as specially allocated in the organizational documents or any other executed agreement, as of the last day of the taxable year.

(d) Notwithstanding the approval and certification by the commissioner of employment and economic development under section 116U.27, 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 the amount of any improperly claimed credit. The commissioner may only assess the original recipient of the credit certificate for the amount of improperly claimed credits. The commissioner may not assess a credit certificate assignee for any amount of improperly claimed credits, and an assignee's claim for credit is not affected by the commissioner's assessment of improperly claimed credits against the assignor.

(e) This subdivision expires January 1, ~~2025~~ 2031, for taxable years beginning after December 31, ~~2024~~ 2030, 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 subdivision.

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

Sec. 34. **[290.0661] MINNESOTA CHILD TAX CREDIT.**

Subdivision 1. **Definitions.** For the purposes of this section, "qualifying child" has the meaning given in section 32(c) of the Internal Revenue Code, except:

- (1) excluding individuals who attained the age of 18 or greater in the taxable year; and
- (2) section 32(m) of the Internal Revenue Code does not apply.

Subd. 2. **Credit allowed.** A taxpayer who is a resident of Minnesota is allowed a credit against the tax imposed by this chapter, as provided in this section. To be eligible for the credit under this section, the taxpayer must be eligible for the credit under section 290.0671, except a taxpayer whose earned income was insufficient to claim a credit under that section but who otherwise qualifies to claim the credit is eligible.

Subd. 3. **Credit amount.** The credit under this section equals \$1,750 per qualifying child.

Subd. 4. **Phaseout.** The credits under this section and section 290.0671 are phased down jointly. The combined amount of the credits is reduced by 12 percent of earned income or adjusted gross income, whichever is greater, in excess of the phaseout threshold. The phaseout threshold equals:

- (1) \$35,000 for a married taxpayer filing a joint return; or
- (2) \$29,500 for all other filers.

Subd. 5. **Part-year residents.** For a part-year resident, the combined amounts of the credit under this section and section 290.0671, after the phaseout in subdivision 4, must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

Subd. 6. **Credit refundable; appropriation.** If the amount of credit which the claimant is eligible to receive under this section exceeds the claimant's tax liability under this chapter, the commissioner shall refund the excess to the claimant. An amount sufficient to pay the refunds required by this section is appropriated to the commissioner from the general fund.

Subd. 7. **Inflation adjustment.** (a) For taxable years beginning after December 31, 2025, the commissioner of revenue must annually adjust for inflation the credit amount in subdivision 3 as provided in section 270C.22. The adjusted amounts must be rounded to the nearest \$60. The statutory year is taxable year 2025.

(b) For taxable years beginning after December 31, 2023, the commissioner of revenue must annually adjust for inflation the phaseout thresholds in subdivision 4, as provided in section 270C.22. The statutory year is taxable year 2023.

Subd. 8. **Advance payment of credits.** (a) The commissioner of revenue may establish a process to allow taxpayers to elect to receive one or more advance payments of the credit under this section. The amount of advance payments must be based on the taxpayer and commissioner's estimate of the amount of credits for which the taxpayer would be eligible in the taxable year beginning in the calendar year in which the payments were made. The commissioner must not distribute advance payments to a taxpayer who does not elect to receive advance payments.

(b) The amount of a taxpayer's credit under this section for the taxable year is reduced by the amount of advance payments received by the taxpayer in the calendar year during which the taxable year began. If a taxpayer's advance payments exceeded the credit the taxpayer was eligible to receive for the taxable year, the taxpayer's liability for tax is increased by the difference between the amount of advance payments received and the credit amount.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 35. Minnesota Statutes 2022, section 290.067, is amended to read:

290.067 DEPENDENT CARE CREDIT.

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~~ taxpayer:

(1) has a child who has not attained the age of one year at the close of the taxable year; and

~~(2) files a joint tax return for the taxable year; and~~

~~(3) (2) 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~~ taxpayer 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, 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 for taxpayers with one qualified individual, or \$1,200 minus five percent of federal adjusted gross income in excess of \$52,230 for taxpayers with two or more qualified individuals, but in no case is the credit less than zero.

Subd. 2b. **Inflation adjustment.** The commissioner shall annually adjust the dollar amount of the income threshold at which the maximum credit begins to be reduced under subdivision 1 as provided in section 270C.22. The statutory year is taxable year 2019.

Subd. 3. **Credit to be refundable.** If the amount of credit which a claimant would be eligible to receive pursuant to this subdivision exceeds the claimant's tax liability under chapter 290, the excess amount of the credit shall be refunded to the claimant by the commissioner of revenue. The amount needed to pay the refunds required by this section is appropriated to the commissioner from the general fund.

Subd. 4. **Right to file claim.** The right to file a claim under this section shall be personal to the claimant and shall not survive death, but such right may be exercised on behalf of a claimant by the claimant's legal guardian or attorney-in-fact. When a claimant dies after having filed a timely claim

the amount thereof shall be disbursed to another member of the household as determined by the commissioner of revenue. If the claimant was the only member of a household, the claim may be paid to the claimant's personal representative, but if neither is appointed and qualified within two years of the filing of the claim, the amount of the claim shall escheat to the state.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 36. Minnesota Statutes 2022, section 290.0671, as amended by Laws 2023, chapter 1, section 16, is amended to read:

290.0671 MINNESOTA WORKING FAMILY CREDIT.

Subdivision 1. **Credit allowed.** (a) An individual who is a resident of Minnesota is allowed a credit against the tax imposed by this chapter equal to a percentage of earned income. To receive a credit, a taxpayer must be eligible for a credit under section 32 of the Internal Revenue Code, except that:

(1) a taxpayer with no qualifying children who has attained the age of 19, but not attained age 65 before the close of the taxable year and is otherwise eligible for a credit under section 32 of the Internal Revenue Code may also receive a credit; ~~and~~

(2) a taxpayer who is otherwise eligible for a credit under section 32 of the Internal Revenue Code remains eligible for the credit even if the taxpayer's earned income or adjusted gross income exceeds the income limitation under section 32 of the Internal Revenue Code; and

(3) section 32(m) of the Internal Revenue Code does not apply.

(b) A taxpayer's working family credit equals four percent of the first \$8,750 of earned income.

(c) The credit under this section is increased by:

(1) \$925 for a taxpayer with one qualifying older child;

(2) \$2,100 for a taxpayer with two qualifying older children; or

(3) \$2,500 for a taxpayer with three or more qualifying older children.

(d) The credit under this section is phased out jointly with the credit under section 290.0661, subdivision 4. For a taxpayer with one or more qualifying older children who did not qualify for the credit under section 290.0661, the phaseout rate equals nine percent.

~~(b) For individuals with no qualifying children, the credit equals 3.9 percent of the first \$7,150 of earned income. The credit is reduced by 2.0 percent of earned income or adjusted gross income, whichever is greater, in excess of the phaseout threshold, but in no case is the credit less than zero.~~

~~(c) For individuals with one qualifying child, the credit equals 9.35 percent of the first \$11,950 of earned income. The credit is reduced by 6.0 percent of earned income or adjusted gross income, whichever is greater, in excess of the phaseout threshold, but in no case is the credit less than zero.~~

(d) For individuals with two qualifying children, the credit equals 11 percent of the first \$19,600 of earned income. The credit is reduced by 10.5 percent of earned income or adjusted gross income, whichever is greater, in excess of the phaseout threshold, but in no case is the credit less than zero.

(e) For individuals with three or more qualifying children, the credit equals 12.5 percent of the first \$20,000 of earned income. The credit is reduced by 10.5 percent of earned income or adjusted gross income, whichever is greater, in excess of the phaseout threshold, but in no case is the credit less than zero.

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

~~(g)~~ (e) For a person who was a resident for the entire tax year and has earned income not subject to tax under this chapter, ~~including income excluded under section 290.0132, subdivision 10,~~ the credit must be allocated based on the ratio of federal adjusted gross income reduced by the earned income not subject to tax under this chapter over federal adjusted gross income. For purposes of this paragraph, the following clauses are not considered "earned income not subject to tax under this chapter":

(1) the subtractions for military pay under section 290.0132, subdivisions 11 and 12;

(2) the exclusion of combat pay under section 112 of the Internal Revenue Code; and

(3) income derived from an Indian reservation by an enrolled member of the reservation while living on the reservation.

~~(h) For the purposes of this section, the phaseout threshold equals:~~

~~(1) \$14,570 for married taxpayers filing joint returns with no qualifying children;~~

~~(2) \$8,730 for all other taxpayers with no qualifying children;~~

~~(3) \$28,610 for married taxpayers filing joint returns with one qualifying child;~~

~~(4) \$22,770 for all other taxpayers with one qualifying child;~~

~~(5) \$32,840 for married taxpayers filing joint returns with two qualifying children;~~

~~(6) \$27,000 for all other taxpayers with two qualifying children;~~

~~(7) \$33,140 for married taxpayers filing joint returns with three or more qualifying children;~~
and

~~(8) \$27,300 for all other taxpayers with three or more qualifying children.~~

(i) The commissioner shall construct tables showing the amount of the credit at various income levels and make them available to taxpayers. The tables shall follow the schedule contained in this subdivision, except that the commissioner may graduate the transition between income brackets.

Subd. 1a. **Definitions.** For purposes of this section, ~~the term "qualifying child" has the meaning given~~ "qualifying older child" means a qualifying child, as defined in section 32(c) of the Internal Revenue Code. ~~"earned income of the lesser-earning spouse" has the meaning given in section 290.0675, subdivision 1, paragraph (d),~~ that attained at least the age of 18 in the taxable year. For the purposes of determining a qualifying older child, section 32(m) of the Internal Revenue Code does not apply.

Subd. 2. **Credit name.** The credit allowed by this section shall be known as the "Minnesota working family credit."

Subd. 4. **Credit refundable.** If the amount of credit which the claimant is eligible to receive under this section exceeds the claimant's tax liability under this chapter, the commissioner shall refund the excess to the claimant.

~~Subd. 5. **Calculation assistance.** Upon request of the individual and submission of the necessary information, in the form prescribed by the commissioner, the Department of Revenue shall calculate the credit on behalf of the individual.~~

Subd. 6. **Appropriation.** An amount sufficient to pay the refunds required by this section is appropriated to the commissioner from the general fund.

Subd. 7. **Inflation adjustment.** The commissioner shall annually adjust the earned income amounts used to calculate the credit and the ~~phase-out thresholds~~ qualifying older child amounts in subdivision 1 as provided in section 270C.22. The statutory year is taxable year ~~2019~~ 2023.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 37. Minnesota Statutes 2022, section 290.0674, is amended to read:

290.0674 MINNESOTA EDUCATION CREDIT.

Subdivision 1. **Credit allowed; definitions.** An individual is allowed a credit against the tax imposed by this chapter in an amount equal to 75 percent of the amount paid for education-related expenses for a qualifying child in kindergarten through grade 12.

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

(b) "Education-related expenses" means:

(1) ~~qualifying instructional fees or tuition for instruction by an instructor under section 120A.22, subdivision 10, clause (1), (2), (3), (4), or (5), or a member of the Minnesota Music Teachers Association, and who is not a lineal ancestor or sibling of the dependent for instruction outside the regular school day or school year, including tutoring, driver's education offered as part of school curriculum, regardless of whether it is taken from a public or private entity or summer camps, in grade or age appropriate curricula that supplement curricula and instruction available during the regular school year, that assists a dependent to improve knowledge of core curriculum areas or to expand knowledge and skills under the required academic standards under section 120B.021,~~

~~subdivision 1, and the world languages standards under section 120B.022, subdivision 1, and that do not include the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship;~~

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

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

(4) the amount paid to others for transportation of a qualifying child attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363A. Amounts under this clause exclude any expense the taxpayer incurred in using the taxpayer's or the qualifying child's vehicle.

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

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

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

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

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

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

(2) tutoring or summer camps that:

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

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

(iii) expand knowledge and skills under:

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

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

Subd. 2. **Limitations.** (a) For claimants with adjusted gross income not greater than ~~\$33,500~~ \$70,000, the maximum credit allowed for a family is ~~\$1,000~~ \$1,500 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~~ \$70,000, 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~~ \$70,000, but in no case is the credit less than zero.

(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).

Subd. 2a. Income. (a) For purposes of this section, "income" means the sum of the following:

(1) federal adjusted gross income as defined in section 62 of the Internal Revenue Code; and

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

(i) all nontaxable income;

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

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

(iv) cash public assistance and relief;

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

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

(vii) workers' compensation;

~~(viii) nontaxable strike benefits;~~

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

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

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

~~(xii) nontaxable scholarship or fellowship grants;~~

~~(xiii) the amount of deduction allowed under section 199 of the Internal Revenue Code;~~

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

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

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

In the case of an individual who files an income tax return on a fiscal year basis, the term "federal adjusted gross income" 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) "Income" does not include:~~

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

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

~~(3) surplus food or other relief in kind supplied by a governmental agency;~~

~~(4) relief granted under chapter 290A;~~

~~(5) child support payments received under a temporary or final decree of dissolution or legal separation; and~~

~~(6) restitution payments received by eligible individuals and excludable interest as defined in section 803 of the Economic Growth and Tax Relief Reconciliation Act of 2001, Public Law 107-16.~~

Subd. 4. **Credit to be refundable.** If the amount of credit that the claimant is eligible to receive under this section exceeds the claimant's tax liability under this chapter, the commissioner shall refund the excess to the claimant.

Subd. 5. **Appropriation.** An amount sufficient to pay the refunds required by this section is appropriated to the commissioner from the general fund.

Subd. 6. **Inflation adjustment.** The commissioner shall annually adjust the adjusted gross income amounts in subdivision 2, as provided in section 270C.22. The statutory year is taxable year 2023.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 38. Minnesota Statutes 2022, section 290.0677, subdivision 1, is amended to read:

Subdivision 1. **Credit allowed; current military service.** (a) An individual is allowed a credit against the tax due under this chapter equal to \$59 for each month or portion thereof that the individual was in active military service in a designated area after September 11, 2001, and before January 1, 2009, while a Minnesota domiciliary.

(b) An individual is allowed a credit against the tax due under this chapter equal to \$120 for each month or portion thereof that the individual was in active military service in a designated area after December 31, 2008, while a Minnesota domiciliary.

(c) For active service performed after September 11, 2001, and before December 31, 2006, the individual may claim the credit in the taxable year beginning after December 31, 2005, and before January 1, 2007.

(d) For active service performed after December 31, 2006, the individual may claim the credit for the ~~taxable~~ calendar year in which the active service was performed.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 39. Minnesota Statutes 2022, section 290.0681, subdivision 10, is amended to read:

Subd. 10. **Sunset.** This section expires after fiscal year ~~2022~~ 2030, except that the office's authority to issue credit certificates under subdivision 4 based on allocation certificates that were issued before fiscal year ~~2023~~ 2031 remains in effect through ~~2025~~ 2034, and the reporting requirements in subdivision 9 remain in effect through the year following the year in which all allocation certificates have either been canceled or resulted in issuance of credit certificates, or ~~2026~~ 2035, whichever is earlier.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2022.

Sec. 40. **[290.0694] CREDIT FOR SALES OF MANUFACTURED HOME PARKS TO COOPERATIVES.**

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

(b) "Qualified property" means a manufactured home park in Minnesota classified as 4c(5)(i) or 4c(5)(iii) under section 273.13, subdivision 25, paragraph (d).

(c) "Qualified seller" means a taxpayer, as defined under section 290.01, subdivision 6, who sells qualified property to: (1) a corporation or association organized under chapter 308A or 308B, where each person who owns a share or shares in the corporation or association would be entitled to occupy a lot within the qualified property after the sale; (2) a charitable corporation, organized under the laws of Minnesota with no outstanding stock, and granted a ruling by the Internal Revenue Service for 501(c)(3) tax-exempt status, whose members hold residential participation warrants entitling the members to occupy the units in the manufactured home park; or (3) a nonprofit or a representative acting on behalf of residents, as defined by section 327C.015, subdivision 13, who purchases the property on behalf of residents who intend to form a corporation or association as described in clause (1) or (2).

Subd. 2. **Credit allowed; carryforward.** (a) A qualified seller is allowed a credit against the tax imposed under this chapter. The credit equals five percent of the amount of the sale price of the qualified property.

(b) 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.

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

Subd. 3. **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. 4. **Sunset.** This section expires January 1, 2031, for taxable years beginning after December 31, 2030.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 41. **[290.0695] SHORT LINE RAILROAD INFRASTRUCTURE MODERNIZATION CREDIT.**

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

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

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

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

Subd. 2. Credit allowed; limitation; carryover. (a) An eligible taxpayer is allowed a credit against tax due under this chapter equal to 50 percent of eligible expenses, not to exceed \$3,000 per mile, multiplied by the number of miles of railroad track owned or leased within the state by the eligible taxpayer for which the taxpayer made qualified railroad reconstruction or replacement expenditures as of the close of the taxable year for which the credit is claimed.

(b) If the amount of the credit determined under this section for any taxable year exceeds the liability for tax under this chapter, the excess is a credit carryover to each of the five succeeding taxable years. The entire amount of the excess unused credit for the taxable year must be carried first to the earliest of the taxable years to which the credit may be carried and then to each successive year to which the credit may be carried. The amount of the unused credit that may be added under this paragraph must not exceed the taxpayer's liability for tax less the credit for the taxable year.

(c) An eligible taxpayer claiming a credit under this section may not also claim the credit under section 297I.20, subdivision 6, for the same qualified railroad reconstruction or replacement expenditures.

Subd. 3. Transferability; written agreement required; credit certificate. (a) An eligible taxpayer may transfer the credit allowed under this section by written agreement to an eligible transferee. The amount of the transferred credit is limited to the unused, remaining portion of the credit.

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

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

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

Subd. 4. Partnerships; multiple owners. Credits granted or transferred 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 agreement, as of the last day of the taxable year.

Subd. 5. **Allocation for nonresidents and part-year residents.** For a nonresident or part-year resident, the credit determined under this section must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

Subd. 6. **Sunset.** This section expires January 1, 2031, for taxable years beginning after December 31, 2030.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 42. Minnesota Statutes 2022, section 290.091, subdivision 2, as amended by Laws 2023, chapter 1, section 18, is amended to read:

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

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

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

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

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

(ii) the medical expense deduction;

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

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

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

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

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

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

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

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

less the sum of the amounts determined under the following:

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

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

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

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

(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. 43. Minnesota Statutes 2022, section 290.091, subdivision 2, as amended by Laws 2023, chapter 1, section 18, is amended to read:

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

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

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

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

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

(ii) the medical expense deduction;

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

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

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

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

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

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

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

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

less the sum of the amounts determined under the following:

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

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

(iii) the amount of investment interest paid or accrued within the taxable year on indebtedness to the extent that the amount does not exceed net investment income, as defined in section 163(d)(4)

of the Internal Revenue Code. Interest does not include amounts deducted in computing federal adjusted gross income;

(iv) amounts subtracted from federal taxable or adjusted gross income as provided by section 290.0132, subdivisions 7, 9 to 15, 17, 21, 24, 26 to 29, 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, section 290.033 and section 290.032), reduced by the sum of the nonrefundable credits allowed under this chapter.

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

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

Sec. 44. Minnesota Statutes 2022, section 290.095, subdivision 2, is amended to read:

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

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

(c) The amount of net operating loss deduction under this section must not exceed ~~80~~ 70 percent of taxable net income in a single taxable year.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 45. Minnesota Statutes 2022, section 290.21, subdivision 4, is amended to read:

Subd. 4. **Dividends received from another corporation.** (a)(1) ~~Eighty~~ Fifty percent of dividends received by a corporation during the taxable year from another corporation, in which the recipient owns 20 percent or more of the stock, by vote and value, not including stock described in section 1504(a)(4) of the Internal Revenue Code when the corporate stock with respect to which dividends are paid does not constitute the stock in trade of the taxpayer or would not be included in the inventory of the taxpayer, or does not constitute property held by the taxpayer primarily for sale to customers in the ordinary course of the taxpayer's trade or business, or when the trade or business of the taxpayer does not consist principally of the holding of the stocks and the collection of the income and gains therefrom; and

(2)(i) the remaining ~~20~~ 50 percent of dividends if the dividends received are the stock in an affiliated company transferred in an overall plan of reorganization and the dividend is eliminated in consolidation under Treasury Department Regulation 1.1502-14(a), as amended through December 31, 1989;

(ii) the remaining ~~20~~ 50 percent of dividends if the dividends are received from a corporation which is subject to tax under section 290.36 and which is a member of an affiliated group of corporations as defined by the Internal Revenue Code and the dividend is eliminated in consolidation under Treasury Department Regulation 1.1502-14(a), as amended through December 31, 1989, or is deducted under an election under section 243(b) of the Internal Revenue Code; or

(iii) the remaining ~~20~~ 50 percent of the dividends if the dividends are received from a property and casualty insurer as defined under section 60A.60, subdivision 8, which is a member of an affiliated group of corporations as defined by the Internal Revenue Code and either: (A) the dividend is eliminated in consolidation under Treasury Regulation 1.1502-14(a), as amended through December 31, 1989; or (B) the dividend is deducted under an election under section 243(b) of the Internal Revenue Code.

(b) ~~Seventy~~ Forty percent of dividends received by a corporation during the taxable year from another corporation in which the recipient owns less than 20 percent of the stock, by vote or value, not including stock described in section 1504(a)(4) of the Internal Revenue Code when the corporate stock with respect to which dividends are paid does not constitute the stock in trade of the taxpayer, or does not constitute property held by the taxpayer primarily for sale to customers in the ordinary course of the taxpayer's trade or business, or when the trade or business of the taxpayer does not consist principally of the holding of the stocks and the collection of income and gain therefrom.

(c) The dividend deduction provided in this subdivision shall be allowed only with respect to dividends that are included in a corporation's Minnesota taxable net income for the taxable year.

The dividend deduction provided in this subdivision does not apply to a dividend from a corporation which, for the taxable year of the corporation in which the distribution is made or for the next preceding taxable year of the corporation, is a corporation exempt from tax under section 501 of the Internal Revenue Code.

The dividend deduction provided in this subdivision does not apply to a dividend received from a real estate investment trust as defined in section 856 of the Internal Revenue Code.

The dividend deduction provided in this subdivision applies to the amount of regulated investment company dividends only to the extent determined under section 854(b) of the Internal Revenue Code.

The dividend deduction provided in this subdivision shall not be allowed with respect to any dividend for which a deduction is not allowed under the provisions of section 246(c) or 246A of the Internal Revenue Code.

(d) If dividends received by a corporation that does not have nexus with Minnesota under the provisions of Public Law 86-272 are included as income on the return of an affiliated corporation permitted or required to file a combined report under section 290.17, subdivision 4, or 290.34, subdivision 2, then for purposes of this subdivision the determination as to whether the trade or business of the corporation consists principally of the holding of stocks and the collection of income and gains therefrom shall be made with reference to the trade or business of the affiliated corporation having a nexus with Minnesota.

(e) The deduction provided by this subdivision does not apply if the dividends are paid by a FSC as defined in section 922 of the Internal Revenue Code.

(f) If one or more of the members of the unitary group whose income is included on the combined report received a dividend, the deduction under this subdivision for each member of the unitary business required to file a return under this chapter is the product of: (1) 100 percent of the dividends received by members of the group; (2) the percentage allowed pursuant to paragraph (a) or (b); and (3) the percentage of the taxpayer's business income apportionable to this state for the taxable year under section 290.191 or 290.20.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 46. Minnesota Statutes 2022, section 290.21, subdivision 9, is amended to read:

Subd. 9. **Controlled foreign corporations.** The net income of a domestic corporation that is included pursuant to section 951 of the Internal Revenue Code is dividend income.

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

Sec. 47. Minnesota Statutes 2022, section 290.21, is amended by adding a subdivision to read:

Subd. 10. **Global intangible low-taxed income.** Any amounts included in taxable income pursuant to section 951A of the Internal Revenue Code, are dividend income.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 48. Minnesota Statutes 2022, section 297I.20, is amended by adding a subdivision to read:

Subd. 6. **Short line railroad infrastructure modernization credit.** A taxpayer may claim a credit against the premiums tax imposed under this chapter equal to the amount indicated on the credit certificate statement issued to the company under section 290.0695, provided that the taxpayer is not also claiming a credit under that section for the same qualified railroad reconstruction or

replacement expenditures. If the amount of the credit exceeds the taxpayer's liability for tax under this chapter, the excess is a credit carryover to each of the five succeeding taxable years. The entire amount of the excess unused credit for the taxable year must be carried first to the earliest of the taxable years to which the credit may be carried and then to each successive year to which the credit may be carried. This credit does not affect the calculation of fire state aid under section 477B.03 and police state aid under section 477C.03. This subdivision expires January 1, 2031, for taxable years beginning after December 31, 2030.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 49. **ONETIME REFUNDABLE TAX CREDIT PAYMENT.**

Subdivision 1. **Credit allowed; eligibility.** (a) For taxable years beginning after December 31, 2020, and before January 1, 2022, a taxpayer is allowed a credit against the individual income tax imposed under Minnesota Statutes, chapter 290. The credit equals \$520 for a married couple filing a joint return and \$260 for a single filer, head of household, or married taxpayer filing a separate return.

(b) For a taxpayer with a dependent as defined in sections 151 and 152 of the Internal Revenue Code, the credit is increased by \$260 per dependent up to an additional maximum credit of \$780.

(c) The credit is not available to a taxpayer who:

(1) was not a resident of Minnesota, as defined in Minnesota Statutes, section 290.01, subdivision 7, during any part of 2021;

(2) was a dependent, as defined in sections 151 and 152 of the Internal Revenue Code, for 2021;

(3) did not file a 2021 Minnesota individual income tax return, or a property tax refund return under Minnesota Statutes, chapter 290A, based on property taxes payable in 2022 or rent constituting property taxes paid in 2021, by December 31, 2022;

(4) had adjusted gross income, as defined in Minnesota Statutes, section 290.01, subdivision 21a, for taxable years beginning in 2021 greater than:

(i) \$150,000 for a married couple filing a joint return; and

(ii) \$75,000 for all other income tax filers; or

(5) died before January 1, 2023.

(d) For an individual who is a Minnesota resident for only part of 2021, or for a married couple filing a joint return where one or both spouses were not Minnesota residents for all of 2021, the credit equals the credit allowed under paragraphs (a) to (c) multiplied by the percentage calculated under Minnesota Statutes, section 290.06, subdivision 2c, paragraph (e).

(e) If the amount of the credit under this subdivision exceeds the taxpayer's liability for tax under Minnesota Statutes, chapter 290, the commissioner shall refund the excess to the taxpayer. The commissioner shall pay the credit based on information available in the commissioner's records

on January 1, 2023, and taxpayers are not required to file a claim with the commissioner. The commissioner's determination is final and cannot be appealed.

(f) The commissioner may contract with a third party to implement all or part of the payment process of this section.

Subd. 2. **Adjustments.** (a) If the commissioner determines that a taxpayer who received a payment under subdivision 1 is not eligible for the credit, the commissioner may recover the overpayment.

(b) If, within the time for requesting a refund under Minnesota Statutes, section 289A.40, the commissioner determines that a taxpayer meets all requirements under subdivision 1 but did not receive proper payment of the credit, the commissioner shall pay the credit to the taxpayer.

(c) All provisions not inconsistent with this section under Minnesota Statutes, chapters 270C and 289A, relating to audit, assessment, penalties, interest, enforcement, collection remedies, appeal and administration of the 2021 individual income tax apply to this section. No interest is payable on any amounts paid under section.

Subd. 3. **Definitions.** The definitions in Minnesota Statutes, section 290.01, apply for this section.

Subd. 4. **Data classification.** Data classified as nonpublic or private data on individuals, including return information, as defined in Minnesota Statutes, section 270B.01, subdivision 3, may be shared or disclosed between the commissioner of revenue and any third-party vendor contracted with under this section, to the extent necessary to administer this section.

Subd. 5. **Credit not subject to recapture.** The commissioner of revenue must not apply, and must not certify to another agency to apply, a refund based on a credit under this section to any unpaid tax or nontax debt.

Subd. 6. **Not income.** (a) The credit under this section is not considered income in determining Minnesota income tax, Minnesota income tax credits, the Minnesota property tax refund, or the Minnesota senior citizen property tax deferral.

(b) Notwithstanding any law to the contrary, the credit under this section must not be considered income, assets, or personal property for purposes of determining eligibility or recertifying eligibility for:

(1) child care assistance programs under Minnesota Statutes, chapter 199B;

(2) general assistance, Minnesota supplemental aid, and food support under Minnesota Statutes, chapter 256D;

(3) housing support under Minnesota Statutes, chapter 256I;

(4) the Minnesota family investment program and diversionary work programs under Minnesota Statutes, chapter 256J; and

(5) economic assistance programs under Minnesota Statutes, chapter 256P.

(c) The commissioner of human services must not consider a credit under this section as income or assets under Minnesota Statutes, section 256B.056, subdivision 1a, paragraph (a), 3, or 3c, or for persons with eligibility determined under Minnesota Statutes, section 256B.057, subdivision 3, 3a, or 3b.

Subd. 7. **Contracting with private vendors.** (a) To the extent necessary to administer this section, the commissioner of revenue is exempt from the requirements of Minnesota Statutes, sections 16A.15, subdivision 3, 16C.05, and 16C.06, and any other state procurement laws, rules, and procedures.

(b) Notwithstanding Minnesota Statutes, sections 9.031 and 16B.49, Minnesota Statutes, chapter 16C, and any other law to the contrary, the commissioner of revenue may take whatever actions the commissioner deems necessary to make payments required by this section, and may, in consultation with the commissioner of management and budget, contract with a private vendor or vendors to process, print, mail or deliver the checks, warrants, or debit cards and notices required under this section and receive and disburse state funds to make the payments by check, warrant, electronic funds transfer, or debit card.

Subd. 8. **Appropriation.** (a) The amount necessary to make the refunds based on credits payable under this section is appropriated to the commissioner of revenue from the general fund.

(b) \$1,000,000 in fiscal year 2023 is appropriated from the general fund to the commissioner of revenue for administrative costs to implement the payments under this section. This appropriation does not lapse and is available until June 30, 2025. This appropriation is onetime.

(c) \$21,000,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of revenue for administrative costs to implement the payments under this section. This appropriation is available until June 30, 2025.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2020, and before January 1, 2022.

Sec. 50. HISTORIC STRUCTURE REHABILITATION CREDIT; SPECIAL PROVISION.

For the purposes of the credit under Minnesota Statutes, section 290.0681, projects that have started rehabilitation work after June 30, 2022, and before July 1, 2023, that otherwise meet all other requirements of Minnesota Statutes, section 290.0681, subdivision 3, may be eligible for the credit if the application is received on or before August 30, 2023.

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

Sec. 51. REVIVAL AND REENACTMENT OF EXPIRED PROVISIONS.

(a) The expired provisions of Minnesota Statutes, section 116J.8737, subdivisions 1 to 9, 11, and 12, as amended by Laws 2021, First Special Session chapter 14, article 1, sections 1 and 2, and sections 6 and 7 of this article, are revived and reenacted.

(b) The expired provisions of Minnesota Statutes, section 290.0692, are revived and reenacted.

(c) The expired provisions of Minnesota Statutes, section 290.0681, subdivisions 1 to 9, are revived and reenacted.

EFFECTIVE DATE. Paragraphs (a) and (b) are effective for taxable years beginning after December 31, 2022. Paragraph (c) is effective retroactively for applications for allocation certificates submitted after June 30, 2022.

Sec. 52. **SUBTRACTION; CERTAIN UNEMPLOYMENT COMPENSATION.**

(a) For the purposes of this section, "subtraction" has the meaning given in Minnesota Statutes, section 290.0132, subdivision 1, and the rules in that subdivision apply for this section.

(b) Unemployment compensation received by individuals in taxable years beginning after December 31, 2020, and before January 1, 2022, as a result of the decision issued by the Minnesota Court of Appeals, 956 N.W. 2d 1, filed February 22, 2021, is a subtraction.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2020, and before January 1, 2022.

Sec. 53. **REPEALER.**

Minnesota Statutes 2022, sections 290.01, subdivision 19i; 290.0131, subdivision 18; 290.0132, subdivision 28; and 290.0134, subdivision 17, are repealed.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

ARTICLE 2

FEDERAL CONFORMITY

Section 1. Minnesota Statutes 2022, section 289A.02, subdivision 7, as amended by Laws 2023, chapter 1, section 1, 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 15, 2022~~ May 1, 2023.

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.

Sec. 2. Minnesota Statutes 2022, section 290.01, subdivision 19, as amended by Laws 2023, chapter 1, section 4, 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 15, 2022~~ May 1, 2023, applies for taxable years beginning after December 31, 1996.

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

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.

Sec. 3. Minnesota Statutes 2022, section 290.01, subdivision 31, as amended by Laws 2023, chapter 1, section 5, 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 15, 2022~~ May 1, 2023. 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.

Sec. 4. Minnesota Statutes 2022, section 290.06, subdivision 2c, as amended by Laws 2023, chapter 1, section 15, 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, 27, ~~and 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, 27, ~~and 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 retroactively for taxable years beginning after December 31, 2018.

Sec. 5. Minnesota Statutes 2022, section 290A.03, subdivision 15, as amended by Laws 2023, chapter 1, section 20, is amended to read:

Subd. 15. **Internal Revenue Code.** "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December 15, 2022~~ May 1, 2023.

EFFECTIVE DATE. This section is effective beginning with refunds based on rent paid in 2023 and property taxes payable in 2024.

Sec. 6. Minnesota Statutes 2022, section 291.005, subdivision 1, as amended by Laws 2023, chapter 1, section 21, 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 15, 2022~~ May 1, 2023.

(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.

Sec. 7. Laws 2023, chapter 1, section 15, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, ~~2022~~ 2019.

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

Sec. 8. **REPEALER.**

Minnesota Statutes 2022, section 290.0132, subdivision 33, as added by Laws 2023, chapter 1, section 12, is repealed.

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

ARTICLE 3**PROPERTY TAX**

Section 1. Minnesota Statutes 2022, section 103D.905, subdivision 3, is amended to read:

Subd. 3. **General fund.** A general fund, consisting of an ad valorem tax levy, may not exceed ~~0.048~~ 0.096 percent of estimated market value, or ~~\$250,000~~ \$500,000, whichever is less. The money in the fund shall be used for general administrative expenses and for the construction or implementation and maintenance of projects of common benefit to the watershed district. The managers may make an annual levy for the general fund as provided in section 103D.911. In addition to the annual general levy, the managers may annually levy a tax not to exceed 0.00798 percent of estimated market value for a period not to exceed 15 consecutive years to pay the cost attributable to the basic water management features of projects initiated by petition of a political subdivision within the watershed district or by petition of at least 50 resident owners whose property is within the watershed district.

EFFECTIVE DATE. This section is effective beginning with assessment year 2024 and thereafter.

Sec. 2. Minnesota Statutes 2022, section 272.02, subdivision 24, is amended to read:

Subd. 24. **Solar energy generating systems.** Personal property consisting of solar energy generating systems, as defined in section 272.0295, is exempt. If the real property upon which a solar energy generating system is located is used primarily for solar energy production subject to the production tax under section 272.0295, the real property shall be classified as class 3a. If the real property upon which a solar energy generating system is located is not used primarily for solar energy production subject to the production tax under section 272.0295, the real property shall be classified without regard to the system. If real property contains more than one solar energy generating system that cannot be combined with the nameplate capacity of another solar energy generating system for the purposes of the production tax under section 272.0295, but is in aggregate over one megawatt, then the real property upon which the systems are located shall be classified as class 3a.

EFFECTIVE DATE. This section is effective beginning with assessment year 2024.

Sec. 3. Minnesota Statutes 2022, 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. Upon the written request of an assessor, all books and records relating to the ownership or use of the property which are reasonably necessary to verify that the property qualifies for exemption shall be made available to the assessor.

EFFECTIVE DATE. This section is effective for property taxes payable in 2023 and thereafter.

Sec. 4. Minnesota Statutes 2022, section 272.02, is amended by adding a subdivision to read:

Subd. 105. **Elderly living facility.** An elderly living facility is exempt from taxation if it meets all of the following requirements:

- (1) the facility is located in a city of the first class with a population of fewer than 110,000;
- (2) the facility is owned and operated by a nonprofit organization with tax exempt status under section 501(c)(3) of the Internal Revenue Code;
- (3) construction of the facility was completed between January 1, 1963, and January 1, 1964;
- (4) the facility is an assisted living facility licensed by the state of Minnesota;
- (5) residents of the facility must be (i) at least 55 years of age, or (ii) disabled; and
- (6) at least 30 percent of the units in the facility are occupied by persons whose annual income does not exceed 50 percent of the median family income for the area.

For assessment year 2022 only, an exemption application under this section must be filed with the county assessor by June 15, 2023.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2023.

Sec. 5. Minnesota Statutes 2022, section 273.11, subdivision 12, is amended to read:

Subd. 12. **Community land trusts.** (a) A community land trust, as defined under chapter 462A, is (i) a community-based nonprofit corporation organized under chapter 317A, which qualifies for tax exempt status under 501(c)(3), or (ii) a "city" as defined in section 462C.02, subdivision 6, which has received funding from the Minnesota housing finance agency for purposes of the community land trust program. The Minnesota Housing Finance Agency shall set the criteria for community land trusts.

(b) Before the community land trust can rent or sell a unit to an applicant, the community land trust shall verify to the satisfaction of the administering agency or the city that the family income of each person or family applying for a unit in the community land trust building is within the income

criteria provided in section 462A.30, subdivision 9. The administering agency or the city shall verify to the satisfaction of the county assessor that the occupant meets the income criteria under section 462A.30, subdivision 9. The property tax benefits under paragraph (c) shall be granted only to property owned or rented by persons or families within the qualifying income limits. The family income criteria and verification is only necessary at the time of initial occupancy in the property.

(c) A unit which is owned by the occupant and used as a homestead by the occupant qualifies for homestead treatment as class 1a under section 273.13, subdivision 22, unless the unit meets the requirements of section 273.13, subdivision 25, paragraph (e), clause (2), in which case the unit shall be classified as 4d(2). A unit which is rented by the occupant and used as a homestead by the occupant shall be class 4a or 4b property, under section 273.13, subdivision 25, whichever is applicable. Any remaining portion of the property not used for residential purposes shall be classified by the assessor in the appropriate class based upon the use of that portion of the property owned by the community land trust. The land upon which the building is located shall be assessed at the same classification rate as the units within the building, provided that if the building contains some units assessed as class 1a or class 4d(2) and some units assessed as class 4a or 4b, the market value of the land will be assessed in the same proportions as the value of the building.

EFFECTIVE DATE. This section is effective beginning with assessment year 2024.

Sec. 6. Minnesota Statutes 2022, 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~~ 2024, the limit is ~~\$1,140,000~~ \$3,500,000. Beginning with assessment year ~~2011~~ 2025, 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 2024.

Sec. 7. Minnesota Statutes 2022, section 273.111, is amended by adding a subdivision to read:

Subd. 3b. **Property no longer eligible for deferment.** (a) Real estate that received the tax deferment under this section for assessment year 2012 and would have continued to qualify for tax deferment for assessment years from 2013 to 2023 but for an eminent domain action that reduced the real estate to less than ten acres, shall reapply as provided in paragraph (b) and, if determined eligible, shall qualify for the tax deferment under this section for assessment year 2024 and thereafter until:

(1) the property no longer qualifies for classification as class 2a under section 273.13;

(2) the property is voluntarily withdrawn from the program; or

(3) the property is sold, transferred, or subdivided.

(b) Application for deferment under this subdivision shall be filed by May 1 of the year prior to the year in which the taxes are payable. The application must be filed with the assessor of the taxing district in which the real property is located on the form prescribed by the commissioner of revenue. The assessor may request additional information necessary to determine eligibility under this subdivision.

(c) Property assessed under this subdivision is subject to additional taxes, as provided in subdivision 9, when the property:

(1) no longer qualifies for classification as class 2a under section 273.13;

(2) is voluntarily withdrawn from the program; or

(3) is sold, transferred, or subdivided.

EFFECTIVE DATE. This section is effective for assessment year 2024 and thereafter.

Sec. 8. Minnesota Statutes 2022, section 273.124, subdivision 6, is amended to read:

Subd. 6. **Leasehold cooperatives.** When one or more dwellings or one or more buildings which each contain several dwelling units is owned by a nonprofit corporation subject to the provisions of chapter 317A and qualifying under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code, or a limited partnership which corporation or partnership operates the property in conjunction with a cooperative association, and has received public financing, homestead treatment may be claimed by the cooperative association on behalf of the members of the cooperative for each dwelling unit occupied by a member of the cooperative. The cooperative association must provide the assessor with the Social Security numbers or individual taxpayer identification numbers of those members. To qualify for the treatment provided by this subdivision, the following conditions must be met:

(a) the cooperative association must be organized under chapter 308A or 308B and all voting members of the board of directors must be resident tenants of the cooperative and must be elected by the resident tenants of the cooperative;

(b) the cooperative association must have a lease for occupancy of the property for a term of at least 20 years, which permits the cooperative association, while not in default on the lease, to participate materially in the management of the property, including material participation in establishing budgets, setting rent levels, and hiring and supervising a management agent;

(c) to the extent permitted under state or federal law, the cooperative association must have a right under a written agreement with the owner to purchase the property if the owner proposes to sell it; if the cooperative association does not purchase the property it is offered for sale, the owner may not subsequently sell the property to another purchaser at a price lower than the price at which it was offered for sale to the cooperative association unless the cooperative association approves the sale;

(d) a minimum of 40 percent of the cooperative association's members must have incomes at or less than 60 percent of area median gross income as determined by the United States Secretary of Housing and Urban Development under section 142(d)(2)(B) of the Internal Revenue Code. For purposes of this clause, "member income" means the income of a member existing at the time the member acquires cooperative membership;

(e) if a limited partnership owns the property, it must include as the managing general partner a nonprofit organization operating under the provisions of chapter 317A and qualifying under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code and the limited partnership agreement must provide that the managing general partner have sufficient powers so that it materially participates in the management and control of the limited partnership;

(f) prior to becoming a member of a leasehold cooperative described in this subdivision, a person must have received notice that (1) describes leasehold cooperative property in plain language, including but not limited to the effects of classification under this subdivision on rents, property taxes and tax credits or refunds, and operating expenses, and (2) states that copies of the articles of incorporation and bylaws of the cooperative association, the lease between the owner and the cooperative association, a sample sublease between the cooperative association and a tenant, and, if the owner is a partnership, a copy of the limited partnership agreement, can be obtained upon written request at no charge from the owner, and the owner must send or deliver the materials within seven days after receiving any request;

(g) if a dwelling unit of a building was occupied on the 60th day prior to the date on which the unit became leasehold cooperative property described in this subdivision, the notice described in paragraph (f) must have been sent by first class mail to the occupant of the unit at least 60 days prior to the date on which the unit became leasehold cooperative property. For purposes of the notice under this paragraph, the copies of the documents referred to in paragraph (f) may be in proposed version, provided that any subsequent material alteration of those documents made after the occupant has requested a copy shall be disclosed to any occupant who has requested a copy of the document. Copies of the articles of incorporation and certificate of limited partnership shall be filed with the secretary of state after the expiration of the 60-day period unless the change to leasehold cooperative status does not proceed;

(h) the county attorney of the county in which the property is located must certify to the assessor that the property meets the requirements of this subdivision;

(i) the public financing received must be from at least one of the following sources:

(1) tax increment financing proceeds used for the acquisition or rehabilitation of the building or interest rate write-downs relating to the acquisition of the building;

(2) government issued bonds exempt from taxes under section 103 of the Internal Revenue Code, the proceeds of which are used for the acquisition or rehabilitation of the building;

(3) programs under section 221(d)(3), 202, or 236, of Title II of the National Housing Act;

(4) rental housing program funds under Section 8 of the United States Housing Act of 1937, as amended, or the market rate family graduated payment mortgage program funds administered by

the Minnesota Housing Finance Agency that are used for the acquisition or rehabilitation of the building;

(5) low-income housing credit under section 42 of the Internal Revenue Code;

(6) public financing provided by a local government used for the acquisition or rehabilitation of the building, including grants or loans from (i) federal community development block grants; (ii) HOME block grants; or (iii) residential rental bonds issued under chapter 474A; or

(7) other rental housing program funds provided by the Minnesota Housing Finance Agency for the acquisition or rehabilitation of the building;

(j) at the time of the initial request for homestead classification or of any transfer of ownership of the property, the governing body of the municipality in which the property is located must hold a public hearing and make the following findings:

(1) that the granting of the homestead treatment of the apartment's units will facilitate safe, clean, affordable housing for the cooperative members that would otherwise not be available absent the homestead designation;

(2) that the owner has presented information satisfactory to the governing body showing that the savings garnered from the homestead designation of the units will be used to reduce tenant's rents or provide a level of furnishing or maintenance not possible absent the designation; and

(3) that the requirements of paragraphs (b), (d), and (i) have been met.

Homestead treatment must be afforded to units occupied by members of the cooperative association and the units must be assessed as provided in subdivision 3, provided that any unit not so occupied shall be classified and assessed pursuant to the appropriate class. No more than three acres of land may, for assessment purposes, be included with each dwelling unit that qualifies for homestead treatment under this subdivision.

When dwelling units no longer qualify under this subdivision, the current owner must notify the assessor within 60 days. Failure to notify the assessor within 60 days shall result in the loss of benefits under this subdivision for taxes payable in the year that the failure is discovered. For these purposes, "benefits under this subdivision" means the difference in the net tax capacity of the units which no longer qualify as computed under this subdivision and as computed under the otherwise applicable law, times the local tax rate applicable to the building for that taxes payable year. Upon discovery of a failure to notify, the assessor shall inform the auditor of the difference in net tax capacity for the building or buildings in which units no longer qualify, and the auditor shall calculate the benefits under this subdivision. Such amount, plus a penalty equal to 100 percent of that amount, shall then be demanded of the building's owner. The property owner may appeal the county's determination by serving copies of a petition for review with county officials as provided in section 278.01 and filing a proof of service as provided in section 278.01 with the Minnesota Tax Court within 60 days of the date of the notice from the county. The appeal shall be governed by the Tax Court procedures provided in chapter 271, for cases relating to the tax laws as defined in section 271.01, subdivision 5; disregarding sections 273.125, subdivision 5, and 278.03, but including section 278.05, subdivision 2. If the amount of the benefits under this subdivision and penalty are not paid within 60 days, and if no appeal has been filed, the county auditor shall certify the amount

of the benefit and penalty to the succeeding year's tax list to be collected as part of the property taxes on the affected buildings.

EFFECTIVE DATE. This section is effective retroactively for homestead applications filed in 2023 and thereafter.

Sec. 9. Minnesota Statutes 2022, section 273.124, subdivision 13, is amended to read:

Subd. 13. **Homestead application.** (a) A person who meets the homestead requirements under subdivision 1 must file a homestead application with the county assessor to initially obtain homestead classification.

(b) The commissioner shall prescribe the content, format, and manner of the homestead application required to be filed under this chapter pursuant to section 270C.30. The application must clearly inform the taxpayer that this application must be signed by all owners who occupy the property or by the qualifying relative and returned to the county assessor in order for the property to receive homestead treatment.

(c) Every property owner applying for homestead classification must furnish to the county assessor the Social Security number or individual taxpayer identification number of each occupant who is listed as an owner of the property on the deed of record, the name and address of each owner who does not occupy the property, and the name and Social Security number or individual taxpayer identification number of the spouse of each occupying owner. The application must be signed by each owner who occupies the property and by each owner's spouse who occupies the property, or, in the case of property that qualifies as a homestead under subdivision 1, paragraph (c), by the qualifying relative.

If a property owner occupies a homestead, the property owner's spouse may not claim another property as a homestead unless the property owner and the property owner's spouse file with the assessor an affidavit or other proof required by the assessor stating that the property qualifies as a homestead under subdivision 1, paragraph (e).

Owners or spouses occupying residences owned by their spouses and previously occupied with the other spouse, either of whom fail to include the other spouse's name and Social Security number or individual taxpayer identification number on the homestead application or provide the affidavits or other proof requested, will be deemed to have elected to receive only partial homestead treatment of their residence. The remainder of the residence will be classified as nonhomestead residential. When an owner or spouse's name and Social Security number or individual taxpayer identification number appear on homestead applications for two separate residences and only one application is signed, the owner or spouse will be deemed to have elected to homestead the residence for which the application was signed.

(d) If residential real estate is occupied and used for purposes of a homestead by a relative of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for the property to receive homestead status, a homestead application must be filed with the assessor. The Social Security number or individual taxpayer identification number of each relative occupying the property and the name and Social Security number or individual taxpayer identification number of the spouse of a relative occupying the property shall be required on the homestead application filed under this subdivision. If a different relative of the owner subsequently occupies the property, the owner of

the property must notify the assessor within 30 days of the change in occupancy. The Social Security number or individual taxpayer identification number of a relative occupying the property or the spouse of a relative occupying the property is private data on individuals as defined by section 13.02, subdivision 12, but may be disclosed to the commissioner of revenue, or, for the purposes of proceeding under the Revenue Recapture Act to recover personal property taxes owing, to the county treasurer.

(e) The homestead application shall also notify the property owners that if the property is granted homestead status for any assessment year, that same property shall remain classified as homestead until the property is sold or transferred to another person, or the owners, the spouse of the owner, or the relatives no longer use the property as their homestead. Upon the sale or transfer of the homestead property, a certificate of value must be timely filed with the county auditor as provided under section 272.115. Failure to notify the assessor within 30 days that the property has been sold, transferred, or that the owner, the spouse of the owner, or the relative is no longer occupying the property as a homestead, shall result in the penalty provided under this subdivision and the property will lose its current homestead status.

(f) If a homestead application has not been filed with the county by December 31, the assessor shall classify the property as nonhomestead for the current assessment year for taxes payable in the following year, provided that the owner may be entitled to receive the homestead classification by proper application under section 375.192.

EFFECTIVE DATE. This section is effective retroactively for homestead applications filed in 2023 and thereafter.

Sec. 10. Minnesota Statutes 2022, section 273.124, subdivision 13a, is amended to read:

Subd. 13a. **Occupant list.** At the request of the commissioner, each county must give the commissioner a list that includes the name and Social Security number or individual taxpayer identification number of each occupant of homestead property who is the property owner, property owner's spouse, qualifying relative of a property owner, or a spouse of a qualifying relative. The commissioner shall use the information provided on the lists as appropriate under the law, including for the detection of improper claims by owners, or relatives of owners, under chapter 290A.

EFFECTIVE DATE. This section is effective for homestead data provided to the commissioner in 2024 and thereafter.

Sec. 11. Minnesota Statutes 2022, section 273.124, subdivision 13c, is amended to read:

Subd. 13c. **Property lists.** In addition to lists of homestead properties, the commissioner may ask the counties to furnish lists of all properties and the record owners. The Social Security numbers, individual taxpayer identification numbers, and federal identification numbers that are maintained by a county or city assessor for property tax administration purposes, and that may appear on the lists retain their classification as private or nonpublic data; but may be viewed, accessed, and used by the county auditor or treasurer of the same county for the limited purpose of assisting the commissioner in the preparation of microdata samples under section 270C.12. The commissioner shall use the information provided on the lists as appropriate under the law, including for the detection of improper claims by owners, or relatives of owners, under chapter 290A.

EFFECTIVE DATE. This section is effective for homestead data provided to the commissioner in 2024 and thereafter.

Sec. 12. Minnesota Statutes 2022, section 273.124, subdivision 13d, is amended to read:

Subd. 13d. **Homestead data.** On or before April 30 each year beginning in 2007, each county must provide the commissioner with the following data for each parcel of homestead property by electronic means as defined in section 289A.02, subdivision 8:

(1) the property identification number assigned to the parcel for purposes of taxes payable in the current year;

(2) the name and Social Security number or individual taxpayer identification number of each occupant of homestead property who is the property owner or qualifying relative of a property owner, and the spouse of the property owner who occupies homestead property or spouse of a qualifying relative of a property owner who occupies homestead property;

(3) the classification of the property under section 273.13 for taxes payable in the current year and in the prior year;

(4) an indication of whether the property was classified as a homestead for taxes payable in the current year because of occupancy by a relative of the owner or by a spouse of a relative;

(5) the property taxes payable as defined in section 290A.03, subdivision 13, for the current year and the prior year;

(6) the market value of improvements to the property first assessed for tax purposes for taxes payable in the current year;

(7) the assessor's estimated market value assigned to the property for taxes payable in the current year and the prior year;

(8) the taxable market value assigned to the property for taxes payable in the current year and the prior year;

(9) whether there are delinquent property taxes owing on the homestead;

(10) the unique taxing district in which the property is located; and

(11) such other information as the commissioner decides is necessary.

The commissioner shall use the information provided on the lists as appropriate under the law, including for the detection of improper claims by owners, or relatives of owners, under chapter 290A.

EFFECTIVE DATE. This section is effective for homestead data provided to the commissioner in 2024 and thereafter.

Sec. 13. Minnesota Statutes 2022, section 273.124, subdivision 14, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Homestead treatment applies under this paragraph even if:

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

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

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

shareholder, member, or partner of the family farm corporation, joint family farm venture, partnership, or limited liability company that is operating the farm; and

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

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

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

- (1) the day-to-day operation, administration, and financial risks remain the same;
- (2) the owners and the persons actively farming the property continue to live within the four townships or city criteria and are Minnesota residents;
- (3) the same operator of the agricultural property is listed with the Farm Service Agency;
- (4) a Schedule F or equivalent income tax form was filed for the most recent year;
- (5) the property's acreage is unchanged; and
- (6) none of the property's acres have been enrolled in a federal or state farm program since the initial application.

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

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

- (1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of damage caused by the August 2007 floods;
- (2) the property is located in the county of Dodge, Fillmore, Houston, Olmsted, Steele, Wabasha, or Winona;

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

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

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

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

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

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

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

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

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

EFFECTIVE DATE. This section is effective retroactively for homestead applications filed in 2023 and thereafter.

Sec. 14. Minnesota Statutes 2022, section 273.1245, subdivision 1, is amended to read:

Subdivision 1. **Private or nonpublic data.** The following data are private or nonpublic data as defined in section 13.02, subdivisions 9 and 12, when they are submitted to a county or local assessor under section 273.124, 273.13, or another section, to support a claim for the property tax homestead classification under section 273.13, or other property tax classification or benefit:

(1) Social Security numbers;

(2) individual taxpayer identification numbers;

~~(2)~~ (3) copies of state or federal income tax returns; and

~~(3)~~ (4) state or federal income tax return information, including the federal income tax schedule F.

EFFECTIVE DATE. This section is effective retroactively for homestead applications filed in 2023 and thereafter.

Sec. 15. Minnesota Statutes 2022, section 273.128, subdivision 1, is amended to read:

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

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

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

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

(4) the units are subject to rent and income restrictions under the terms of financial assistance provided to the rental housing property by the federal government or the state of Minnesota, or a local unit of government, as evidenced by a document recorded against the property.

The restrictions must require assisted units to be occupied by residents whose household income at the time of initial occupancy does not exceed 60 percent of the greater of area or state median income, adjusted for family size, as determined by the United States Department of Housing and Urban Development. The restriction must also require the rents for assisted units to not exceed 30 percent of 60 percent of the greater of area or state median income, adjusted for family size, as determined by the United States Department of Housing and Urban Development.

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

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

EFFECTIVE DATE. This section is effective beginning with assessment year 2024.

Sec. 16. Minnesota Statutes 2022, 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(1) under section 273.13, subdivision 25, prior to assessment year 2024. 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. If the property is located in a city or town in which the net tax capacity of 4d(1) property did not exceed two percent of the total net tax capacity in the city or town in the prior assessment year, the property owner does not need to receive approval under this subdivision. The commissioner of revenue must annually certify to the Housing Finance Agency a list of the cities and towns in which the net tax capacity of 4d(1) property exceeded two percent of the total net tax capacity in the prior assessment year.

EFFECTIVE DATE. This section is effective beginning with assessment year 2024.

Sec. 17. Minnesota Statutes 2022, 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 2024.

Sec. 18. Minnesota Statutes 2022, 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.015, subdivision 2;

(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.015, subdivision 2, 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 includes:

(1) 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(1). The remaining portion of the building shall be classified by the assessor based upon its use. Class 4d(1) 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(1), the market value determined by the assessor must be based on the normal approach to value using normal unrestricted rents; and

(2) a unit that is owned by the occupant and used as a homestead by the occupant, and otherwise meets all the requirements for community land trust property under section 273.11, subdivision 12, provided that by December 31 of each assessment year, the community land trust certifies to the assessor that (i) the community land trust owns the real property on which the unit is located, and (ii) the unit owner is a member in good standing of the community land trust. For all units qualifying as class 4d(2), the market value determined by the assessor must be based on the normal approach to value without regard to any restrictions that apply because the unit is a community land trust property.

(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. Class 4d(1) property has a classification rate of 0.25 percent. Class 4d(2) property has a classification rate of 0.75 percent.~~

EFFECTIVE DATE. This section is effective beginning with assessment year 2024 and thereafter.

Sec. 19. Minnesota Statutes 2022, 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.

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

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

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

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

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

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

(j) For purposes of this subdivision:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

EFFECTIVE DATE. This section is effective beginning with assessment year 2023.

Sec. 20. Minnesota Statutes 2022, 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 4d(2) under subdivision 25, paragraph (e), clause (2), 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 2024 and thereafter.

Sec. 21. Minnesota Statutes 2022, section 273.1315, subdivision 2, is amended to read:

Subd. 2. **Class 1b homestead declaration 2009 and thereafter.** (a) Any property owner seeking classification and assessment of the owner's homestead as class 1b property pursuant to section 273.13, subdivision 22, paragraph (b), after October 1, 2008, shall file with the county assessor a class 1b homestead declaration, on a form prescribed by the commissioner of revenue. The declaration must contain the following information:

(1) the information necessary to verify that, on or before June 30 of the filing year, the property owner or the owner's spouse satisfies the requirements of section 273.13, subdivision 22, paragraph (b), for class 1b classification; and

(2) any additional information prescribed by the commissioner.

(b) The declaration must be filed on or before October 1 to be effective for property taxes payable during the succeeding calendar year. The Social Security numbers, individual taxpayer identification numbers, and income and medical information received from the property owner pursuant to this subdivision are private data on individuals as defined in section 13.02. If approved by the assessor, the declaration remains in effect until the property no longer qualifies under section 273.13, subdivision 22, paragraph (b). Failure to notify the assessor within 30 days that the property no longer qualifies under that paragraph because of a sale, change in occupancy, or change in the status or condition of an occupant shall result in the penalty provided in section 273.124, subdivision 13b, computed on the basis of the class 1b benefits for the property, and the property shall lose its current class 1b classification.

EFFECTIVE DATE. This section is effective retroactively for homestead applications filed in 2023 and thereafter.

Sec. 22. Minnesota Statutes 2022, section 275.065, subdivision 3, is amended to read:

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

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

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

(d) The notice must state for each parcel:

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

(2) the items listed below, shown separately by county, city or town, and state general tax, agricultural homestead credit under section 273.1384, school building bond agricultural credit under section 273.1387, 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 property taxes payable in 2024.

Sec. 23. Minnesota Statutes 2022, section 275.065, subdivision 3b, is amended to read:

Subd. 3b. **Notice of proposed property taxes required supplemental information.** ~~(a)~~ The county auditor must prepare ~~a separate statement~~ supplemental information to be delivered with the notice of proposed taxes described in subdivision 3. The ~~statement~~ information must fit on one sheet of paper and contain ~~for each parcel:~~

~~(1) for the county, city or township, all home rule charter or statutory cities and school district in which the parcel lies districts within the county, the certified levy for the current taxes payable year, the proposed levy for taxes payable in the following year, and the increase or decrease between these two amounts, expressed as a percentage; and each listed separately.~~

~~(2) summary budget information listed in paragraph (b).~~

~~(b) Summary budget information must contain budget data from the county, city, and school district that proposes a property tax levy on the parcel for taxes payable the following year. For the school district, the summary budget data must include the information provided to the public under section 123B.10, subdivision 1, paragraph (b), for the current year and prior year. For the county and city, the reported summary budget data must contain the same information, in the same categories, and in the same format as provided to the Office of the State Auditor as required by section 6.745. The statement must provide the governmental revenues and current expenditures information in clauses (1) and (2) for the taxing authority's budget for taxes payable the following year and the taxing authority's budget from taxes payable in the current year, as well as the percent change between the two years. The city must provide the county auditor with the summary budget data at the same time as the information required under subdivision 3. Only cities with a population of at least 500 are required to report the data described in this paragraph. If a city with a population over 500 fails to report the required information to the county auditor, the county auditor must list the city as "budget information not reported" on the portion of the statement dedicated to the city's budget information. The statement may take the same format as the annual summary budget report for cities and counties issued by the Office of the State Auditor. The summary budget data must include:~~

~~(1) a governmental revenues category, including and separately stating:~~

~~(i) "property taxes" defined as property taxes levied on an assessed valuation of real property and personal property, if applicable, by the city and county, including fiscal disparities;~~

~~(ii) "special assessments" defined as levies made against certain properties to defray all or part of the costs of a specific improvement, such as new sewer and water mains, deemed to benefit primarily those properties;~~

~~(iii) "state general purpose aid" defined as aid received from the state that has no restrictions on its use, including local government aid, county program aid, and market value credits; and~~

~~(iv) "state categorical aid" defined as revenues received for a specific purpose, such as streets and highways, fire relief, and flood control, including but not limited to police and fire state aid and out-of-home placement aid; and~~

~~(2) a current expenditures category, including and separately stating:~~

~~(i) "general government" defined as administration costs of city or county governments, including salaries of officials and maintenance of buildings;~~

~~(ii) "public safety" defined as costs related to the protection of persons and property, such as police, fire, ambulance services, building inspections, animal control, and flood control;~~

~~(iii) "streets and highways" defined as costs associated with the maintenance and repair of local highways, streets, bridges, and street equipment, such as patching, seal coating, street lighting, street cleaning, and snow removal;~~

~~(iv) "sanitation" defined as costs of refuse collection and disposal, recycling, and weed and pest control;~~

~~(v) "human services" defined as activities designed to provide public assistance and institutional care for individuals economically unable to provide for themselves;~~

~~(vi) "health" defined as costs of the maintenance of vital statistics, restaurant inspection, communicable disease control, and various health services and clinics;~~

~~(vii) "culture and recreation" defined as costs of libraries, park maintenance, mowing, planting, removal of trees, festivals, bands, museums, community centers, cable television, baseball fields, and organized recreation activities;~~

~~(viii) "conservation of natural resources" defined as the conservation and development of natural resources, including agricultural and forestry programs and services, weed inspection services, and soil and water conservation services;~~

~~(ix) "economic development and housing" defined as costs for development and redevelopment activities in blighted or otherwise economically disadvantaged areas, including low-interest loans, cleanup of hazardous sites, rehabilitation of substandard housing and other physical facilities, and other assistance to those wanting to provide housing and economic opportunity within a disadvantaged area; and~~

~~(x) "all other current expenditures" defined as costs not classified elsewhere, such as airport expenditures, cemeteries, unallocated insurance costs, unallocated pension costs, and public transportation costs.~~

~~(e) If a taxing authority reporting this data does not have revenues or expenditures in a category listed in paragraph (b), then the taxing authority must designate the amount as "0" for that specific category.~~

~~(d) The supplemental statement information provided under this subdivision must be sent in electronic form or by email if the taxpayer requests an electronic version of the notice of proposed property taxes under subdivision 3, paragraph (a).~~

EFFECTIVE DATE. This section is effective beginning with property taxes payable in 2024.

Sec. 24. Minnesota Statutes 2022, section 275.065, subdivision 4, is amended to read:

Subd. 4. **Costs.** If the reasonable cost of the county auditor's services and the cost of preparing and mailing the notice required in this section exceed the amount distributed to the county by the commissioner of revenue to administer this section, the county may require the taxing authority must to reimburse the county for the excess cost. The excess cost must be apportioned between taxing jurisdictions as follows:

(1) one-third is allocated to the county;

(2) one-third is allocated to cities and towns within the county; and

(3) one-third is allocated to school districts within the county.

The amounts in clause (2) must be further apportioned among the cities and towns in the proportion that the number of parcels in the city and town bears to the number of parcels in all the cities and towns within the county. The amount in clause (3) must be further apportioned among the school districts in the proportion that the number of parcels in the school district bears to the number of parcels in all school districts within the county.

EFFECTIVE DATE. This section is effective beginning with property taxes payable in 2024.

Sec. 25. Minnesota Statutes 2022, section 290A.03, subdivision 6, is amended to read:

Subd. 6. **Homestead.** "Homestead" means the dwelling occupied as the claimant's principal residence and so much of the land surrounding it, not exceeding ten acres, as is reasonably necessary for use of the dwelling as a home and any other property used for purposes of a homestead as defined in section 273.13, subdivision 22, ~~except~~ or section 273.13, subdivision 25, paragraph (e), clause (2). For agricultural land assessed as part of a homestead pursuant to section 273.13, subdivision 23, "homestead" is limited to the house and garage and immediately surrounding one acre of land. The homestead may be owned or rented and may be a part of a multidwelling or multipurpose building and the land on which it is built. A manufactured home, as defined in section 273.125, subdivision 8, or a park trailer taxed as a manufactured home under section 168.012, subdivision 9, assessed as personal property may be a dwelling for purposes of this subdivision.

EFFECTIVE DATE. This section is effective for refund claims based on taxes payable in 2025 and thereafter.

Sec. 26. Minnesota Statutes 2022, 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~~ \$96,000;

(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 for deferral of taxes payable in 2024 and thereafter.

Sec. 27. Minnesota Statutes 2022, 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~~ \$96,000. 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 for deferral of taxes payable in 2024 and thereafter.

Sec. 28. Minnesota Statutes 2022, 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~~ \$96,000 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~~ \$96,000 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 for deferral of taxes payable in 2024 and thereafter.

Sec. 29. Minnesota Statutes 2022, 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~~ \$96,000. 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 for deferral of taxes payable in 2024 and thereafter.

Sec. 30. Minnesota Statutes 2022, section 383E.21, is amended to read:

**383E.21 COUNTYWIDE PUBLIC SAFETY IMPROVEMENTS AND EQUIPMENT;
BONDING AND TAX LEVIES.**

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

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

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

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

Subd. 2. **Treatment of levy.** (a) Anoka County shall not include any taxes levied under this section in its levy certified under section 275.07, subdivision 1, paragraph (a). Anoka County shall separately certify taxes levied under this section to the county auditor.

(b) Notwithstanding sections 275.065, subdivision 3, and 276.04, the county may report the tax attributable to any levy to fund public safety capital improvements or equipment projects approved by the Anoka County Joint Law Enforcement Council or pay principal and interest on bonds or notes issued under this section as a separate line item on the proposed property tax notice and the property tax statement.

Subd. 3. **Expiration.** This section expires on December 31, ~~2023~~ 2033. The county may not issue a bond or note under this section with a maturity or payment date after the expiration date of this section. No property tax may be levied under this section for taxes payable in a calendar year after the calendar year in which this section expires. Expiration of this section does not affect the obligation to pay or the authority to collect taxes levied under this section before its expiration.

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

Sec. 31. Minnesota Statutes 2022, section 473F.02, subdivision 2, is amended to read:

Subd. 2. **Area.** "Area" means the territory included within the ~~boundaries of Anoka, Carver, Dakota excluding the city of Northfield, Hennepin, Ramsey, Scott excluding the city of New Prague, and Washington Counties~~ metropolitan area as defined in section 473.121, subdivision 2, excluding lands constituting a major or an intermediate airport as defined under section 473.625.

EFFECTIVE DATE; APPLICATION. This section is effective for taxes payable in 2024 and thereafter and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 32. Minnesota Statutes 2022, section 473F.02, subdivision 8, is amended to read:

Subd. 8. **Municipality.** "Municipality" means a city, town, or township located in whole or part within the area, ~~but not the cities of New Prague or Northfield~~ as defined in subdivision 2. If a municipality is located partly within and partly without the area, the references in sections 473F.01 to 473F.13 to property or any portion thereof subject to taxation or taxing jurisdiction within the municipality are to such property or portion thereof as is located in that portion of the municipality within the area, except that the fiscal capacity of such a municipality shall be computed upon the basis of the valuation and population of the entire municipality.

A municipality shall be excluded from the area if its municipal comprehensive zoning and planning policies conscientiously exclude most commercial-industrial development, for reasons other than preserving an agricultural use. The Metropolitan Council and the commissioner of revenue shall jointly make this determination annually and shall notify those municipalities that are ineligible to participate in the tax base sharing program provided in this chapter for the following year.

EFFECTIVE DATE; APPLICATION. This section is effective for taxes payable in 2024 and thereafter and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 33. **NORTHWEST MINNESOTA MULTI-COUNTY HOUSING AND REDEVELOPMENT AUTHORITY; LEVY AUTHORITY.**

Notwithstanding any law to the contrary, Laws 2008, chapter 366, article 5, section 33, the effective date, as amended by Laws 2013, chapter 143, article 4, section 35, and Laws 2019, First Special Session chapter 6, article 4, section 31, is effective for taxes levied in 2008, payable in 2009, and is repealed effective for taxes levied in 2033, payable in 2034, and thereafter.

EFFECTIVE DATE. This section is effective the day after the governing body of the Northwest Minnesota Multi-County Housing and Redevelopment Authority and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 34. **PROPERTY TAX EXEMPTION; INDEPENDENT SCHOOL DISTRICT NO. 745, ALBANY.**

(a) Notwithstanding Minnesota Statutes, section 272.02, subdivision 38, paragraph (b), and any other law to the contrary, certain hospital property acquired by Independent School District No. 745 in September 2022 is exempt from property taxes payable in 2023. The county assessor must provide the school district with an exemption application for assessment year 2022 and the school district must file the application with the county assessor by August 1, 2023, to qualify for the exemption under this section. An amount necessary to make a payment to the county for the property taxes attributable to the exemption is appropriated from the general fund to the commissioner of revenue in fiscal year 2023.

(b) By August 1, 2023, the auditor of the county in which the property is located must certify to the commissioner of revenue the amount to be paid by the commissioner of revenue to the county under paragraph (a). The commissioner of revenue must make this payment by August 15, 2023. The county auditor must distribute the payment to local jurisdictions in proportion to the amount of tax levied on the property in paragraph (a) by each jurisdiction for property taxes payable in 2023.

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

ARTICLE 4

PROPERTY TAX AIDS

Section 1. Minnesota Statutes 2022, 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; 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.24 for school districts, shall be certified to the Department of Education by the Department of Revenue. The amounts so certified shall be paid according to section 127A.45, subdivisions 9, 10, and 13.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 2. Minnesota Statutes 2022, section 290A.04, subdivision 2, is amended to read:

Subd. 2. **Homeowners; homestead credit refund.** A claimant whose property taxes payable are in excess of the percentage of the household income stated below shall pay an amount equal to the percent of income shown for the appropriate household income level along with the percent to be paid by the claimant of the remaining amount of property taxes payable. The state refund equals the amount of property taxes payable that remain, up to the state refund amount shown below.

Household Income	Percent of Income	Percent Paid by Claimant	Maximum State Refund
\$0 to 1,739		15 percent	2,770
<u>\$0 to 2,079</u>	1.0 percent	<u>12 percent</u>	\$ <u>3,310</u>

1,740 to 3,459		15 percent	2,770
<u>2,080 to 4,139</u>	1.1 percent	<u>12 percent</u>	\$ <u>3,310</u>
3,460 to 5,239		15 percent	2,770
<u>4,140 to 6,269</u>	1.2 percent	<u>12 percent</u>	\$ <u>3,310</u>
5,240 to 6,989		20 percent	2,770
<u>6,270 to 8,369</u>	1.3 percent	<u>17 percent</u>	\$ <u>3,310</u>
6,990 to 8,719		20 percent	2,770
<u>8,370 to 10,439</u>	1.4 percent	<u>17 percent</u>	\$ <u>3,310</u>
8,720 to 12,219		20 percent	2,770
<u>10,440 to 14,619</u>	1.5 percent	<u>17 percent</u>	\$ <u>3,310</u>
12,220 to 13,949		20 percent	2,770
<u>14,620 to 16,689</u>	1.6 percent	<u>17 percent</u>	\$ <u>3,310</u>
13,950 to 15,709		20 percent	2,770
<u>16,690 to 18,799</u>	1.7 percent	<u>17 percent</u>	\$ <u>3,310</u>
15,710 to 17,449		20 percent	2,770
<u>18,800 to 20,879</u>	1.8 percent	<u>17 percent</u>	\$ <u>3,310</u>
17,450 to 19,179		25 percent	2,770
<u>20,880 to 22,949</u>	1.9 percent	<u>22 percent</u>	\$ <u>3,310</u>
19,180 to 24,429		25 percent	2,770
<u>22,950 to 29,239</u>	2.0 percent	<u>22 percent</u>	\$ <u>3,310</u>
24,430 to 26,169		30 percent	2,770
<u>29,240 to 31,319</u>	2.0 percent	<u>27 percent</u>	\$ <u>3,310</u>
26,170 to 29,669		30 percent	2,770
<u>31,320 to 35,509</u>	2.0 percent	<u>27 percent</u>	\$ <u>3,310</u>
29,670 to 41,859		35 percent	2,770
<u>35,510 to 50,099</u>	2.0 percent	<u>32 percent</u>	\$ <u>3,310</u>
41,860 to 61,049		35 percent	2,240
<u>50,100 to 73,059</u>	2.0 percent	<u>32 percent</u>	\$ <u>2,680</u>
61,050 to 69,769		40 percent	1,960
<u>73,060 to 83,499</u>	2.0 percent	<u>37 percent</u>	\$ <u>2,350</u>
69,770 to 78,499		40 percent	1,620
<u>83,500 to 93,939</u>	2.1 percent	<u>37 percent</u>	\$ <u>1,940</u>
78,500 to 87,219		40 percent	1,450
<u>93,940 to 104,379</u>	2.2 percent	<u>37 percent</u>	\$ <u>1,740</u>
87,220 to 95,939		40 percent	1,270
<u>104,380 to 114,819</u>	2.3 percent	<u>37 percent</u>	\$ <u>1,520</u>
95,940 to 101,179		45 percent	1,070
<u>114,820 to 121,089</u>	2.4 percent	<u>42 percent</u>	\$ <u>1,280</u>
101,180 to 104,689		45 percent	890
<u>121,090 to 125,289</u>	2.5 percent	<u>42 percent</u>	\$ <u>1,070</u>
104,690 to 108,919		50 percent	730
<u>125,290 to 130,349</u>	2.5 percent	<u>47 percent</u>	\$ <u>870</u>

108,920 to 113,149		50 percent	540
<u>130,350 to 135,409</u>	2.5 percent	<u>47 percent</u>	\$ <u>650</u>

The payment made to a claimant shall be the amount of the state refund calculated under this subdivision. No payment is allowed if the claimant's household income is ~~\$113,150~~ \$135,410 or more.

EFFECTIVE DATE. This section is effective for claims based on property taxes payable in 2024 and following years.

Sec. 3. Minnesota Statutes 2022, section 290A.04, subdivision 4, is amended to read:

Subd. 4. **Inflation adjustment.** The commissioner shall annually adjust the dollar amounts of the income thresholds and the maximum refunds under ~~subdivisions~~ subdivision 2 and 2a as provided in section 270C.22. The statutory year is ~~2018~~ 2023.

EFFECTIVE DATE. This section is effective for claims based on property taxes payable in 2025 and thereafter.

Sec. 4. Minnesota Statutes 2022, section 477A.011, is amended by adding a subdivision to read:

Subd. 3b. **Population age 65 and over.** "Population age 65 and over" means the population age 65 and over established as of July 15 in an aid calculation year by the most recent federal census, by a special census conducted under contract with the United States Bureau of the Census, by a population estimate made by the Metropolitan Council, or by a population estimate of the state demographer made pursuant to section 4A.02, whichever is the most recent as to the stated date of the count or estimate for the preceding calendar year and which has been certified to the commissioner of revenue on or before July 15 of the aid calculation year. A revision to an estimate or count is effective for these purposes only if certified to the commissioner on or before July 15 of the aid calculation year. Clerical errors in the certification or use of estimates and counts established as of July 15 in the aid calculation year are subject to correction within the time periods allowed under section 477A.014.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 5. Minnesota Statutes 2022, section 477A.011, is amended by adding a subdivision to read:

Subd. 3c. **Transformed population.** "Transformed population" means the logarithm to the base 10 of the population.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 6. Minnesota Statutes 2022, section 477A.011, subdivision 34, is amended to read:

Subd. 34. **City revenue need.** (a) For a city with a population equal to or greater than 10,000, "city revenue need" is 1.15 times the sum of (1) ~~4.59~~ 8.572 times the pre-1940 housing percentage; plus (2) ~~0.622~~ times the percent of housing built between 1940 and 1970 11.494 times the city age

index; plus (3) ~~169.415~~ times the jobs per capita 5.719 times the commercial industrial utility percentage; plus (4) ~~the sparsity adjustment~~ 9.484 times peak population decline; plus (5) ~~307.664~~ 293.056.

(b) For a city with a population equal to or greater than 2,500 and less than 10,000, "city revenue need" is 1.15 times the sum of (1) ~~572.62~~ 497.308; plus (2) ~~5.026~~ 6.667 times the pre-1940 housing percentage; ~~minus~~ plus (3) ~~53.768~~ times household size 9.215 times the commercial industrial utility percentage; plus (4) ~~14.022~~ 16.081 times peak population decline; ~~plus (5) the sparsity adjustment.~~

(c) For a city with a population less than 2,500, "city revenue need" is the sum of (1) ~~410~~ 196.487; plus (2) ~~0.367~~ 220.877 times the city's transformed population over 100; ~~plus (3) the sparsity adjustment.~~ ~~The city revenue need for a city under this paragraph shall not exceed 630 plus the city's sparsity adjustment.~~

(d) For a city with a population of at least 2,500 but less than 3,000, the "city revenue need" equals (1) the transition factor times the city's revenue need calculated in paragraph (b); plus (2) ~~630~~ the city's revenue need calculated under the formula in paragraph (c) times the difference between one and the transition factor. For a city with a population of at least 10,000 but less than 11,000, the "city revenue need" equals (1) the transition factor times the city's revenue need calculated in paragraph (a); plus (2) the city's revenue need calculated under the formula in paragraph (b) times the difference between one and the transition factor. For purposes of the first sentence of this paragraph "transition factor" is 0.2 percent times the amount that the city's population exceeds the minimum threshold. For purposes of the second sentence of this paragraph, "transition factor" is 0.1 percent times the amount that the city's population exceeds the minimum threshold.

(e) The city revenue need cannot be less than zero.

(f) For calendar year ~~2015~~ 2024 and subsequent years, the city revenue need for a city, as determined in paragraphs (a) to (e), is multiplied by the ratio of the annual implicit price deflator for government consumption expenditures and gross investment for state and local governments as prepared by the United States Department of Commerce, for the most recently available year to the ~~2013~~ 2022 implicit price deflator for state and local government purchases.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 7. Minnesota Statutes 2022, section 477A.011, is amended by adding a subdivision to read:

Subd. 46. **City age index.** "City age index" means 100 times the ratio of (1) the population age 65 and over within the city, to (2) the population of the city.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 8. Minnesota Statutes 2022, section 477A.011, is amended by adding a subdivision to read:

Subd. 47. **Commercial industrial utility percentage.** The "commercial industrial utility percentage" for a city is 100 times the ratio of (1) the sum of the estimated market values of all real and personal property in the city classified as class 3 under section 273.13, subdivision 24, to (2)

the total market value of all taxable real and personal property in the city. The market values are the amounts computed before any adjustments for fiscal disparities under section 276A.06 or 473F.08. The market values used for this subdivision are not equalized.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 9. Minnesota Statutes 2022, section 477A.0124, subdivision 2, is amended to read:

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

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

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

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

(e) ~~"Population age 65 and over" means the population age 65 and over established as of July 15 in an aid calculation year by the most recent federal census, by a special census conducted under contract with the United States Bureau of the Census, by a population estimate made by the Metropolitan Council, or by a population estimate of the state demographer made pursuant to section 4A.02, whichever is the most recent as to the stated date of the count or estimate for the preceding calendar year and which has been certified to the commissioner of revenue on or before July 15 of the aid calculation year. A revision to an estimate or count is effective for these purposes only if certified to the commissioner on or before July 15 of the aid calculation year. Clerical errors in the certification or use of estimates and counts established as of July 15 in the aid calculation year are subject to correction within the time periods allowed under section 477A.014~~ has the meaning given in section 477A.011, subdivision 3b.

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

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

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

(i) "Group A offenses" means the annual number of Group A offenses under the National Incident-Based Reporting System reported for each county by the Department of Public Safety. By July 1 of each year, the commissioner of public safety shall certify to the commissioner of revenue

the number of Group A offenses reported for each county for the three most recent full calendar years available.

(j) "Adjusted offenses" means the county's average annual number of Group A offenses for the three-year period ending with the second prior calendar year to the year in which the aid is certified. For aids payable in 2024 and 2025 only, for the purpose of the three-year average calculated under this paragraph, the commissioner must substitute the annual number of Part I crimes for any year in which the annual number of Group A offenses is not available.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 10. Minnesota Statutes 2022, section 477A.0124, subdivision 3, is amended to read:

Subd. 3. **County need aid.** ~~For 2005 and subsequent years,~~ The money appropriated to county need aid each calendar year shall be allocated as follows: 40 percent based on each county's share of age-adjusted population, 40 percent based on each county's share of the state total of households receiving SNAP benefits, and 20 percent based on each county's share of the state total of ~~Part I crimes~~ adjusted offenses.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 11. Minnesota Statutes 2022, section 477A.013, subdivision 8, is amended to read:

Subd. 8. **City formula aid.** (a) For aids payable in ~~2018~~ 2024 and thereafter, the formula aid for a city is equal to the product of (1) the difference between its unmet need and its certified aid in the previous year ~~and before any aid adjustment under subdivision 13,~~ and (2) the aid gap percentage.

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

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 12. Minnesota Statutes 2022, section 477A.013, subdivision 9, is amended to read:

Subd. 9. **City aid distribution.** (a) In calendar year ~~2018~~ 2024 and thereafter, if a city's certified aid ~~before any aid adjustment under subdivision 13~~ for the previous year is less than its current unmet need, the city shall receive an aid distribution equal to the sum of (1) its certified aid in the previous year ~~before any aid adjustment under subdivision 13,~~ and (2) the city formula aid under subdivision 8, ~~and (3) its aid adjustment under subdivision 13.~~

(b) ~~For aids payable in 2020 only, no city's aid amount before any adjustment under subdivision 13 may be less than its pay 2019 certified aid amount, less any aid adjustment under subdivision 13 for that year.~~ For aids payable in ~~2020~~ 2024 and thereafter, if a city's certified aid ~~before any aid~~

~~adjustment under subdivision 13~~ for the previous year is equal to or greater than its current unmet need, the total aid for a city is equal to the greater of (1) its unmet need ~~plus any aid adjustment under subdivision 13~~, or (2) the amount it was certified to receive in the previous year minus the sum of ~~(i) any adjustment under subdivision 13 that was paid in the previous year but has expired, and (ii) the~~ lesser of (i) \$10 multiplied by its population, or (ii) five percent of its net levy in the year prior to the aid distribution. No city may have a total aid amount less than \$0.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 13. Minnesota Statutes 2022, section 477A.014, subdivision 1, is amended to read:

Subdivision 1. **Calculations and payments.** (a) The commissioner of revenue shall make all necessary calculations and make payments ~~pursuant to sections 477A.013 and 477A.03 under this chapter~~ directly to the affected ~~taxing authorities~~ political subdivisions annually. ~~In addition,~~ The commissioner shall notify the ~~authorities~~ political subdivisions of their aid amounts, ~~as well as the~~ computational factors used in making the calculations ~~for their authority~~, and those statewide total figures that are pertinent, before August 1 of the year preceding the aid distribution year, unless a different date is specified.

(b) For the purposes of this subdivision, aid is determined for a city or town based on its city or town status as of June 30 of the year preceding the aid distribution year. If the effective date for a municipal incorporation, consolidation, annexation, detachment, dissolution, or township organization is on or before June 30 of the year preceding the aid distribution year, such change in boundaries or form of government shall be recognized for aid determinations for the aid distribution year. If the effective date for a municipal incorporation, consolidation, annexation, detachment, dissolution, or township organization is after June 30 of the year preceding the aid distribution year, such change in boundaries or form of government shall not be recognized for aid determinations until the following year.

Subd. 1a. Adjustments to computational factors. ~~(e)~~ (a) Changes in boundaries or form of government ~~will~~ may only be recognized for the purposes of this subdivision, to the extent that, on or before July 15 of the aid calculation year: (1) changes in ~~market values are included in market values reported by assessors to the commissioner, and changes in population and household size are included in their respective certifications to the commissioner as referenced in section 477A.011~~ computational factors have been recertified or otherwise reported in reliable form to the commissioner, or (2) an annexation information report as provided in paragraph ~~(d)~~ (b) is received by the commissioner ~~on or before July 15 of the aid calculation year.~~ Revisions to estimates or data for use in recognizing changes in boundaries or form of government are not effective for purposes of this subdivision unless received by the commissioner on or before July 15 of the aid calculation year. Clerical errors in the certification or use of estimates and data established as of July 15 in the aid calculation year are subject to correction within the time periods allowed under subdivision 3.

~~(d)~~ (b) In the case of an annexation, an annexation information report may be completed by the annexing jurisdiction and submitted to the commissioner for purposes of this subdivision if the net tax capacity of annexed area for the assessment year preceding the effective date of the annexation exceeds five percent of the city's net tax capacity for the same year. The form and contents of the annexation information report shall be prescribed by the commissioner. The commissioner shall

~~change the net tax capacity, the population, the population decline, the commercial industrial percentage, and the transformed population adjust the computational factors used to calculate aid under section 477A.013, subdivision 9, for the annexing jurisdiction only if the annexation information report provides data the commissioner determines to be reliable for all of these factors used to compute city revenue need for the annexing jurisdiction. The commissioner shall adjust the pre-1940 housing percentage and household size only if the entire area of an existing city or town is annexed or consolidated and only if reliable data is available for all of these factors used to compute city revenue need for the annexing jurisdiction the entire annexed area.~~

EFFECTIVE DATE. This section is effective July 1, 2023.

Sec. 14. Minnesota Statutes 2022, section 477A.015, is amended to read:

477A.015 PAYMENT DATES.

(a) The commissioner of revenue shall make the payments of local government aid to affected taxing authorities in two installments on July 20 and December 26 annually.

(b) Notwithstanding paragraph (a), for aids payable in ~~2019~~ 2025 only, the commissioner of revenue shall make payments of the aid payable under section 477A.013, subdivision 9, in three installments as follows: (1) ~~14.6~~ 9.402 percent of the aid shall be paid on ~~June 15, 2019~~ March 20, 2025; (2) ~~35.4~~ 40.598 percent of the aid shall be paid on July 20, ~~2019~~ 2025; and (3) 50 percent of the aid shall be paid on December 26, ~~2019~~ 2025.

(c) When the commissioner of public safety determines that a local government has suffered financial hardship due to a natural disaster, the commissioner of public safety shall notify the commissioner of revenue, who shall make payments of aids under sections 477A.011 to 477A.014, which are otherwise due on December 26, as soon as is practical after the determination is made but not before July 20.

(d) The commissioner may pay all or part of the payments of aids under sections 477A.011 to 477A.014, which are due on December 26 at any time after August 15 if a local government requests such payment as being necessary for meeting its cash flow needs.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 15. Minnesota Statutes 2022, section 477A.03, subdivision 2a, is amended to read:

Subd. 2a. **Cities.** ~~For aids payable in 2016 and 2017, the total aid paid under section 477A.013, subdivision 9, is \$519,398,012. For aids payable in 2018 and 2019, the total aid paid under section 477A.013, subdivision 9, is \$534,398,012. For aids payable in 2020, the total aid paid under section 477A.013, subdivision 9, is \$560,398,012. For aids payable in 2021 and thereafter through 2023, the total aid payable under section 477A.013, subdivision 9, is \$564,398,012. For aids payable in 2024 and thereafter, the total aid payable under section 477A.013, subdivision 9, is \$644,398,012.~~

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 16. Minnesota Statutes 2022, section 477A.03, subdivision 2b, is amended to read:

Subd. 2b. **Counties.** (a) ~~For aids payable in 2018 and 2019, the total aid payable under section 477A.0124, subdivision 3, is \$103,795,000, of which \$3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4, section 6. For aids payable in 2020, the total aid payable under section 477A.0124, subdivision 3, is \$116,795,000, of which \$3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4, section 6. For aids payable in 2021 through 2024~~ 2023, the total aid payable under section 477A.0124, subdivision 3, is \$118,795,000, of which \$3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4, section 6. For aids payable in 2024, the total aid payable under section 477A.0124, subdivision 3, is \$154,197,053, of which \$3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4, section 6. For aids payable in 2025 and thereafter, the total aid payable under section 477A.0124, subdivision 3, is ~~\$115,795,000~~ \$151,197,053. On or before the first installment date provided in section 477A.015, paragraph (a), \$500,000 of this appropriation shall be transferred each year by the commissioner of revenue to the Board of Public Defense for the payment of services under section 611.27. Any transferred amounts not expended or encumbered in a fiscal year shall be certified by the Board of Public Defense to the commissioner of revenue on or before October 1 and shall be included in the next certification of county need aid.

(b) ~~For aids payable in 2018 and 2019, the total aid under section 477A.0124, subdivision 4, is \$130,873,444. For aids payable in 2020, the total aid under section 477A.0124, subdivision 4, is \$143,873,444. For aids payable in 2021 and thereafter through 2023, the total aid under section 477A.0124, subdivision 4, is \$145,873,444. For aids payable in 2024 and thereafter, the total aid under section 477A.0124, subdivision 4, is \$190,471,391.~~ The commissioner of revenue shall transfer to the Legislative Budget Office \$207,000 annually for the cost of preparation of local impact notes as required by section 3.987, and other local government activities. The commissioner of revenue shall transfer to the commissioner of education \$7,000 annually for the cost of preparation of local impact notes for school districts as required by section 3.987. The commissioner of revenue shall deduct the amounts transferred under this paragraph from the appropriation under this paragraph. The amounts transferred are appropriated to the Legislative Coordinating Commission and the commissioner of education respectively.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 17. Minnesota Statutes 2022, section 477A.12, subdivision 1, is amended to read:

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

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

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

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

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

(5) ~~\$2~~ \$3, multiplied by the number of acres of county-administered other natural resources land in the county;

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

(7) ~~\$2~~ \$3, multiplied by the number of acres of commissioner-administered other natural resources land in the county; ~~and~~

(8) \$0.18, multiplied by the total number of acres in the county eligible for payment under clauses (1) to (7), provided that the total number of acres in the county eligible for payment under clauses (1) to (7) is equal to or greater than 25 percent of the total acreage in the county;

(9) \$0.08, multiplied by the total number of acres in the county eligible for payment under clauses (1) to (7), provided that the total number of acres in the county eligible for payment under clauses (1) to (7) is equal to or greater than ten percent, but less than 25 percent of the total acreage in the county; and

(10) without regard to acreage, and notwithstanding the rules adopted under section 84A.55, \$300,000 for local assessments under section 84A.55, subdivision 9, that shall be divided and distributed to the counties containing state-owned lands within a conservation area in proportion to each county's percentage of the total annual ditch assessments.

EFFECTIVE DATE. This section is effective beginning with aids payable in 2024.

Sec. 18. Minnesota Statutes 2022, section 477A.12, subdivision 3, is amended to read:

Subd. 3. **Determination of appraised value.** For the purposes of this section, the appraised value of acquired natural resources land is the purchase price until the next six-year appraisal required under this subdivision. The appraised value of acquired natural resources land received as a donation is the value determined for the commissioner of natural resources by a licensed appraiser, or the county assessor's estimated market value if no appraisal is done. The appraised value must be determined by the county assessor every six years, except that the appraised value shall not be less than the 2022 or subsequent appraised value, if it is higher. All reappraisals shall be done in the same year as county assessors are required to assess exempt land under section 273.18.

EFFECTIVE DATE. This section is effective beginning with aids payable in 2024.

Sec. 19. Minnesota Statutes 2022, section 477A.12, is amended by adding a subdivision to read:

Subd. 4. **Adjustment.** The commissioner of revenue shall annually adjust the amounts in subdivision 1, clauses (1) to (10), as provided in section 270C.22, subdivision 1, except as provided in this subdivision. To determine the dollar amounts for payments in calendar year 2025, the commissioner shall determine the percentage change in the index for the 12-month period ending on August 31, 2024, and increase each of the unrounded dollar amounts in section 477A.12, subdivision 1, by that percentage change. For each subsequent year, the commissioner shall increase the dollar amounts by the percentage change in the index from August 31 of the year preceding the statutory year, to August 31 of the year preceding the taxable year. The commissioner shall round the amounts as adjusted to the nearest tenth of a cent.

EFFECTIVE DATE. This section is effective beginning with aids payable in 2024.

Sec. 20. **[477A.23] SOIL AND WATER CONSERVATION DISTRICT AID.**

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

(1) "nonpublic lands" means "real property" as defined by section 272.03 that is not owned by the federal government, the state, or a local government unit;

(2) "population" means the population estimated as of June 1 in an aid calculation year by the most recent federal census;

(3) "transformed population" means the cube root of population; and

(4) "soil and water conservation district" means a district under chapter 103C that is implementing the duties under that chapter as determined by the Board of Water and Soil Resources as of the date the board provides the certification to the commissioner of revenue required by subdivision 3. For purposes of this section, soil and water conservation district includes a county exercising the duties and authorities of a soil and water conservation district under section 383A.606 or 383B.761.

Subd. 2. **Distribution.** The Board of Water and Soil Resources must calculate the amount of aid to be distributed to the certified soil and water conservation districts from the appropriation in subdivision 6 as follows:

(1) 80 percent of the appropriation must be distributed equally among the districts;

(2) 10 percent of the appropriation must be distributed proportionally among the districts according to the amount of nonpublic land located in a district as compared to the amount of nonpublic land in all districts; and

(3) ten percent of the appropriation must be distributed proportionally among the districts according to the transformed population of the district as compared to the total transformed population of all districts.

Subd. 3. **Certification to commissioner.** On or before June 1 each year, the Board of Water and Soil Resources must certify to the commissioner of revenue the soil and water conservation districts that will receive a payment under this section and the amount of each payment.

Subd. 4. **Use of proceeds.** (a) Notwithstanding section 103C.401, subdivision 2, a soil and water conservation district that receives a distribution under this section must use the proceeds to implement chapter 103C and other duties and services prescribed by statute.

(b) The board of each soil and water conservation district must establish, by resolution, annual guidelines for using payments received under this section. Current year guidelines and guidelines from the year immediately prior must be posted on the district website.

(c) A soil and water conservation district that receives a payment under this section may appropriate any portion of the payment to a governmental unit with which the district has a cooperative agreement under section 103C.231. Any payment received under this section and appropriated by the district must be used as required by this section.

Subd. 5. **Payments.** The commissioner of revenue must distribute soil and water conservation district aid in the same manner and at the same times as aid payments provided under section 477A.015.

Subd. 6. **Appropriation.** For aids payable in 2023 and 2024, \$15,000,000 is appropriated in each year from the general fund to the commissioner of revenue to make the payments required under this section. For aids payable in 2025 and thereafter, \$12,000,000 is annually appropriated from the general fund to the commissioner of revenue to make the payments required under this section.

Subd. 7. **Aid amount corrections.** If, due to a clerical error, the amount certified by the Board of Water and Soil Resources to the commissioner of revenue is less than the amount to which the district is entitled under this section, the Board of Water and Soil Resources shall recertify the correct amount to the commissioner of revenue and communicate the error and the corrected amount to the affected soil and water conservation district as soon as practical after the error is discovered.

EFFECTIVE DATE. This section is effective beginning with aids payable in calendar year 2023 and thereafter.

Sec. 21. **[477A.24] 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 that year, as adjusted under section 473F.08, subdivision 2, or 276A.06, subdivision 2, as applicable, except that, in an eligible taxing jurisdiction with multiple electric generating units, only the unit differential calculated upon the first retirement of an electric generating unit in that jurisdiction following the effective date of this section is subject to the reduction under this sentence.

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 7, 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.

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. The portion of aid to an eligible taxing jurisdiction that consists of the initial unit transition amount under subdivision 3, paragraph (a), must be certified on or before May 1 in the year the aid is payable. The portion of aid to an eligible taxing jurisdiction that consists of the unit transition amount under subdivision 3, paragraph (b), must be certified by August 1 of each year for aids payable in the following calendar year. 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. 22. Minnesota Statutes 2022, section 477A.30, is amended to read:

477A.30 LOCAL HOMELESS PREVENTION AID.

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

(1) "city" means a statutory or home rule charter city;

(2) "distribution factor" means the total number of students experiencing homelessness in a county in the current school year and the previous two school years divided by the total number of students experiencing homelessness in all counties in the current school year and the previous two school years; ~~and~~

(3) "families" means families and persons 24 years of age or younger; and

(4) "Tribal government" means any of the 11 federally recognized Indian Tribes located in Minnesota.

Subd. 2. **Purpose.** The purpose of this section is to help local governments and Tribal governments ensure no child is homeless within a local jurisdiction by keeping families from losing housing and helping those experiencing homelessness find housing.

Subd. 3. **County distribution.** (a) A county's initial local homeless prevention aid amount equals the greater of: (1) \$5,000; or (2)(i) five percent of the money appropriated ~~to local homeless prevention aid under this section~~ subdivision 6, paragraph (a), times (ii) the ratio of the population of the county to the population of all counties. For the purpose of this paragraph, "population" means the population estimate used to calculate aid under section 477A.0124 for the same aid payable year.

(b) The amount of the appropriation in subdivision 6, paragraph (a), remaining after the allocation under paragraph (a) must be allocated to counties by multiplying each county's distribution factor by the total distribution available under this paragraph. Distribution factors must be based on the most recent counts of students experiencing homelessness in each county, as certified by the commissioner of education to the commissioner of revenue by July 1 of the year the aid is certified to the counties under subdivision 5.

(c) A county's total local homeless prevention aid equals the sum of the amounts under paragraphs (a) and (b).

Subd. 3a. **Tribal governments distribution.** (a) A Tribal government may choose to receive an aid distribution under this section by submitting an application under this subdivision. The application must be in the manner and form prescribed by the commissioner of revenue and must be annually submitted by July 1 in the year prior to the year the aid is paid. For aid payable in 2023 only, the application must be submitted by July 15, 2023.

(b) The total local homeless prevention aid distributed to Tribal governments equals the amount appropriated under subdivision 6, paragraph (b). Each Tribal government which, pursuant to this subdivision, chooses to receive a distribution under this section must receive an equal share of the amount available under subdivision 6, paragraph (b).

Subd. 4. **Use of proceeds.** (a) Counties and Tribal governments that receive a distribution under this section must use the proceeds to fund new or existing family homeless prevention and assistance projects or programs. These projects or programs may be administered by a county, a group of contiguous counties jointly acting together, a city, a group of contiguous cities jointly acting together, ~~a Tribe~~ a Tribal government, a group of ~~Tribes~~ Tribal governments, or a community-based nonprofit organization. Each project or program must include plans for:

(1) targeting families with children who are eligible for a prekindergarten through grade 12 academic program and are:

(i) living in overcrowded conditions in their current housing;

(ii) paying more than 50 percent of their income for rent; or

(iii) lacking a fixed, regular, and adequate nighttime residence;

(2) targeting unaccompanied youth in need of an alternative residential setting;

(3) connecting families with the social services necessary to maintain the families' stability in their homes, including but not limited to housing navigation, legal representation, and family outreach; and

(4) one or more of the following:

(i) providing rental assistance for a specified period of time which may exceed 24 months; or

(ii) providing support and case management services to improve housing stability, including but not limited to housing navigation and family outreach.

(b) Counties may choose not to spend all or a portion of the distribution under this section. Any unspent funds must be returned to the commissioner of revenue by December 31 of the year following the year that the aid was received. Any funds returned to the commissioner under this paragraph must be added to the overall distribution of aids certified under this section in the following year. Any unspent funds returned to the commissioner after the expiration under subdivision 8 are canceled to the general fund.

Subd. 5. Payments. The commissioner of revenue must compute the amount of local homeless prevention aid payable to each county and Tribal government under this section. On or before August 1 of each year, the commissioner shall certify the amount to be paid to each county and Tribal government in the following year. The commissioner shall pay local homeless prevention aid annually at the times provided in section 477A.015. For aids payable in 2023 only, the commissioner must recalculate and recertify the aid under this section by July 15, 2023.

Subd. 6. Appropriation. ~~\$20,000,000~~ (a) \$17,600,000 is annually appropriated from the general fund to the commissioner of revenue to make payments to counties required under this section.

(b) \$2,400,000 is annually appropriated from the general fund to the commissioner of revenue to make payments to Tribal governments required under this section.

Subd. 7. Report. (a) No later than January 15, 2025, the commissioner of revenue must produce a report on projects and programs funded by counties and Tribal governments under this section. The report must include a list of the projects and programs, the number of people served by each, and an assessment of how each project and program impacts people who are currently experiencing homelessness or who are at risk of experiencing homelessness, as reported by the counties and Tribal governments to the commissioner by December 31 each year on a form prescribed by the commissioner. The commissioner must provide a copy of the report to the chairs and ranking minority members of the legislative committees with jurisdiction over property taxes and services for persons experiencing homelessness.

(b) The report in paragraph (a) must be updated every two years and the commissioner of revenue must provide copies of the updated reports to the chairs and ranking minority members of the legislative committees with jurisdiction over property taxes and services for persons experiencing homelessness by January 15 of the year the report is due. Report requirements under this subdivision expire following the report which includes the final distribution preceding the expiration in subdivision 8.

Subd. 8. Expiration. Distributions under this section expire after aids payable in 2028 have been distributed.

EFFECTIVE DATE. This section is effective beginning with aids payable in 2023 and thereafter.

Sec. 23. [477A.31] MAHNOMEN PROPERTY TAX REIMBURSEMENT AID.

Subdivision 1. Aid amounts. (a) The commissioner of revenue shall make reimbursement aid payments to compensate for the loss of property tax revenue related to the trust conversion application of the Shooting Star Casino. The commissioner shall pay the county of Mahnomen, \$1,010,000; the city of Mahnomen, \$210,000; and Independent School District No. 432, Mahnomen, \$140,000.

(b) The payments shall be made annually on July 20.

Subd. 2. Appropriation. An amount sufficient to pay reimbursement aid under this section is annually appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 24. [477A.36] STATEWIDE LOCAL HOUSING AID.

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

(1) "city distribution factor" means the number of households in a tier I city that are cost-burdened divided by the total number of households that are cost-burdened in Minnesota tier I cities. The number of cost-burdened households shall be determined using the most recent estimates or experimental estimates provided by the American Community Survey of the United States Census Bureau as of May 1 of the aid calculation year;

(2) "cost-burdened household" means a household in which gross rent is 30 percent or more of household income or in which homeownership costs are 30 percent or more of household income;

(3) "county distribution factor" means the number of households in a county that are cost-burdened divided by the total number of households in Minnesota that are cost-burdened. The number of cost-burdened households shall be determined using the most recent estimates or experimental estimates provided by the American Community Survey of the United States Census Bureau as of May 1 of the aid calculation year;

(4) "eligible Tribal Nation" means the following federally recognized Indian Tribes located in Minnesota: Bois Forte Band; Fond du Lac Band; Grand Portage Band; Leech Lake Band; Mille Lacs Band; White Earth Band; and Red Lake Nation;

(5) "population" has the meaning given in section 477A.011, subdivision 3;

(6) "tier I city" means a statutory or home rule charter city that is a city of the first, second, or third class and is not located in a metropolitan county, as defined by section 473.121, subdivision 4; and

(7) "tier II city" means a statutory or home rule charter city that is a city of the fourth class and is not located in a metropolitan county, as defined by section 473.121, subdivision 4.

Subd. 2. Distribution. (a) Each county shall receive the sum of:

(1) 0.6 percent of the total amount available to counties under this section; plus

(2) the product of:

(i) the county distribution factor; multiplied by

(ii) the total amount available to counties under this section minus the product of clause (1) multiplied by the number of Minnesota counties.

(b) The commissioner of revenue shall determine the amount of funding available to a tier I city under this section by multiplying the city's city distribution factor and the amount of funding available to tier I cities under this section.

(c) The commissioner of revenue shall determine the amount of funding available to an eligible Tribal Nation by dividing the amount of money available for aid to Tribal Nations under this section by the number of eligible Tribal Nations that have applied to receive an aid distribution under this section.

Subd. 3. **Grants to tier II cities.** (a) The commissioner of the Minnesota Housing Finance Agency shall establish a program to award grants of at least \$25,000 to tier II cities. The agency shall develop program guidelines and criteria in consultation with the League of Minnesota Cities. Notwithstanding section 16C.06, the commissioner may use a formula to determine the amounts of awards to tier II cities applying for funding under this section. Awards may be made in conjunction with funding awards under other agency programs that serve tier II cities.

(b) Among comparable proposals, the agency shall prioritize grants to tier II cities that have a higher proportion of cost-burdened households.

(c) A grantee must use its grant on a qualifying project.

(d) In making grants, the agency shall determine the circumstances, terms, and conditions under which all or any portion thereof will be repaid and shall determine the appropriate security should repayment be required. Any repaid funds shall be returned to the account or accounts established pursuant to paragraph (e).

(e) The agency shall establish a bookkeeping account or accounts in the housing development fund for money distributed to the agency for grants under this subdivision. By May 1 of each year, the Minnesota Housing Finance Agency shall report to the Department of Revenue on the amount in the account or accounts.

Subd. 4. **Qualifying projects.** (a) Qualifying projects shall include: (1) emergency rental assistance for households earning less than 80 percent of area median income as determined by the United States Department of Housing and Urban Development; (2) financial support to nonprofit affordable housing providers in their mission to provide safe, dignified, affordable and supportive housing; (3) outside the metropolitan counties as defined in section 473.121, subdivision 4, development of market rate residential rental properties, as defined in section 462A.39, subdivision 2, paragraph (d), if the relevant unit of government submits with the report required under subdivision 6 a resolution and supporting documentation showing that the area meets the requirements of section 462A.39, subdivision 4, paragraph (a); and (4) projects designed for the purpose of construction,

acquisition, rehabilitation, demolition or removal of existing structures, construction financing, permanent financing, interest rate reduction, refinancing, and gap financing of housing to provide affordable housing to households that have incomes which do not exceed, for homeownership projects, 115 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development and, for rental housing projects, 80 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development, except that the housing developed or rehabilitated with funds under this section must be affordable to the local work force.

Projects shall be prioritized that provide affordable housing to households that have incomes that do not exceed, for homeownership projects, 80 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development, and for rental housing projects, 50 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development. Priority may be given to projects that: reduce disparities in home ownership; reduce housing cost burden, housing instability, or homelessness; improve the habitability of homes; create accessible housing; or create more energy- or water-efficient homes.

(b) Gap financing is either:

(1) the difference between the costs of the property, including acquisition, demolition, rehabilitation, and construction, and the market value of the property upon sale; or

(2) the difference between the cost of the property and the amount the targeted household can afford for housing, based on industry standards and practices.

(c) If aid under this section is used for demolition or removal of existing structures, the cleared land must be used for the construction of housing to be owned or rented by persons who meet the income limits of paragraph (a).

(d) If an aid recipient uses the aid on new construction or substantial rehabilitation of a building containing more than four units, the loan recipient must construct, convert, or otherwise adapt the building to include:

(1) the greater of: (i) at least one unit; or (ii) at least five percent of units that are accessible units, as defined by section 1002 of the current State Building Code Accessibility Provisions for Dwelling Units in Minnesota, and include at least one roll-in shower; and

(2) the greater of: (i) at least one unit; or (ii) at least five percent of units that are sensory-accessible units that include:

(A) soundproofing between shared walls for first and second floor units;

(B) no florescent lighting in units and common areas;

(C) low-fume paint;

(D) low-chemical carpet; and

(E) low-chemical carpet glue in units and common areas.

Nothing in this paragraph relieves a project funded by this section from meeting other applicable accessibility requirements.

Subd. 5. **Use of proceeds.** (a) Any funds distributed under this section must be spent on a qualifying project. If a tier I city or county demonstrates to the Minnesota Housing Finance Agency that the tier I city or county cannot expend funds on a qualifying project by the deadline imposed by paragraph (b) due to factors outside the control of the tier I city or county, funds shall be considered spent on a qualifying project if the funds are transferred to a local housing trust fund. Funds transferred to a local housing trust fund must be spent on a project or household that meets the affordability requirements of subdivision 4, paragraph (a).

(b) Any funds must be returned to the commissioner of revenue if the funds are not spent by December 31 in the third year following the year after the aid was received.

Subd. 6. **Administration.** (a) The commissioner of revenue must compute the amount of aid payable to each aid recipient under this section. Beginning with aids payable in calendar year 2024, before computing the amount of aid for counties and after receiving the report required by subdivision 3, paragraph (e), the commissioner shall compute the amount necessary to increase the amount in the account or accounts established under that paragraph to \$1,250,000. The amount calculated under the preceding sentence shall be deducted from the amount available to counties for the purposes of certifying the amount of aid to be paid to counties in the following year. By August 1 of each year, the commissioner must certify the amount to be paid to each aid recipient in the following year. The commissioner must pay statewide local housing aid annually at the times provided in section 477A.015. Before paying the first installment of aid annually, the commissioner of revenue shall transfer to the Minnesota Housing Finance Agency from the funds available for counties, for deposit in the account or accounts established under subdivision 3, paragraph (e), the amount computed in the prior year to be necessary to increase the amount in the account or accounts established under that paragraph to \$1,250,000.

(b) Beginning in 2025, aid recipients shall submit a report annually, no later than December 1 of each year, to the Minnesota Housing Finance Agency. The report shall include documentation of the location of any unspent funds distributed under this section and of qualifying projects completed or planned with funds under this section. If an aid recipient fails to submit a report, fails to spend funds within the timeline imposed under subdivision 5, paragraph (b), or uses funds for a project that does not qualify under this section, the Minnesota Housing Finance Agency shall notify the Department of Revenue and the aid recipient must repay funds under paragraph (c) by February 15 of the following year.

(c) By May 15, after receiving notice from the Minnesota Housing Finance Agency, an aid recipient must pay to the Minnesota Housing Finance Agency funds the aid recipient received under this section if the aid recipient:

- (1) fails to spend the funds within the time allowed under subdivision 5, paragraph (b);
- (2) spends the funds on anything other than a qualifying project; or
- (3) fails to submit a report documenting use of the funds.

(d) The commissioner of revenue must stop distributing funds to an aid recipient that the Minnesota Housing Finance Agency reports to have, in three consecutive years, failed to use funds, misused funds, or failed to report on its use of funds.

(e) The commissioner may resume distributing funds to an aid recipient to which the commissioner has stopped payments in the year following the August 1 after the Minnesota Housing Finance Agency certifies that the city or county has submitted documentation of plans for a qualifying project.

(f) By June 1, any funds paid to the Minnesota Housing Finance Agency under paragraph (c) must be deposited in the housing development fund. Funds deposited under this paragraph are appropriated to the commissioner of the Minnesota Housing Finance Agency for use on the family homeless prevention and assistance program under section 462A.204, the economic development and housing challenge program under section 462A.33, and the workforce and affordable homeownership development program under section 462A.38.

(g) An eligible Tribal Nation may choose to receive an aid distribution under this section by submitting an application under this subdivision. An eligible Tribal Nation which has not received a distribution in a prior aids payable year may elect to begin participation in the program by submitting an application in the manner and form prescribed by the commissioner of revenue by January 15 of the aids payable year. In order to receive a distribution, an eligible Tribal Nation must certify to the commissioner of revenue the most recent estimate of the total number of enrolled members of the eligible Tribal Nation. The information must be annually certified by March 1 in the form prescribed by the commissioner of revenue. The commissioner of revenue must annually calculate and certify the amount of aid payable to each eligible Tribal Nation on or before August 1.

Subd. 7. **County consultation with cities.** A county that receives funding under this section shall regularly consult with the cities in the jurisdictions of which its qualifying projects are planned or located.

Subd. 8. **Appropriations.** (a) \$6,800,000 is annually appropriated from the general fund to the commissioner of revenue to make payments to counties as required under this section.

(b) \$2,000,000 is annually appropriated from the general fund to the commissioner of revenue to make payments to tier I cities as required under this section.

(c) \$1,200,000 is annually appropriated from the general fund to the commissioner of revenue to make payments to eligible Tribal Nations as required under this section.

(d) In fiscal years 2024 and 2025 only, an additional \$8,500,000 is annually appropriated from the general fund to the commissioner of revenue to make payments to counties as required under this section. In fiscal years 2024 and 2025 only, an additional \$2,500,000 is annually appropriated from the general fund to the commissioner of revenue to make payments to tier I cities as required under this section. In fiscal years 2024 and 2025 only, an additional \$1,500,000 is annually appropriated from the general fund to the commissioner of revenue to make payments to eligible Tribal Nations as required under this section. In fiscal years 2024 and 2025 only, the commissioner shall transfer from the funds available to counties to the Minnesota Housing Finance Agency a sum sufficient to increase the amount in the account or accounts established under subdivision 3, paragraph (e), to \$2,250,000. For aids payable in 2023 only, the commissioner may compute the amount of

aid to be paid to aid recipients as late as August 1, 2023, and may make payments of aid under this section in one installment on December 26.

EFFECTIVE DATE. This section is effective beginning with aids payable in calendar year 2023.

Sec. 25. [477A.40] TRIBAL NATION AID.

Subdivision 1. **Aid not to be considered reparations.** Aid distributions under this section are not a substitute for reparations to eligible Tribal Nations, their members, or their members' descendants.

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

(1) "distribution share" means the number of enrolled members in an eligible Tribal Nation divided by the total number of enrolled members for all eligible Tribal Nations certified under this section; and

(2) "eligible Tribal Nation" means any of the 11 federally recognized Indian Tribes located in Minnesota which submit an application under subdivision 4.

Subd. 3. **Distribution.** An eligible Tribal Nation's annual aid amount is equal to the sum of:

(1) the quotient of:

(i) 0.5 times the amount appropriated under this section; divided by

(ii) the number of eligible Tribal Nations; plus

(2) the product of:

(i) the eligible Tribal Nation's distribution share; multiplied by

(ii) 0.5 times the amount appropriated under this section.

Subd. 4. **Application.** An eligible Tribal Nation may choose to receive an aid distribution under this section by submitting an application under this subdivision. An eligible Tribal Nation which has not received a distribution in a prior aids payable year may elect to begin participation in the program by submitting an application in the manner and form prescribed by the commissioner of revenue by January 15 of the aids payable year. In order to receive a distribution, an eligible Tribal Nation must certify to the commissioner of revenue the most recent estimate of the total number of enrolled members of the eligible Tribal Nation. The information must be annually certified by March 1 in the form prescribed by the commissioner of revenue. The commissioner of revenue must annually calculate and certify the amount of aid payable to each eligible Tribal Nation on or before August 1.

Subd. 5. **Payments.** The commissioner of revenue must pay Tribal Nation aid annually by December 27 of the year the aid is certified.

Subd. 6. **Appropriation.** \$35,000,000 is annually appropriated from the general fund to the commissioner of revenue to make payments under this section.

EFFECTIVE DATE. This section is effective beginning with aids payable in 2024.

Sec. 26. Laws 2006, chapter 259, article 11, section 3, as amended by Laws 2008, chapter 154, article 1, section 4, and Laws 2013, chapter 143, article 2, section 33, is amended to read:

Sec. 3. MAHNOMEN COUNTY; COUNTY, CITY, SCHOOL DISTRICT, PROPERTY TAX REIMBURSEMENT.

Subdivision 1. **Aid appropriation.** (a) \$1,200,000 is appropriated annually from the general fund to the commissioner of revenue to be used to make payments to compensate for the loss of property tax revenue related to the trust conversion application of the Shooting Star Casino. The commissioner shall pay the county of Mahnomen, \$900,000; the city of Mahnomen, \$160,000; and Independent School District No. 432, Mahnomen, \$140,000. The payments shall be made on July 20, of 2013 and each subsequent year.

(b) This section expires after aids payable year 2023.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 27. 2023 PUBLIC SAFETY AID.

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

(1) "commissioner" means the commissioner of revenue;

(2) "local unit" means (i) a town with a population of at least 10,000, or (ii) a statutory or home rule charter city;

(3) "population" means population estimates made or conducted by the United States Bureau of the Census; the Metropolitan Council pursuant to Minnesota Statutes, section 473.24; or by the state demographer pursuant to Minnesota Statutes, section 4A.02, paragraph (d), whichever is the most recent estimate and available as of January 1, 2023;

(4) "Tribal governments" has the meaning given to "Minnesota Tribal governments" in Minnesota Statutes, section 10.65, subdivision 2, paragraph (a), clause (4); and

(5) "Tribal population" means population estimates made or conducted by the United States Bureau of the Census of the federally recognized American Indian reservations and off-reservation trust lands in Minnesota, whichever is the most recent estimate and available as of January 1, 2023.

Subd. 2. **County aid.** A county's public safety aid equals the sum of:

(1) the product of (i) the county's population, and (ii) the county basic allowance; plus

(2) the product of (i) the county's population minus the total population of every local unit located in that county, and (ii) the county additional allowance.

Subd. 3. **Tribal government aid.** A Tribal government's public safety aid equals the sum of:

(1) the product of (i) the Tribe's population, and (ii) the county basic allowance; plus

(2) the product of (i) the Tribe's population, and (ii) the county additional allowance.

Subd. 4. **Local unit aid.** A local unit's public safety aid equals the product of (1) the local unit's population, and (2) the local unit allowance.

Subd. 5. **Commissioner to calculate allowances.** (a) The commissioner must calculate the county basic allowance so that the total amount of aid distributed under subdivisions 2, clause (1), and 3, clause (1), equals 70 percent of the amount appropriated for aid to counties and Tribal governments.

(b) The commissioner must calculate the county additional allowance so that the total amount of aid distributed under subdivisions 2, clause (2), and 3, clause (2), equals 30 percent of the amount appropriated for aid to counties and Tribal governments.

(c) The commissioner must calculate the local unit allowance so that the total amount of aid distributed under subdivision 4 equals the amount appropriated for aid to local units.

Subd. 6. **Eligible uses.** (a) A county, Tribal government, or local unit must use the aid under this section to provide public safety, including community violence prevention and intervention programs; community engagement; mental health crisis responses; victim services; training programs; first responder wellness; equipment related to fire, rescue, and emergency services; or to pay other personnel or equipment costs.

(b) Notwithstanding paragraph (a), a county, Tribal government, or local unit may not apply the aid under this section toward:

(1) its employer contribution to the public employees police and fire fund if the county, Tribal government, or local unit received police state aid under Minnesota Statutes, chapter 477C, in calendar year 2022;

(2) any costs associated with alleged wrongdoing or misconduct;

(3) the purchase of an armored or tactical vehicle or substantially similar vehicle;

(4) the purchase of tear gas, chemical munitions, or substantially similar items; or

(5) the costs of construction, reconstruction, remodeling, expansion, or improvement of a police station, including related facilities. For purposes of this clause, "related facilities" includes access roads, lighting, sidewalks, and utility components on or adjacent to the property on which the police station is located that are necessary for safe access to and use of the building.

Subd. 7. **Certification; payment date.** The commissioner must certify the aid amount to be paid in 2023 to each county, Tribal government, and local unit by September 1, 2023. The

commissioner must make the full 2023 payment to each county, Tribal government, and local unit by December 26, 2023.

Subd. 8. **Appropriation.** (a) \$300,000,000 is appropriated in fiscal year 2024 from the general fund to the commissioner of revenue for public safety aid under this section.

(b) Of the amount in paragraph (a), 30 percent is for aid to counties and Tribal governments and 70 percent is for aid to local units.

(c) This is a onetime appropriation.

EFFECTIVE DATE. This section is effective for aids payable in 2023.

Sec. 28. **2021 AID PENALTY FORGIVENESS.**

Subdivision 1. **City of Echo.** Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Echo is eligible to 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). If 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, 2023, the commissioner of revenue must make a payment of \$46,060 to the city by June 30, 2023.

Subd. 2. **City of Morton.** Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Morton is eligible to 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). If 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, 2023, the commissioner of revenue must make a payment of \$79,476 to the city by June 30, 2023.

Subd. 3. **Appropriation.** The amounts necessary to make the payments required under this section are 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. 29. **STUDY OF STATE-OWNED LAKESHORE.**

No later than January 31, 2025, the commissioner of revenue, in consultation with the Department of Natural Resources and counties, must produce a report on valuation methods used to value the acreage and shoreline areas within all commissioner-administered and county-administered other natural resources land, as defined in Minnesota Statutes, section 477A.11, subdivision 4. The report must comply with the requirements of Minnesota Statutes, sections 3.195 and 3.197. The report must include, by county, the most recent assessed value and acreage, as required under Minnesota Statutes, section 273.18, paragraph (b), aggregated by parcels abutting lakes identified by a Department of Natural Resources Division of Waters Lake Number and by parcels not abutting

lakes identified by a Department of Natural Resources Division of Waters Lake Number. Counties must report to the commissioner of revenue any necessary data by December 30, 2023. The commissioner must provide a copy of the report to the chairs and ranking minority members of the legislative committees with jurisdiction over taxes and property taxation by January 31, 2025.

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

Sec. 30. **ONETIME INCREASE IN THE RENTER'S CREDIT AND HOMESTEAD CREDIT STATE REFUND.**

Subdivision 1. **Homestead credit refund.** For claims filed based on taxes payable in 2023, the commissioner shall increase by 20.572 percent the refund otherwise payable under Minnesota Statutes, section 290A.04, subdivision 2.

Subd. 2. **Renter's credit increase.** For claims filed based on rent paid in 2022, the commissioner shall increase by 20.572 percent the refund otherwise payable under Minnesota Statutes, section 290A.04, subdivision 2a.

Subd. 3. **No notification of appeal rights.** In adjusting homestead credit refunds and renter property tax refunds under this section, the commissioner is not required to provide information concerning appeal rights that ordinarily must be provided whenever the commissioner adjusts refunds payable under Minnesota Statutes, chapter 290. Taxpayers retain all rights to appeal adjustments under this section.

Subd. 4. **Appropriation.** The amount necessary to make the payments required under this section is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective only for refunds based on rent paid in 2022 and property taxes payable in 2023.

Sec. 31. **TARGETING PROPERTY TAX REFUND; TEMPORARY INCREASE FOR PROPERTY TAXES PAYABLE IN 2023.**

Notwithstanding any law to the contrary, for refunds based on property taxes payable in 2023, the refund calculated under Minnesota Statutes, section 290A.04, subdivision 2h, must be calculated by substituting:

(1) six percent for 12 percent; and

(2) \$2,500 for \$1,000.

EFFECTIVE DATE. This section is effective for refunds based on property taxes payable in 2023 only.

Sec. 32. **APPROPRIATION; CLASS 4D(1) LOW-INCOME RENTAL PROPERTY 2025 AND 2026 TRANSITION AID.**

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

(b) "4d(1) property" means class 4d(1) low-income rental property under Minnesota Statutes, section 273.13, subdivision 25.

(c) "Base assessment year" means assessment year 2023.

(d) "City" 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 city, times (2) the transition tax capacity for the city.

(f) "Transition ratio" means the ratio of (1) the net tax capacity of 4d(1) property for the city in the base assessment year calculated using the classification rates and first-tier limit in effect for 4d(1) property for taxes payable in 2025, to (2) the net tax capacity of 4d(1) property for the city in the base assessment year calculated using the classification rates and first-tier limit in effect for 4d(1) property for taxes payable in 2024.

(g) "Transition tax capacity" means the greater of zero or the difference between (1) the net tax capacity of 4d(1) property for the city in the base assessment year, minus (2) two percent of the total net tax capacity for the city in the base assessment year.

Subd. 2. **Aid amount.** In 2025 and 2026 only, transition aid for a city equals the product of (1) the city's tax rate for taxes payable in 2024, times (2) the modified transition tax capacity for the city.

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, 2024.

(b) The commissioner of revenue must certify the aid amount to be paid to each city 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 2025 and 2026 only.

Sec. 33. **REPEALER.**

Minnesota Statutes 2022, sections 477A.011, subdivisions 30a, 38, 42, and 45; 477A.013, subdivision 13; and 477A.16, subdivisions 1, 2, and 3, are repealed.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

ARTICLE 5**SALES AND USE TAXES**

Section 1. Minnesota Statutes 2022, section 38.27, subdivision 4, is amended to read:

Subd. 4. **Use of a portion of county fair revenues.** A county agricultural society must annually determine the amount of sales tax savings attributable to section 297A.70, subdivision 21. ~~If the county agricultural society owns its own fairgrounds, it, and must use the amount equal to the sales tax savings to maintain, improve, or expand society-owned buildings and facilities on the fairgrounds; otherwise it must transfer this amount to the owner of the fairgrounds. An owner that receives a transfer of money under this subdivision must use the transferred amount to maintain, improve, and expand entity-owned buildings and facilities on the county fairgrounds.~~

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

Sec. 2. Minnesota Statutes 2022, section 297A.61, subdivision 4, is amended to read:

Subd. 4. **Retail sale.** (a) A "retail sale" means:

(1) any sale, lease, or rental of tangible personal property for any purpose, other than resale, sublease, or subrent of items by the purchaser in the normal course of business as defined in subdivision 21; and

(2) any sale of a service enumerated in subdivision 3, for any purpose other than resale by the purchaser in the normal course of business as defined in subdivision 21.

(b) A sale of property used by the owner only by leasing it to others or by holding it in an effort to lease it, and put to no use by the owner other than resale after the lease or effort to lease, is a sale of property for resale.

(c) A sale of master computer software that is purchased and used to make copies for sale or lease is a sale of property for resale.

(d) A sale of building materials, supplies, and equipment to owners, contractors, subcontractors, or builders for the erection of buildings or the alteration, repair, or improvement of real property is a retail sale in whatever quantity sold, whether the sale is for purposes of resale in the form of real property or otherwise.

(e) A sale of carpeting, linoleum, or similar floor covering to a person who provides for installation of the floor covering is a retail sale and not a sale for resale since a sale of floor covering which includes installation is a contract for the improvement of real property.

(f) A sale of shrubbery, plants, sod, trees, and similar items to a person who provides for installation of the items is a retail sale and not a sale for resale since a sale of shrubbery, plants, sod, trees, and similar items that includes installation is a contract for the improvement of real property.

(g) A sale of tangible personal property that is awarded as prizes is a retail sale and is not considered a sale of property for resale.

(h) A sale of tangible personal property utilized or employed in the furnishing or providing of services under subdivision 3, paragraph (g), clause (1), including, but not limited to, property given as promotional items, is a retail sale and is not considered a sale of property for resale.

(i) A sale of tangible personal property used in conducting lawful gambling under chapter 349 or the State Lottery under chapter 349A, including, but not limited to, property given as promotional items, is a retail sale and is not considered a sale of property for resale.

(j) a sale of machines, equipment, or devices that are used to furnish, provide, or dispense goods or services, including, but not limited to, coin-operated devices, is a retail sale and is not considered a sale of property for resale.

(k) In the case of a lease, a retail sale occurs (1) when an obligation to make a lease payment becomes due under the terms of the agreement or the trade practices of the lessor or (2) in the case of a lease of a motor vehicle, as defined in section 297B.01, subdivision 11, but excluding vehicles with a manufacturer's gross vehicle weight rating greater than 10,000 pounds and rentals of vehicles for not more than 28 days, at the time the lease is executed.

(l) In the case of a conditional sales contract, a retail sale occurs upon the transfer of title or possession of the tangible personal property.

(m) A sale of a bundled transaction in which one or more of the products included in the bundle is a taxable product is a retail sale, except that if one of the products is a telecommunication service, ancillary service, Internet access, ~~or~~ audio or video programming service, a suite license exempt under section 297A.67, subdivision 35, or a right to purchase season tickets to collegiate events exempt under section 297A.67, subdivision 38, and the seller has maintained books and records identifying through reasonable and verifiable standards the portions of the price that are attributable to the distinct and separately identifiable products, then the products are not considered part of a bundled transaction. For purposes of this paragraph:

(1) the books and records maintained by the seller must be maintained in the regular course of business, and do not include books and records created and maintained by the seller primarily for tax purposes;

(2) books and records maintained in the regular course of business include, but are not limited to, financial statements, general ledgers, invoicing and billing systems and reports, and reports for regulatory tariffs and other regulatory matters; and

(3) books and records are maintained primarily for tax purposes when the books and records identify taxable and nontaxable portions of the price, but the seller maintains other books and records that identify different prices attributable to the distinct products included in the same bundled transaction.

(n) A sale of motor vehicle repair paint and materials by a motor vehicle repair or body shop business is a retail sale and the sales tax is imposed on the gross receipts from the retail sale of the paint and materials. The motor vehicle repair or body shop that purchases motor vehicle repair paint and motor vehicle repair materials for resale must either:

(1) separately state each item of paint and each item of materials, and the sales price of each, on the invoice to the purchaser; or

(2) in order to calculate the sales price of the paint and materials, use a method which estimates the amount and monetary value of the paint and materials used in the repair of the motor vehicle by multiplying the number of labor hours by a rate of consideration for the paint and materials used in the repair of the motor vehicle following industry standard practices that fairly calculate the gross receipts from the retail sale of the motor vehicle repair paint and motor vehicle repair materials. An industry standard practice fairly calculates the gross receipts if the sales price of the paint and materials used or consumed in the repair of a motor vehicle equals or exceeds the purchase price paid by the motor vehicle repair or body shop business. Under this clause, the invoice must either separately state the "paint and materials" as a single taxable item, or separately state "paint" as a taxable item and "materials" as a taxable item. This clause does not apply to wholesale transactions at an auto auction facility.

(o) A sale of specified digital products or other digital products to an end user with or without rights of permanent use and regardless of whether rights of use are conditioned upon payment by the purchaser is a retail sale. When a digital code has been purchased that relates to specified digital products or other digital products, the subsequent receipt of or access to the related specified digital products or other digital products is not a retail sale.

(p) A payment made to a cooperative electric association or public utility as a contribution in aid of construction is a contract for improvement to real property and is not a retail sale.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after June 30, 2022.

Sec. 3. Minnesota Statutes 2022, 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.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after June 30, 2022.

Sec. 4. Minnesota Statutes 2022, section 297A.67, subdivision 38, is amended to read:

Subd. 38. **Season ticket purchasing rights to collegiate events.** 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; and

~~(2)~~ the consideration paid for the right to purchase is separately stated from the admission price; and

~~(3)~~ (2) 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.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after June 30, 2022.

Sec. 5. Minnesota Statutes 2022, section 297A.67, is amended by adding a subdivision to read:

Subd. 39. Firearm storage units. (a) Secure firearm storage units are exempt. For the purposes of this subdivision:

(1) "secure firearm storage unit" means a container that is fully enclosed and locked by a padlock, keylock, combination lock, or similar locking device, and is either specifically designed for the safe storage of firearms or sold for that purpose by a federally licensed firearms dealer; and

(2) "firearm" has the meaning provided in section 97A.015, subdivision 19.

(b) The seller of a secure firearm storage unit must neither collect, nor transmit to any private or public entity, any personal data of or information about a purchaser resulting from a sale eligible for the exemption under this subdivision.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2023.

Sec. 6. Minnesota Statutes 2022, section 297A.68, subdivision 25, is amended to read:

Subd. 25. Sale of property used in a trade or business. (a) The sale of tangible personal property primarily used in a trade or business is exempt if the sale is not made in the normal course of business of selling that kind of property and if one of the following conditions is satisfied:

(1) the sale occurs in a transaction subject to or described in section 118, 331, 332, 336, 337, 338, 351, 355, 368, 721, 731, 1031, or 1033 of the Internal Revenue Code, as amended through December 16, 2016;

(2) the sale is between members of a controlled group as defined in section 1563(a) of the Internal Revenue Code;

(3) the sale is between a sole member of a disregarded limited liability company and the disregarded limited liability company;

~~(3)~~ (4) the sale is a sale of farm machinery;

~~(4)~~ (5) the sale is a farm auction sale;

~~(5)~~ (6) the sale is a sale of substantially all of the assets of a trade or business; or

~~(6)~~ (7) the total amount of gross receipts from the sale of trade or business property made during the calendar month of the sale and the preceding 11 calendar months does not exceed \$1,000.

The use, storage, distribution, or consumption of tangible personal property acquired as a result of a sale exempt under this subdivision is also exempt.

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

(1) "Disregarded limited liability company" means a limited liability company that is disregarded as an entity separate from its owner under the Internal Revenue Code.

~~(+)~~ (2) A "farm auction" is a public auction conducted by a licensed auctioneer if substantially all of the property sold consists of property used in the trade or business of farming and property not used primarily in a trade or business.

~~(2)~~ (3) "Trade or business" includes the assets of a separate division, branch, or identifiable segment of a trade or business if, before the sale, the income and expenses attributable to the separate division, branch, or identifiable segment could be separately ascertained from the books of account or record (the lease or rental of an identifiable segment does not qualify for the exemption).

~~(3)~~ (4) A "sale of substantially all of the assets of a trade or business" must occur as a single transaction or a series of related transactions within the 12-month period beginning on the date of the first sale of assets intended to qualify for the exemption provided in paragraph (a), clause (5).

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2023.

Sec. 7. Minnesota Statutes 2022, section 297A.68, is amended by adding a subdivision to read:

Subd. 46. **Amenities included with the privilege of admission.** (a) The sale of amenities, including but not limited to food and beverages, parking services, and promotional items, that are included in the sales price of the privilege of admission to athletic events and places of amusement under section 297A.61, subdivision 3, paragraph (m), are exempt when sold by a seller of the privilege of admission that is a professional sports team competing in Major League Baseball, Major League Soccer, the National Basketball Association, the Women's National Basketball Association, the National Football League, or the National Hockey League.

(b) Under this subdivision, the exempt portion of the sale of the privilege of admission is equal to the purchase price of the amenity if sales or use tax was paid on the amenity when purchased by the seller.

(c) The seller must retain records documenting the price and tax paid by the seller when purchasing the amenities and the price and tax collected when the seller sells the privilege of admission.

(d) This subdivision expires July 1, 2030.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after June 30, 2022, and before July 1, 2030.

Sec. 8. Minnesota Statutes 2022, section 297A.70, subdivision 7, is amended to read:

Subd. 7. **Hospitals, outpatient surgical centers, and critical access dental providers, and blood centers.** (a) Sales, except for those listed in paragraph ~~(d)~~ (f), to a hospital are exempt, if the items purchased are used in providing hospital services. For purposes of this subdivision, "hospital" means a hospital organized and operated for charitable purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, and licensed under chapter 144 or by any other jurisdiction, and "hospital services" are services authorized or required to be performed by a "hospital" under chapter 144.

(b) Sales, except for those listed in paragraph ~~(d)~~ (f), to an outpatient surgical center are exempt, if the items purchased are used in providing outpatient surgical services. For purposes of this subdivision, "outpatient surgical center" means an outpatient surgical center organized and operated for charitable purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, and licensed under chapter 144 or by any other jurisdiction. For the purposes of this subdivision, "outpatient surgical services" means: (1) services authorized or required to be performed by an outpatient surgical center under chapter 144; and (2) urgent care. For purposes of this subdivision, "urgent care" means health services furnished to a person whose medical condition is sufficiently acute to require treatment unavailable through, or inappropriate to be provided by, a clinic or physician's office, but not so acute as to require treatment in a hospital emergency room.

(c) Sales, except for those listed in paragraph ~~(d)~~ (f), to a critical access dental provider are exempt, if the items purchased are used in providing critical access dental care services. For the purposes of this subdivision, "critical access dental provider" means a dentist or dental clinic that qualifies under section 256B.76, subdivision 4, paragraph (b), and, in the previous calendar year, had no more than 15 percent of its patients covered by private dental insurance.

(d) Sales, except for those listed in paragraph (f), to a blood center are exempt, if the items purchased are used in providing blood collection and distribution services. Notwithstanding paragraph (f), leases by a blood center of a truck, as defined in section 168.002; a bus, as defined in section 168.002; or a passenger automobile, as defined in section 168.002, if the truck, bus, or automobile is used for carrying out the purposes of the blood center, including the collection of blood from donors, setting up of blood drives, and delivering blood to hospitals are exempt. For purposes of this subdivision, "blood center" means an entity organized and operated for charitable purposes under section 501(c)(3) of the Internal Revenue Code that is:

(1) registered as a blood establishment pursuant to Code of Federal Regulations, title 21, part 607;

(2) a human cells, tissues, and cellular and tissue-based products establishment under Code of Federal Regulations, title 21, part 1271, subpart B; or

(3) a clinical lab that performs infectious disease testing, blood typing, and other laboratory testing services in connection with blood processing for transfusion into humans under Code of Federal Regulations, title 42, part 493.

(e) The exemption provided under paragraph (d) expires January 1, 2028.

(f) This exemption does not apply to the following products and services:

(1) purchases made by a clinic, physician's office, or any other medical facility not operating as a hospital, outpatient surgical center, ~~or~~ critical access dental provider, or blood center, even though the clinic, office, or facility may be owned and operated by a hospital, outpatient surgical center, ~~or~~ critical access dental provider, or blood center;

(2) sales under section 297A.61, subdivision 3, paragraph (g), clause (2), and prepared food, candy, and soft drinks;

(3) building and construction materials used in constructing buildings or facilities that will not be used principally by the hospital, outpatient surgical center, ~~or~~ critical access dental provider, or blood center;

(4) 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 hospital, outpatient surgical center, ~~or~~ critical access dental provider, or blood center; or

(5) the leasing of a motor vehicle as defined in section 297B.01, subdivision 11.

~~(e)~~ (g) A limited liability company also qualifies for exemption under this subdivision if (1) it consists of a sole member that would qualify for the exemption, and (2) the items purchased qualify for the exemption.

~~(f)~~ (h) An entity that contains both a hospital and a nonprofit unit may claim this exemption on purchases made for both the hospital and nonprofit unit provided that:

(1) the nonprofit unit would have qualified for exemption under subdivision 4; and

(2) the items purchased would have qualified for the exemption.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after December 31, 2019, and before January 1, 2028.

Sec. 9. Minnesota Statutes 2022, section 297A.70, subdivision 21, is amended to read:

Subd. 21. **County agricultural society sales at county fairs.** (a) The following sales by a county agricultural society ~~during a regularly scheduled county fair are exempt. For purposes of this subdivision, sales include~~ are exempt:

(1) admissions to and parking at the county fairgrounds;

(2) admissions to separately ticketed events run by the county agricultural society; and

(3) concessions and other sales made by employees or volunteers of the county agricultural society on the county fairgrounds.

~~This~~ (b) The exemption under paragraph (a) does not apply to sales ~~or~~ for events ~~by a county agricultural society~~ held at a time other than at the time of the regularly scheduled county fair, or events not held on the county fairgrounds.

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

Sec. 10. Minnesota Statutes 2022, section 297A.71, subdivision 51, is amended to read:

Subd. 51. **Properties destroyed by fire.** (a) Building materials and supplies used or consumed in, and equipment incorporated into, the construction or replacement of real property affected by, and capital equipment to replace equipment destroyed in, the fire on March 11, 2018, in the city of Mazeppa are exempt. 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. For purposes of this subdivision, "capital equipment" includes durable equipment used in a restaurant for food storage, preparation, and serving.

(b) The exemption under this subdivision applies to sales and purchases made after March 11, 2018, and before January 1, ~~2022~~ 2025. Notwithstanding section 289A.40, a claim for refund may be filed until June 1, 2028.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after March 11, 2018, and before January 1, 2025.

Sec. 11. **SALES AND USE TAX EXEMPTION; CERTAIN NATURAL GAS FEES.**

Subdivision 1. **Exemption.** 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 from sales and use tax imposed under Minnesota Statutes, chapter 297A, 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 from February 13, 2021, to February 17, 2021, identified in docket G-999/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, 2023, 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, 2023.

(b) The provisions of Minnesota Statutes, section 289A.50, subdivision 2, paragraphs (a), (b), and (d), 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, the utility must provide a plan to the Minnesota Public Utilities Commission for crediting taxes exempt under subdivision 1 to residential customers.

(c) The plan must be approved by the Minnesota Public Utilities Commission. Any amount not refunded or credited to a residential customer by a utility within 60 days of approval of the plan 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 that are billed from September 1, 2021, to December 31, 2026.

Sec. 12. CITY OF CHANHASSEN; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.

Subdivision 1. Exemption; refund. (a) Materials and supplies used or consumed in and equipment incorporated into the construction, reconstruction, upgrade, expansion, renovation, or remodeling of a new city hall and senior center, council chambers, and park amenities in the city of Chanhassen are exempt from sales and use tax under Minnesota Statutes, chapter 297A, provided that the materials, supplies, and equipment are purchased after January 31, 2024, and before February 1, 2027.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17).

Subd. 2. Appropriation. The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective for sales and purchases made after January 31, 2024, and before February 1, 2027.

Sec. 13. CHISHOLM PUBLIC SCHOOLS; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.

Subdivision 1. Exemption; refund. (a) Materials and supplies used in and equipment incorporated into the construction and renovation projects for Chisholm Elementary School, Chisholm High School, and Vaughan Steffensrud School in Independent School District No. 695, Chisholm Public Schools, are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A. The exemption under this subdivision only applies if materials, supplies, and equipment are purchased after December 31, 2021, and before January 1, 2025.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied, and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible purchases must not be issued until after June 30, 2023.

Subd. 2. Appropriation. The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after December 31, 2021, and before January 1, 2025.

Sec. 14. DULUTH PUBLIC SCHOOLS; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.

Subdivision 1. Exemption; refund. (a) Materials and supplies used in and equipment incorporated into the construction of an administrative building and a transportation facility in

Independent School District No. 709, Duluth Public Schools, are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and equipment are purchased after June 30, 2021, and before January 1, 2025.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied, and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible purchases must not be issued until after June 30, 2023.

Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after June 30, 2021, and before January 1, 2025.

Sec. 15. CITY OF EDINA; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used or consumed in and equipment incorporated into the construction, reconstruction, upgrade, expansion, renovation, or remodeling of a community health and safety center in the city of Edina are exempt from sales and use tax under Minnesota Statutes, chapter 297A, provided that the materials, supplies, and equipment are purchased after December 31, 2023, and before January 1, 2026.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied and then refunded in the same manner provided in Minnesota Statutes, section 297A.75, subdivision 1, clause (17).

Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective for sales and purchases made after December 31, 2023, and before January 1, 2026.

Sec. 16. ELY PUBLIC SCHOOLS; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment incorporated into the following projects in Independent School District No. 696, Ely Public Schools, are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and equipment are purchased after May 1, 2019, and before January 1, 2024:

(1) renovations to the elementary school building and high school building; and

(2) construction of a building that connects the elementary school and high school buildings containing classrooms, a common area, a gymnasium, and administrative offices.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible purchases

must not be issued until after June 30, 2023. Notwithstanding Minnesota Statutes, section 289A.40, a claim for refund may be filed until June 1, 2027.

Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after May 1, 2019, and before January 1, 2024.

Sec. 17. **HIBBING PUBLIC SCHOOLS; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.**

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment incorporated into the following projects in the city of Hibbing are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and equipment are purchased after May 1, 2019, and before January 1, 2025:

- (1) the addition of an Early Childhood Family Education Center to an existing elementary school;
- (2) improvements to an existing athletic facility in Independent School District No. 701, Hibbing Public Schools;
- (3) a reroofing project at Hibbing Washington Elementary School; and
- (4) a Hibbing High School restroom remodel project.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied, and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible purchases must not be issued until after June 30, 2023. Notwithstanding Minnesota Statutes, section 289A.40, a claim for refund may be filed until June 1, 2028.

Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after May 1, 2019, and before January 1, 2025.

Sec. 18. **CITY OF MAPLE GROVE; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.**

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment incorporated into the construction, reconstruction, upgrade, expansion, or remodeling of the North Metro Regional Public Safety Training Facility in the city of Maple Grove are exempt, 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 Minnesota Statutes, section 297A.62, subdivision 1, applied, and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible purchases must not be issued until after June 30, 2023.

Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after August 31, 2021, and before January 1, 2024.

Sec. 19. MINNEAPOLIS-ST. PAUL INTERNATIONAL AIRPORT; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment incorporated into the construction, reconstruction, repair, maintenance, or improvement of public infrastructure at the Minneapolis-St. Paul International Airport purchased by a contractor or subcontractor are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and equipment are purchased after June 30, 2023, and before July 1, 2024.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17).

(c) The total amount of refunds issued for the exemption under paragraph (a) must not exceed \$8,000,000.

Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2023, and before July 1, 2024.

Sec. 20. CITY OF MOORHEAD; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used or consumed in and equipment incorporated into the construction, reconstruction, upgrade, expansion, renovation, or remodeling of a regional library and community center in the city of Moorhead are exempt from sales and use tax under Minnesota Statutes, chapter 297A, provided that the materials, supplies, and equipment are purchased after February 29, 2024, and before April 1, 2027.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17).

Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective for sales and purchases made after February 29, 2024, and before April 1, 2027.

Sec. 21. NASHWAUK-KEEWATIN PUBLIC SCHOOLS; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment incorporated into the construction of a new school building and attached community wellness center to replace Keewatin Elementary School and the Nashwauk High School in Independent School District No. 319, Nashwauk-Keewatin Public Schools, are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and equipment are purchased after December 31, 2021, and before January 1, 2025.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied, and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible purchases must not be issued until after June 30, 2023.

Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after December 31, 2021, and before January 1, 2025.

Sec. 22. **NORTHERN LIGHTS ACADEMY; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.**

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment incorporated into the following projects at Northern Lights Academy Cooperative No. 6096 are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and equipment are purchased after December 31, 2021, and before January 1, 2025:

- (1) the construction of a new addition to the existing facility; and
- (2) renovations and improvements to the existing facility.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied, and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible purchases must not be issued until after June 30, 2023.

Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after December 31, 2021, and before January 1, 2025.

Sec. 23. **NORTHLAND LEARNING CENTER; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.**

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment incorporated into the following projects at Independent School District No. 6076 are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and equipment are purchased after December 31, 2021, and before January 1, 2025:

(1) the construction of a new addition to the James Madison Building for Northland Learning Center; and

(2) renovations and improvements to the existing facility.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied, and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible purchases must not be issued until after June 30, 2023.

Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after December 31, 2021, and before January 1, 2025.

Sec. 24. **CITY OF OAKDALE; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.**

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used or consumed in and equipment incorporated into the construction of a new public works facility in the city of Oakdale are exempt from sales and use tax under Minnesota Statutes, chapter 297A, provided that the materials, supplies, and equipment are purchased after August 31, 2023, and before January 1, 2027.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible purchases must not be issued until after June 30, 2023.

Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective for sales and purchases made after August 31, 2023, and before January 1, 2027.

Sec. 25. **CITY OF RAMSEY; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.**

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used or consumed in and equipment incorporated into the construction, reconstruction, upgrade, expansion, renovation, or remodeling of a new water treatment plant in the city of Ramsey are exempt from sales and use tax under Minnesota Statutes, chapter 297A, provided that the materials, supplies, and equipment are purchased after December 31, 2022, and before July 1, 2027.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible purchases must not be issued until after June 30, 2023, and before July 1, 2027.

Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after December 31, 2022.

Sec. 26. **RED LAKE COUNTY SCHOOL DISTRICT; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.**

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment incorporated into the construction of a new school in Independent School District No. 2906, Red Lake County School District, are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and equipment are purchased after December 31, 2020, and before January 1, 2026.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible purchases must not be issued until after June 30, 2023.

Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after December 31, 2020, and before January 1, 2026.

Sec. 27. **RED ROCK CENTRAL SCHOOL DISTRICT; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.**

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment incorporated into the construction of a new prekindergarten through grade 12 learning facility in Independent School District No. 2884, Red Rock Central School District, are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and equipment are purchased after December 31, 2021, and before July 1, 2025.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible purchases must not be issued until after June 30, 2023.

Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after December 31, 2021, and before July 1, 2025.

Sec. 28. **ROCK RIDGE PUBLIC SCHOOLS; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.**

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment incorporated into the construction of two new elementary school buildings and a new high school building in Independent School District No. 2909, Rock Ridge Public Schools, are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and equipment are purchased after May 1, 2019, and before January 1, 2024.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied, and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible purchases must not be issued until after June 30, 2023. Notwithstanding Minnesota Statutes, section 289A.40, a claim for refund may be filed until June 1, 2027.

Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after May 1, 2019, and before January 1, 2024.

Sec. 29. CITY OF SPRING GROVE; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS AND CAPITAL EQUIPMENT.

Subdivision 1. **Exemption; refund.** (a) The sale and purchase of the following items are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if the items are used to repair, replace, or otherwise recover from real and personal property damage that occurred during the fire on December 22, 2022, in the city of Spring Grove:

(1) building materials and supplies used or consumed in, and equipment incorporated into, the construction, replacement, or repair of real property; and

(2) capital equipment to replace equipment destroyed in the fire.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). The exemption under paragraph (a) applies to sales and purchases made after December 22, 2022, and before January 1, 2028. Refunds for eligible purchases must not be issued until after June 30, 2023.

Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after December 22, 2022, and before January 1, 2028.

Sec. 30. SPRINGFIELD SCHOOL DISTRICT; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment incorporated into the following projects for Independent School District No. 85, Springfield School

District, are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and equipment are purchased after December 31, 2021, and before July 1, 2025:

(1) construction of a main secure entrance;

(2) construction of a required tornado storm shelter and related safety, security, and accessibility improvements;

(3) installation of HVAC improvements;

(4) renovation and interior modifications necessary to convert the existing elementary school gymnasium for use for career and technical education trades and an auto shop; and

(5) addition of a new school gymnasium, including the construction and improvement of new locker rooms, and the renovation and repurposing of existing locker rooms for use for cafeteria improvements and school programming needs.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible purchases must not be issued until after June 30, 2023.

Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after December 31, 2021, and before July 1, 2025.

Sec. 31. **CITY OF WAYZATA; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.**

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used or consumed in and equipment incorporated into the following projects in the city of Wayzata are exempt from sales and use tax under Minnesota Statutes, chapter 297A, provided that the materials, supplies, and equipment are purchased after March 31, 2020, and before July 1, 2025:

(1) expansion and remodeling of Depot Park;

(2) construction of community docks for purposes of access from Lake Minnetonka;

(3) construction of a lakeside boardwalk of approximately 1,500 lineal feet;

(4) shoreline restoration, including installation of native plants, trees, and natural habitat;

(5) restoration of Section Foreman House, including installation of a learning center to provide indoor and outdoor classroom and community space;

(6) construction of Eco Park, including shoreline restoration and marsh and water quality improvement, a pier extension of the lakeside boardwalk, and creation of eco-living classrooms;

(7) construction of a public plaza with a restroom, 9/11 memorial, interactive water display, and gathering space;

(8) construction of a regional multiuse trail; and

(9) construction of railroad crossings.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible purchases must not be issued until after June 30, 2023.

Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after March 31, 2020, and before January 1, 2025.

Sec. 32. **CITY OF WOODBURY; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.**

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used or consumed in and equipment incorporated into the construction, reconstruction, upgrade, expansion, renovation, or remodeling of the Central Park project in the city of Woodbury are exempt from sales and use tax under Minnesota Statutes, chapter 297A, provided that the materials, supplies, and equipment are purchased after June 30, 2023, and before January 1, 2026.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17).

Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2023, and before January 1, 2026.

ARTICLE 6

MINERALS TAXES

Section 1. Minnesota Statutes 2022, section 272.02, subdivision 73, is amended to read:

Subd. 73. **Property subject to taconite production tax or ~~net gross~~ proceeds tax.** (a) Real and personal property described in section 298.25 is exempt to the extent the tax on taconite and iron sulphides under section 298.24 is described in section 298.25 as being in lieu of other taxes on such property. This exemption applies for taxes payable in each year that the tax under section 298.24 is payable with respect to such property.

(b) Deposits of mineral, metal, or energy resources the mining of which is subject to taxation or the minimum payment under section 298.015 are exempt.

EFFECTIVE DATE. This section is effective beginning with assessment year 2023.

Sec. 2. Minnesota Statutes 2022, section 273.1341, is amended to read:

273.1341 TACONITE ASSISTANCE AREA.

A "taconite assistance area" means the geographic area that falls within the boundaries of a school district that contains:

(1) a municipality in which the assessed valuation of unmined iron ore on May 1, 1941, was not less than 40 percent of the assessed valuation of all real property; ~~or~~

(2) a municipality in which on January 1, 1977, or the applicable assessment date, there is a taconite concentrating plant or where taconite is mined or quarried or where there is located an electric generating plant which qualifies as a taconite facility; or

(3) a municipality:

(i) that is located in a county that contains a school district described in clause (1) or (2); and

(ii) where active mining of materials subject to the tax under section 298.015, subdivision 1, is occurring, or where a mine subject to the minimum payment under section 298.015, subdivision 3, is located.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 3. Minnesota Statutes 2022, section 297A.68, subdivision 4, is amended to read:

Subd. 4. **Taconite, other ores, metals, or minerals; production materials.** Mill liners, grinding rods, and grinding balls that are substantially consumed in the production of taconite or other ores, metals, or minerals are exempt when sold to or stored, used, or consumed by persons taxed under the in-lieu or ~~net gross~~ proceeds provisions of chapter 298.

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

Sec. 4. Minnesota Statutes 2022, section 298.015, is amended to read:

298.015 ~~NET GROSS~~ PROCEEDS TAX ON MINING.

Subdivision 1. **Tax imposed.** A person engaged in the business of mining shall pay to the state of Minnesota for distribution as provided in section 298.018 a ~~net gross~~ proceeds tax equal to ~~two~~ 0.4 percent of the ~~net gross~~ proceeds from mining in Minnesota. The tax applies to all ores, metals, and minerals mined, extracted, produced, or refined within the state of Minnesota except for sand, silica sand, gravel, building stone, crushed rock, limestone, granite, dimension granite, dimension stone, horticultural peat, clay, soil, iron ore, and taconite concentrates. The tax is in addition to all other taxes provided for by law.

Subd. 2. **Net Gross proceeds.** For purposes of this section, the term "~~net proceeds~~" "gross proceeds" means the gross proceeds from mining, as defined in section 298.016, ~~less the deductions for purposes of determining taxable income under section 298.01, subdivision 3b, applied to the mining, production, processing, beneficiation, smelting, or refining of metal or mineral products. No other credits or deductions shall apply to this tax.~~

Subd. 3. **Minimum payment.** (a) A person who has obtained all required permits to mine all ores and metals, except for sand, silica sand, gravel, building stone, crushed rock, limestone, granite, dimension granite, dimension stone, horticultural peat, clay, soil, iron ore, and iron concentrates, is annually subject to the minimum payment under this subdivision, unless:

(1) the tax imposed on the person under subdivision 1 in a given year is greater than zero;

(2) the person demonstrates to the commissioner of revenue that it is legally prohibited from engaging in the business of mining under a permit it has obtained; or

(3) the mine is in the process of closure, as defined Minnesota Rules, part 6132.0100, subpart 6, and the commissioner of the natural resources determines that the person will no longer engage in mining at the mine.

(b) The annual minimum payment under this subdivision is (1) \$2,000,000, multiplied by (2) the number of months in a calendar year the individual is subject to the minimum payment under this subdivision, as determined under paragraph (a), divided by 12.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 5. Minnesota Statutes 2022, section 298.018, subdivision 1, is amended to read:

Subdivision 1. **Within taconite assistance area.** (a) The proceeds of the tax paid under sections 298.015 and 298.016 on ores, metals, or minerals mined or extracted within the taconite assistance area defined in section 273.1341, shall be allocated as follows:

(1) except as provided under paragraph (b), five percent to the city or town within which the minerals or energy resources are mined or extracted, or within which the concentrate was produced. If the mining and concentration, or different steps in either process, are carried on in more than one taxing district, the commissioner shall apportion equitably the proceeds among the cities and towns by attributing 50 percent of the proceeds of the tax to the operation of mining or extraction, and the remainder to the concentrating plant and to the processes of concentration, and with respect to each thereof giving due consideration to the relative extent of the respective operations performed in each taxing district;

(2) ten percent to the taconite municipal aid account to be distributed as provided in section 298.282, subdivisions 1 and 2, on the dates provided under this section;

(3) ten percent to the school district within which the minerals or energy resources are mined or extracted, or within which the concentrate was produced. If the mining and concentration, or different steps in either process, are carried on in more than one school district, distribution among the school districts must be based on the apportionment formula prescribed in clause (1);

(4) 20 percent to a group of school districts comprised of those school districts wherein the mineral or energy resource was mined or extracted or in which there is a qualifying municipality as defined by section 273.134, paragraph (b), in direct proportion to school district indexes as follows: for each school district, its pupil units determined under section 126C.05 for the prior school year shall be multiplied by the ratio of the average adjusted net tax capacity per pupil unit for school districts receiving aid under this clause as calculated pursuant to chapters 122A, 126C, and 127A for the school year ending prior to distribution to the adjusted net tax capacity per pupil unit of the district. Each district shall receive that portion of the distribution which its index bears to the sum of the indices for all school districts that receive the distributions;

(5) ~~20~~ ten percent to the county within which the minerals or energy resources are mined or extracted, or within which the concentrate was produced. If the mining and concentration, or different steps in either process, are carried on in more than one county, distribution among the counties must be based on the apportionment formula prescribed in clause (1), provided that any county receiving distributions under this clause shall pay one percent of its proceeds to the Range Association of Municipalities and Schools;

(6) ~~20~~ five percent to St. Louis County acting as the counties' fiscal agent to be distributed as provided in sections 273.134 to 273.136;

(7) ~~five~~ 20 percent to the commissioner of Iron Range resources and rehabilitation for the purposes of section 298.22;

(8) three percent to the Douglas J. Johnson economic protection trust fund; ~~and~~

(9) seven percent to the taconite environmental protection fund; and

(10) ten percent to the commissioner of Iron Range resources and rehabilitation for capital improvements to Giants Ridge Recreation Area.

(b) If the materials or energy resources are mined, extracted, or concentrated in School District No. 2711, Mesabi East, then the amount under paragraph (a), clause (1), must instead be distributed pursuant to this paragraph. The cities of Aurora, Babbitt, Ely, and Hoyt Lakes must each receive 20 percent of the amount. The city of Biwabik and Embarrass Township must each receive ten percent of the amount.

(c) For the first five years that tax paid under section 298.015, subdivisions 1 and 2, is distributed under this subdivision, ten percent of the total proceeds distributed in each year must first be distributed pursuant to this paragraph. The remaining 90 percent of the total proceeds distributed in each of those years must be distributed as outlined in paragraph (a). Of the amount available under this paragraph, the cities of Aurora, Babbitt, Ely, and Hoyt Lakes must each receive 20 percent. Of the amount available under this paragraph, the city of Biwabik and Embarrass Township must each receive ten percent.

EFFECTIVE DATE. This section is effective for distributions beginning after December 31, 2022.

Sec. 6. Minnesota Statutes 2022, section 298.018, subdivision 1a, is amended to read:

Subd. 1a. **Distribution date.** The proceeds of the tax allocated under subdivision 1 shall be distributed on December 15 each year. Any payment of proceeds received after December 15 shall be distributed on the next ~~net~~ gross proceeds tax distribution date.

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

Sec. 7. Minnesota Statutes 2022, 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 2022, 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 beginning in 2015 through 2023, ten cents per taxable ton of the tax imposed under section 298.24; ~~and~~

~~(ii) for distributions beginning in 2024, 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 2022, section 298.28, is amended by adding a subdivision to read:

Subd. 16. **Transfer.** Of the amount annually distributed to the Douglas J. Johnson Economic Protection Trust Fund under this section, \$3,500,000 shall be transferred to the Iron Range school consolidation and cooperatively operated school account under subdivision 7a. Any remaining amount of the amount annually distributed to the Douglas J. Johnson Economic Protection Trust Fund shall be transferred to the Iron Range resources and rehabilitation account under subdivision 7. The transfers under this subdivision must be made within ten days of the August payment.

EFFECTIVE DATE. This section is effective beginning with production year 2023.

Sec. 10. Minnesota Statutes 2022, section 298.296, subdivision 4, is amended to read:

Subd. 4. **Temporary loan authority.** (a) After consultation with the advisory board, the commissioner may use up to \$7,500,000 from the corpus of the trust for loans, loan guarantees, grants, or equity investments as provided in this subdivision. The money would be available for loans for construction and equipping of facilities constituting (1) a value added iron products plant, which may be either a new plant or a facility incorporated into an existing plant that produces iron upgraded to a minimum of 75 percent iron content or any iron alloy with a total minimum metallic content of 90 percent; or (2) a new mine or minerals processing plant for any mineral subject to the ~~net~~ gross proceeds tax imposed under section 298.015. A loan or loan guarantee under this paragraph may not exceed \$5,000,000 for any facility.

(b) Additionally, the commissioner, after consultation with the advisory board, may use up to \$5,500,000 from the corpus of the trust for additional grants, loans, loan guarantees, or equity investments for the purposes set forth in paragraph (a).

(c) The commissioner, after consultation with the advisory board, may require that the fund receive an equity percentage in any project to which it contributes under this section.

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

Sec. 11. **TRANSFER 2023 DISTRIBUTION ONLY; PROPERTY TAX RELIEF ACCOUNT.**

(a) The fund established under Minnesota Statutes, section 298.28, subdivision 7, shall receive the excess balance remaining in the fund established under Minnesota Statutes, section 298.28, subdivision 6, after the distribution of amounts required under Minnesota Statutes, section 298.28, subdivision 6, for the 2023 distribution. The transfer amount under this section must not exceed \$6,000,000 and must be made within ten days of the August 2023 payment. The commissioner of Iron Range resources and rehabilitation must distribute these transferred funds as outlined in this section. The uses listed are not subject to review or recommendation by the Iron Range Resources and Rehabilitation Board. The commissioner must distribute the funds for the following uses:

(1) \$250,000 to St. Louis County for a grant to the St. Louis County Agricultural Society for construction and furnishing of a facility to house a food booth and equipment for the St. Louis County 4-H Club;

(2) \$100,000 to Alborn Snow Devils Inc. for trail grooming costs and equipment;

(3) \$300,000 to School District No. 2142, St. Louis County Schools, for the purchase and installation of lights at the Cherry School baseball and softball fields;

(4) \$150,000 to the Seitaniemi Housebarn and Sisu Heritage Site for facility upgrades;

(5) \$600,000 to the city of Aurora for downtown beautification projects, as outlined in paragraph (c);

(6) \$500,000 to School District No. 2142, St. Louis County Schools, for wastewater upgrades at the South Ridge School;

(7) \$500,000 to the city of Mountain Iron for the Outdoor Recreation Center;

(8) \$100,000 to the city of Buhl for capital improvements to the city hall;

(9) \$150,000 to School District No. 712, Mountain Iron-Buhl Public School, for fitness equipment and capital upgrades to the fitness center;

(10) \$100,000 to the Mesabi Sno Voyageurs Snowmobile Club for trail grooming costs and equipment;

(11) \$100,000 to the PathBlazers Snowmobile Club for trail grooming costs and equipment;

(12) \$100,000 to the Ely Igloo Snowmobile Club for trail grooming costs and equipment;

(13) \$100,000 to the Voyageur Trail Society, Inc. for trail grooming costs and equipment;

(14) \$200,000 to Veterans On The Lake Resort for cabin accessibility upgrades, a handicap dock, tennis court repaving, and replacement of an underground power cable;

(15) \$650,000 to School District No. 2142, St. Louis County Schools, for wastewater upgrades at the North Woods School;

(16) \$200,000 to the City of Babbitt for capital improvements to city-owned buildings;

(17) \$750,000 to the Boundary Waters Care Center for capital equipment purchases;

(18) \$700,000 to the Cook County Historical Society to predesign, design, construct, furnish, and equip the renovation of the following Historic Cook County sites: (i) the Cook County History Museum; (ii) the Johnson Heritage Post Art Gallery; (iii) the Bally Blacksmith Shop; (iv) the St. Francis Xavier Church, also known as the Chippewa City Church; and (v) 1930s Nee-Gee Fishing Tug and Fish House; and to complete design for and to construct, furnish, and equip a new collections storage facility in Cook County;

(19) \$100,000 to the Virginia Community Foundation for the Mesabi Fit Coalition to rehabilitate the former Mesabi Family YMCA building;

(20) \$50,000 to the United States Hockey Hall of Fame Museum Inc. for capital improvements;

(21) \$100,000 to the Ranger Snowmobile and ATV Club for trail grooming costs and equipment;

(22) \$100,000 to the Crane Lake Voyageurs Snowmobile Club for trail grooming costs and equipment; and

(23) \$100,000 to the Babbitt ATV and Snowmobile Club for trail grooming costs and equipment.

(b) If the amount of the transfer under paragraph (a) is less than \$6,000,000, each of the uses in paragraph (a), clauses (1) to (23), must be proportionally reduced so that the total amount distributed under those clauses does not exceed the amount of the transfer.

(c) The city of Aurora must use the funds received under this section for improvements to city-owned property in the downtown area and to establish a grant program to businesses for front entrance enhancements and exterior storefront improvements. The grants may award no more than \$25,000 to a business. All improvements under this paragraph must be made along St. Louis County State-Aid Highway 100 (3rd Avenue North and Main Street), from marked Trunk Highway 135 to St. Louis County State-Aid Highway 110.

(d) The funds under paragraph (a), clause (19), must only be distributed if the Virginia Community Foundation purchases the former Mesabi Family YMCA building.

EFFECTIVE DATE. This section is effective the day following final enactment and applies only to the 2023 distribution.

Sec. 12. TRANSFER 2023 DISTRIBUTION ONLY; DOUGLAS J. JOHNSON ECONOMIC PROTECTION TRUST FUND.

Of the funds distributed to the Douglas J. Johnson Economic Protection Trust Fund under Minnesota Statutes, section 298.28, for the 2023 distribution only, an amount equal to \$3,500,000 shall be transferred from the Douglas J. Johnson Economic Protection Trust Fund to the Iron Range

school consolidation and cooperatively operated school account under Minnesota Statutes, section 298.28, subdivision 7a. The transfer must be made within ten days of the August 2023 payment.

EFFECTIVE DATE. This section is effective the day following final enactment and applies only to the 2023 distribution.

Sec. 13. IRON RANGE RESOURCES AND REHABILITATION COMMISSIONER; BONDS AUTHORIZED.

Subdivision 1. **Issuance; purpose.** Notwithstanding any provision of Minnesota Statutes, chapter 298, to the contrary, the commissioner of Iron Range resources and rehabilitation shall issue revenue bonds in a principal amount of up to \$42,000,000 plus an amount sufficient to pay costs of issuance in one or more series, and thereafter may issue bonds to refund those bonds. The proceeds of the bonds must be used to pay costs of issuance and to make grants to the following school districts located in the taconite assistance area as defined in Minnesota Statutes, section 273.1341: Independent School District No. 381, Lake Superior; Independent School District No. 695, Chisholm; Independent School District No. 696, Ely; Independent School District No. 701, Hibbing; Independent School District No. 2909, Rock Ridge; and Cooperative District No. 6076, Northland Learning Center. Grants must be used by the districts to pay for building projects, such as energy efficiency, technology, infrastructure, health, safety, and maintenance improvements.

Subd. 2. **Appropriation.** (a) There is annually appropriated from the distribution of taconite production tax revenues under Minnesota Statutes, section 298.28, prior to the calculation of the amount of the remainder under Minnesota Statutes, section 298.28, subdivision 11, an amount sufficient to pay when due the principal and interest on the bonds issued pursuant to subdivision 1.

(b) If in any year the amount available under paragraph (a) is insufficient to pay principal and interest due on the bonds in that year, an additional amount is appropriated from the Douglas J. Johnson economic protection trust fund to make up the deficiency.

(c) The appropriation under this subdivision terminates upon payment or maturity of the last of the bonds issued under this section.

Subd. 3. **Credit enhancement.** The bonds issued under this section are "debt obligations" and the commissioner of Iron Range resources and rehabilitation is a "district" for purposes of Minnesota Statutes, section 126C.55, except that payments made under Minnesota Statutes, section 126C.55, subdivision 2, are not subject to Minnesota Statutes, section 126C.55, subdivisions 4 to 7.

EFFECTIVE DATE. This section is effective the day following final enactment and applies beginning with the 2023 distribution under Minnesota Statutes, section 298.28.

ARTICLE 7

RENTER'S CREDIT

Section 1. Minnesota Statutes 2022, section 13.46, subdivision 2, is amended to read:

Subd. 2. **General.** (a) Data on individuals collected, maintained, used, or disseminated by the welfare system are private data on individuals, and shall not be disclosed except:

(1) according to section 13.05;

(2) according to court order;

(3) according to a statute specifically authorizing access to the private data;

(4) to an agent of the welfare system and an investigator acting on behalf of a county, the state, or the federal government, including a law enforcement person or attorney in the investigation or prosecution of a criminal, civil, or administrative proceeding relating to the administration of a program;

(5) to personnel of the welfare system who require the data to verify an individual's identity; determine eligibility, amount of assistance, and the need to provide services to an individual or family across programs; coordinate services for an individual or family; evaluate the effectiveness of programs; assess parental contribution amounts; and investigate suspected fraud;

(6) to administer federal funds or programs;

(7) between personnel of the welfare system working in the same program;

(8) to the Department of Revenue to assess parental contribution amounts for purposes of section 252.27, subdivision 2a, administer and evaluate tax refund or tax credit programs and to identify individuals who may benefit from these programs. The following information may be disclosed under this paragraph: an individual's and their dependent's names, dates of birth, Social Security or individual taxpayer identification numbers, income, addresses, and other data as required, upon request by the Department of Revenue. Disclosures by the commissioner of revenue to the commissioner of human services for the purposes described in this clause are governed by section 270B.14, subdivision 1. Tax refund or tax credit programs include, but are not limited to, the dependent care credit under section 290.067, the Minnesota working family credit under section 290.0671, the property tax refund ~~and rental credit~~ under section 290A.04, and the Minnesota education credit under section 290.0674;

(9) between the Department of Human Services, the Department of Employment and Economic Development, and when applicable, the Department of Education, for the following purposes:

(i) to monitor the eligibility of the data subject for unemployment benefits, for any employment or training program administered, supervised, or certified by that agency;

(ii) to administer any rehabilitation program or child care assistance program, whether alone or in conjunction with the welfare system;

(iii) to monitor and evaluate the Minnesota family investment program or the child care assistance program by exchanging 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, medical programs under chapter 256B or 256L, or a medical program formerly codified under chapter 256D; and

(iv) to analyze public assistance employment services and program utilization, cost, effectiveness, and outcomes as implemented under the authority established in Title II, Sections 201-204 of the

Ticket to Work and Work Incentives Improvement Act of 1999. Health records governed by sections 144.291 to 144.298 and "protected health information" as defined in Code of Federal Regulations, title 45, section 160.103, and governed by Code of Federal Regulations, title 45, parts 160-164, including health care claims utilization information, must not be exchanged under this clause;

(10) to appropriate parties in connection with an emergency if knowledge of the information is necessary to protect the health or safety of the individual or other individuals or persons;

(11) data maintained by residential programs as defined in section 245A.02 may be disclosed to the protection and advocacy system established in this state according to Part C of Public Law 98-527 to protect the legal and human rights of persons with developmental disabilities or other related conditions who live in residential facilities for these persons if the protection and advocacy system receives a complaint by or on behalf of that person and the person does not have a legal guardian or the state or a designee of the state is the legal guardian of the person;

(12) to the county medical examiner or the county coroner for identifying or locating relatives or friends of a deceased person;

(13) data on a child support obligor who makes payments to the public agency may be disclosed to the Minnesota Office of Higher Education to the extent necessary to determine eligibility under section 136A.121, subdivision 2, clause (5);

(14) participant Social Security or individual taxpayer identification numbers and names collected by the telephone assistance program may be disclosed to the Department of Revenue to conduct an electronic data match with the property tax refund database to determine eligibility under section 237.70, subdivision 4a;

(15) the current address of a Minnesota family investment program participant may be disclosed to law enforcement officers who provide the name of the participant and notify the agency that:

(i) the participant:

(A) is a fugitive felon fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime that is a felony under the laws of the jurisdiction from which the individual is fleeing; or

(B) is violating a condition of probation or parole imposed under state or federal law;

(ii) the location or apprehension of the felon is within the law enforcement officer's official duties; and

(iii) the request is made in writing and in the proper exercise of those duties;

(16) the current address of a recipient of general assistance may be disclosed to probation officers and corrections agents who are supervising the recipient and to law enforcement officers who are investigating the recipient in connection with a felony level offense;

(17) information obtained from a SNAP applicant or recipient households may be disclosed to local, state, or federal law enforcement officials, upon their written request, for the purpose of

investigating an alleged violation of the Food and Nutrition Act, according to Code of Federal Regulations, title 7, section 272.1(c);

(18) the address, Social Security or individual taxpayer identification number, and, if available, photograph of any member of a household receiving SNAP benefits shall be made available, on request, to a local, state, or federal law enforcement officer if the officer furnishes the agency with the name of the member and notifies the agency that:

(i) the member:

(A) is fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime that is a felony in the jurisdiction the member is fleeing;

(B) is violating a condition of probation or parole imposed under state or federal law; or

(C) has information that is necessary for the officer to conduct an official duty related to conduct described in subitem (A) or (B);

(ii) locating or apprehending the member is within the officer's official duties; and

(iii) the request is made in writing and in the proper exercise of the officer's official duty;

(19) the current address of a recipient of Minnesota family investment program, general assistance, or SNAP benefits may be disclosed to law enforcement officers who, in writing, provide the name of the recipient and notify the agency that the recipient is a person required to register under section 243.166, but is not residing at the address at which the recipient is registered under section 243.166;

(20) certain information regarding child support obligors who are in arrears may be made public according to section 518A.74;

(21) data on child support payments made by a child support obligor and data on the distribution of those payments excluding identifying information on obligees may be disclosed to all obligees to whom the obligor owes support, and data on the enforcement actions undertaken by the public authority, the status of those actions, and data on the income of the obligor or obligee may be disclosed to the other party;

(22) data in the work reporting system may be disclosed under section 256.998, subdivision 7;

(23) to the Department of Education for the purpose of matching Department of Education student data with public assistance data to determine students eligible for free and reduced-price meals, meal supplements, and free milk according to United States Code, title 42, sections 1758, 1761, 1766, 1766a, 1772, and 1773; to allocate federal and state funds that are distributed based on income of the student's family; and to verify receipt of energy assistance for the telephone assistance plan;

(24) the current address and telephone number of program recipients and emergency contacts may be released to the commissioner of health or a community health board as defined in section 145A.02, subdivision 5, when the commissioner or community health board has reason to believe

that a program recipient is a disease case, carrier, suspect case, or at risk of illness, and the data are necessary to locate the person;

(25) to other state agencies, statewide systems, and political subdivisions of this state, including the attorney general, and agencies of other states, interstate information networks, federal agencies, and other entities as required by federal regulation or law for the administration of the child support enforcement program;

(26) to personnel of public assistance programs as defined in section 256.741, for access to the child support system database for the purpose of administration, including monitoring and evaluation of those public assistance programs;

(27) to monitor and evaluate the Minnesota family investment program by exchanging data between the Departments of Human Services and Education, on recipients and former recipients of SNAP benefits, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, medical programs under chapter 256B or 256L, or a medical program formerly codified under chapter 256D;

(28) to evaluate child support program performance and to identify and prevent fraud in the child support program by exchanging data between the Department of Human Services, Department of Revenue under section 270B.14, subdivision 1, paragraphs (a) and (b), without regard to the limitation of use in paragraph (c), Department of Health, Department of Employment and Economic Development, and other state agencies as is reasonably necessary to perform these functions;

(29) counties and the Department of Human Services operating child care assistance programs under chapter 119B may disseminate data on program participants, applicants, and providers to the commissioner of education;

(30) child support data on the child, the parents, and relatives of the child may be disclosed to agencies administering programs under titles IV-B and IV-E of the Social Security Act, as authorized by federal law;

(31) to a health care provider governed by sections 144.291 to 144.298, to the extent necessary to coordinate services;

(32) to the chief administrative officer of a school to coordinate services for a student and family; data that may be disclosed under this clause are limited to name, date of birth, gender, and address;

(33) to county correctional agencies to the extent necessary to coordinate services and diversion programs; data that may be disclosed under this clause are limited to name, client demographics, program, case status, and county worker information; or

(34) between the Department of Human Services and the Metropolitan Council for the following purposes:

(i) to coordinate special transportation service provided under section 473.386 with services for people with disabilities and elderly individuals funded by or through the Department of Human Services; and

(ii) to provide for reimbursement of special transportation service provided under section 473.386.

The data that may be shared under this clause are limited to the individual's first, last, and middle names; date of birth; residential address; and program eligibility status with expiration date for the purposes of informing the other party of program eligibility.

(b) Information on persons who have been treated for drug or alcohol abuse may only be disclosed according to the requirements of Code of Federal Regulations, title 42, sections 2.1 to 2.67.

(c) Data provided to law enforcement agencies under paragraph (a), clause (15), (16), (17), or (18), or paragraph (b), are investigative data and are confidential or protected nonpublic while the investigation is active. The data are private after the investigation becomes inactive under section 13.82, subdivision 7, clause (a) or (b).

(d) Mental health data shall be treated as provided in subdivisions 7, 8, and 9, but are not subject to the access provisions of subdivision 10, paragraph (b).

For the purposes of this subdivision, a request will be deemed to be made in writing if made through a computer interface system.

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

Sec. 2. Minnesota Statutes 2022, section 270B.12, subdivision 8, is amended to read:

Subd. 8. **County assessors; homestead classification and ~~renter~~ renter's credit.** The commissioner may disclose names and Social Security or individual taxpayer identification numbers of individuals who have applied for both homestead classification under section 273.13 and a ~~property tax refund as a renter under chapter 290A~~ renter's credit under section 290.0693 for the purpose of and to the extent necessary to administer section 290A.25.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 3. Minnesota Statutes 2022, section 270B.14, subdivision 1, is amended to read:

Subdivision 1. **Disclosure to commissioner of human services.** (a) On the request of the commissioner of human services, the commissioner shall disclose return information regarding taxes imposed by chapter 290, and claims for refunds under chapter 290A, to the extent provided in paragraph (b) and for the purposes set forth in paragraph (c).

(b) Data that may be disclosed are limited to data relating to the identity, whereabouts, employment, income, and property of a person owing or alleged to be owing an obligation of child support.

(c) The commissioner of human services may request data only for the purposes of carrying out the child support enforcement program and to assist in the location of parents who have, or appear to have, deserted their children. Data received may be used only as set forth in section 256.978.

(d) The commissioner shall provide the records and information necessary to administer the supplemental housing allowance to the commissioner of human services.

(e) At the request of the commissioner of human services, the commissioner of revenue shall electronically match the Social Security or individual taxpayer identification numbers and names of participants in the telephone assistance plan operated under sections 237.69 to 237.71, with those of property tax refund filers under chapter 290A or renter's credit filers under section 290.0693, and determine whether each participant's household income is within the eligibility standards for the telephone assistance plan.

(f) The commissioner may provide records and information collected under sections 295.50 to 295.59 to the commissioner of human services for purposes of the Medicaid Voluntary Contribution and Provider-Specific Tax Amendments of 1991, Public Law 102-234. Upon the written agreement by the United States Department of Health and Human Services to maintain the confidentiality of the data, the commissioner may provide records and information collected under sections 295.50 to 295.59 to the Centers for Medicare and Medicaid Services section of the United States Department of Health and Human Services for purposes of meeting federal reporting requirements.

(g) The commissioner may provide records and information to the commissioner of human services as necessary to administer the early refund of refundable tax credits.

(h) The commissioner may disclose information to the commissioner of human services as necessary for income verification for eligibility and premium payment under the MinnesotaCare program, under section 256L.05, subdivision 2, as well as the medical assistance program under chapter 256B.

(i) The commissioner may disclose information to the commissioner of human services necessary to verify whether applicants or recipients for the Minnesota family investment program, general assistance, the Supplemental Nutrition Assistance Program (SNAP), Minnesota supplemental aid program, and child care assistance have claimed refundable tax credits under chapter 290 and the property tax refund under chapter 290A, and the amounts of the credits.

(j) The commissioner may disclose information to the commissioner of human services necessary to verify income for purposes of calculating parental contribution amounts under section 252.27, subdivision 2a.

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

Sec. 4. Minnesota Statutes 2022, section 289A.18, subdivision 5, is amended to read:

Subd. 5. **Property tax refund claims.** A claim for a refund based on property taxes payable must be filed with the commissioner on or before August 15 of the year in which the property taxes are due and payable. ~~Any claim for refund based on rent paid must be filed on or before August 15 of the year following the year in which the rent was paid.~~

EFFECTIVE DATE. This section is effective for property taxes payable in 2025 and thereafter.

Sec. 5. Minnesota Statutes 2022, section 289A.38, subdivision 4, is amended to read:

Subd. 4. **Property tax refund.** For purposes of computing the limitation under this section, the due date of the property tax refund return as provided for in chapter 290A is the due date for an income tax return covering ~~the year in which the rent was paid or~~ the year preceding the year in which the property taxes are payable.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 6. Minnesota Statutes 2022, section 289A.56, subdivision 6, is amended to read:

Subd. 6. **Property tax refunds under chapter 290A.** ~~(a) When a renter is owed a property tax refund, an unpaid refund bears interest after August 14, or 60 days after the refund claim was made, whichever is later, until the date the refund is paid.~~

~~(b)~~ ~~When any other~~ a claimant is owed a property tax refund under chapter 290A, the unpaid refund bears interest after September 29, or 60 days after the refund claim was made, whichever is later, until the date the refund is paid.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 7. Minnesota Statutes 2022, section 289A.60, subdivision 12, is amended to read:

Subd. 12. **Penalties relating to property tax refunds.** (a) If it is determined that a property tax refund claim is excessive and was negligently prepared, a claimant is liable for a penalty of ten percent of the disallowed claim. If the claim has been paid, the amount disallowed must be recovered by assessment and collection.

(b) An owner who without reasonable cause fails to give a certificate of rent ~~constituting property tax paid~~ to a renter, as required by ~~section~~ sections 290.0693, subdivision 4, and 290A.19, paragraph (a), is liable to the commissioner for a penalty of \$100 for each failure.

(c) If the owner or managing agent knowingly gives rent certificates that report total rent constituting property taxes in excess of the amount of actual rent constituting property taxes paid on the rented part of a property, the owner or managing agent is liable for a penalty equal to the greater of (1) \$100 or (2) 50 percent of the excess that is reported. An overstatement of rent constituting property taxes is presumed to be knowingly made if it exceeds by ten percent or more the actual rent constituting property taxes.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 8. Minnesota Statutes 2022, section 289A.60, subdivision 13, is amended to read:

Subd. 13. **Penalties for tax preparers.** (a) If an understatement of liability with respect to a return or claim for refund is due to a reckless disregard of laws and rules or willful attempt in any manner to understate the liability for a tax by a person who is a tax preparer with respect to the return or claim, the person shall pay to the commissioner a penalty of \$500. If a part of a claim filed under section 290.0677, subdivision 1; 290.0693; or chapter 290A is excessive due to a reckless

disregard or willful attempt in any manner to overstate the claim allowed by a person who is a tax preparer, the tax preparer shall pay to the commissioner a penalty of \$500 with respect to the claim. These penalties may not be assessed against the employer of a tax preparer unless the employer was actively involved in the reckless disregard or willful attempt to understate the liability for a tax or to overstate the claim for refund. These penalties are income tax liabilities and may be assessed at any time as provided in section 289A.38, subdivision 5.

(b) A civil action in the name of the state of Minnesota may be commenced to enjoin any person who is a tax preparer doing business in this state as provided in section 270C.447.

(c) The commissioner may terminate or suspend a tax preparer's authority to transmit returns electronically to the state, if the commissioner determines that the tax preparer has engaged in a pattern and practice of conduct in violation of paragraph (a) of this subdivision or has been convicted under section 289A.63.

(d) For purposes of this subdivision, the term "understatement of liability" means an understatement of the net amount payable with respect to a tax imposed by state tax law, or an overstatement of the net amount creditable or refundable with respect to a tax. The determination of whether or not there is an understatement of liability must be made without regard to any administrative or judicial action involving the taxpayer. For purposes of this subdivision, the amount determined for underpayment of estimated tax under either section 289A.25 or 289A.26 is not considered an understatement of liability.

(e) For purposes of this subdivision, the term "overstatement of claim" means an overstatement of the net amount refundable with respect to a claim filed under section 290.0677, subdivision 1, or chapter 290A. The determination of whether or not there is an overstatement of a claim must be made without regard to administrative or judicial action involving the claimant.

(f) For purposes of this section, the term "tax preparer" or "preparer" has the meaning given in section 270C.445, subdivision 2, paragraph (h).

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

Sec. 9. [290.0693] RENTER'S CREDIT.

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

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

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

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

(e) "Gross rent" means rent paid for the right of occupancy, at arm's length, of a homestead, exclusive of charges for any medical services furnished by the landlord as a part of the rental

agreement, whether expressly set out in the rental agreement or not. The gross rent of a resident of a nursing home or intermediate care facility is \$600 per month. The gross rent of a resident of an adult foster care home is \$930 per month. The commissioner shall annually adjust the amounts in this paragraph as provided in section 270C.22. The statutory year is 2023. If the landlord and tenant have not dealt with each other at arm's length and the commissioner determines that the gross rent charged was excessive, the commissioner may adjust the gross rent to a reasonable amount for purposes of this section.

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

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

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

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

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

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

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

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

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

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

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

Subd. 2. **Credit allowed; refundable.** (a) An individual is allowed a credit against the tax due under this chapter equal to the amount that rent constituting property taxes exceeds the percentage of the household income of the claimant specified in subdivision 3 in the taxable year in which the rent was paid as specified in that subdivision.

(b) If the amount of credit which a taxpayer is eligible to receive under this section exceeds the taxpayer's liability for tax under this chapter, the commissioner shall refund the excess to the taxpayer.

Subd. 3. **Renters.** (a) A taxpayer whose rent constituting property taxes exceeds the percentage of the household income stated below must pay an amount equal to the percent of income shown for the appropriate household income level along with the percent paid by claimant of the remaining

amount of rent constituting property taxes. The credit under subdivision 2 equals the amount of rent constituting property taxes that remain, up to the maximum credit amount shown below.

<u>Household Income</u>	<u>Percent of Income</u>	<u>Percent paid by claimant</u>	<u>Maximum Credit</u>
<u>\$0 to 6,479</u>	<u>1.0 percent</u>	<u>5 percent</u>	<u>\$ 2,640</u>
<u>6,480 to 8,609</u>	<u>1.0 percent</u>	<u>10 percent</u>	<u>\$ 2,640</u>
<u>8,610 to 10,759</u>	<u>1.1 percent</u>	<u>10 percent</u>	<u>\$ 2,570</u>
<u>10,760 to 15,089</u>	<u>1.2 percent</u>	<u>10 percent</u>	<u>\$ 2,510</u>
<u>15,090 to 19,399</u>	<u>1.3 percent</u>	<u>15 percent</u>	<u>\$ 2,430</u>
<u>19,400 to 21,539</u>	<u>1.4 percent</u>	<u>15 percent</u>	<u>\$ 2,370</u>
<u>21,540 to 23,679</u>	<u>1.4 percent</u>	<u>20 percent</u>	<u>\$ 2,310</u>
<u>23,680 to 28,009</u>	<u>1.5 percent</u>	<u>20 percent</u>	<u>\$ 2,240</u>
<u>28,010 to 30,159</u>	<u>1.6 percent</u>	<u>20 percent</u>	<u>\$ 2,180</u>
<u>30,160 to 32,309</u>	<u>1.7 percent</u>	<u>25 percent</u>	<u>\$ 2,180</u>
<u>32,310 to 36,629</u>	<u>1.8 percent</u>	<u>25 percent</u>	<u>\$ 2,180</u>
<u>36,630 to 38,769</u>	<u>1.9 percent</u>	<u>30 percent</u>	<u>\$ 2,180</u>
<u>38,770 to 45,229</u>	<u>2.0 percent</u>	<u>30 percent</u>	<u>\$ 2,180</u>
<u>45,230 to 51,689</u>	<u>2.0 percent</u>	<u>35 percent</u>	<u>\$ 2,180</u>
<u>51,690 to 60,319</u>	<u>2.0 percent</u>	<u>40 percent</u>	<u>\$ 2,180</u>
<u>60,320 to 62,459</u>	<u>2.0 percent</u>	<u>45 percent</u>	<u>\$ 1,980</u>
<u>62,460 to 64,619</u>	<u>2.0 percent</u>	<u>45 percent</u>	<u>\$ 1,780</u>
<u>64,620 to 66,789</u>	<u>2.0 percent</u>	<u>45 percent</u>	<u>\$ 1,510</u>
<u>66,790 to 68,929</u>	<u>2.0 percent</u>	<u>50 percent</u>	<u>\$ 1,320</u>
<u>68,930 to 71,089</u>	<u>2.0 percent</u>	<u>50 percent</u>	<u>\$ 1,190</u>
<u>71,090 to 73,239</u>	<u>2.0 percent</u>	<u>50 percent</u>	<u>\$ 660</u>
<u>73,240 to 75,389</u>	<u>2.0 percent</u>	<u>50 percent</u>	<u>\$ 260</u>

The credit is the amount calculated under this subdivision. No credit is allowed if the taxpayer's household income is \$75,389 or more.

(b) The commissioner must annually adjust the dollar amounts of the income thresholds and the maximum refunds in paragraph (a), as provided in section 270C.22. The statutory year is 2024.

(c) The commissioner shall construct and make available to taxpayers a comprehensive table showing the rent constituting property taxes to be paid and refund allowed at various levels of income and assessment. The table shall follow the schedule of income percentages, maximums, and other provisions specified in paragraph (a), except that the commissioner may graduate the transition between income brackets. All refunds shall be computed in accordance with tables prepared and issued by the commissioner.

Subd. 4. Owner or managing agent to furnish rent certificate. (a) The owner or managing agent of any property for which rent is paid for occupancy as a homestead must furnish a certificate of rent paid to a person who is a renter on December 31, in the form prescribed by the commissioner. If the renter moves before December 31, the owner or managing agent may give the certificate to the renter at the time of moving, or mail the certificate to the forwarding address if an address has

been provided by the renter. The certificate must be made available to the renter before February 1 of the year following the year in which the rent was paid. The owner or managing agent must retain a duplicate of each certificate or an equivalent record showing the same information for a period of four years. The duplicate or other record must be made available to the commissioner upon request.

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

Subd. 5. **Eligibility; residency.** (a) A taxpayer is eligible for the credit under this section if the taxpayer is an individual, other than a dependent, as defined under sections 151 and 152 of the Internal Revenue Code, disregarding section 152(b)(3) of the Internal Revenue Code, who filed for a credit and who was a resident of this state during the taxable year for which the credit was claimed.

(b) In the case of a credit for rent constituting property taxes of a part-year Minnesota resident, the household income and rent constituting property taxes reflected in this computation shall be for the period of Minnesota residency only. Any rental expenses paid that may be reflected in arriving at federal adjusted gross income cannot be utilized for this computation.

(c) When two individuals of a household are able to meet the qualifications to claim a credit under this section, the individuals may determine among them as to which individual may claim the credit. If the individuals are unable to agree, the matter shall be referred to the commissioner of revenue whose decision shall be final.

(d) To claim a credit under this section, the taxpayer must have resided in a rented or leased unit on which ad valorem taxes or payments made in lieu of ad valorem taxes, including payments of special assessments imposed in lieu of ad valorem taxes, are payable at some time during the taxable year for which the taxpayer claimed the credit.

Subd. 6. **Residents of nursing homes, intermediate care facilities, long-term care facilities, or facilities accepting housing support payments.** (a) A taxpayer must not claim a credit under this section if the taxpayer is a resident of a nursing home, intermediate care facility, long-term residential facility, or a facility that accepts housing support payments whose rent constituting property taxes is paid pursuant to the Supplemental Security Income program under title XVI of the Social Security Act, the Minnesota supplemental aid program under sections 256D.35 to 256D.54, the medical assistance program pursuant to title XIX of the Social Security Act, or the housing support program under chapter 256I.

(b) If only a portion of the rent constituting property taxes is paid by these programs, the resident is eligible for a credit, but the credit calculated must be multiplied by a fraction, the numerator of

which is adjusted gross income, reduced by the total amount of income from the above sources other than vendor payments under the medical assistance program and the denominator of which is adjusted gross income, plus vendor payments under the medical assistance program, to determine the allowable credit.

(c) Notwithstanding paragraphs (a) and (b), if the taxpayer was a resident of the nursing home, intermediate care facility, long-term residential facility, or facility for which the rent was paid for the claimant by the housing support program for only a portion of the taxable year covered by the claim, the taxpayer may compute rent constituting property taxes by disregarding the rent constituting property taxes from the nursing home or facility and may use only that amount of rent constituting property taxes or property taxes payable relating to that portion of the year when the taxpayer was not in the facility. The taxpayer's household income is the income for the entire taxable year covered by the claim.

Subd. 7. **Credit for unmarried taxpayers residing in the same household.** If a homestead is occupied by two or more renters who are not married to each other, the rent shall be deemed to be paid equally by each renter, and separate claims shall be filed by each renter. The income of each renter shall be each renter's household income for purposes of computing the amount of credit to be allowed.

Subd. 8. **One claimant per household.** Only one taxpayer per household per year is entitled to claim a credit under this section. In the case of a married taxpayer filing a separate return, only one spouse may claim the credit under this section. The credit amount for the spouse that claims the credit must be calculated based on household income and not solely on the income of the spouse.

Subd. 9. **Proof of claim.** (a) Every taxpayer claiming a credit under this section shall supply to the commissioner of revenue, in support of the claim, proof of eligibility under this section, including but not limited to amount of rent paid, name and address of owner or managing agent of property rented, changes in household membership, and household income.

(b) Taxpayers with a disability shall submit proof of disability in the form and manner as the commissioner prescribes. The department may require examination and certification by the taxpayer's physician or by a physician designated by the commissioner. The cost of any examination shall be borne by the taxpayer, unless the examination proves the disability, in which case the cost of the examination shall be borne by the commissioner.

(c) A determination of disability of a taxpayer by the Social Security Administration under Title II or Title XVI of the Social Security Act shall constitute presumptive proof of disability.

Subd. 10. **No relief allowed in certain cases.** No claim for a credit under this section shall be allowed if the commissioner determines that the claimant received tenancy to the homestead primarily for the purpose of receiving a credit under this section and not for bona fide residence purposes.

Subd. 11. **Appropriation.** The amount necessary to pay the refunds under this section is appropriated from the general fund to the commissioner.

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

Sec. 10. Minnesota Statutes 2022, section 290A.02, is amended to read:

290A.02 PURPOSE.

The purpose of this chapter is to provide property tax relief to certain persons who own ~~or rent~~ their homesteads.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 11. Minnesota Statutes 2022, section 290A.03, subdivision 3, is amended to read:

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

- (1) federal adjusted gross income as defined in the Internal Revenue Code; and
- (2) the sum of the following amounts to the extent not included in clause (1):
 - (i) all nontaxable income;
 - (ii) the amount of a passive activity loss that is not disallowed as a result of section 469, paragraph (i) or (m) of the Internal Revenue Code and the amount of passive activity loss carryover allowed under section 469(b) of the Internal Revenue Code;
 - (iii) an amount equal to the total of any discharge of qualified farm indebtedness of a solvent individual excluded from gross income under section 108(g) of the Internal Revenue Code;
 - (iv) cash public assistance and relief;
 - (v) any pension or annuity (including railroad retirement benefits, all payments received under the federal Social Security Act, Supplemental Security Income, and veterans benefits), which was not exclusively funded by the claimant or spouse, or which was funded exclusively by the claimant or spouse and which funding payments were excluded from federal adjusted gross income in the years when the payments were made;
 - (vi) interest received from the federal or a state government or any instrumentality or political subdivision thereof;
 - (vii) workers' compensation;
 - (viii) nontaxable strike benefits;
 - (ix) the gross amounts of payments received in the nature of disability income or sick pay as a result of accident, sickness, or other disability, whether funded through insurance or otherwise;
 - (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1995;
 - (xi) contributions made by the claimant to an individual retirement account, including a qualified voluntary employee contribution; simplified employee pension plan; self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of the Internal Revenue Code; or deferred

compensation plan under section 457 of the Internal Revenue Code, to the extent the sum of amounts exceeds the retirement base amount for the claimant and spouse;

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

(xiii) nontaxable scholarship or fellowship grants;

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

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

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

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

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

(b) "Income" does not include:

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

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

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

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

(5) relief granted under this chapter;

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

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

(8) alimony paid; or

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

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

- (1) for the claimant's first dependent, the exemption amount multiplied by 1.4;
- (2) for the claimant's second dependent, the exemption amount multiplied by 1.3;
- (3) for the claimant's third dependent, the exemption amount multiplied by 1.2;
- (4) for the claimant's fourth dependent, the exemption amount multiplied by 1.1;
- (5) for the claimant's fifth dependent, the exemption amount; and

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

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

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

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

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

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 12. Minnesota Statutes 2022, section 290A.03, subdivision 6, is amended to read:

Subd. 6. **Homestead.** "Homestead" means the dwelling occupied as the claimant's principal residence and so much of the land surrounding it, not exceeding ten acres, as is reasonably necessary for use of the dwelling as a home and any other property used for purposes of a homestead as defined in section 273.13, subdivision 22, except for agricultural land assessed as part of a homestead pursuant to section 273.13, subdivision 23, "homestead" is limited to the house and garage and immediately surrounding one acre of land. The homestead may be owned ~~or rented and may be as~~ a part of a multidwelling or multipurpose building and the land on which it is built. A manufactured home, as defined in section 273.125, subdivision 8, or a park trailer taxed as a manufactured home under section 168.012, subdivision 9, assessed as personal property may be a dwelling for purposes of this subdivision.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 13. Minnesota Statutes 2022, section 290A.03, subdivision 8, is amended to read:

Subd. 8. **Claimant.** ~~(a)~~ "Claimant" means a person, other than a dependent, as defined under sections 151 and 152 of the Internal Revenue Code disregarding section 152(b)(3) of the Internal Revenue Code, who filed a claim authorized by this chapter and who was a resident of this state as provided in chapter 290 during the calendar year for which the claim for relief was filed.

~~(b) In the case of a claim relating to rent constituting property taxes, the claimant shall have resided in a rented or leased unit on which ad valorem taxes or payments made in lieu of ad valorem taxes, including payments of special assessments imposed in lieu of ad valorem taxes, are payable at some time during the calendar year covered by the claim.~~

~~(c) "Claimant" shall not include a resident of a nursing home, intermediate care facility, long term residential facility, or a facility that accepts housing support payments whose rent constituting property taxes is paid pursuant to the Supplemental Security Income program under title XVI of the Social Security Act, the Minnesota supplemental aid program under sections 256D.35 to 256D.54, the medical assistance program pursuant to title XIX of the Social Security Act, or the housing support program under chapter 256I.~~

~~If only a portion of the rent constituting property taxes is paid by these programs, the resident shall be a claimant for purposes of this chapter, but the refund calculated pursuant to section 290A.04 shall be multiplied by a fraction, the numerator of which is income as defined in subdivision 3, paragraphs (a) and (b), reduced by the total amount of income from the above sources other than vendor payments under the medical assistance program and the denominator of which is income as defined in subdivision 3, paragraphs (a) and (b), plus vendor payments under the medical assistance program, to determine the allowable refund pursuant to this chapter.~~

~~(d) Notwithstanding paragraph (c), if the claimant was a resident of the nursing home, intermediate care facility, long term residential facility, or facility for which the rent was paid for the claimant by the housing support program for only a portion of the calendar year covered by the claim, the claimant may compute rent constituting property taxes by disregarding the rent constituting property taxes from the nursing home or facility and use only that amount of rent constituting property taxes or property taxes payable relating to that portion of the year when the claimant was not in the facility. The claimant's household income is the income for the entire calendar year covered by the claim.~~

~~(e) In the case of a claim for rent constituting property taxes of a part-year Minnesota resident, the income and rent reflected in this computation shall be for the period of Minnesota residency only. Any rental expenses paid which may be reflected in arriving at federal adjusted gross income cannot be utilized for this computation. When two individuals of a household are able to meet the qualifications for a claimant, they may determine among them as to who the claimant shall be. If they are unable to agree, the matter shall be referred to the commissioner of revenue whose decision shall be final. If a homestead property owner was a part-year Minnesota resident, the income reflected in the computation made pursuant to section 290A.04 shall be for the entire calendar year, including income not assignable to Minnesota.~~

~~(f) If a homestead is occupied by two or more renters, who are not married to each other, the rent shall be deemed to be paid equally by each, and separate claims shall be filed by each. The income of each shall be each renter's household income for purposes of computing the amount of credit to be allowed.~~

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 14. Minnesota Statutes 2022, section 290A.03, subdivision 12, is amended to read:

Subd. 12. **Gross rent.** (a) "Gross rent" means rent paid for the right of occupancy, at arm's length, of a site on which a homestead, ~~exclusive of charges for any medical services furnished by the landlord as a part of the rental agreement, whether expressly set out in the rental agreement or not~~ which is a manufactured home is located.

~~(b) The gross rent of a resident of a nursing home or intermediate care facility is \$500 per month. The gross rent of a resident of an adult foster care home is \$780 per month. The commissioner shall annually adjust the amounts in this paragraph as provided in section 270C.22. The statutory year is 2018.~~

~~(e)~~ (b) If the landlord and tenant have not dealt with each other at arm's length and the commissioner determines that the gross rent charged was excessive, the commissioner may adjust the gross rent to a reasonable amount for purposes of this chapter.

~~(d)~~ (c) Any amount paid by a claimant residing in property assessed pursuant to section 273.124, subdivision 3, 4, 5, or 6 for occupancy in that property ~~shall be excluded from gross rent for purposes of this chapter. However, property taxes imputed to the homestead of the claimant or the dwelling unit occupied by the claimant that qualifies for homestead treatment pursuant to section 273.124, subdivision 3, 4, 5, or 6 shall be included within the term "property taxes payable" as defined in subdivision 13, to the extent allowed,~~ notwithstanding the fact that ownership is not in the name of the claimant.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 15. Minnesota Statutes 2022, 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 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 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 claims based on rent paid in 2024 and following years.

Sec. 16. Minnesota Statutes 2022, section 290A.03, is amended by adding a subdivision to read:

Subd. 16. Manufactured home. "Manufactured home" means homesteads that 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.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 17. Minnesota Statutes 2022, section 290A.04, subdivision 1, is amended to read:

Subdivision 1. **Refund.** A refund shall be allowed each claimant in the amount that property taxes payable ~~or rent constituting property taxes~~ exceed the percentage of the household income of the claimant specified in subdivision 2 ~~or 2a~~ in the year for which the taxes were levied ~~or in the year in which the rent was paid~~ as specified in subdivision 2 ~~or 2a~~. If the amount of property taxes payable ~~or rent constituting property taxes~~ is equal to or less than the percentage of the household income of the claimant specified in subdivision 2 ~~or 2a~~ in the year for which the taxes were levied ~~or in the year in which the rent was paid~~, the claimant shall not be eligible for a state refund pursuant to this section.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 18. Minnesota Statutes 2022, 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 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 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.

(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~~ electronically. 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 the day following final enactment.

Sec. 19. Minnesota Statutes 2022, section 290A.04, subdivision 5, is amended to read:

Subd. 5. ~~Combined renter and homeowner refund~~ **Homeowner refund and renter's credit.** ~~In the case of a claimant who is entitled to a refund in a calendar year for claims based both on rent constituting property taxes and property taxes payable, the refund allowable equals the sum of the refunds allowable. A claimant is allowed to make a claim for refund under this chapter in addition to any credit the claimant is eligible for under section 290.0693.~~

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 20. Minnesota Statutes 2022, section 290A.05, is amended to read:

290A.05 COMBINED HOUSEHOLD INCOME; RENTAL AGREEMENTS AND REDUCTION OF PROPERTY TAXES PAYABLE.

(a) If a person occupies a homestead with another person not related to the person as the person's spouse, excluding dependents, roomers or boarders on contract, and has property tax payable with respect to the homestead, the household income of the claimant or claimants for the purpose of computing the refund allowed by section 290A.04 shall include the total income received by the other persons residing in the homestead. For purposes of this section, "dependent" includes a parent of the claimant or spouse who lives in the claimant's homestead and does not have an ownership interest in the homestead.

(b) If a person occupies a homestead with another person or persons not related to the person as the person's spouse or as dependents, ~~the property tax payable or rent constituting property tax shall be reduced as follows:~~

If and the other person or persons are residing at the homestead under a rental or lease agreement with the homeowner, the amount of property tax payable or rent constituting property tax shall be equals that portion not covered by the rental agreement.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and property taxes payable in 2024, and following years.

Sec. 21. Minnesota Statutes 2022, section 290A.07, subdivision 2a, is amended to read:

Subd. 2a. **Time of payment to renter or manufactured home homeowner.** A claimant who is ~~a renter or~~ a homeowner who occupies a manufactured home, as defined in section 273.125, subdivision 8, paragraph (c), or a park trailer taxed as a manufactured home under section 168.012, subdivision 9, shall receive full payment after August 1 and before August 15 or 60 days after receipt of the application, whichever is later.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 22. Minnesota Statutes 2022, section 290A.08, is amended to read:

290A.08 ONE CLAIMANT PER HOUSEHOLD.

Only one claimant per household per year is entitled to relief under this chapter. Payment of the claim for relief may be made payable to the spouses as one claimant. The commissioner, upon written request, may issue separate checks, to the spouses for one-half of the relief provided the original check has not been issued or has been returned. Individuals related as spouses who were married during the year may elect to file a joint claim which shall include each spouse's income, ~~rent constituting property taxes,~~ and property taxes payable. Spouses who were married for the entire year and were domiciled in the same household for the entire year must file a joint claim. The maximum dollar amount allowable for a joint claim shall not exceed the amount that one person could receive.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 23. Minnesota Statutes 2022, section 290A.09, is amended to read:

290A.09 PROOF OF CLAIM.

(a) Every claimant shall supply to the commissioner of revenue, in support of the claim, proof of eligibility under this chapter, including but not limited to amount of ~~rent paid or~~ property taxes accrued, ~~name and address of owner or managing agent of property rented,~~ changes in homestead, household membership, household income, size and nature of property claimed as a homestead.

(b) For manufactured homes, every claimant shall supply to the commissioner of revenue the name and address of the owner or managing agent of the property rented.

(c) Persons with a disability filing claims shall submit proof of disability in the form and manner as the commissioner may prescribe. The department may require examination and certification by the claimant's physician or by a physician designated by the commissioner. The cost of any

examination shall be borne by the claimant, unless the examination proves the disability, in which case the cost of the examination shall be borne by the commissioner.

(d) A determination of disability of a claimant by the Social Security Administration under Title II or Title XVI of the Social Security Act shall constitute presumptive proof of disability.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 24. Minnesota Statutes 2022, section 290A.091, is amended to read:

290A.091 CLAIMS OF TENANTS IN LEASEHOLD COOPERATIVES.

The cooperative manager of a leasehold cooperative shall furnish a statement to each tenant by March 31 of the year in which the property tax is payable showing each unit's share of the gross property tax and each unit's share of any property tax credits. Each tenant may apply for a property tax refund under this chapter as a homeowner based on each tenant's share of property taxes. The tenant may not ~~include any rent constituting property taxes paid on that unit claim the renter's credit under section 290.0693.~~ For the purposes of this section, a leasehold cooperative is formed on the day that leasehold cooperative status is granted by the appropriate county official.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 25. Minnesota Statutes 2022, section 290A.13, is amended to read:

290A.13 NO RELIEF ALLOWED IN CERTAIN CASES.

No claim for relief under this chapter shall be allowed if the commissioner determines that the claimant received title ~~or tenancy~~ to the homestead primarily for the purpose of receiving benefits under this chapter and not for bona fide residence purposes.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 26. Minnesota Statutes 2022, section 290A.19, is amended to read:

290A.19 OWNER OR MANAGING AGENT TO FURNISH RENT CERTIFICATE.

(a) The ~~park owner or managing agent of any of a~~ property for which rent is paid for occupancy as a homestead must furnish a certificate of rent paid to a person who is a renter on December 31, in the form prescribed by the commissioner. If the renter moves before December 31, the ~~park owner 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 ~~park 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 park 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 park owner who is required to furnish a certificate of rent paid under this paragraph. Prior to implementation, the commissioner, after consulting with representatives of park owners 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 park owners and managing agents.

(c) For the purposes of this section, "~~owner~~" includes "park owner" means a park owner as defined under section 327C.015, subdivision 9, and "property" includes a lot as defined under section 327C.015, subdivision 6.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 27. Minnesota Statutes 2022, section 290A.25, is amended to read:

290A.25 VERIFICATION OF SOCIAL SECURITY OR INDIVIDUAL TAXPAYER IDENTIFICATION NUMBERS.

Annually, the commissioner of revenue shall furnish a list to the county assessor containing the names and Social Security or individual taxpayer identification numbers of persons who have applied for both homestead classification under section 273.13 and a property tax refund as a renter under this chapter renter's credit under section 290.0693.

Within 90 days of the notification, the county assessor shall investigate to determine if the homestead classification was improperly claimed. If the property owner does not qualify, the county assessor shall notify the county auditor who will determine the amount of homestead benefits that has been improperly allowed. For the purpose of this section, "homestead benefits" has the meaning given in section 273.124, subdivision 13b. The county auditor shall send a notice to persons who owned the affected property at the time the homestead application related to the improper homestead was filed, demanding reimbursement of the homestead benefits plus a penalty equal to 100 percent of the homestead benefits. The person notified may appeal the county's determination with the Minnesota Tax Court within 60 days of the date of the notice from the county as provided in section 273.124, subdivision 13b.

If the amount of homestead benefits and penalty is not paid within 60 days, and if no appeal has been filed, the county auditor shall certify the amount of taxes and penalty to the county treasurer. The county treasurer will add interest to the unpaid homestead benefits and penalty amounts at the rate provided for delinquent personal property taxes for the period beginning 60 days after demand for payment was made until payment. If the person notified is the current owner of the property, the treasurer may add the total amount of benefits, penalty, interest, and costs to the real estate taxes otherwise payable on the property in the following year. If the person notified is not the current owner of the property, the treasurer may collect the amounts due under the Revenue Recapture Act

in chapter 270A, or use any of the powers granted in sections 277.20 and 277.21 without exclusion, to enforce payment of the benefits, penalty, interest, and costs, as if those amounts were delinquent tax obligations of the person who owned the property at the time the application related to the improperly allowed homestead was filed. The treasurer may relieve a prior owner of personal liability for the benefits, penalty, interest, and costs, and instead extend those amounts on the tax lists against the property for taxes payable in the following year to the extent that the current owner agrees in writing.

Any amount of homestead benefits recovered by the county from the property owner shall be distributed to the county, city or town, and school district where the property is located in the same proportion that each taxing district's levy was to the total of the three taxing districts' levy for the current year. Any amount recovered attributable to taconite homestead credit shall be transmitted to the St. Louis County auditor to be deposited in the taconite property tax relief account. Any amount recovered that is attributable to supplemental homestead credit is to be transmitted to the commissioner of revenue for deposit in the general fund of the state treasury. The total amount of penalty collected must be deposited in the county general fund.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 28. Minnesota Statutes 2022, section 327C.02, subdivision 5, is amended to read:

Subd. 5. **Written notice required.** A prospective resident, before being asked to sign a rental agreement, must be given the following notice printed verbatim in boldface type of a minimum size of ten points. The notice must be provided with the park residency application. The notice must be posted in a conspicuous and public location in the park:

"IMPORTANT NOTICE

State law provides special rules for the owners, residents, and prospective residents of manufactured home parks.

You may keep your home in the park as long as the park is in operation and you meet your financial obligations, obey state and local laws which apply to the park, obey reasonable park rules, do not substantially annoy or endanger the other residents or substantially endanger park personnel and do not substantially damage the park premises. You may not be evicted or have your rent increased or your services cut for complaining to the park owner or to a governmental official.

If you receive an eviction notice and do not leave the park, the park owner may take you to court. If you lose in court, a sheriff may remove you and your home from the park within seven days. Or, the court may require you to leave the park within seven days but give you 60 days to sell the home within the park.

If you receive an eviction notice for a new or amended rule and the court finds the rule to be reasonable and not a substantial modification of your original agreement, the court will not order you to leave but will order you to comply with the rule within ten days. If you do not comply within the time given or if you violate the rule at a later time, you will be subject to eviction.

All park rules and policies must be reasonable. Your rent may not be increased more than twice a year. Changes made in park rules after you become a park resident will not apply to you if they substantially change your original agreement.

The park may not charge you an entrance fee.

The park may require a security deposit, but the deposit must not amount to more than two months rent.

You have a right to sell the home in the park. But the sale is not final until the park owner approves the buyer as a new resident, and you must advise in writing anyone who wants to buy your home that the sale is subject to final approval by the park owner.

The park must provide to you, in writing, the procedures and criteria used to evaluate a prospective resident. If your application is denied, you can request, in writing, the reason why.

You must also disclose in writing certain safety information about your home to anyone who wants to buy it in the park. You must give this information to the buyer before the sale, in writing, on the form that is attached to this notice. You must completely and accurately fill out the form and you and the buyer should each keep a copy.

Your rental agreement and the park rules contain important information about your rights and duties. Read them carefully and keep a copy.

You must be given a copy of the shelter or evacuation plan for the park. This document contains information on where to seek shelter in times of severe weather conditions. You should carefully review the plan and keep a copy.

By February 1 of each year, the park must give you a certificate of rent ~~constituting property taxes paid~~ as required by ~~Minnesota Statutes, section~~ sections 290.0693, subdivision 4, and 290A.19.

For further information concerning your rights, consult a private attorney. The state law governing the rental of lots in manufactured home parks may also be enforced by the Minnesota Attorney General."

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

Sec. 29. Minnesota Statutes 2022, section 462A.05, subdivision 24, is amended to read:

Subd. 24. **Housing for elderly, persons with physical or developmental disabilities, and single parent families.** (a) It may engage in housing programs for low- and moderate-income elderly, persons with physical or developmental disabilities, or single parent families in the case of home sharing programs, as defined by the agency, to provide grants or loans, with or without interest, for:

(1) accessibility improvements to residences occupied by elderly persons;

(2) housing sponsors, as defined by the agency, of home sharing programs to match existing homeowners with prospective tenants who will contribute either rent or services to the homeowner,

where either the homeowner or the prospective tenant is elderly, a person with physical or developmental disabilities, or the head of a single parent family;

(3) the construction of or conversion of existing buildings into structures for occupancy by the elderly that contain from three to 12 private sleeping rooms with shared cooking facilities and common space; and

(4) housing sponsors, as defined by the agency, to demonstrate the potential for home equity conversion in Minnesota for the elderly, in both rural and urban areas, and to determine the need in those equity conversions for consumer safeguards.

(b) In making the grants or loans, the agency shall determine the terms and conditions of repayment and the appropriate security, if any, should repayment be required. The agency may provide technical assistance to sponsors of home sharing programs or may contract or delegate the provision of the technical assistance in accordance with section 462A.07, subdivision 12.

(c) Housing sponsors who receive funding through these programs shall provide homeowners and tenants participating in a home sharing program with information regarding their rights and obligations as they relate to federal and state tax law including, but not limited to, taxable rental income, homestead classification under chapter 273, the renter's credit under section 290.0693, and the property tax refund act under chapter 290A.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 30. **TAX CREDIT OUTREACH; APPROPRIATION.**

(a) \$1,000,000 in fiscal year 2024 and \$1,000,000 in fiscal year 2025 are appropriated from the general fund to the commissioner of revenue to make grants to one or more eligible organizations. An eligible organization receiving a grant must use the funds to:

(1) publicize and promote the availability of eligible credits to taxpayers likely to be eligible for those credits; or

(2) provide taxpayer assistance services.

(b) For the purposes of this section the following terms have the meanings given:

(1) "eligible credit" means a credit targeting low-income taxpayers, including but not limited to the credits under sections 290.0661, 290.0693, and 290.0671 and chapter 290A;

(2) "eligible organization" means a nonprofit organization or federally recognized Indian Tribe with experience serving demographic groups or geographic regions that have historically had low rates of participation in eligible credits. Eligible organization includes but is not limited to organizations qualifying under section 7526A(e)(2)(B) of the Internal Revenue Code; and

(3) "taxpayer assistance services" means accounting and tax preparation services provided by volunteers to low-income, elderly, and disadvantaged Minnesota residents to help them file federal and state income tax returns and Minnesota property tax refund claims and to provide personal representation before the Department of Revenue and Internal Revenue Service.

Sec. 31. **REPEALER.**

Minnesota Statutes 2022, sections 290A.03, subdivisions 9 and 11; 290A.04, subdivision 2a; and 290A.23, subdivision 1, are repealed.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

ARTICLE 8

TAX INCREMENT FINANCING

Section 1. Minnesota Statutes 2022, section 469.174, subdivision 27, is amended to read:

Subd. 27. **Small city.** "Small city" means any home rule charter or statutory city that has a population of 5,000 or less and that is located ~~ten~~ five miles or more from a home rule charter or statutory city, located in this state, with a population of 10,000 or more. For purposes of this definition, the distance between cities is measured by drawing a straight line from the nearest boundaries of the two cities.

EFFECTIVE DATE. This section is effective for districts for which the request for certification was made after July 1, 2023.

Sec. 2. Laws 2003, chapter 127, article 10, section 31, subdivision 1, as amended by Laws 2008, chapter 366, article 5, section 21, and Laws 2019, First Special Session chapter 6, article 7, section 1, is amended to read:

Subdivision 1. **District extension.** (a) The governing body of the city of Hopkins may elect to extend the duration of its redevelopment tax increment financing district 2-11 by up to four additional years.

(b) Notwithstanding Minnesota Statutes, section 469.1763, subdivision 2, effective upon approval of this subdivision, no increments may be spent on activities located outside of the area of the district, other than:

(1) to pay administrative expenses, not to exceed ten percent of the total tax increments from the district; or

(2) to pay the costs of housing or redevelopment activities that are consistent with Minnesota Statutes, section 469.176, subdivision 4j, provided that expenditures under this clause may not exceed ~~20~~ 25 percent of the total tax increments from the district.

The total amount of increment that may be spent on activities located outside the area of the district under this section shall be limited to ~~25~~ 28 percent.

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

Sec. 3. Laws 2008, chapter 366, article 5, section 26, as amended by Laws 2013, chapter 143, article 9, section 11, and Laws 2019, First Special Session chapter 6, article 7, section 2, is amended to read:

Sec. 26. BLOOMINGTON TAX INCREMENT FINANCING; FIVE-YEAR RULE.

(a) The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year period from the date of certification of a tax increment financing district, are increased to a ~~21-year~~ 26-year period for the Port Authority of the City of Bloomington's Tax Increment Financing District No. 1-I, Bloomington Central Station. The requirements of Minnesota Statutes, section 469.1763, subdivision 4, relating to the use of increment after the expiration of the five-year rule, is extended to the 27th year.

(b) Notwithstanding the provisions of Minnesota Statutes, section 469.176, or any other law to the contrary, the city of Bloomington and its port authority may extend the duration limits of the district for a period through December 31, ~~2039~~ 2044.

(c) Effective for taxes payable in 2014, tax increment for the district must be computed using the current local tax rate, notwithstanding the provisions of Minnesota Statutes, section 469.177, subdivision 1a.

EFFECTIVE DATE. This section is effective upon compliance by the city of Bloomington, Hennepin County, and Independent School District No. 271 with the requirements of Minnesota Statutes, section 469.1782, subdivision 2.

Sec. 4. Laws 2008, chapter 366, article 5, section 36, subdivision 1, is amended to read:

Subdivision 1. **Authorization.** Notwithstanding the provisions of any other law, upon approval of the governing body of the city of St. Paul, the Housing and Redevelopment Authority of the city of St. Paul may establish a redevelopment tax increment financing district comprised of the properties included in the existing downtown and Seventh Place tax increment district (County #82). Notwithstanding Minnesota Statutes, section 469.177, subdivision 6, if certification of the district is requested by July 31, 2008, the certification will be recognized by the county auditor in determining local tax rates for taxes payable in 2009 and subsequent years. The district created under this section terminates December 31, ~~2023~~ 2033. The city may create the district under this section only if it enters into an agreement with Ramsey County to pay the county annually out of the increment from this district an amount equal to the tax that would have been payable to the county on the captured tax capacity of the district had the district not been created.

EFFECTIVE DATE. This section is effective the day after the governing bodies of St. Paul, Ramsey County, and Independent School District No. 625 comply with the requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021, subdivisions 2 and 3.

Sec. 5. Laws 2008, chapter 366, article 5, section 36, subdivision 3, as amended by Laws 2014, chapter 150, article 5, section 5, is amended to read:

Subd. 3. **Authorized expenditures.** Tax increment from the district may be expended only to pay principal and interest on bond obligations issued by the city of St. Paul in 2009 for the RiverCentre Arena, including payment of principal and interest on any bonds issued to repay the

bonds or loans, as amended in 2014, but only through taxes payable year 2023. Commencing with taxes payable year 2024, tax increments from the district may be expended to facilitate capital improvements within the city's RiverCentre complex, including but not limited to the St. Paul RiverCentre, Xcel Energy Center, Roy Wilkins Auditorium, and St. Paul RiverCentre Parking Ramp and adjacent areas controlled by the city. All such expenditures are deemed to be activities within the district under Minnesota Statutes, section 469.1763, subdivisions 2, 3, and 4.

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

Sec. 6. 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~~ 12 years for any district; the five-year rule under Minnesota Statutes, section 469.175, subdivision 4, paragraph (f), is extended to nine 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. 7. Laws 2019, First Special Session chapter 6, article 7, section 7, is amended to read:

Sec. 7. CITY OF DULUTH; TAX INCREMENT FINANCING DISTRICT; SPECIAL RULES AUTHORIZATION.

Subdivision 1. **Establishment.** The city of Duluth or the Duluth Economic Development Authority may establish, by resolution, ~~one~~ not more than two redevelopment tax increment financing ~~district~~ districts located in the city of Duluth, St. Louis County, Minnesota, within the area bordered on the northeast by Slip 3 and the Pier B Resort property line extended northwest to Interstate 35, on the southeast by the Duluth Harbor, on the southwest by the Compass Minerals property line extended northwest to Interstate 35, and on the northwest by Interstate 35, together with adjacent roads and rights-of-way; and such property is deemed to meet the requirements of Minnesota Statutes, section 469.174, subdivision 10.

Subd. 2. **Eligible expenditures.** Expenditures incurred in connection with the development of the property described in subdivision 1 are deemed to meet the requirements of Minnesota Statutes, section 469.176, subdivision 4j. Eligible expenditures for any tax increment financing district established in the area described in subdivision 1 include, without limitation, seawalls and pier facings adjacent to the boundaries of such district.

Subd. 3. **Duration.** Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, or any other law to the contrary, the city of Duluth or its economic development authority may extend the duration limit of a district established under subdivision 1 by five years.

EFFECTIVE DATE. (a) The amendment to subdivision 1 is effective the day after the governing body of the city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

(b) Subdivision 3 is effective upon compliance by the city of Duluth, St. Louis County, and Independent School District No. 709 with the requirements of Minnesota Statutes, section 469.1782, subdivision 2.

Sec. 8. Laws 2021, First Special Session chapter 14, article 9, section 10, is amended to read:

Sec. 10. CITY OF RAMSEY; TAX INCREMENT FINANCING DISTRICT NO. 14; FIVE-YEAR RULE EXTENSION.

(a) The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year period from the date of certification of a tax increment financing district, is extended by a ~~two-year~~ five-year period to November 28, ~~2023~~ 2026, for Tax Increment Financing District No. 14 administered by the city of Ramsey.

(b) The requirements of Minnesota Statutes, section 469.1763, subdivision 4, relating to the use of increment after the expiration of the five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is extended to the ~~13th~~ 16th year for Tax Increment Financing District No. 14.

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

Sec. 9. CITY OF CHATFIELD; TIF AUTHORITY; ECONOMIC DEVELOPMENT AUTHORIZATION.

Notwithstanding Minnesota Statutes, section 469.176, subdivision 4c, paragraph (b), or any other law to the contrary, the city of Chatfield or its economic development authority may establish an economic development district to construct a multilevel hotel on Mill Creek Road and Division Street NW, south of Trunk Highway 30, in the city of Chatfield, Olmsted County, provided that the first floor of the hotel does not exceed 15,000 square feet. For purposes of this section, "first floor" means the floor at street level where the public is permitted to enter and exit.

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

Sec. 10. CITY OF DULUTH; TAX INCREMENT FINANCING DISTRICT; SPECIAL RULES.

Subdivision 1. **Establishment.** Under the special rules established in subdivision 2, the economic development authority of the city of Duluth or the city of Duluth may establish one or more

redevelopment districts located wholly within the area of the city of Duluth, St. Louis County, Minnesota, limited to the area classified as the Medical Regional Exchange District and East 1st Street Corridor as bounded by: East 6th Street from North 3rd Avenue East to North 7th Avenue East; North 7th Avenue East from East 6th Street to East 3rd Street; East 3rd Street from North 7th Avenue East to North 12th Avenue East; North 12th Avenue East from East 3rd Street straight through the Duluth Rose Garden to the Lake Superior Waterfront; the Lake Superior waterfront from the Duluth Rose Garden at North 12th Avenue East to Lake Place Park at North 3rd Avenue East; North 3rd Avenue East from Lake Place Park at the Lake Superior waterfront to East Superior Street; East Superior Street from North 3rd Avenue East to North Lake Avenue; North Lake Avenue from East Superior Street to East 2nd Street; East 2nd Street from North Lake Avenue to North 3rd Avenue East; North 3rd Ave East from East 2nd Street to East 6th Street.

Subd. 2. **Special rules.** If the city or authority establishes a redevelopment tax increment financing district under this section, the following special rules apply:

(1) the district is deemed to meet all the requirements of Minnesota Statutes, section 469.174, subdivision 10; and

(2) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district.

Subd. 3. **Expiration.** The authority to approve a tax increment financing plan to establish a tax increment financing district under this section expires December 31, 2030.

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

Sec. 11. **CITY OF FRIDLEY; TAX INCREMENT FINANCING DISTRICT; SPECIAL RULES.**

Subdivision 1. **Transfer of increment.** Notwithstanding Minnesota Statutes, section 469.176, subdivision 4j, the city of Fridley or its economic development authority may transfer tax increment accumulated from Fridley Tax Increment Financing District No. 20 to the Fridley Housing and Redevelopment Authority for the purposes authorized in subdivision 2. Only increment allowed to be expended outside of the district pursuant to Minnesota Statutes, section 469.1763, subdivision 2, may be transferred under this section.

Subd. 2. **Allowable use.** Tax increment transferred under subdivision 1 must be used only to:

(1) make grants, loans, and loan guarantees for the development, rehabilitation, or financing of housing; or

(2) match other funds from federal, state, or private resources for housing projects.

Subd. 3. **Annual financial reporting.** Tax increment transferred under this section is subject to the annual reporting requirements under Minnesota Statutes, section 469.175, subdivision 6.

Subd. 4. **Legislative reports.** By February 1, 2025, and February 1, 2027, the city of Fridley must issue a report to the chairs and ranking minority members of the legislative committees with

jurisdiction over taxes and property taxes. Each report must include detailed information relating to each program financed with increment transferred under this section.

Subd. 5. **Expiration.** The authority to make transfers under subdivision 1 expires December 31, 2027.

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

Sec. 12. **CITY OF PLYMOUTH; TIF AUTHORITY.**

Subdivision 1. **Establishment.** Under the special rules established in subdivision 2, the city of Plymouth may establish not more than two redevelopment districts located wholly within the city of Plymouth, Hennepin County, Minnesota, limited to the following parcels identified by tax identification numbers: 34-119-22-44-0002, 03-118-22-12-0002, 03-118-22-11-0007, 02-118-22-22-0005, and 03-118-22-14-0032, together with adjacent roads and rights-of-way.

Subd. 2. **Special rules.** If the city establishes a tax increment financing district under this section, the following special rules apply:

(1) the district is deemed to meet the requirements of Minnesota Statutes, section 469.174, subdivision 10;

(2) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district; and

(3) not more than 75 percent of increments generated from the district may be expended on improvements to Chankahda Trail, formerly known as Hennepin County Road 47, outside the project area, and all such expenditures are deemed expended on activities within the district for the purposes of Minnesota Statutes, section 469.1763.

Subd. 3. **Expiration.** The authority to approve a tax increment financing plan to establish a tax increment financing district under this section expires December 31, 2030.

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

Sec. 13. **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 numbers: 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, clauses (1) to (7) and (11) to (22), 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. 14. CITY OF WEST ST. PAUL; TIF AUTHORITY.

Subdivision 1. Establishment. Under the special rules established in subdivision 2, the economic development authority of the city of West St. Paul or the city of West St. Paul may establish one or more redevelopment tax increment financing districts consisting of the parcels in the city of West St. Paul, Dakota County, Minnesota, currently identified with the following parcel identification numbers: 42-83680-01-011, 42-11561-00-010, 42-11561-01-010, 42-11560-01-021, 42-11561-00-020, and 42-11560-01-022, as the same may be replatted or reconfigured, together with adjacent roads and rights-of-way.

Subd. 2. Special rules. If the city or authority establishes one or more tax increment financing districts under this section, the following special rules apply:

(1) the districts are deemed to meet all the requirements of Minnesota Statutes, section 469.174, subdivision 10; and

(2) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district.

Subd. 3. Expiration. The authority to approve a tax increment financing plan to establish a tax increment financing district under this section expires December 31, 2030.

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

Sec. 15. CITY OF WOODBURY; TAX INCREMENT FINANCING 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, section 469.1782, subdivision 2.

ARTICLE 9

OFFICE OF THE STATE AUDITOR: TAX INCREMENT FINANCING GENERAL LAW MODIFICATIONS

Section 1. Minnesota Statutes 2022, 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~~ or 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 or 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 2022, 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 2022, section 469.175, subdivision 6, is amended to read:

Subd. 6. **Annual financial reporting.** (a) The state auditor shall develop a uniform system of accounting and financial reporting for tax increment financing districts. The system of accounting and financial reporting shall, as nearly as possible:

(1) provide for full disclosure of the sources and uses of tax increments of the district;

(2) permit comparison and reconciliation with the affected local government's accounts and financial reports;

(3) permit auditing of the funds expended on behalf of a district, including a single district that is part of a multidistrict project or that is funded in part or whole through the use of a development account funded with tax increments from other districts or with other public money;

(4) be consistent with generally accepted accounting principles.

(b) The authority must annually submit to the state auditor a financial report in compliance with paragraph (a). Copies of the report must also be provided to the county auditor and to the governing body of the municipality, if the authority is not the municipality. To the extent necessary to permit compliance with the requirement of financial reporting, the county and any other appropriate local government unit or private entity must provide the necessary records or information to the authority or the state auditor as provided by the system of accounting and financial reporting developed pursuant to paragraph (a). The authority must submit the annual report for a year on or before August 1 of the next year.

(c) The annual financial report must also include the following items:

(1) the original net tax capacity of the district and any subdistrict under section 469.177, subdivision 1;

(2) the net tax capacity for the reporting period of the district and any subdistrict;

(3) the captured net tax capacity of the district;

(4) any fiscal disparity deduction from the captured net tax capacity under section 469.177, subdivision 3;

(5) the captured net tax capacity retained for tax increment financing under section 469.177, subdivision 2, paragraph (b), clause (1);

(6) any captured net tax capacity distributed among affected taxing districts under section 469.177, subdivision 2, paragraph (b), clause (2);

(7) the type of district;

(8) the date the municipality approved the tax increment financing plan and the date of approval of any modification of the tax increment financing plan, the approval of which requires notice, discussion, a public hearing, and findings under subdivision 4, paragraph (a);

(9) the date the authority first requested certification of the original net tax capacity of the district and the date of the request for certification regarding any parcel added to the district;

(10) the date the county auditor first certified the original net tax capacity of the district and the date of certification of the original net tax capacity of any parcel added to the district;

(11) the ~~month and~~ year in which the authority has received or anticipates it will receive the first increment from the district;

(12) the date the district must be decertified;

(13) for the reporting period and prior years of the district, the actual amount received from, at least, the following categories:

(i) tax increments paid by the captured net tax capacity retained for tax increment financing under section 469.177, subdivision 2, paragraph (b), clause (1), but excluding any excess taxes;

(ii) tax increments that are interest or other investment earnings on or from tax increments;

(iii) tax increments that are proceeds from the sale or lease of property, tangible or intangible, purchased by the authority with tax increments;

(iv) tax increments that are repayments of loans or other advances made by the authority with tax increments;

(v) bond proceeds; and

(vi) the agricultural homestead market value credit paid to the authority under section 273.1384;

(14) for the reporting period and for the prior years of the district, the actual amount expended for, at least, the following categories:

(i) acquisition of land and buildings through condemnation or purchase;

(ii) site improvements or preparation costs;

(iii) installation of public utilities, parking facilities, streets, roads, sidewalks, or other similar public improvements;

(iv) administrative costs, including the allocated cost of the authority; and

(v) for housing districts, construction of affordable housing;

(15) the amount of any payments for activities and improvements located outside of the district that are paid for or financed with tax increments;

(16) the amount of payments of principal and interest that are made during the reporting period on any nondefeased:

(i) general obligation tax increment financing bonds; and

(ii) other tax increment financing bonds, including pay-as-you-go contracts and notes;

(17) the principal amount, at the end of the reporting period, of any nondefeased:

(i) general obligation tax increment financing bonds; and

(ii) other tax increment financing bonds, including pay-as-you-go contracts and notes;

(18) the amount of principal and interest payments that are due for the current calendar year on any nondefeased:

- (i) general obligation tax increment financing bonds; and
- (ii) other tax increment financing bonds, including pay-as-you-go contracts and notes;

(19) if the fiscal disparities contribution under chapter 276A or 473F for the district is computed under section 469.177, subdivision 3, paragraph (a), the amount of total increased property taxes to be paid from outside the tax increment financing district; and

(20) any additional information the state auditor may require.

(d) The reporting requirements imposed by this subdivision apply to districts certified before, on, and after August 1, 1979.

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

Sec. 4. Minnesota Statutes 2022, 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. 5. Minnesota Statutes 2022, 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 469.142₂; 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 469.068₂; by an economic development authority to finance or otherwise pay the cost of redevelopment pursuant to sections 469.090 to 469.108₂; by a housing and redevelopment authority or economic development authority to finance or otherwise pay public redevelopment costs pursuant to sections 469.001 to 469.047₂; 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 469.133₂; by a municipality or authority to finance or otherwise pay the costs of developing and implementing a development action response plan₂; 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. 6. Minnesota Statutes 2022, 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, 2023.

Sec. 7. Minnesota Statutes 2022, 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 2022, 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, 2023, 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 2022, 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 2022, 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 2022, 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 2022, 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.

ARTICLE 10

LOCAL SALES AND USE TAXES

Section 1. Minnesota Statutes 2022, section 297A.99, is amended by adding a subdivision to read:

Subd. 3a. Temporary moratorium. (a) Notwithstanding subdivisions 1, 2, and 3, until after May 31, 2025, a political subdivision may not engage in any of the following activities in connection with imposing a new local sales and use tax or modifying an existing local sales and use tax:

(1) any activity described in subdivision 1, paragraph (d);

(2) adopt a resolution; or

(3) seek voter approval.

(b) Paragraph (a) does not apply to new local sales and use taxes or modifications to existing local sales and use taxes authorized in May, 2023.

(c) This subdivision expires June 1, 2025.

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

Sec. 2. Laws 1993, chapter 375, article 9, section 46, as amended by Laws 1997, chapter 231, article 7, section 40, Laws 1998, chapter 389, article 8, sections 30, 31, and 32, Laws 2003, First Special Session chapter 21, article 8, section 13, Laws 2005, First Special Session chapter 3, article 5, sections 26 and 27, Laws 2009, chapter 88, article 4, sections 15 and 16, and Laws 2013, chapter 143, article 8, sections 44 and 45, is amended by adding a subdivision to read:

Subd. 1a. **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 an election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of St. Paul may impose by ordinance a sales and use tax of one percent for the purposes specified in subdivision 2b. Notwithstanding Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), the city may, but is not required to, present one question on the ballot for all projects authorized under subdivision 3a. If all projects are presented in one question, the question must state each project 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 for each project. 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 other local sales and use tax imposed by the city of St. Paul under any other special law.

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

Sec. 3. Laws 1993, chapter 375, article 9, section 46, as amended by Laws 1997, chapter 231, article 7, section 40, Laws 1998, chapter 389, article 8, sections 30, 31, and 32, Laws 2003, First Special Session chapter 21, article 8, section 13, Laws 2005, First Special Session chapter 3, article 5, sections 26 and 27, Laws 2009, chapter 88, article 4, sections 15 and 16, and Laws 2013, chapter 143, article 8, sections 44 and 45, is amended by adding a subdivision to read:

Subd. 2b. **Use of revenues.** (a) The revenues derived from the tax authorized under subdivision 1a must be used by the city of St. Paul to pay the costs of collecting and administering the tax and to finance all or part of the following projects in the city, including securing and paying debt service on bonds issued under subdivision 3a:

(1) notwithstanding Minnesota Statutes, section 297A.99, subdivision 2, paragraphs (a), clause (2), and (d), \$738,000,000, plus associated bonding costs for improvements to:

(i) streets; and

(ii) bridges; and

(2) notwithstanding Minnesota Statutes, section 297A.99, subdivision 2, paragraph (d), \$246,000,000, plus associated bonding costs for capital improvements to St. Paul parks and recreation facilities.

(b) The city must adopt an amended resolution authorizing use of the revenues from the tax authorized under subdivision 1a for the use listed in paragraph (a), clause (1), item (ii). The city must submit the resolution to the state auditor no later than August 31 of the year the city 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 purposes for which the revenues must be used as included in the amended resolution.

(c) If the city does not adopt and submit the amended resolution under paragraph (b), the question presented to the voters under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), must not include, and revenues from the tax authorized under subdivision 1a must not be used for, the purpose specified in paragraph (a), clause (1), item (ii).

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

Sec. 4. Laws 1993, chapter 375, article 9, section 46, as amended by Laws 1997, chapter 231, article 7, section 40, Laws 1998, chapter 389, article 8, sections 30, 31, and 32, Laws 2003, First Special Session chapter 21, article 8, section 13, Laws 2005, First Special Session chapter 3, article 5, sections 26 and 27, Laws 2009, chapter 88, article 4, sections 15 and 16, and Laws 2013, chapter 143, article 8, sections 44 and 45, is amended by adding a subdivision to read:

Subd. 3a. Bonding authority. (a) The city of St. Paul may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in subdivision 2b 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 \$984,000,000 for the projects listed in subdivision 2b, 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 St. Paul, including the tax authorized under subdivision 1a. 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 St. Paul, 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 St. Paul and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 5. Laws 1993, chapter 375, article 9, section 46, subdivision 5, as amended by Laws 1998, chapter 389, article 8, section 32, and Laws 2013, chapter 143, article 8, section 45, is amended to read:

Subd. 5. Expiration of taxing authority. (a) The authority granted by subdivision 1 to the city to impose a sales tax shall expire on December 31, 2042, or at an earlier time as the city shall, by ordinance, determine. Any funds remaining after completion of projects approved under subdivision 2, paragraph (a) and retirement or redemption of any bonds or other obligations may be placed in the general fund of the city.

(b) The tax imposed under subdivision 1a expires at the earlier of (1) 20 years after the tax 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 2b 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 3a, 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 St. Paul 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, 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 notwithstanding Minnesota Statutes, section 297A.99, subdivision 3, paragraph (d), if approved by the voters at an election held in 2023, 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. Notwithstanding Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), the city may, but is not required to, present one question on the ballot for all projects authorized under subdivision 3a. If all projects are presented in one question, the question must state each project 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 for each project. 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. 7. 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, plus associated bonding costs:

(1) notwithstanding Minnesota Statutes, section 297A.99, subdivision 2, paragraph (d), \$50,000,000 for an economic vitality fund and expenses eligible to be paid from the fund;

(2) notwithstanding Minnesota Statutes, section 297A.99, subdivision 2, paragraph (d), \$50,000,000 for street reconstruction;

(3) notwithstanding Minnesota Statutes, section 297A.99, subdivision 2, paragraph (d), \$40,000,000 for flood control and water quality, excluding removal of the MN00515 dam; and

(4) \$65,000,000 for a sports and recreation complex.

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. 8. 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, clauses (1) to (4), 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. 9. 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) 24 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. 10. Laws 2008, chapter 366, article 7, section 20, as amended by Laws 2017, First Special Session chapter 1, article 5, section 17, is amended to read:

Sec. 20. **CITY OF NORTH MANKATO; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorized.** Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, pursuant to the approval of the voters on November 7, 2006, the city of North Mankato may impose by ordinance a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. The provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the taxes authorized under this subdivision.

Subd. 2. **Use of revenues.** Revenues received from the tax authorized by subdivision 1 must be used to pay all or part of the capital costs of the following projects:

- (1) the local share of the Trunk Highway 14/County State-Aid Highway 41 interchange project;
- (2) development of regional parks and hiking and biking trails, including construction of indoor regional athletic facilities;
- (3) expansion of the North Mankato Taylor Library;
- (4) riverfront redevelopment; and
- (5) lake improvement projects.

The total amount of revenues from the tax in subdivision 1 that may be used to fund these projects is \$15,000,000 plus any associated bond costs.

Subd. 2a. **Authorization to extend the tax.** Notwithstanding Minnesota Statutes, section 297A.99, subdivision 3, the North Mankato city council may, by resolution, extend the tax authorized under subdivision 1 to cover an additional ~~\$9,000,000~~ \$15,000,000 in bonds, plus associated bond costs, to fund the projects in subdivision 2 pursuant to voter approval to extend the tax at the November 8, 2016, general election.

Subd. 3. **Bonds.** (a) The city of North Mankato, pursuant to the approval of the voters at the November 7, 2006 referendum authorizing the imposition of the taxes in this section, may issue bonds under Minnesota Statutes, chapter 475, to pay capital and administrative expenses for the projects described in subdivision 2, in an amount that does not exceed \$6,000,000. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

(b) The city of North Mankato, pursuant to approval of the voters at the November 8, 2016, referendum extending the tax to provide additional revenue to be spent for the projects in subdivision 2, may issue additional bonds under Minnesota Statutes, chapter 475, to pay capital and administrative expenses for those projects in an amount that does not exceed ~~\$9,000,000~~ \$15,000,000. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

(c) The debt represented by the bonds is not included in computing any debt limitation applicable to the city, 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.

Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the earlier of December 31, ~~2038~~ 2044, or when revenues from the taxes first equal or exceed ~~\$15,000,000~~ \$21,000,000 plus the additional amount needed to pay costs related to issuance of bonds under subdivision 3, including interest. Any funds remaining after completion of the projects and retirement or redemption of the bonds shall be placed in a capital facilities and equipment replacement 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 North Mankato and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 11. 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.** (a) 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 an election held on November 7, 2023, 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.

(b) 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 \$18,370,000 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. The aggregate principal amount of bonds issued under this subdivision may not exceed \$18,370,000, 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 2a. 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 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) 35 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, 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 compliance by the governing body of the city of Marshall and its chief clerical officer with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 12. Laws 2019, First Special Session chapter 6, article 6, section 13, is amended by adding a subdivision to read:

Subd. 1a. **Sales and use tax authorization; modification.** Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter, the modifications to bonding authority in subdivision 3 and the amount of tax that may be collected before the termination of taxes in subdivision 5 are effective if approved by the voters at an election as required under Minnesota Statutes, section 297A.99, subdivision 3.

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

Sec. 13. Laws 2019, First Special Session chapter 6, article 6, section 13, subdivision 3, is amended to read:

Subd. 3. **Bonding authority.** (a) The city may issue bonds under Minnesota Statutes, chapter 475, to pay the costs of the projects authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed ~~\$1,500,000~~ \$8,135,000 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, 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, 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 Avon and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 14. Laws 2019, First Special Session chapter 6, article 6, section 13, subdivision 4, is amended to read:

Subd. 4. **Termination of taxes.** (a) The tax imposed under subdivision 1 expires at the earlier of: (1) December 31, 2045; or (2) when the city council determines that ~~\$1,500,000~~ \$8,135,000 has been received from the tax to pay for the cost of the projects authorized under subdivision 2, plus an amount sufficient to pay the costs related to issuance of the bonds authorized under subdivision 3, including interest on the bonds.

(b) 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 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 Avon and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 15. Laws 2019, First Special Session chapter 6, article 6, section 18, is amended to read:

Sec. 18. CITY OF EXCELSIOR; LOCAL SALES AND USE TAX AUTHORIZED.

Subdivision 1. **Sales and use tax 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 Excelsior may impose, by ordinance, a sales and use tax of up to one-half of one percent for the purposes specified in subdivision 2, as approved by the voters at the November 4, 2014, general election. 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.

Subd. 1a. Authorization; additional revenues allowed. Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at an election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Excelsior may collect additional revenue from the sales and use tax authorized under subdivision 1, for the purpose specified in subdivision 2a. 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 Excelsior to pay the costs of collecting and administering the tax and to finance the capital and administrative costs of improvements to the commons as indicated in the Commons Master Plan as adopted by the city council on November 20, 2017. Authorized expenses include, but are not limited to, improvements for walkability and accessibility, enhancement of beach area and facilities, prevention and management of shoreline erosion, redesign of the port and band shell, improvement of playground equipment, and securing and paying debt service on bonds issued under subdivision 3 or other obligations issued to the improvements listed in this subdivision in the city of Excelsior.

Subd. 2a. Use of sales and use tax revenues; expanded. The revenues derived from the additional authorization granted under subdivision 1a must be used by the city of Excelsior to pay the costs of collecting and administering the tax and paying for \$23,000,000, plus associated bonding costs, for the costs of improvements to the commons as indicated in the Commons Master Plan as adopted by the city council on January 9, 2023, including securing and paying debt service on bonds issued to finance the project.

Subd. 3. Bonding authority. (a) If the imposition of the tax is approved by the voters under subdivision 1, the city of Excelsior may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in subdivision 2, without a second

vote. The aggregate principal amount of bonds issued under this subdivision may not exceed \$7,000,000, 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 Excelsior, 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 of Excelsior, 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. 3a. **Bonding authority; additional use of tax.** (a) After payment of the bonds authorized under subdivision 3, the city of Excelsior may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in subdivision 2a. The aggregate principal amount of bonds issued under this subdivision may not exceed \$23,000,000, 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 Excelsior, including the tax authorized under subdivision 1a. 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 Excelsior, 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. The tax imposed under subdivision 1 and subdivision 1a expires at the earlier of: (1) 25 years after the tax is first imposed; or (2) when the city council determines that ~~\$7,000,000~~ \$30,000,000 has been received from the tax to pay for the cost of the projects authorized under subdivision 2 and subdivision 2a, plus an amount sufficient to pay the costs related to issuance of the bonds authorized under subdivision 3 and subdivision 3a, 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 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 Excelsior and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 16. Laws 2019, First Special Session chapter 6, article 6, section 26, is amended to read:

Sec. 26. CITY OF ROGERS; LOCAL TAXES AUTHORIZED.

Subdivision 1. Sales and use tax authorization. Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any other law or ordinance, and as approved by the voters at the general election of November 6, 2018, the city of Rogers may impose, by ordinance, a sales and use tax of one-quarter of one percent for the purposes specified in subdivision 3. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the taxes authorized under this subdivision.

Subd. 2. **Excise tax authorized.** Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, or ordinance, the city of Rogers may impose by ordinance, for the purposes specified in subdivision 3, an excise tax of up to \$20 per motor vehicle, as defined by ordinance, purchased or acquired from any person engaged within the city of Rogers in the business of selling motor vehicles at retail.

Subd. 3. **Use of sales and use tax and excise tax revenues.** (a) The revenues derived from the taxes authorized under subdivisions 1 and 2 must be used by the city of Rogers to pay the costs of collecting and administering the taxes and the capital and administrative costs of any or all of the following projects:

(1) trail and pedestrian facilities including an I-94 pedestrian crossing, a County Road 144 pedestrian tunnel, and other new trails and trail connections;

(2) aquatics facilities consisting of either or both of a splash pad and any contribution toward the community portion of a school pool; and

(3) community athletic facilities including construction of South Community park, site improvements for future recreation facilities, and a multipurpose indoor turf facility.

(b) The total that may be raised from the taxes to pay for these projects is limited to ~~\$16,500,000~~ \$25,000,000, plus the costs related to the issuance and paying debt service on bonds for these projects.

Subd. 4. **Bonding authority.** (a) The city of Rogers may issue bonds under Minnesota Statutes, chapter 475, pursuant to approval by the voters at the general election of November 6, 2018, to finance all or a portion of the costs of the projects authorized in subdivision 3. The aggregate principal amount of bonds issued under this subdivision may not exceed ~~\$16,500,000~~ \$25,000,000, minus an amount equal to any state grant authorized before October 1, 2019, to fund any of the projects listed in subdivision 3, and plus an amount equal to interest on and the costs of issuing the bonds. The bonds may be paid from or secured by any funds available to the city of Rogers, including the taxes authorized under subdivisions 1 and 2.

(b) The bonds are not included in computing any debt limitation applicable to the city of Rogers, 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.** The taxes imposed under subdivisions 1 and 2 expire at the earlier of: (1) 20 years after the taxes are first imposed; or (2) when the city council determines that ~~\$16,500,000~~ \$25,000,000, minus an amount equal to any state grant authorized before October 1, 2019, to fund any of the projects listed in subdivision 3, and plus an amount sufficient to pay interest on and the costs of issuing the bonds authorized under subdivision 4, has been received from the taxes to pay for the cost of the projects authorized under subdivision 3. Any funds remaining after payment of all such costs and payment of the bonds in full shall be placed in the general fund of the city. The taxes imposed under subdivisions 1 and 2 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 Rogers and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 17. Laws 2021, First Special Session chapter 14, article 8, section 5, is amended to read:

Sec. 5. CITY OF EDINA; 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 Edina 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 Edina 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) \$17,700,000 plus associated bonding costs for development of Fred Richards Park as identified in the Fred Richards Park Master Plan; and

(2) ~~\$21,600,000~~ \$53,300,000 plus associated bonding costs for improvements to Braemar Park as identified in the Braemar Park Master Plan.

Subd. 3. Bonding authority. (a) The city of Edina 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: (1) \$17,700,000 for the project listed in subdivision 2, clause (1), plus an amount to be applied to the payment of the costs of issuing the bonds; and (2) ~~\$21,600,000~~ \$53,300,000 for the project listed in subdivision 2, clause (2), 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 Edina, 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 of Edina, 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 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 Edina and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 18. Laws 2021, First Special Session chapter 14, article 8, section 6, subdivision 2, is amended to read:

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 Fergus Falls 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) \$7,800,000 for an aquatics center; and
- (2) \$5,200,000 for the DeLagoon Improvement Project.

(b) Notwithstanding Minnesota Statutes, section 297A.99, subdivision 3, and as approved by the voters at the November 8, 2022, general election, the city of Fergus Falls may by ordinance increase the cost for the project in paragraph (a), clause (1), by up to \$3,000,000, without holding another local election.

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

Sec. 19. Laws 2021, First Special Session chapter 14, article 8, section 6, subdivision 3, is amended to read:

Subd. 3. **Bonding authority.** (a) The city of Fergus Falls 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) \$7,800,000 for the project 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) \$5,200,000 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 Fergus Falls, 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 Fergus Falls, 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.

(d) Notwithstanding Minnesota Statutes, section 297A.99, subdivision 3, and as approved by the voters at the November 8, 2022, general election, the city of Fergus Falls may by ordinance increase the amount of bonding for the project in paragraph (a), clause (1), by up to \$3,000,000, without holding another local election.

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

Sec. 20. Laws 2021, First Special Session chapter 14, article 8, section 15, 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 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~~ \$28,000,000 plus associated bonding costs for construction of a new public works facility; and

(2) ~~\$15,000,000~~ \$18,000,000 plus associated bonding costs for construction and rehabilitation, and associated building costs of the police department facility.

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. 21. Laws 2021, First Special Session chapter 14, article 8, section 15, subdivision 3, is amended to read:

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~~ \$28,000,000 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~~ \$18,000,000 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.

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. 22. Laws 2021, First Special Session chapter 14, article 8, section 15, subdivision 4, is amended to read:

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~~ \$46,000,000 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. 23. Laws 2021, First Special Session chapter 14, article 8, section 15, is amended by adding a subdivision to read:

Subd. 5. **Requirements.** (a) The city of Oakdale must adopt a resolution that includes the requirements of Minnesota Statutes, section 297A.99, subdivision 2, paragraph (a), and reflects the increases in project costs and bond issuance in subdivisions 2 and 3 and the increase in the duration of the tax in subdivision 4, and submit the resolution to the state auditor no later than September 1, 2023.

(b) The modifications in subdivisions 2 to 4 are subject to approval by the voters of the city of Oakdale at an election conducted on the first Tuesday after the first Monday in November within the two-year period after the governing body of the city has received authority to modify the tax. Notwithstanding the authorizing legislation, a modification 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 subdivision 4 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.

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. 24. 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 following final enactment.

Sec. 25. **BELTRAMI COUNTY; TAXES AUTHORIZED.**

Subdivision 1. Sales and use tax authorization. Notwithstanding Minnesota Statutes, section 297A.99, subdivision 1, or 477A.016, or any other law or ordinance, and if approved by the voters at an election as required under Minnesota Statutes, section 297A.99, subdivision 3, Beltrami County may impose by ordinance a sales and use tax of five-eighths of one percent for the purpose 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 Beltrami County to pay the costs of collecting and administering the tax, and to finance up to \$80,000,000, plus associated bonding costs, for the construction of a new county jail.

Subd. 3. Bonding authority. (a) Beltrami County may issue bonds under Minnesota Statutes, chapter 475, to finance the costs of the facility authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed \$80,000,000 for the project listed in subdivision 2, 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 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.

(b) The bonds are not included in computing any debt limitation applicable to the 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 the tax is first imposed; or (2) when the county board determines that the amount received from the tax is sufficient to pay \$80,000,000 in 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 Beltrami County and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 26. **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 an 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 up to 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, including associated bond costs on bonds issued under subdivision 3, and securing and paying debt service on the bonds, and to finance all or part of the following projects:

(1) \$200,000 for electricity and utility improvements at the city campground;

(2) \$250,000 for construction of a playground and ADA-compliant restroom at the city wayside rest;

(3) \$300,000 for trail extensions and improvements adjacent to Wayside Rest Park;

(4) \$150,000 for irrigation improvements at the city golf course; and

(5) \$100,000 for rehabilitation of the Blackduck Community 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 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:

(1) \$200,000 for the project listed in subdivision 2, clause (1), plus an amount to be applied to the payment of the costs of issuing the bonds;

(2) \$250,000 for the project listed in subdivision 2, clause (2), plus an amount to be applied to the payment of the costs of issuing the bonds;

(3) \$300,000 for the project listed in subdivision 2, clause (3), plus an amount to be applied to the payment of the costs of issuing the bonds;

(4) \$150,000 for the project listed in subdivision 2, clause (4), plus an amount to be applied to the payment of the costs of issuing the bonds; and

(5) \$100,000 for the project listed in subdivision 2, clause (5), 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, 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. 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) 20 years after the tax is first imposed; or (2) when the city determines that the amount it has received from this 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 timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the city's general fund. The tax imposed under subdivision 1 may expire at an earlier time if the city 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. 27. **CITY OF BLOOMINGTON; 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 an 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) \$35,000,000 for new construction and rehabilitation of the Bloomington Ice Garden and associated infrastructure;

(2) \$100,000,000 for construction of a new Community Health and Wellness Center and associated infrastructure; and

(3) \$20,000,000 for new construction and restoration of the Nine Mile Creek Corridor Renewal and associated infrastructure.

(b) For purposes of this subdivision, "associated infrastructure" includes but is not limited to any or all of the following items required for the safe access or use of the capital projects: facilities, roads, lighting, sidewalks, parking, landscaping, and utilities.

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 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:

(1) \$35,000,000 for the project listed in subdivision 2, paragraph (a), clause (1), plus an amount to be applied to the payment of the costs of issuing the bonds;

(2) \$100,000,000 for the project listed in subdivision 2, paragraph (a), clause (2), plus an amount to be applied to the payment of the costs of issuing the bonds; and

(3) \$20,000,000 for the project listed in subdivision 2, paragraph (a), clause (3), 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 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 Bloomington and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 28. **CITY OF BROOKLYN CENTER; 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 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 \$44,000,000, 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 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 \$44,000,000 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 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. 29. **CITY OF CHANHASSEN; 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 an election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Chanhassen may impose by ordinance a sales and use tax of up to 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 Chanhassen to pay the costs of collecting and administering the tax and paying for up to \$40,000,000 for construction costs of the Avienda Recreational Facility, 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 Chanhassen 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 \$40,000,000, 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 Chanhassen, 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 Chanhassen, 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, 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 Chanhassen and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 30. **CITY OF COTTAGE GROVE; 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 an election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Cottage Grove 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 Cottage Grove 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) \$17,000,000 for construction of improvements to Hamlet Park;
- (2) \$6,000,000 for construction of improvements to River Oaks Golf Course; and
- (3) \$13,000,000 for construction of improvements to the Mississippi Dunes Park project.

Subd. 3. **Bonding authority.** (a) The city of Cottage Grove 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:

- (1) \$17,000,000 for the project listed in subdivision 2, clause (1), plus an amount to be applied to the payment of the costs of issuing the bonds;
- (2) \$6,000,000 for the project listed in subdivision 2, clause (2), plus an amount to be applied to the payment of the costs of issuing the bonds; and
- (3) \$13,000,000 for the project listed in subdivision 2, clause (3), 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 Cottage Grove, 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 Cottage Grove, 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) 25 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 Cottage Grove and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 31. CITY OF DETROIT LAKES; TAXES AUTHORIZED.

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 297A.99, subdivision 3, paragraphs (a) and (d), and section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at an election held on either November 7, 2023, or as otherwise required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Detroit Lakes may impose by ordinance a sales and use tax of one-half of one percent for the purpose 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 Detroit Lakes to pay the costs of collecting and administering the tax, and to finance up to \$17,300,000, plus associated bond costs, for the construction and renovation of the Detroit Lakes Pavilion, including park improvements, beachfront improvements, and parking improvements.

Subd. 3. **Bonding authority.** (a) The city of Detroit Lakes may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the project costs authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed \$17,300,000, 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 Detroit Lakes, 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 Detroit Lakes, 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) 12 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, 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 Detroit Lakes and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 32. CITY OF DILWORTH; 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 an election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Dilworth may impose by ordinance a sales and use tax of one-half of one percent for the purpose 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 Dilworth to pay the costs of collecting and administering the tax, and to finance up to \$5,400,000, plus associated bonding costs, for the construction of a community and recreational center.

Subd. 3. Bonding authority. (a) The city of Dilworth may issue bonds under Minnesota Statutes, chapter 475, to finance the costs of the facility authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed \$5,400,000 for the project 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, 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, 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) 25 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 \$5,400,000 in 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 Dilworth and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 33. **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 an 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 up to 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 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) \$6,745,000 plus associated bonding costs for reconstruction and remodeling of, and upgrades and additions to, the Civic Center Sports Complex; and

(2) \$8,000,000 plus associated bonding costs for reconstruction and remodeling of, and upgrades and additions to, the VFW Memorial Arena 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:

(1) \$6,745,000 for the project listed in subdivision 2, clause (1), plus an amount to be applied to the payment of the costs of issuing the bonds; and

(2) \$8,000,000 for the project listed in subdivision 2, clause (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, 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 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. 34. **CITY OF FAIRMONT; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 297A.99, subdivisions 1 and 3, paragraph (d), or 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at an election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Fairmont may impose by ordinance a sales and use tax of one-half of one percent for the purpose 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 Fairmont to pay the costs of collecting and administering the tax and to finance up to \$20,000,000, plus associated bonding costs, for construction of a community center and ice arena.

Subd. 3. **Bonding authority.** (a) The city of Fairmont 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 \$20,000,000, 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 Fairmont, 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 Fairmont, 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) 25 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, 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 Fairmont and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 35. **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 an 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 \$250,000 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 \$250,000 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 \$250,000 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. 36. CITY OF HIBBING; 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 an election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Hibbing may impose by ordinance a sales and use tax of one-half of one percent for the purpose 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 Hibbing to pay the costs of collecting and administering the tax, and to finance up to \$19,600,000 for the construction of a regional public safety center. Authorized costs include the associated bond costs for any bonds issued under subdivision 3.

Subd. 3. **Bonding authority.** (a) The city of Hibbing may issue bonds under Minnesota Statutes, chapter 475, to finance the costs of the facility authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed \$19,600,000 for the project 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, 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, 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 \$19,600,000 in 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 Hibbing and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 37. **CITY OF GOLDEN VALLEY; 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 an 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 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 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) \$45,000,000 plus associated bonding costs for construction of a new public works facility;

(2) \$15,000,000 plus associated bonding costs for the purchase of land for a new public works facility; and

(3) \$45,000,000 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:

(1) \$45,000,000 for the project listed in subdivision 2, clause (1), plus an amount to be applied to the payment of the costs of issuing the bonds;

(2) \$15,000,000 for the project listed in subdivision 2, clause (2), plus an amount to be applied to the payment of the costs of issuing the bonds; and

(3) \$45,000,000 for the project listed in subdivision 2, clause (3), 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. 38. CITY OF JACKSON; 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 an election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Jackson may impose by ordinance a sales and use tax of one percent for the purpose 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 Jackson to pay the costs of collecting and administering the tax, and to finance up to \$5,750,000 for construction, renovation, and improvements to a new outdoor athletic complex, including securing and paying debt service on bonds issued under subdivision 3.

Subd. 3. **Bonding authority.** (a) The city of Jackson 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 \$5,750,000, 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 Jackson, 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 Jackson, 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, 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 Jackson and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 39. JACKSON 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 an election as required under Minnesota Statutes, section 297A.99, subdivision 3, Jackson County 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 Jackson County to pay the costs of collecting and administering the tax and paying for up to \$39,000,000 for construction of a law enforcement center and government center in the county, including associated bond costs for any bonds issued under subdivision 3.

Subd. 3. **Bonding authority.** (a) Jackson 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 \$39,000,000, 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 Jackson 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 Jackson 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 the tax is 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 Jackson County and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 40. **CITY OF MONTICELLO; 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 an election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Monticello 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 Monticello 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) \$15,000,000 for new construction and rehabilitation of the Bertram Chain of Lakes Regional Athletic Park; and

(2) \$15,000,000 for new construction and improvements to the Pointes at Cedar Recreation Area.

Subd. 3. **Bonding authority.** (a) The city of Monticello 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:

(1) \$15,000,000 for the project listed in subdivision 2, clause (1), plus an amount to be applied to the payment of the costs of issuing the bonds; and

(2) \$15,000,000 for the project listed in subdivision 2, clause (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 Monticello, 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 Monticello, 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 Monticello and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 41. **CITY OF MOUNDS VIEW; 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 an election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Mounds View may impose, by ordinance, a sales and use tax of up to one and one-half 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 Mounds View to pay the costs of collecting and administering the tax, including associated bond costs on bonds issued under subdivision 3, and securing and paying debt service on the bonds, and to finance up to \$16,500,000, for construction of an expanded community center into a regional amateur sports and recreational facility.

Subd. 3. **Bonding authority.** (a) The city of Mounds View 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 \$16,500,000, 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 city, 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. 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) 20 years after the tax is first imposed; or (2) when the city determines that it has received from this tax \$16,500,000 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 the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the city's general fund. The tax imposed under subdivision 1 may expire at an earlier time if the city determines by ordinance.

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

Sec. 42. **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 an 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 \$6,900,000 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 project authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed \$6,900,000, 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 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, 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. 43. 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 an 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 purpose 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 \$48,000,000 for the 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 project authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed \$48,000,000, 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 the tax is 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. 44. **CITY OF RICHFIELD; 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 an election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Richfield 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.

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 Richfield 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 regional projects:

(1) \$11,000,000 plus associated bonding costs for construction of the Wood Lake Nature Center building;

(2) \$9,000,000 plus associated bonding costs for construction of the Veterans Park Complex; and

(3) \$45,000,000 plus associated bonding costs for construction of the Richfield Community Center Project.

Subd. 3. **Bonding authority.** (a) The city of Richfield 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 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, 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 Richfield, 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.** 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 Richfield and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 45. CITY OF ROSEVILLE; 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 an 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) \$64,200,000 for construction of a new maintenance facility; and

(2) \$12,700,000 for construction of a new license and passport center.

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:

(1) \$64,200,000 for the project listed in subdivision 2, clause (1), plus an amount to be applied to the payment of the costs of issuing the bonds; and

(2) \$12,700,000 for the project listed in subdivision 2, clause (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) 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 Roseville and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 46. CITY OF ST. JOSEPH; 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 an election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of St. Joseph 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 St. Joseph 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) \$11,000,000 for construction of Phase II of the St. Joseph community center expansion; and

(2) \$6,000,000 for Phases II and III of the improvements to East Park along the Sauk River in the city of St. Joseph.

Subd. 3. **Bonding authority.** (a) The city of St. Joseph 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:

(1) \$11,000,000 for the project listed in subdivision 2, clause (1), plus an amount to be applied to the payment of the costs of issuing the bonds; and

(2) \$6,000,000 for the project listed in subdivision 2, clause (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 St. Joseph, 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 St. Joseph, 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) 17 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 St. Joseph and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 47. **STEARNS COUNTY; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 297A.99, subdivision 1, or 477A.016, or any other law or ordinance, and if approved by the voters at an election as required under Minnesota Statutes, section 297A.99, subdivision 3, Stearns County may impose by ordinance a sales and use tax of three-eighths of one percent for the purpose 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 Stearns County to pay the costs of collecting and administering the tax, and to finance up to \$325,000,000, plus associated bonding costs, for the construction of a new Stearns County Justice Center consisting of a law enforcement center, judicial center, and jail.

Subd. 3. **Bonding authority.** (a) Stearns County may issue bonds under Minnesota Statutes, chapter 475, to finance the costs of the facility authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed \$325,000,000 for the project 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 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, 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 county board determines that the amount received from the tax is sufficient to pay \$325,000,000 in 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 Stearns County and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 48. **CITY OF STILLWATER; 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 an election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Stillwater may impose by ordinance a sales and use tax of one-half of one percent for the purpose 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 Stillwater to pay the costs of collecting and administering the tax, and to finance up to \$12,500,000 for the construction, renovation, and improvements to the Riverfront Improvement Project.

Subd. 3. **Bonding authority.** (a) The city of Stillwater 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 \$12,500,000.

(b) The bonds may be paid from or secured by any funds available to the city of Stillwater, 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 Stillwater, 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, 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 Stillwater and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 49. **WINONA COUNTY; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, sections 297A.99, subdivision 1, and 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at an 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 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. 50. CITY OF WOODBURY; TAXES AUTHORIZED.

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 297A.99, subdivision 3, paragraph (d), or 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at an election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Woodbury may impose by ordinance a sales and use tax of one-half of one percent for the purpose 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 Woodbury to pay the costs of collecting and administering the tax and to finance up to \$50,000,000, plus associated bonding costs, for the construction of a new public safety campus.

Subd. 3. **Bonding authority.** (a) The city of Woodbury 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 \$50,000,000, 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 Woodbury, 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 Woodbury, 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 \$50,000,000 in 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, 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 Woodbury and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 51. **LOCAL TAXES ADVISORY TASK FORCE.**

Subdivision 1. **Establishment.** The Local Taxes Advisory Task Force is established. The purpose of the task force is to examine the use of local taxes as a funding mechanism for cities and counties to fund capital projects and other improvement projects.

Subd. 2. **Membership.** (a) The task force consists of the following members:

- (1) the commissioner of revenue or the commissioner's designee;
- (2) four members of the public appointed by the commissioner of revenue;
- (3) one member from the League of Minnesota Cities; and
- (4) one member from the Association of Minnesota Counties.

(b) The task force must not include legislators.

(c) Appointments to the task force must be made no later than July 1, 2023.

Subd. 3. **Meetings.** (a) The commissioner of revenue shall convene the first meeting to be held no later than July 15, 2023. The commissioner of revenue must convene all subsequent meetings in a manner and frequency as prescribed by this subdivision.

(b) The task force shall meet twice monthly, at a time and space designated by the commissioner of revenue. All meetings must be open to the public.

(c) After September 15, 2023, the commissioner of revenue may increase or decrease the frequency of the meetings as necessary for the task force to accomplish the duties specified in subdivision 4.

Subd. 4. **Duties; considerations.** (a) The task force shall examine the role of local taxes as a funding mechanism for local governments and must determine:

(1) objective evaluation criteria for general local sales tax proposals;

(2) objective evaluation criteria for food and beverage tax proposals;

(3) objective evaluation criteria for lodging tax proposals seeking accommodations beyond the restrictions of Minnesota Statutes, section 469.190;

(4) the appropriate entity or entities to evaluate local tax proposals based on the established criteria in an objective manner prior to legislation on these taxes being heard in the legislative committees with jurisdiction over local sales taxes;

(5) the appropriate process for enacting special laws authorizing new or modifying existing general and special local taxes; and

(6) the necessary changes to current law to accommodate the determinations made regarding clauses (1) to (5).

(b) In making determinations regarding paragraph (a), clause (1), the task force must consider:

(1) the current requirement of demonstrating regional significance and what, if any, measures should be in place to define regional significance;

(2) the role of a local government's receipt of general purpose state aid and the amount of aid received;

(3) the role of a local government's ability to levy for all or a portion of project costs through property taxes as demonstrated by the local government's net tax capacity tax rate compared to the statewide and countywide averages; and

(4) any other considerations identified by the task force.

(c) The task force must make recommendations to the legislature regarding its determinations from paragraphs (a) and (b) in a report pursuant to subdivision 5.

Subd. 5. **Report; expiration.** (a) The task force shall make recommendations regarding the objectives specified in subdivision 4 that reflect the recommendations held by a majority of the members of the task force in a report to the legislature. The commissioner of revenue must draft and compile the report and send it to the legislative committees with jurisdiction over local taxes no later than January 15, 2024. The report may include any additional information the task force deems relevant.

(b) The task force expires upon submission of its report.

Subd. 6. **Hearing required.** The legislative committees with jurisdiction over local taxes must hold a public hearing on the report during the regular legislative session in the year in which the report is submitted.

Subd. 7. **Officer; support.** The commissioner of revenue or the commissioner's designee must act as the chair of the task force. The commissioner of revenue must provide professional, technical, and administrative support to the task force.

Subd. 8. **Expenses.** The members of the task force shall be reimbursed for all travel expenses actually and necessarily incurred in the performance of the members' duties in accordance with the reimbursement policies established in Minnesota Statutes, section 15.059, subdivision 6.

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

ARTICLE 11

LOCAL SPECIAL TAXES

Section 1. Laws 1980, chapter 511, section 1, subdivision 2, as amended by Laws 1991, chapter 291, article 8, section 22, Laws 1998, chapter 389, article 8, section 25, Laws 2003, First Special Session chapter 21, article 8, section 11, Laws 2008, chapter 154, article 5, section 2, Laws 2014, chapter 308, article 3, section 21, and Laws 2017, First Special Session chapter 1, article 5, section 1, is amended to read:

Subd. 2. (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance, impose an additional sales tax of up to one and three-quarter percent on sales transactions which are described in Minnesota Statutes 2000, section 297A.01, subdivision 3, clause (c). The imposition of this tax shall not be subject to voter referendum under either state law or city charter provisions. When the city council determines that the taxes imposed under this paragraph at a rate of three-quarters of one percent and other sources of revenue produce revenue sufficient to pay debt service on bonds in the principal amount of \$40,285,000 plus issuance and discount costs, issued for capital improvements at the Duluth Entertainment and Convention Center, which include a new arena, the rate of tax under this subdivision must be reduced by three-quarters of one percent.

(b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance, impose an additional sales tax of up to one-half of one percent on sales transactions which are described in Minnesota Statutes 2000, section 297A.01, subdivision 3, clause (c). This tax expires when the city council determines that the tax imposed under this paragraph, along with the tax imposed under section 22, paragraph (b), has produced revenues sufficient to pay the debt service on bonds in a principal amount of no more than ~~\$18,000,000~~ \$54,000,000, plus issuance and discount costs, to finance capital improvements to public facilities to support tourism and recreational activities in that portion of the city west of 14th Avenue West and the area south of and including Skyline Parkway, and capital improvements to parks-based public athletic facilities to support sports tourism.

(c) The city of Duluth may sell and issue up to ~~\$18,000,000~~ \$54,000,000 in general obligation bonds under Minnesota Statutes, chapter 475, plus an additional amount to pay for the costs of issuance and any premiums. The proceeds may be used to finance capital improvements to public facilities that support tourism and recreational activities in the portion of the city west of 14th Avenue West and the area south of and including Skyline Parkway and capital improvements to parks-based public athletic facilities to support sports tourism, as described in paragraph (b). The issuance of the bonds is subject to the provisions of Minnesota Statutes, chapter 475, except no election shall be required unless required by the city charter. The bonds shall not be included in computing net debt. The revenues from the taxes that the city of Duluth may impose under paragraph (b) and under section 22, paragraph (b), may be pledged to pay principal of and interest on such bonds.

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

Sec. 2. Laws 1980, chapter 511, section 2, as amended by Laws 1998, chapter 389, article 8, section 26, Laws 2003, First Special Session chapter 21, article 8, section 12, Laws 2014, chapter 308, article 3, section 22, and Laws 2017, First Special Session chapter 1, article 5, section 2, is amended to read:

Sec. 2. CITY OF DULUTH; TAX ON RECEIPTS BY HOTELS AND MOTELS.

(a) Notwithstanding Minnesota Statutes, section 477A.016, or any other law, or ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance, impose an additional tax of one percent upon the gross receipts from the sale of lodging for periods of less than 30 days in hotels and motels located in the city. The tax shall be collected in the same manner as the tax set forth in the Duluth city charter, section 54(d), paragraph one. The imposition of this tax shall not be subject to voter referendum under either state law or city charter provisions.

(b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance, impose an additional sales tax of up to one-half of one percent on the gross receipts from the sale of lodging for periods of less than 30 days in hotels and motels located in the city. This tax expires when the city council first determines that the tax imposed under this paragraph, along with the tax imposed under section 21, paragraph (b), has produced revenues sufficient to pay the debt service on bonds in a principal amount of no more than ~~\$18,000,000~~ \$54,000,000, plus issuance and discount costs, to finance capital improvements to public facilities to support tourism and recreational activities in that portion of the city west of 14th Avenue West and the area south of and including Skyline Parkway, and capital improvements to parks-based public athletic facilities to support sports tourism.

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

Sec. 3. 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~~ subdivision 1 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~~ subdivision 1 until the board of commissioners approves the annual budget.

Subd. 4. **Termination.** The ~~taxes tax~~ tax imposed in ~~subdivisions subdivision 1 and 2~~ subdivision 1 ~~terminate 15~~ terminates 30 years after ~~they are~~ it is first imposed.

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

Sec. 4. 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 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, or the city of Baudette. 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.

ARTICLE 12

PUBLIC FINANCE

Section 1. Minnesota Statutes 2022, section 118A.04, subdivision 5, is amended to read:

Subd. 5. **Time deposits.** Funds may be invested in time deposits that are fully insured by the Federal Deposit Insurance Corporation, the National Credit Union Administration, or bankers acceptances of United States banks.

Sec. 2. Minnesota Statutes 2022, 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 must not use an excess amount in the debt redemption fund to retire the certificates or notes.

Sec. 3. Minnesota Statutes 2022, 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, including projects that eliminate R-22, as defined in section 240A.09, paragraph (b), clause (2). 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. 4. Minnesota Statutes 2022, 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~~
- (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; and
- (3) projects that eliminate R-22, as defined in section 240A.09, paragraph (b), clause (2).

Sec. 5. Minnesota Statutes 2022, 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, including projects that eliminate R-22, as defined in section 240A.09, paragraph (b), clause (2), 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. 6. Minnesota Statutes 2022, 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; and

(3) projects that eliminate R-22, as defined in section 240A.09, paragraph (b), clause (2).

(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. 7. Minnesota Statutes 2022, 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; and

(3) projects that eliminate R-22, as defined in section 240A.09, paragraph (b), clause (2).

(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~~ such the terms and in ~~such the~~ 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.

Sec. 8. Minnesota Statutes 2022, section 469.033, subdivision 6, is amended to read:

Subd. 6. Operation area as taxing district, special tax. All of the territory included within the area of operation of any authority shall constitute a taxing district for the purpose of levying and collecting special benefit taxes as provided in this subdivision. All of the taxable property, both real and personal, within that taxing district shall be deemed to be benefited by projects to the extent of the special taxes levied under this subdivision. Subject to the consent by resolution of the governing body of the city in and for which it was created, an authority may levy a tax upon all taxable property within that taxing district. The tax shall be extended, spread, and included with and as a part of the general taxes for state, county, and municipal purposes by the county auditor, to be collected and enforced therewith, together with the penalty, interest, and costs. As the tax, including any penalties, interest, and costs, is collected by the county treasurer it shall be accumulated and kept in a separate fund to be known as the "housing and redevelopment project fund." The money in the fund shall be

turned over to the authority at the same time and in the same manner that the tax collections for the city are turned over to the city, and shall be expended only for the purposes of sections 469.001 to 469.047. It shall be paid out upon vouchers signed by the chair of the authority or an authorized representative. The amount of the levy shall be an amount approved by the governing body of the city, but shall not exceed 0.0185 percent of estimated market value. The authority shall each year formulate and file a budget in accordance with the budget procedure of the city in the same manner as required of executive departments of the city or, if no budgets are required to be filed, by August 1. The amount of the tax levy for the following year shall be based on that budget. The requirements of section 275.067 apply to a housing and redevelopment authority that has not previously certified a levy.

Sec. 9. Minnesota Statutes 2022, section 469.053, subdivision 4, is amended to read:

Subd. 4. **Mandatory city levy.** A city shall, at the request of the port authority, levy a tax in any year for the benefit of the port authority. The tax must not exceed 0.01813 percent of estimated market value. The amount levied must be paid by the city treasurer to the treasurer of the port authority, to be spent by the authority. The requirements of section 275.067 apply to a port authority that has not previously certified a levy.

Sec. 10. Minnesota Statutes 2022, section 469.053, subdivision 6, is amended to read:

Subd. 6. **Discretionary city levy.** Upon request of a port authority, the port authority's city may levy a tax to be spent by and for its port authority. The tax must enable the port authority to carry out efficiently and in the public interest sections 469.048 to 469.068 to create and develop industrial development districts. The levy must not be more than 0.00282 percent of estimated market value. The county treasurer shall pay the proceeds of the tax to the port authority treasurer. The money may be spent by the authority in performance of its duties to create and develop industrial development districts. In spending the money the authority must judge what best serves the public interest. The levy in this subdivision is in addition to the levy in subdivision 4. The requirements of section 275.067 apply to a port authority that has not previously certified a levy.

Sec. 11. Minnesota Statutes 2022, section 469.107, subdivision 1, is amended to read:

Subdivision 1. **City tax levy.** A city may, at the request of the authority, levy a tax in any year for the benefit of the authority. The tax must be not more than 0.01813 percent of estimated market value. The amount levied must be paid by the city treasurer to the treasurer of the authority, to be spent by the authority. The requirements of section 275.067 apply to an economic development authority that has not previously certified a levy.

Sec. 12. Minnesota Statutes 2022, section 474A.02, subdivision 22b, is amended to read:

Subd. 22b. **Public facilities project.** "Public facilities project" means ~~any publicly owned facility, or a facility that is used for district heating or cooling,~~ whether publicly or privately owned, that is eligible to be financed with the proceeds of public facilities bonds as defined under section 474A.02, subdivision 23a.

Sec. 13. Minnesota Statutes 2022, section 474A.02, subdivision 23a, is amended to read:

Subd. 23a. **Qualified bonds.** "Qualified bonds" means the specific type or types of obligations that are subject to the annual volume cap. Qualified bonds include the following types of obligations as defined in federal tax law:

(a) "public facility bonds" means "exempt facility bonds" as defined in federal tax law, except for residential rental project bonds, ~~which are those obligations issued to finance airports, docks and wharves, mass commuting facilities, facilities for the furnishing of water, sewage facilities, solid waste disposal facilities, facilities for the local furnishing of electric energy or gas, local district heating or cooling facilities, and qualified hazardous waste facilities.~~ New bonds and other obligations are ineligible to receive state allocations or entitlement authority for public facility projects under this section if they have been issued:

(1) for the purpose of refinancing, refunding, or otherwise defeasing existing debt; and

(2) more than one calendar year prior to the date of application;

(b) "residential rental project bonds" which are those obligations issued to finance qualified residential rental projects;

(c) "mortgage bonds";

(d) "small issue bonds" issued to finance manufacturing projects and the acquisition or improvement of agricultural real or personal property under sections 41C.01 to 41C.13;

(e) "student loan bonds" issued by or on behalf of the Minnesota Office of Higher Education;

(f) "redevelopment bonds";

(g) "governmental bonds" with a nonqualified amount in excess of \$15,000,000 as set forth in section 141(b)5 of federal tax law; and

(h) "enterprise zone facility bonds" issued to finance facilities located within empowerment zones or enterprise communities, as authorized under Public Law 103-66, section 13301.

Sec. 14. Minnesota Statutes 2022, section 475.54, subdivision 1, is amended to read:

Subdivision 1. **In installments; exception; annual limit.** Except as provided in subdivision 3, 5a, 15, or 17, or as expressly authorized in another law, all obligations of each issue shall mature or be subject to mandatory sinking fund redemption in installments, the first not later than three years and the last not later than 30 years from the date of the issue; or 40 years or the useful life of the asset, whichever is less, for ~~municipal water and wastewater treatment systems~~ and essential community facilities financed or guaranteed by the United States Department of Agriculture and municipal water and wastewater treatment systems. No amount of principal of the issue payable in any calendar year shall exceed an amount equal to the smallest amount payable in any preceding calendar year ending three years or more after the issue date multiplied:

(1) by five, in the case of obligations maturing not later than 25 years from the date of issue; and

(2) by six, in the case of obligations maturing 25 years or later from the date of issue.

Sec. 15. Laws 1971, chapter 773, section 1, subdivision 2, as amended by Laws 1974, chapter 351, section 5, Laws 1976, chapter 234, sections 1 and 7, Laws 1978, chapter 788, section 1, Laws 1981, chapter 369, section 1, Laws 1983, chapter 302, section 1, Laws 1988, chapter 513, section 1, Laws 1992, chapter 511, article 9, section 23, Laws 1998, chapter 389, article 3, section 27, Laws 2002, chapter 390, section 23, and Laws 2013, chapter 143, article 12, section 18, is amended to read:

Subd. 2. For each of the years ~~2013 to 2024~~ 2023 to 2035, the city of St. Paul is authorized to issue bonds in the aggregate principal amount of ~~\$20,000,000~~ \$30,000,000 for each year.

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

Sec. 16. **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 after the governing body of the city of Virginia and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

ARTICLE 13

STADIUM PAYOFF; ELECTRONIC PULL-TABS; GAMBLING TAXES

Section 1. Minnesota Statutes 2022, section 16A.726, is amended to read:

16A.726 SPORTS FACILITIES TRANSFERS; APPROPRIATIONS.

~~(a) If state appropriation bonds have not been issued under section 16A.965, amounts not to exceed the increased revenues estimated by the commissioner of management and budget under section 297E.021, subdivision 2, are appropriated from the general fund to the commissioner of management and budget to make transfers to the Minnesota Sports Facilities Authority for stadium costs as defined under section 473J.03, subdivision 9.~~

~~(b)~~ (a) The commissioner shall make transfers to the Minnesota Sports Facilities Authority required to make the state payments under section 473J.13, subdivisions 2 and 4, and for the amount of Minneapolis taxes withheld under section 297A.994, subdivision 4, paragraph (a), clause ~~(5)~~ (4). Amounts sufficient to make the transfers are appropriated to the commissioner from the general fund.

~~(c)~~ (b) \$2,700,000 is annually appropriated from the general fund from fiscal year 2014 through fiscal year 2033 to the commissioner of management and budget for a grant to the city of St. Paul for the operating or capital costs of new or existing sports facilities.

EFFECTIVE DATE; APPLICATION. This section is effective July 1, 2023. This section does not affect amounts retained for recapture of state advances through June 30, 2023.

Sec. 2. Minnesota Statutes 2022, section 297A.994, subdivision 4, is amended to read:

Subd. 4. **General fund allocations.** (a) The commissioner must retain and deposit to the general fund the following amounts, as required by subdivision 3, clause (3):

(1) for state bond debt service support beginning in calendar year 2021, and for each calendar year thereafter through calendar year 2046, periodic amounts so that not later than December 31, 2046, an aggregate amount equal to a present value of \$150,000,000 has been deposited in the general fund. To determine aggregate present value, the commissioner must consult with the commissioner of management and budget regarding the present value dates, discount rate or rates, and schedules of annual amounts. The present value date or dates must be based on the date or dates bonds are sold under section 16A.965, or the date or dates other state funds, if any, are deposited into the construction fund. The discount rate or rates must be based on the true interest cost of the bonds issued under section 16A.965, or an equivalent 30-year bond index, as determined by the commissioner of management and budget. The schedule of annual amounts must be certified to the commissioner by the commissioner of management and budget and the finance officer of the city;

(2) for the capital improvement reserve appropriation to the Minnesota Sports Facilities Authority beginning in calendar year 2021, and for each calendar year thereafter through calendar year 2046, an aggregate annual amount equal to the amount paid by the state for this purpose in that calendar year under section 473J.13, subdivision 4;

(3) for the operating expense appropriation to the Minnesota Sports Facilities Authority beginning in calendar year 2021, and for each calendar year thereafter through calendar year 2046, an aggregate annual amount equal to the amount paid by the state for this purpose in that calendar year under section 473J.13, subdivision 2;

~~(4) for recapture of state advances for capital improvements and operating expenses for calendar years 2016 through 2020 beginning in calendar year 2021, and for each calendar year thereafter until all amounts under this clause have been paid, proportionate amounts periodically until an aggregate amount equal to the present value of all amounts paid by the state have been deposited in the general fund. To determine the present value of the amounts paid by the state to the authority and the present value of amounts deposited to the general fund under this clause, the commissioner shall consult with the commissioner of management and budget regarding the present value dates, discount rate or rates, and schedule of annual amounts. The present value dates must be based on the dates state funds are paid to the authority, or the dates the commissioner of revenue deposits taxes for purposes of this clause to the general fund. The discount rates must be based on the reasonably equivalent cost of state funds as determined by the commissioner of management and budget. The schedule of annual amounts must be revised to reflect amounts paid under section 473J.13, subdivision 2, paragraph (b), for 2016 to 2020, and subdivision 4, paragraph (c), for 2016 to 2020, and taxes deposited to the general fund from time to time under this clause, and the schedule and revised schedules must be certified to the commissioner by the commissioner of management and budget and the finance officer of the city, and are transferred as accrued from the general fund for repayment of advances made by the state to the authority; and~~

~~(5)~~ (4) to capture increases in taxes imposed under the special law, for the benefit of the Minnesota Sports Facilities Authority, beginning in calendar year 2013 and for each calendar year thereafter through 2046, there shall be deposited to the general fund in proportionate periodic payments in the following year, an amount equal to the ~~following~~ lesser of:

(i)(A) 50 percent of the difference, if any, by which the amount of the net annual taxes for the previous year exceeds the sum of the net actual taxes in calendar year 2011 plus \$1,000,000, inflated at two percent per year since 2011, minus

(ii)(B) 25 percent of the difference, if any, by which the amount of the net annual taxes for the preceding year exceeds the sum of the net actual taxes in calendar year 2011 plus \$3,000,000, inflated at two percent per year since 2011; or

(ii) the amount of the net annual taxes for the preceding year multiplied by three percent; and

(5) if the bonds under section 16A.965 are defeased, redeemed, or paid in full, the commissioner of management and budget and finance officer of the city must agree to a revised schedule of annual amounts under clause (1). The revised schedule of annual amounts must factor in a discount rate equal to zero percent and otherwise consistent with the methodology previously agreed upon by the parties.

(b) The Minnesota Sports Facility Authority must use the amounts available from the deposits under paragraph (a), clause (4), for capital repairs, replacements, and improvements for the stadium and stadium infrastructure.

EFFECTIVE DATE; APPLICATION. This section is effective July 1, 2023. This section does not affect amounts retained for recapture of state advances through June 30, 2023.

Sec. 3. Minnesota Statutes 2022, 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 \$87,500	nine <u>eight</u> percent
Over \$87,500, but not over \$122,500	\$7,875 <u>\$7,000</u> plus 18 <u>17</u> percent of the amount over \$87,500, but not over \$122,500
Over \$122,500, but not over \$157,500	\$14,175 <u>\$12,950</u> plus 27 <u>25</u> percent of the amount over \$122,500, but not over \$157,500

Sec. 5. Minnesota Statutes 2022, section 349.11, is amended to read:

349.11 PURPOSE.

The purpose of sections 349.11 to 349.22 is to regulate lawful gambling, to ~~insure~~ ensure integrity of operations, ~~and~~ to provide for the use of net profits only for lawful purposes, and to authorize only those games or game features discussed in this chapter.

EFFECTIVE DATE. This section is effective for games approved after August 1, 2023.

Sec. 6. Minnesota Statutes 2022, section 349.12, subdivision 12a, is amended to read:

Subd. 12a. **Electronic bingo device.** "Electronic bingo device" means a handheld and portable electronic device that:

(1) is used by a bingo player to:

(i) monitor bingo paper sheets or a facsimile of a bingo paper sheet purchased and played at the time and place of an organization's bingo occasion, or to play an electronic bingo game that is linked with other permitted premises;

(ii) activate numbers announced or displayed, and to compare the numbers to the bingo faces previously stored in the memory of the device;

(iii) identify a winning bingo pattern or game requirement; and

(iv) play against other bingo players;

(2) limits the play of bingo faces to 36 faces per game;

(3) requires coded entry to activate play but does not allow the use of a coin, currency, or tokens to be inserted to activate play;

(4) may only be used for play against other bingo players in a bingo game;

(5) has no additional function as an amusement or gambling device other than as an electronic pull-tab game defined under section 349.12, subdivision 12c;

(6) has the capability to ensure adequate levels of security internal controls;

(7) has the capability to permit the board to electronically monitor the operation of the device and the internal accounting systems; ~~and~~

(8) has the capability to allow use by a player who is visually impaired; and

(9) contains no spinning reels or other representations that mimic a video slot machine, including but not limited to free plays, bonus games, screens, or game features that are triggered after the initial symbols are revealed that display the results of the game.

EFFECTIVE DATE. This section is effective for games approved after August 1, 2023.

Sec. 7. Minnesota Statutes 2022, section 349.12, subdivision 12b, is amended to read:

Subd. 12b. **Electronic pull-tab device.** "Electronic pull-tab device" means a handheld and portable electronic device that:

- (1) is used to play one or more electronic pull-tab games;
- (2) requires coded entry to activate play but does not allow the use of coin, currency, or tokens to be inserted to activate play;
- (3) requires that a player must individually activate or individually open each electronic pull-tab ticket and each individual line, row, or column of each electronic pull-tab ticket;
- (4) maintains information pertaining to accumulated win credits that may be applied to games in play or redeemed upon termination of play;
- (5) has no spinning reels or other representations that mimic a video slot machine;
- (6) has no additional function as a gambling device other than as an electronic-linked bingo game played on a device defined under section 349.12, subdivision 12a;
- (7) may incorporate an amusement game feature as part of the pull-tab game but may not require additional consideration for that feature or award any prize, or other benefit for that feature;
- (8) may have auditory or visual enhancements to promote or provide information about the game being played, provided the component does not affect the outcome of a game or display the results of a game;
- (9) maintains, on nonresettable meters, a printable, permanent record of all transactions involving each device and electronic pull-tab games played on the device;
- (10) is not a pull-tab dispensing device as defined under subdivision 32a; and
- (11) has the capability to allow use by a player who is visually impaired.

(b) An electronic pull-tab device must not include representations that mimic the display or user interface of a video slot machine by requiring a player to manually activate the reveal or result of each single row of symbols with a separate and distinct action for each electronic pull-tab ticket.

EFFECTIVE DATE. This section is effective for games approved after August 1, 2023.

Sec. 8. Minnesota Statutes 2022, section 349.12, subdivision 12c, is amended to read:

Subd. 12c. **Electronic pull-tab game.** (a) "Electronic pull-tab game" means a pull-tab game containing:

- (1) facsimiles of pull-tab tickets that are played on an electronic pull-tab device;
- (2) a predetermined, finite number of winning and losing tickets, not to exceed 7,500 tickets;
- (3) the same price for each ticket in the game;

- (4) a price paid by the player of not less than 25 cents per ticket;
 - (5) tickets that are in conformance with applicable board rules for pull-tabs;
 - (6) winning tickets that comply with prize limits under section 349.211;
 - (7) a unique serial number that may not be regenerated;
 - (8) an electronic flare that displays the game name; form number; predetermined, finite number of tickets in the game; and prize tier; ~~and~~
 - (9) no spinning reels or other representations that mimic a video slot machine-, including but not limited to free plays, bonus games, screens, or game features that are triggered after the initial symbols are revealed that display the results of the game;
 - (10) a mechanism requiring a player to manually activate each electronic pull-tab ticket to be opened; and
 - (11) a mechanism requiring a player to manually activate the reveal of each single row of symbols with a separate and distinct action.
- (b) Each electronic pull-tab game shall include a certification from a board-approved testing laboratory that the game and device meets the standards and requirements established in Minnesota Statutes and Minnesota Rules and is in conformance with game procedures provided by the manufacturer.

EFFECTIVE DATE. This section is effective for games approved after August 1, 2023.

Sec. 9. Minnesota Statutes 2022, section 349.12, is amended by adding a subdivision to read:

Subd. 25e. **Manually activate.** For purposes of this section, "manually activate" means that a person must either touch an icon on the electronic pull-tab device screen or press a button located elsewhere on the electronic pull-tab device, or, exclusively for purposes of accommodating use by a player who is visually impaired, perform some other action that initiates activity on an electronic pull-tab device.

EFFECTIVE DATE. This section is effective for games approved after August 1, 2023.

Sec. 10. Minnesota Statutes 2022, section 349.151, subdivision 4d, is amended to read:

Subd. 4d. **Electronic pull-tab devices and electronic pull-tab game system.** (a) The board may adopt rules it deems necessary to ensure the integrity of electronic pull-tab devices, the electronic pull-tab games played on the devices, and the electronic pull-tab game system necessary to operate them.

(b) The board may not require an organization to use electronic pull-tab devices.

(c) Before authorizing the lease or sale of electronic pull-tab devices and the electronic pull-tab game system, the board shall examine electronic pull-tab devices allowed under section 349.12, subdivision 12b. The board may contract for the examination of the game system and electronic

pull-tab devices and may require a working model to be transported to locations the board designates for testing, examination, and analysis. The manufacturer must pay all costs of any testing, examination, analysis, and transportation of the model. The system must be approved by the board before its use in the state and must have the capability to permit the board to electronically monitor its operation and internal accounting systems.

(d) The board may require a manufacturer to submit a certificate from an independent testing laboratory approved by the board to perform testing services, stating that the equipment has been tested, analyzed, and meets the standards required in this chapter and any applicable board rules.

(e) The board, or the director if authorized by the board, may require the deactivation of an electronic pull-tab device for violation of a law or rule and to implement any other controls deemed necessary to ensure and maintain the integrity of electronic pull-tab devices and the electronic pull-tab games played on the devices.

(f) The board, or the director if authorized by the board, may remove any electronic pull-tab device that does not conform to the requirements of section 349.12, subdivision 12b, and any electronic pull-tab device containing games that do not conform to the requirements of section 349.12, subdivision 12c, from the inventories of distributors and organizations.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 11. Minnesota Statutes 2022, section 349.163, is amended by adding a subdivision to read:

Subd. 11. **Electronic pull-tab distributor fees.** (a) Beginning July 1, 2024, a licensed distributor may not charge a licensed organization more than 25 percent of gross profits derived from electronic pull-tab games supplied by the licensed distributor.

(b) A licensed distributor may request a hearing before the board to seek to impose a fee in excess of the limitations established in paragraph (a). Unless otherwise agreed between the licensee and the board, the licensee must submit its request no later than 20 days prior to a scheduled board meeting. The board must grant or deny the licensee's request within 20 days after the hearing is held.

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

Sec. 12. Minnesota Statutes 2022, section 349.163, is amended by adding a subdivision to read:

Subd. 12. **Electronic pull-tab manufacturer audit required.** A manufacturer of electronic pull-tabs licensed under this section must complete and submit an annual system and organization controls audit. The standards of the audit must incorporate and be consistent with standards prescribed by the American Institute of Certified Public Accountants. Audits conducted under this subdivision must be performed by an independent accountant firm licensed in accordance with chapter 326A.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 13. Minnesota Statutes 2022, section 473J.13, subdivision 2, is amended to read:

Subd. 2. **Operating expenses.** (a) The authority must pay or cause to be paid all operating expenses of the stadium. The authority must require in the lease or use agreement with the NFL

team that the NFL team pay the authority, beginning January 1, 2016, or other date as mutually agreed upon by the parties, toward operating costs of the stadium, \$8,500,000 each year, increased by a three percent annual inflation rate.

(b) Beginning January 1, 2016, or other date as mutually agreed upon by the parties, and continuing through 2020, the state shall pay the authority operating expenses, \$6,000,000 each year, increased by an annual adjustment factor. ~~The payment of \$6,000,000 per year beginning in 2016 is a payment by the state, which shall be repaid to the state, using funds as provided under section 297A.994, subdivision 4, clause (4).~~ After 2020, the state shall assume this payment, using funds generated in accordance with the city of Minneapolis as specified under section 297A.994, subdivision 4, clause (3).

(c) The authority may establish an operating reserve to cover operating expense shortfalls and may accept funds from any source for deposit in the operating reserve. The establishment or funding of an authority operating reserve must not decrease the amounts required to be paid to the authority toward operating costs under this subdivision unless agreed to by the authority.

(d) The authority will be responsible for operating cost overruns.

(e) After the joint selection of the third-party manager or program manager, the authority may agree with a program manager or other third-party manager of the stadium on a fixed cost operating, management, or employment agreement with operating cost protections under which the program manager or third-party manager assumes responsibility for stadium operating costs and shortfalls. The agreement with the manager must require the manager to prepare an initial and ongoing operating plan and operating budgets for approval by the authority in consultation with the NFL team. The manager must agree to operate the stadium in accordance with the approved operating plan and operating budget.

EFFECTIVE DATE; APPLICATION. This section is effective July 1, 2023. This section does not affect amounts retained for recapture of state advances through June 30, 2023.

Sec. 14. Minnesota Statutes 2022, section 473J.13, subdivision 4, is amended to read:

Subd. 4. Capital improvements. (a) The authority shall establish a capital reserve fund. The authority shall be responsible for making, or for causing others to make, all capital repairs, replacements, and improvements for the stadium and stadium infrastructure. The authority shall maintain, or cause others to maintain, the stadium and stadium infrastructure in a safe, clean, attractive, and first-class manner so as to cause them to remain in a condition comparable to that of other comparable NFL facilities of similar design and age. The authority shall make, or cause others to make, all necessary or appropriate repairs, renewals, and replacements, whether structural or nonstructural, interior or exterior, ordinary or extraordinary, foreseen or unforeseen, in a prompt and timely manner. In addition, the authority, with approval of the NFL team, may enter into an agreement with a program manager to perform some or all of the responsibilities of the authority in this subdivision and to assume and accept financial liability for the cost of performing the responsibilities.

(b) The NFL team must contribute \$1,500,000 each year, beginning in 2016 or as otherwise determined for the term of the lease or use agreement to the capital reserve fund, increased by a three percent annual inflation rate.

(c) The state shall contribute \$1,500,000 each year, beginning in 2016 or as otherwise determined for the term of the lease to the capital reserve fund. The contributions of the state are subject to increase by an annual adjustment factor. ~~The contribution under this paragraph by the state from 2016 through 2020 shall be repaid to the state using funds in accordance with section 297A.994, subdivision 4, clause (4).~~

(d) The authority with input from the NFL team shall develop short-term and long-term capital funding plans and shall use those plans to guide the future capital needs of the stadium and stadium infrastructure. The authority shall make the final determination with respect to funding capital needs. Any capital improvement proposed by the NFL team intended primarily to provide revenue enhancements to the NFL team shall be paid for by the NFL team, unless otherwise agreed to with the authority.

(e) The NFL team has authority to determine the design of a retractable roof feature for the stadium. The NFL team must cooperate with the authority in designing the feature to minimize any additional operating cost. The design must not result in a material marginal increase in the operating or capital costs of the stadium, considering current collections and reserves.

EFFECTIVE DATE; APPLICATION. This section is effective July 1, 2023. This section does not affect amounts retained for recapture of state advances through June 30, 2023.

Sec. 15. **LAWFUL GAMBLING; REMOVAL OF INVENTORIES.**

The Gambling Control Board must remove games not meeting the requirements of this article from the inventories of licensed distributors and licensed organizations by December 31, 2024.

Sec. 16. **APPROPRIATION; SECURE PERIMETER.**

\$15,700,000 is appropriated in fiscal year 2023 from the general fund to the commissioner of management and budget to provide for a secure perimeter around the professional football stadium in Minneapolis. The commissioner must allocate these funds to the Minnesota Sports Facilities Authority after notifying the chairs and ranking minority members of the house of representatives Ways and Means Committee and the senate Finance Committee. This is a onetime appropriation.

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

Sec. 17. **APPROPRIATION; OPTIONAL DEBT PAYOFF.**

(a) If the commissioner of management and budget elects to apply an amount from the general reserve account established in Minnesota Statutes, section 297E.021, subdivision 4, to prepay the debt issued under Minnesota Statutes, section 16A.965, during fiscal year 2023, then the commissioner may also use the appropriation in paragraph (b) for the same purpose.

(b) The amount necessary, when added to the amount in the general reserve account established in Minnesota Statutes, section 297E.021, to prepay in fiscal year 2023 the entire debt issued under Minnesota Statutes, section 16A.965, including any accrued interest and associated financing costs, is appropriated from the general fund to the commissioner of management and budget in fiscal year 2023.

(c) This appropriation is only effective to the extent available and to the extent the amount in the general reserve account established in Minnesota Statutes, section 297E.021, is not sufficient to prepay the debt in full in fiscal year 2023, including any accrued interest and associated financing costs.

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

Sec. 18. **REPEALER.**

Minnesota Statutes 2022, sections 16A.965; and 297E.021, are repealed.

EFFECTIVE DATE; NOTIFICATION TO REVISOR. (a) This section is effective 60 days after the commissioner of management and budget certifies that the bonds authorized under Minnesota Statutes, section 16A.965, are no longer outstanding.

(b) The commissioner of management and budget must notify the revisor of statutes within 30 days of the certification under paragraph (a).

ARTICLE 14

TEACHERS RETIREMENT ASSOCIATION; ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION; NORMAL RETIREMENT AGE

Section 1. Minnesota Statutes 2022, section 126C.10, subdivision 37, is amended to read:

Subd. 37. **Pension adjustment revenue.** (a) A school district's pension adjustment revenue equals the sum of:

(1) the greater of zero or the product of:

(i) the difference between the district's adjustment under Minnesota Statutes 2012, section 127A.50, subdivision 1, for fiscal year 2014 per adjusted pupil unit and the state average adjustment under Minnesota Statutes 2012, section 127A.50, subdivision 1, for fiscal year 2014 per adjusted pupil unit; and

(ii) the district's adjusted pupil units for the fiscal year; and

(2) the product of the salaries paid to district employees who were members of the Teachers Retirement Association and the St. Paul Teachers' Retirement Fund Association for the prior fiscal year and the district's pension adjustment rate for the fiscal year. The pension adjustment rate for Independent School District No. 625, St. Paul, equals ~~0.84 percent for fiscal year 2019, 1.67 percent for fiscal year 2020, 1.88 percent for fiscal year 2021, 2.09 percent for fiscal year 2022, 2.3 percent for fiscal year 2023, and 2.5 percent for fiscal year 2024 and fiscal year 2025, and 3.25 percent for fiscal year 2026 and later.~~ The pension adjustment rate for all other districts equals ~~0.21 percent for fiscal year 2019, 0.42 percent for fiscal year 2020, 0.63 percent for fiscal year 2021, 0.84 percent for fiscal year 2022, 1.05 percent for fiscal year 2023, and 1.25 percent for fiscal year 2024 and later~~ fiscal year 2025, and 2.0 percent for fiscal year 2026 and later.

(b) For fiscal year 2025 ~~and later~~, the state total pension adjustment revenue under paragraph (a), clause (2), must not exceed the amount calculated under paragraph (a), clause (2), for fiscal year 2024. The commissioner must prorate the pension adjustment revenue under paragraph (a), clause (2), so as not to exceed the maximum.

(c) For fiscal year 2026 and fiscal year 2027, the state total pension adjustment revenue under paragraph (a), clause (2), must not be prorated.

(d) For fiscal year 2028 and later, the state total pension adjustment revenue under paragraph (a), clause (2), must not exceed the amount calculated under paragraph (a), clause (2) for fiscal year 2027. The commissioner must prorate the pension adjustment revenue under paragraph (a), clause (2), so as not to exceed the maximum.

(e) Notwithstanding section 123A.26, subdivision 1, a cooperative unit, as defined in section 123A.24, subdivision 2, qualifies for pension adjustment revenue under paragraph (a), clause (2), as if it was a district, and the aid generated by the cooperative unit shall be paid to the cooperative unit.

Sec. 2. Minnesota Statutes 2022, section 354.05, subdivision 38, is amended to read:

Subd. 38. **Normal retirement age.** "Normal retirement age" means age 65 for a person who first became a member of the association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989. Through June 30, 2025, for a person who first becomes a member of the association after June 30, 1989, normal retirement age means the higher of age 65 or "retirement age," as defined in United States Code, title 42, section 416(l), as amended, but not to exceed age 66. Beginning July 1, 2025, normal retirement age for all members means age 65.

Sec. 3. Minnesota Statutes 2022, section 354.42, subdivision 2, is amended to read:

Subd. 2. **Employee contribution.** (a) The employee contribution to the fund is the following percentage of the member's salary:

Period	Basic Program	Coordinated Program
from July 1, 2014, through June 30, 2023	11 percent	7.5 percent
<u>after June 30 from July 1, 2023, through June 30, 2025</u>	11.25 percent	7.75 percent
<u>after June 30, 2025</u>	<u>11.5 percent</u>	<u>8.0 percent</u>

(b) When an employee contribution rate changes for a fiscal year, the new contribution rate is effective for the entire salary paid for each employer unit with the first payroll cycle reported.

(c) This contribution must be made by deduction from salary. Where any portion of a member's salary is paid from other than public funds, the member's employee contribution must be based on the entire salary received.

Sec. 4. Minnesota Statutes 2022, section 354.42, subdivision 3, is amended to read:

Subd. 3. **Employer.** (a) The regular employer contribution to the fund by Special School District No. 1, Minneapolis, is an amount equal to the applicable following percentage of salary of each

coordinated member and the applicable percentage of salary of each basic member specified in paragraph (c).

The additional employer contribution to the fund by Special School District No. 1, Minneapolis, is an amount equal to 3.64 percent of the salary of each teacher who is a coordinated member or who is a basic member.

(b) The regular employer contribution to the fund by Independent School District No. 709, Duluth, is an amount equal to the applicable percentage of salary of each old law or new law coordinated member specified for the coordinated program in paragraph (c).

(c) The employer contribution to the fund for every other employer is an amount equal to the applicable following percentage of the salary of each coordinated member and the applicable following percentage of the salary of each basic member:

Period	Coordinated Member	Basic Member
from July 1, 2014, through June 30, 2018	7.5 percent	11.5 percent
from July 1, 2018, through June 30, 2019	7.71 percent	11.71 percent
from July 1, 2019, through June 30, 2020	7.92 percent	11.92 percent
from July 1, 2020, through June 30, 2021	8.13 percent	12.13 percent
from July 1, 2021, through June 30, 2022	8.34 percent	12.34 percent
from July 1, 2022, through June 30, 2023	8.55 percent	12.55 percent
after June 30 <u>from July 1, 2023, through June 30, 2025</u>	8.75 percent	12.75 percent
<u>after June 30, 2025</u>	<u>9.5 percent</u>	<u>13.5 percent</u>

(d) When an employer contribution rate changes for a fiscal year, the new contribution rate is effective for the entire salary paid for each employer unit with the first payroll cycle reported.

Sec. 5. Minnesota Statutes 2022, section 354A.011, subdivision 15a, is amended to read:

Subd. 15a. **Normal retirement age.** (a) "Normal retirement age" means age 65 for a person who first became a member of the coordinated program of the St. Paul Teachers Retirement Fund Association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989. Through June 30, 2025, for a person who first became a member of the coordinated program of the St. Paul Teachers Retirement Fund Association after June 30, 1989, normal retirement age means the higher of age 65 or retirement age, as defined in United States Code, title 42, section 416(l), as amended, but not to exceed age 66. Beginning July 1, 2025, for all members of the coordinated program of the St. Paul Teachers Retirement Fund Association, normal retirement age means age 65.

(b) For a person who is a member of the basic program of the St. Paul Teachers Retirement Fund Association, normal retirement age means the age at which a teacher becomes eligible for a normal retirement annuity computed upon meeting the age and service requirements specified in the applicable provisions of the articles of incorporation or bylaws of the teachers retirement fund association.

Sec. 6. Minnesota Statutes 2022, section 354A.12, subdivision 1, as amended by Laws 2023, chapter 45, article 5, section 1, is amended to read:

Subdivision 1. **Employee contributions.** (a) The contribution required to be paid by each member is the percentage of total salary specified below for the applicable program:

Program	Percentage of Total Salary
basic program after June 30, 2016, through June 30, 2023	10 percent
basic program after June 30, 2023, through June 30, 2025	10.25 percent
basic program after June 30, 2025	11.25 <u>11.5</u> percent
coordinated program after June 30, 2016, through June 30, 2023	7.5 percent
coordinated program after June 30, 2023, through June 30, 2025	7.75 percent
coordinated program after June 30, 2025	8.75 <u>9</u> percent

(b) Contributions must be made by deduction from salary and must be remitted directly to the St. Paul Teachers Retirement Fund Association at least once each month.

(c) When an employee contribution rate changes for a fiscal year, the new contribution rate is effective for the entire salary paid by the employer with the first payroll cycle reported.

Sec. 7. Minnesota Statutes 2022, section 354A.12, subdivision 2a, is amended to read:

Subd. 2a. **Employer regular and additional contributions.** (a) The employing units shall make the following employer contributions to the teachers retirement fund association:

(1) for each coordinated member of the St. Paul Teachers Retirement Fund Association, the employing unit shall make a regular employer contribution to the retirement fund association in an amount equal to the designated percentage of the salary of the coordinated member as provided below:

after June 30, 2016	6.25 percent
after June 30, 2017	6.5 percent
after June 30, 2018	7.335 percent
after June 30, 2019	8.17 percent
after June 30, 2020	8.38 percent
after June 30, 2021	8.59 percent
after June 30, 2022	8.8 percent
after June 30, 2023	9 percent
<u>after June 30, 2025</u>	<u>9.75 percent</u>

(2) for each basic member of the St. Paul Teachers Retirement Fund Association, the employing unit shall make a regular employer contribution to the respective retirement fund in an amount according to the schedule below:

after June 30, 2016	9.75 percent of salary
after June 30, 2017	10 percent of salary
after June 30, 2018	10.835 percent of salary

after June 30, 2019	11.67 percent of salary
after June 30, 2020	11.88 percent of salary
after June 30, 2021	12.09 percent of salary
after June 30, 2022	12.3 percent of salary
after June 30, 2023	12.5 percent of salary
<u>after June 30, 2025</u>	<u>13.25 percent of salary</u>

(3) for each basic member of the St. Paul Teachers Retirement Fund Association, the employing unit shall make an additional employer contribution to the respective fund in an amount equal to 3.64 percent of the salary of the basic member;

(4) for each coordinated member of the St. Paul Teachers Retirement Fund Association, the employing unit shall make an additional employer contribution to the respective fund in an amount equal to 3.84 percent of the coordinated member's salary.

(b) The regular and additional employer contributions must be remitted directly to the St. Paul Teachers Retirement Fund Association at least once each month. Delinquent amounts are payable with interest under the procedure in subdivision 1a.

(c) Payments of regular and additional employer contributions for school district or technical college employees who are paid from normal operating funds must be made from the appropriate fund of the district or technical college.

(d) When an employer contribution rate changes for a fiscal year, the new contribution rate is effective for the entire salary paid by the employer with the first payroll cycle reported.

Sec. 8. Minnesota Statutes 2022, section 356.215, subdivision 11, is amended to read:

Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating the level normal cost, the actuarial valuation of the retirement plan must contain an exhibit for financial reporting purposes indicating the additional annual contribution sufficient to amortize the unfunded actuarial accrued liability and must contain an exhibit indicating the additional contribution sufficient to amortize the unfunded actuarial accrued liability. For the retirement plans listed in subdivision 8, paragraph (a), but excluding the legislators retirement plan, the Bloomington Fire Department Relief Association, and the local monthly benefit volunteer firefighter relief associations, the additional contribution must be calculated on a level percentage of covered payroll basis by the established date for full funding in effect when the valuation is prepared, assuming annual payroll growth at the applicable percentage rate set forth in the appendix described in subdivision 8, paragraph (c). For the legislators retirement plan, the additional annual contribution must be calculated on a level annual dollar amount basis.

(b) For any retirement plan other than a retirement plan governed by paragraph (d), (e), (f), (g), (h), (i), or (j), if there has not been a change in the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, which change or changes by itself or by themselves without inclusion of any other items of increase or decrease produce a net

increase in the unfunded actuarial accrued liability of the fund, the established date for full funding is the first actuarial valuation date occurring after June 1, 2020.

(c) For any retirement plan, if there has been a change in any or all of the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, and the change or changes, by itself or by themselves and without inclusion of any other items of increase or decrease, produce a net increase in the unfunded actuarial accrued liability in the fund, the established date for full funding must be determined using the following procedure:

(i) the unfunded actuarial accrued liability of the fund must be determined in accordance with the plan provisions governing annuities and retirement benefits and the actuarial assumptions in effect before an applicable change;

(ii) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the unfunded actuarial accrued liability amount determined under item (i) by the established date for full funding in effect before the change must be calculated using the investment return assumption specified in subdivision 8 in effect before the change;

(iii) the unfunded actuarial accrued liability of the fund must be determined in accordance with any new plan provisions governing annuities and benefits payable from the fund and any new actuarial assumptions and the remaining plan provisions governing annuities and benefits payable from the fund and actuarial assumptions in effect before the change;

(iv) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the difference between the unfunded actuarial accrued liability amount calculated under item (i) and the unfunded actuarial accrued liability amount calculated under item (iii) over a period of 30 years from the end of the plan year in which the applicable change is effective must be calculated using the applicable investment return assumption specified in subdivision 8 in effect after any applicable change;

(v) the level annual dollar or level percentage amortization contribution under item (iv) must be added to the level annual dollar amortization contribution or level percentage calculated under item (ii);

(vi) the period in which the unfunded actuarial accrued liability amount determined in item (iii) is amortized by the total level annual dollar or level percentage amortization contribution computed under item (v) must be calculated using the investment return assumption specified in subdivision 8 in effect after any applicable change, rounded to the nearest integral number of years, but not to exceed 30 years from the end of the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and not to be less than the period of years beginning in the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and ending by the date for full funding in effect before the change; and

(vii) the period determined under item (vi) must be added to the date as of which the actuarial valuation was prepared and the date obtained is the new established date for full funding.

(d) For the general employees retirement plan of the Public Employees Retirement Association, the established date for full funding is June 30, 2048.

(e) For the Teachers Retirement Association, the established date for full funding is June 30, 2048, through June 30, 2025. Beginning July 1, 2025, the established date for full funding is June 30, 2053.

(f) For the correctional state employees retirement plan and the State Patrol retirement plan of the Minnesota State Retirement System, the established date for full funding is June 30, 2048.

(g) For the judges retirement plan, the established date for full funding is June 30, 2048.

(h) For the local government correctional service retirement plan and the public employees police and fire retirement plan, the established date for full funding is June 30, 2048.

(i) For the St. Paul Teachers Retirement Fund Association, the established date for full funding is June 30, 2048.

(j) For the general state employees retirement plan of the Minnesota State Retirement System, the established date for full funding is June 30, 2048.

(k) For the retirement plans for which the annual actuarial valuation indicates an excess of valuation assets over the actuarial accrued liability, the valuation assets in excess of the actuarial accrued liability must be recognized as a reduction in the current contribution requirements by an amount equal to the amortization of the excess expressed as a level percentage of pay over a 30-year period beginning anew with each annual actuarial valuation of the plan.

Sec. 9. **BASE ADJUSTMENT.**

(a) The commissioner of management and budget shall increase the total operations and maintenance base for the Board of Trustees of the Minnesota State Colleges and Universities established in law for fiscal year 2026 and later by \$1,446,000 for increased employer pension contributions to the Teachers Retirement Association.

(b) The commissioner of management and budget shall increase the budget base for the Minnesota State Academies established in law for fiscal year for 2026 and later by \$44,000 for increased employer pension contributions to the Teachers Retirement Association.

(c) The commissioner of management and budget shall increase the total budget base for the Perpich Center for Arts Education established in law for fiscal year 2026 and later by \$12,000 for increased employer pension contributions to the Teachers Retirement Association.

ARTICLE 15

MISCELLANEOUS

Section 1. Minnesota Statutes 2022, section 3.8855, subdivision 4, is amended to read:

Subd. 4. **Duties.** (a) ~~In the first~~ For not more than three years after the commission is established, the commission must complete an initial review of the state's tax expenditures. The initial review

must identify the purpose of each of the state's tax expenditures, if none was identified in the enacting legislation in accordance with section 3.192. The commission may also identify metrics for evaluating the effectiveness of an expenditure.

(b) ~~In each year following the initial review under paragraph (a),~~ The commission must review and evaluate Minnesota's tax expenditures on a regular, rotating basis. The commission must establish a review schedule that ensures each tax expenditure will be reviewed by the commission at least once every ten years. The commission may review expenditures affecting similar constituencies or policy areas in the same year, but the commission must review a subset of the tax expenditures within each tax type each year. To the extent possible, the commission must review a similar number of tax expenditures within each tax type each year. The commission may decide not to review a tax expenditure that is adopted by reference to federal law.

(c) Before December 1 of the year a tax expenditure is included in a commission report, the commission must hold a public hearing on the expenditure, including but not limited to a presentation of the review components in subdivision 5.

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

Sec. 2. Minnesota Statutes 2022, section 3.8855, subdivision 7, is amended to read:

Subd. 7. **Report to legislature.** (a) By December 15 of each year, the commission must submit a written report to the legislative committees with jurisdiction over tax policy. The report must detail the results of the commission's review of tax expenditures ~~in~~ for the ~~previous calendar~~ year, including the review components detailed in subdivision 5.

(b) Notwithstanding paragraph (a), during the period of initial review under subdivision 4, the report may be limited to the purpose statements and metrics for evaluating the effectiveness of expenditures, as identified by the commission. The report may also include relevant publicly available data on an expenditure.

(c) The report may include any additional information the commission deems relevant to the review of an expenditure.

(d) The legislative committees with jurisdiction over tax policy must hold a public hearing on the report during the regular legislative session in the year following the year in which the report was submitted.

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

Sec. 3. **[16A.067] TAXPAYER RECEIPT.**

(a) The commissioner, in consultation with the commissioner of revenue, must develop and publish on the Department of Management and Budget's website an interactive taxpayer receipt in accordance with this section. The receipt must describe the share of state general fund expenditures represented by major expenditure categories in the most recent fiscal year for which data is available. The receipt must show the approximate allocation of motor vehicle fuel taxes among eligible transportation purposes.

(b) For each expenditure category, the receipt must include select data on the performance goals and outcomes for the category, based on the goals and outcomes data required under section 16A.10, subdivision 1b.

(c) The website must allow a user to input an income amount, and must estimate the amount of major state taxes paid by the user. The website must allocate the user's estimated state tax liability to each major expenditure category based on the category's percentage share of total state general fund spending. For the purposes of this section, "major state taxes" means income, sales, alcohol, tobacco, and motor vehicle fuels taxes.

(d) Using the income amount entered by the user, the website must estimate the amount of income and direct sales taxes paid based upon the taxpayer's income. The website must allow a user to indicate whether the user used tobacco, consumed alcohol, or purchased motor vehicle fuel in the previous year, and provide a corresponding estimate of the cigarette, alcohol, and motor vehicle fuel taxes paid by the user.

(e) The commissioner of management and budget, in consultation with the commissioner of revenue, must update the receipt by December 31 of each year, and must annually promote to the public the availability of the website.

Sec. 4. Minnesota Statutes 2022, section 270A.03, subdivision 2, is amended to read:

Subd. 2. **Claimant agency.** "Claimant agency" means any state agency, as defined by section 14.02, subdivision 2, the regents of the University of Minnesota, any district court of the state, any county, any statutory or home rule charter city, including a city that is presenting a claim for a municipal hospital or a public library or a municipal ambulance service, a hospital district, ~~a private nonprofit hospital that leases its building from the county or city in which it is located,~~ any ambulance service licensed under chapter 144E, any public agency responsible for child support enforcement, any public agency responsible for the collection of court-ordered restitution, and any public agency established by general or special law that is responsible for the administration of a low-income housing program.

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

Sec. 5. Minnesota Statutes 2022, section 270C.19, subdivision 1, is amended to read:

Subdivision 1. **Taxes paid by Indians.** (a) Notwithstanding any other law which limits the refund of tax, the commissioner is authorized to enter into a tax refund agreement with the governing body of any federally recognized Indian ~~reservation~~ Tribe in Minnesota.

(b) The agreement may provide for:

(1) a mutually agreed-upon amount as a refund to the governing body of an estimate of any sales or excise tax paid by the total resident Indian population on or adjacent to a reservation into the state treasury, Tribal members on transactions occurring on the reservation or on transactions that would occur on the reservation if there was no agreement; or

(2) ~~for~~ an amount which measures the economic value of an agreement by the Tribal government to pay the equivalent of the state sales tax on items included in the sales tax base but exempt on the

~~reservation, notwithstanding any other law which limits the refundment of taxes. The total resident Indian population on or adjacent to a reservation shall be defined according to the United States Department of the Interior, Bureau of Indian Affairs, as determined and stated in its Report on Service Population and Labor Force.~~

(c) For purposes of this section, "Tribal members" means the number of enrolled members of the Tribe who live on or adjacent to the reservation as defined in the agreement.

(d) In arriving at the refund amount, the commissioner must consider the number of Tribal members as most recently submitted by the Tribe to the commissioner, estimates contained in the tax incidence report under section 270C.13, and any other information available to the commissioner.

EFFECTIVE DATE. This section is effective retroactively for agreements entered into or amended after December 31, 2022.

Sec. 6. Minnesota Statutes 2022, section 270C.52, subdivision 2, is amended to read:

Subd. 2. **Payment agreements.** (a) When any portion of any tax payable to the commissioner together with interest and penalty thereon, if any, has not been paid, the commissioner may extend the time for payment for a further period. When the authority of this section is invoked, the extension shall be evidenced by written agreement signed by the taxpayer and the commissioner, stating the amount of the tax with penalty and interest, if any, and providing for the payment of the amount in installments.

(b) The agreement may contain a confession of judgment for the amount and for any unpaid portion thereof. If the agreement contains a confession of judgment, the confession of judgment must provide that the commissioner may enter judgment against the taxpayer in the district court of the county of residence as shown upon the taxpayer's tax return for the unpaid portion of the amount specified in the extension agreement.

(c) The agreement shall provide that it can be terminated, after notice by the commissioner, if information provided by the taxpayer prior to the agreement was inaccurate or incomplete, collection of the tax covered by the agreement is in jeopardy, there is a subsequent change in the taxpayer's financial condition, the taxpayer has failed to make a payment due under the agreement, or the taxpayer has failed to pay any other tax or file a tax return coming due after the agreement.

(d) The notice must be given at least 14 calendar days prior to termination, and shall advise the taxpayer of the right to request a reconsideration from the commissioner of whether termination is reasonable and appropriate under the circumstances. A request for reconsideration does not stay collection action beyond the 14-day notice period. If the commissioner has reason to believe that collection of the tax covered by the agreement is in jeopardy, the commissioner may proceed under section 270C.36 and terminate the agreement without regard to the 14-day period.

(e) The commissioner may accept other collateral the commissioner considers appropriate to secure satisfaction of the tax liability. The principal sum specified in the agreement shall bear interest at the rate specified in section 270C.40 on all unpaid portions thereof until the same has been fully paid or the unpaid portion thereof has been entered as a judgment. The judgment shall bear interest at the rate specified in section 270C.40.

(f) If it appears to the commissioner that the tax reported by the taxpayer is in excess of the amount actually owing by the taxpayer, the extension agreement or the judgment entered pursuant thereto shall be corrected. If after making the extension agreement or entering judgment with respect thereto, the commissioner determines that the tax as reported by the taxpayer is less than the amount actually due, the commissioner shall assess a further tax in accordance with the provisions of law applicable to the tax.

(g) The authority granted to the commissioner by this section is in addition to any other authority granted to the commissioner by law to extend the time of payment or the time for filing a return and shall not be construed in limitation thereof.

~~(h) The commissioner shall charge a fee for entering into payment agreements. The fee is set at \$50 and is charged for entering into a payment agreement, for entering into a new payment agreement after the taxpayer has defaulted on a prior agreement, and for entering into a new payment agreement as a result of renegotiation of the terms of an existing agreement. The fee is paid to the commissioner before the payment agreement becomes effective and does not reduce the amount of the liability.~~

EFFECTIVE DATE; APPLICATION. This section is effective for payment plans entered into beginning 30 days after the day following final enactment.

Sec. 7. Minnesota Statutes 2022, section 278.01, subdivision 1, is amended to read:

Subdivision 1. **Determination of validity.** (a) Any person having personal property, or any estate, right, title, or interest in or lien upon any parcel of land, who claims that such property has been partially, unfairly, or unequally assessed in comparison with other property in the (1) city, or (2) county, or (3) in the case of a county containing a city of the first class, the portion of the county excluding the first class city, or that the parcel has been assessed at a valuation greater than its real or actual value, or that the tax levied against the same is illegal, in whole or in part, or has been paid, or that the property is exempt from the tax so levied, may have the validity of the claim, defense, or objection determined by the district court of the county in which the tax is levied or by the Tax Court by personally serving one copy of a petition for such determination upon the county auditor; ~~one copy on the county attorney, one copy on the county treasurer, and three copies on the county assessor.~~ The county assessor shall immediately forward one copy of the petition to the appropriate governmental authority in a home rule charter or statutory city or town in which the property is located if that city or town employs its own certified assessor. A copy of the petition shall also be forwarded by the assessor to the school board of the school district in which the property is located. The county auditor may waive personal service of a petition by: (i) agreeing to accept service through an alternative service method; (ii) designating an alternative service method on the county website; or (iii) acknowledging receipt of a petition served through an alternative service method. An alternative service method includes but is not limited to service by email or by an electronic upload to a website designated by the county. Service may be made by any person, including a party to the action.

~~(b) In counties where the office of county treasurer has been combined with the office of county auditor, the county may elect to require the petitioner to serve the number of copies as determined by the county. Within 30 days after a petition is served and filed, the county auditor must provide a copy of the petition, if a copy has not already been provided, to the county assessor, county~~

treasurer, and the county attorney. The county assessor shall immediately forward one copy of the petition to the appropriate governmental authority in a home rule charter or statutory city or town in which the property is located if that city or town employs its own certified assessor. On or before the first day of July, the county auditor must send a list of petitioned properties, including to the school board of the school district in which the property is located. The list must include the name of the petitioner, the identification number of the property, and the estimated market value, shall be sent on or before the first day of July by the county auditor/treasurer to the school board of the school district in which the property is located of the property.

(c) For all counties, the petitioner must file ~~the copies with~~ a copy of the petition and proof of service, of the petition in the office of the court administrator of the district court on or before April 30 of the year in which the tax becomes payable. A petition for determination under this section may be transferred by the district court to the Tax Court. An appeal may also be taken to the Tax Court under chapter 271 at any time following receipt of the valuation notice that county assessors or city assessors having the powers of a county assessor are required by section 273.121 to send to persons whose property is to be included on the assessment roll that year, but prior to May 1 of the year in which the taxes are payable.

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

Sec. 8. Minnesota Statutes 2022, 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, 2024.

Sec. 9. Minnesota Statutes 2022, 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, 2024.

Sec. 10. Minnesota Statutes 2022, section 289A.08, is amended by adding a subdivision to read:

Subd. 18. **Taxpayer receipt.** (a) The commissioner must offer all individual income taxpayers the opportunity to elect to receive information about a taxpayer receipt via email or United States mail. In the manner selected by the taxpayer, the commissioner must provide the taxpayer with information about how to access the taxpayer receipt website established under section 16A.067. The commissioner must allow a taxpayer to elect not to receive information about the receipt.

(b) Both the long and short forms described in subdivision 13 must include the opportunity to elect to receive information about the receipt.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 11. Minnesota Statutes 2022, section 297H.13, subdivision 2, is amended to read:

Subd. 2. **Allocation of revenues.** (a) ~~\$33,760,000, or 70 percent, whichever is greater,~~ Of the amounts remitted under this chapter, 70 percent must be credited to the environmental fund established in section 16A.531, subdivision 1.

(b) In addition to the amounts credited to the environmental fund in paragraph (a), in fiscal year 2024 and later, three percent of the amounts remitted under this chapter shall be deposited into the resource management account in the environmental fund.

(c) The remainder must be deposited into the general fund.

(d) Beginning in fiscal year 2024 and annually thereafter, the money deposited in the resource management account in the environmental fund under paragraph (b) is appropriated to the commissioner of the Pollution Control Agency for distribution to counties under section 115A.557, subdivision 2, paragraph (a), clauses (1) to (7) and (9) to (11).

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

Sec. 12. **[428B.01] DEFINITIONS.**

Subdivision 1. **Applicability.** As used in sections 428B.01 to 428B.09, the terms in this section have the meanings given them.

Subd. 2. **Activity.** "Activity" means but is not limited to all of the following:

(1) promotion of tourism within the district;

(2) promotion of business activity, including but not limited to tourism, of businesses subject to the service charge within the tourism improvement district;

(3) marketing, sales, and economic development; and

(4) other services provided for the purpose of conferring benefits upon businesses located in the tourism improvement district that are subject to the tourism improvement district service charge.

Subd. 3. **Business.** "Business" means a lodging business as defined by municipal ordinance.

Subd. 4. **Business owner.** "Business owner" means a person recognized by a municipality as the owner of a business.

Subd. 5. **City.** "City" means a home rule charter or statutory city.

Subd. 6. **Clerk.** "Clerk" means the chief clerical officer of the municipality.

Subd. 7. **Governing body.** "Governing body" means, with respect to a city, a city council or other governing body of a city. With respect to a town, governing body means a town board or other governing body of a town. With respect to a county, governing body means a board of commissioners or other governing body of a county.

Subd. 8. **Impacted business owners.** "Impacted business owners" means a majority of business owners located within a proposed or established tourism improvement district.

Subd. 9. **Municipality.** "Municipality" means a county, city, or town.

Subd. 10. **Tourism improvement association.** "Tourism improvement association" means a new or existing and tax-exempt nonprofit corporation, entity, or agency charged with promoting tourism within the tourism improvement district and that is under contract with the municipality to administer the tourism improvement district and implement the activities and improvements listed in the municipality's ordinance.

Subd. 11. **Tourism improvement district.** "Tourism improvement district" means a tourism improvement district established under this chapter.

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

Sec. 13. **[428B.02] ESTABLISHMENT OF TOURISM IMPROVEMENT DISTRICT.**

Subdivision 1. **Ordinance.** (a) Upon a petition by impacted business owners, a governing body of a municipality may adopt an ordinance establishing a tourism improvement district after holding a public hearing on the district. The ordinance must include:

(1) a map that identifies the tourism improvement district boundaries in sufficient detail to allow a business owner to determine whether a business is located within the tourism improvement district boundaries;

(2) the name of the tourism improvement association designated to administer the tourism improvement district and implement the approved activities and improvements;

(3) a list of the proposed activities and improvements in the tourism improvement district;

(4) the time and manner of collecting the service charge and any interest and penalties for nonpayment;

(5) a definition describing the type or class of businesses to be included in the tourism improvement district and subject to the service charge;

(6) the rate, method, and basis of the service charge with intent, and penalties on delinquent payments for the district, including the portion dedicated to covering expenses listed in subdivision 4, paragraph (b); and

(7) the number of years the service charge will be in effect.

(b) If the boundaries of a proposed tourism improvement district overlap with the boundaries of an existing special service district, the tourism improvement district ordinance may list measures to avoid any impediments on the ability of the special service district to continue to provide its services to benefit its property owners.

Subd. 2. **Notice.** A municipality must provide notice of the hearing by publication in at least two issues of the official newspaper of the municipality. The two publications must be two weeks apart and the municipality must hold the hearing at least three days after the last publication. Not less than ten days before the hearing, the municipality must mail, or deliver by electronic means, notice to the business owner of each business subject to the proposed service charge by the tourism improvement district. The notice must include:

(1) a map showing the boundaries of the proposed district;

(2) the time and place of the hearing;

(3) a statement that all interested persons will be given an opportunity to be heard at the hearing regarding the proposed service charge; and

(4) a brief description of the proposed activities, improvements, and service charge.

Subd. 3. **Business owner determination.** A business must provide ownership information to the municipality. A municipality has no obligation to obtain other information regarding the ownership of businesses, and its determination of ownership shall be final for the purposes of this chapter. If this chapter requires the signature of a business owner, the signature of the authorized representative of a business owner is sufficient.

Subd. 4. **Service charges; relationship to services.** (a) A municipality may impose a service charge on a business pursuant to this chapter for the purpose of providing activities and improvements that will provide benefits to a business that is located within the tourism improvement district and subject to the tourism improvement district service charge. Each business paying a service charge within a district must benefit directly or indirectly from improvements provided by a tourism improvement association, provided, however, the business need not benefit equally. Service charges must be based on a percent of gross business revenue, a fixed dollar amount per transaction, or any other reasonable method based upon benefit and approved by the municipality.

(b) Service charges may be used to cover the costs of collections, as well as other administrative costs associated with operating, forming, or maintaining the district.

Subd. 5. **Public hearing.** At the hearing regarding the adoption of the ordinance establishing a tourism improvement district, business owners and persons affected by the proposed district may testify on issues relevant to the proposed district. The hearing may be adjourned from time to time. The ordinance establishing the district may be adopted at any time within six months after the date of the conclusion of the hearing by a vote of the majority of the governing body of the municipality.

Subd. 6. **Appeal to district court.** Within 45 days after the adoption of the ordinance establishing a tourism improvement district, a person aggrieved, who is not precluded by failure to object before or at the hearing, may appeal to the district court by serving a notice on the clerk of the municipality or governing body. The validity of the tourism improvement district and the service charge imposed under this chapter shall not be contested in an action or proceeding unless the action or proceeding is commenced within 45 days after the adoption of the ordinance establishing a tourism improvement district. The petitioner must file notice with the court administrator of the district court within ten days after its service. The clerk of the municipality must provide the petitioner with a certified copy of the findings and determination of the governing body. The court may affirm the action objected to or, if the petitioner's objections have merit, modify or cancel it. If the petitioner does not prevail on the appeal, the costs incurred shall be charged to the petitioner by the court and judgment entered for them. All objections shall be deemed waived unless presented on appeal.

Subd. 7. **Notice to the commissioner of revenue.** Within 30 days of adoption of the ordinance, the governing body must send a copy of the ordinance to the commissioner of revenue.

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

Sec. 14. **[428B.03] SERVICE CHARGE AUTHORITY; NOTICE; HEARING REQUIREMENT.**

Subdivision 1. **Authority.** A municipality may impose service charges authorized under section 428B.02, subdivision 4, to finance an activity or improvement in the tourism improvement district that is provided by the municipality if the activity or improvement is provided in the tourism improvement district at an increased level of service. The service charges may be imposed in the amount needed to pay for the increased level of service provided by the activity or improvement.

Subd. 2. **Annual hearing requirement; notice.** Beginning one year after the establishment of the tourism improvement district, the municipality must hold an annual public hearing regarding continuation of the service charges in the tourism improvement district. The municipality must provide notice of the hearing by publication in the official newspaper at least seven days before the hearing. The municipality must mail, or deliver by electronic means, notice of the hearing to business owners subject to the service charge at least seven days before the hearing. At the hearing, a person affected by the proposed district may testify on issues relevant to the proposed district. Within six months of the hearing, the municipality may adopt a resolution to continue imposing service charges within the district not exceeding the amount or rate expressed in the notice. For purposes of this section, the notice must include:

- (1) a map showing the boundaries of the district;

(2) the time and place of the hearing;

(3) a statement that all interested persons will be given an opportunity to be heard at the hearing regarding the proposed service charge;

(4) a brief description of the proposed activities and improvements;

(5) the estimated annual amount of proposed expenditures for activities and improvements;

(6) the rate of the service charge for the district during the year and the nature and character of the proposed activities and improvements for the district during the year in which service charges are collected;

(7) the number of years the service charge will be in effect; and

(8) a statement that the petition requirement of section 428B.07 has either been met or does not apply to the proposed service charge.

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

Sec. 15. [428B.04] MODIFICATION OF ORDINANCE.

Subdivision 1. **Adoption of ordinance; request for modification.** Upon written request of the tourism improvement association, the governing body of a municipality may adopt an ordinance to modify the district after conducting a public hearing on the proposed modifications. If the modification includes a change to the rate, method, and basis of imposing the service charge or the expansion of the tourism improvement district's geographic boundaries, a petition as described in section 428B.07 must be submitted by impacted business owners to initiate proceedings for modification.

Subd. 2. **Notice of modification.** A municipality must provide notice of the hearing by publication in at least two issues of the municipality's official newspaper. The two publications must be two weeks apart and the municipality must hold a hearing at least three days after the last publication. Not less than ten days before the hearing, the municipality must mail, or deliver by electronic means, notice to the business owner of each business subject to the service charge by the tourism improvement district. The notice must include:

(1) a map showing the boundaries of the district and any proposed changes to the boundaries of the district;

(2) the time and place of the hearing;

(3) a statement that all interested persons will be given an opportunity to be heard at the hearing regarding the proposed service charge; and

(4) a brief description of the proposed modification to the ordinance.

Subd. 3. **Hearing on modification.** At the hearing regarding modification to the ordinance, business owners and persons affected by the proposed modification may testify on issues relevant to the proposed modification. Within six months after the conclusion of the hearing, the municipality may adopt the ordinance modifying the district by a vote of the majority of the governing body in

accordance with the request for modification by the tourism improvement association and as described in the notice.

Subd. 4. **Objection.** If the modification of the ordinance includes the expansion of the tourism improvement district's geographic boundaries, the ordinance modifying the district may be adopted after following the notice and veto requirements in section 428B.08; however, a successful objection will be determined based on a majority of business owners who will pay the service charge in the expanded area of the district. For all other modifications, the ordinance modifying the district may be adopted following the notice and veto requirements in section 428B.08.

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

Sec. 16. **[428B.05] COLLECTION OF SERVICE CHARGES; PENALTIES.**

The service charges imposed under this chapter may be collected by the municipality, tourism improvement association, or other designated agency or entity. Collection of the service charges must be made at the time and in the manner set forth in the ordinance. The entity collecting the service charges may charge interest and penalties on delinquent payments for service charges imposed under this chapter as set forth in the municipality's ordinance.

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

Sec. 17. **[428B.06] TOURISM IMPROVEMENT ASSOCIATION.**

Subdivision 1. **Composition and duties.** The tourism improvement association must be designated in the municipality's ordinance. The tourism improvement association shall appoint a governing board or committee composed of a majority of business owners who pay the tourism improvement district service charge, or the representatives of those business owners. The governing board or committee must manage the funds raised by the tourism improvement district and fulfill the obligations of the tourism improvement district. A tourism improvement association has full discretion to select the specific activities and improvements that are funded with tourism improvement district service charges within the authorized activities and improvements described in the ordinance.

Subd. 2. **Annual report.** The tourism improvement association must submit to the municipality an annual report for each year in which a service charge is imposed. The report must include a financial statement of revenue raised by the district. The municipality may also, as part of the enabling ordinance, require the submission of other relevant information related to the association.

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

Sec. 18. **[428B.07] PETITION REQUIRED.**

A municipality may not establish a tourism improvement district under section 428B.02 unless impacted business owners file a petition requesting a public hearing on the proposed action with the clerk of the municipality.

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

Sec. 19. **[428B.08] VETO POWER OF OWNERS.**

Subdivision 1. **Notice of right to file objections.** The effective date of an ordinance or resolution adopted under this chapter must be at least 45 days after it is adopted by the municipality. Within five days after the municipality adopts the ordinance or resolution, the municipality must mail a summary of the ordinance or resolution to each business owner subject to the service charge within the tourism improvement district in the same manner that notice is mailed, or delivered by electronic means, under section 428B.02. The mailing must include a notice that business owners subject to the service charge have the right to veto, by a simple majority, the ordinance or resolution by filing the required number of objections with the clerk of the municipality before the effective date of the ordinance or resolution and include notice that a copy of the ordinance or resolution is available for public inspection with the clerk of the municipality.

Subd. 2. **Requirements for veto.** If impacted business owners file an objection to the ordinance or resolution before the effective date of the ordinance or resolution, the ordinance or resolution does not become effective.

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

Sec. 20. **[428B.09] DISESTABLISHMENT.**

Subdivision 1. **Procedure for disestablishment.** An ordinance adopted under this chapter must provide a 30-day period each year in which business owners subject to the service charge may request disestablishment of the district. Beginning one year after establishment of the tourism improvement district, an annual 30-day period of disestablishment begins with the anniversary of the date of establishment. Upon submission of a petition from impacted business owners, the municipality may disestablish a tourism improvement district by adopting an ordinance after holding a public hearing on the disestablishment. Prior to the hearing, the municipality must publish notice of the hearing on disestablishment in at least two issues of the municipality's official newspaper. The two publications must be two weeks apart and the municipality must hold the hearing at least three days after the last publication. Not less than ten days before the hearing, the municipality must mail, or deliver by electronic means, notice to the business owner of each business subject to the service charge. The notice must include:

- (1) the time and place of the hearing;
- (2) a statement that all interested persons will be given an opportunity to be heard at the hearing regarding disestablishment;
- (3) the reason for disestablishment; and
- (4) a proposal to dispose of any assets acquired with the revenues of the service charge imposed under the tourism improvement district.

Subd. 2. **Objection.** An ordinance disestablishing the tourism improvement district becomes effective following the notice and veto requirements in section 428B.08.

Subd. 3. **Refund to business owners.** (a) Upon the disestablishment of a tourism improvement district, any remaining revenues derived from the service charge, or any revenues derived from the sale of assets acquired with the service charge revenues, shall be refunded to business owners located and operating within the tourism improvement district in which service charges were imposed by

applying the same method and basis that was used to calculate the service charges levied in the fiscal year in which the district is disestablished.

(b) If the disestablishment occurs before the service charge is imposed for the fiscal year, the method and basis that was used to calculate the service charge imposed in the immediate prior fiscal year shall be used to calculate the amount of a refund, if any.

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

Sec. 21. **[428B.10] COORDINATION OF DISTRICTS.**

If a county establishes a tourism improvement district in a city or town under this chapter, a city or town may not establish a tourism improvement district in the part of the city or town located in the county-established district. If a city or town establishes a tourism improvement district under this chapter, a county may not establish a tourism improvement district in the part of the city or town located in the city- or town-established district.

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

Sec. 22. Minnesota Statutes 2022, section 462A.38, is amended to read:

462A.38 WORKFORCE AND AFFORDABLE HOMEOWNERSHIP DEVELOPMENT PROGRAM.

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

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

- (1) development costs;
- (2) rehabilitation;
- (3) land development; and
- (4) residential housing, including storm shelters and related community facilities.

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

Subd. 3. **Application.** The commissioner shall develop forms and procedures for soliciting and reviewing applications for grants and loans under this section. The commissioner shall consult with interested stakeholders when developing the guidelines and procedures for the program. In making

grants and loans, the commissioner shall establish semiannual application deadlines in which grants and loans will be authorized from all or part of the available appropriations.

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

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

Subd. 6. **Report.** Beginning January 15, ~~2018~~ 2024, the commissioner must annually submit a report to the chairs and ranking minority members of the senate and house of representatives committees having jurisdiction over housing and workforce development specifying the projects that received grants and loans under this section and the specific purposes for which the grant or loan funds were used.

Subd. 7. **Workforce and affordable homeownership development account.** A workforce and affordable homeownership development account is established in the housing development fund. Money in the account, including interest, is appropriated to the commissioner of the Housing Finance Agency for the purposes of this section. The amount appropriated under this section must supplement traditional sources of funding for this purpose and must not be used as a substitute for traditional sources of funding or to pay debt service on bonds. All loan repayments received under this section are to be deposited into the workforce and affordable homeownership development account in the housing development fund. A borrower under this section may, instead of repaying its loan, spend the money on a qualifying project under subdivision 2.

EFFECTIVE DATE. This section is effective July 1, 2023.

Sec. 23. **DEPARTMENT OF REVENUE FREE FILING REPORT.**

Subdivision 1. **Department of Revenue free filing report.** (a) By January 15, 2024, the commissioner of revenue must provide a written report to the chairs and ranking minority members of the legislative committees with jurisdiction over taxes. The report must comply with the requirements of Minnesota Statutes, sections 3.195 and 3.197, and must also provide information on free electronic filing options for preparing and filing Minnesota individual income tax returns.

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

- (1) system development, capability, security, and costs for consumer-based tax filing software;
- (2) costs per return that would be charged to the state of Minnesota to provide an electronic individual income tax return preparation, submission, and payment remittance process;
- (3) providing customer service and issue resolution to taxpayers using the software;

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

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

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

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

(1) a review of options that other states use for state electronic filing;

(2) an assessment of taxpayer needs for electronic filing, including current filing practices;

(3) an analysis of alternative options to provide free filing, such as tax credits, vendor incentives, or other benefits; and

(4) an analysis of the Internal Revenue Service Free File Program usage.

Subd. 2. **Appropriation; Department of Revenue free filing report.** \$175,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of revenue for the free filing report required under this section. This is a onetime appropriation.

Sec. 24. **TAX FILING MODERNIZATION.**

Subdivision 1. **Account established; appropriation.** A tax filing modernization account is established in the special revenue fund. All funds in the tax filing modernization account are appropriated to the commissioner of revenue for the purposes specified in subdivision 3.

Subd. 2. **Transfer.** \$5,000,000 in fiscal year 2024 is transferred to the tax filing modernization account from the general fund. This is a onetime transfer.

Subd. 3. **Eligible uses.** (a) The commissioner of revenue may use funds in the tax filing modernization account to modernize the state process for filing individual income tax returns, including:

(1) updating and reviewing changes to individual income tax forms resulting from this act;

(2) coordinating the process for filing state individual income tax returns with free filing options for the federal income tax; and

(3) development and implementation of state free filing options for the individual income tax.

(b) Beginning July 1, 2026, the commissioner of revenue may use any unspent funds in the tax filing modernization account to make taxpayer assistance grants to eligible organizations qualifying under section 7526A(e)(2)(B) of the Internal Revenue Code.

Subd. 4. **Unspent funds.** Any unspent funds in the tax filing modernization account cancel to the general fund on June 30, 2027.

Sec. 25. RAMSEY COUNTY; EXTENDING REDEMPTION PERIODS OF PROPERTIES IN TARGETED COMMUNITIES.

The period of redemption under Minnesota Statutes, chapter 281, shall be three years for all lands in Ramsey County that are located in a targeted community as defined in Minnesota Statutes, section 469.201, subdivision 10, and that are sold to the state in a tax judgment sale as a result of delinquency in paying taxes for taxes payable year 2023 or later.

EFFECTIVE DATE. This section is effective the day after the governing body of Ramsey County and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3, but any compliance with these requirements must be completed no later than December 31, 2023.

Sec. 26. FINANCIAL REVIEW OF GRANT AND BUSINESS SUBSIDY RECIPIENTS.

Subdivision 1. **Definitions.** The definitions in Minnesota Statutes, section 16B.981, apply to this section.

Subd. 2. **Financial review.** A grant funded by an appropriation in this act is subject to the financial review requirements of Minnesota Statutes, section 16B.981, as applicable, notwithstanding the effective date for enactment of Minnesota Statutes, section 16B.981.

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

Sec. 27. APPROPRIATION; TAXPAYER RECEIPT.

\$144,000 in fiscal year 2024 and \$47,000 in fiscal year 2025 are appropriated from the general fund to the commissioner of management and budget to develop and publish the taxpayer receipt under Minnesota Statutes, section 16A.067.

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

Sec. 28. APPROPRIATION; WORKFORCE AND AFFORDABLE HOMEOWNERSHIP DEVELOPMENT PROGRAM.

\$40,000,000 in fiscal year 2024 is appropriated from the general fund to the Minnesota Housing Finance Agency for deposit in the workforce and affordable homeownership development account for the purposes of the workforce and affordable homeownership development program under Minnesota Statutes, section 462A.38.

Sec. 29. APPROPRIATION; CRANE LAKE WATER AND SANITARY DISTRICT DEBT RELIEF.

(a) \$1,294,000 in fiscal year 2024 is appropriated from the general fund to the Public Facilities Authority for a grant to the Crane Lake Water and Sanitary District to retire debt of the district in order to bring the district's monthly wastewater rates in line with those of similarly situated facilities across the state. This is a onetime appropriation.

(b) If the appropriation in this section is enacted more than once during the 2023 regular session for substantially similar purposes, the appropriation is to be given effect only once.

Sec. 30. APPROPRIATION; CITY OF MINNEAPOLIS; GRANT.

(a) \$10,000,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of employment and economic development for a grant to the city of Minneapolis. This is a onetime appropriation. The grant must be paid by July 15, 2023. The city of Minneapolis may use up to one percent of the grant for administrative costs.

(b) Of the amount granted to the city of Minneapolis under paragraph (a), \$8,000,000 must be used for a grant to a foundation that provides business advising, branding and marketing support, and real estate consulting to businesses located on Lake Street in Minneapolis, between 30th Avenue South and Nicollet Avenue. The organization must use the funds for direct business support or direct corridor support, including assistance with marketing, placemaking, and public relations services.

(c) Of the amount granted to the city of Minneapolis under paragraph (a), \$2,000,000 must be used for property acquisition in the city of Minneapolis at 1860 28th Street East and 2717 Longfellow Avenue.

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

Sec. 31. APPROPRIATION; CITY OF NORTHFIELD; GRANT.

(a) \$300,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of revenue for a grant to the city of Northfield. This is a onetime appropriation. The grant must be paid by July 15, 2023.

(b) The grant under this section must be used by the city of Northfield to pay for infrastructure related to a cooperatively owned manufactured home park.

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

Sec. 32. APPROPRIATION; CITY OF SPRING GROVE FIRE REMEDIATION GRANT.

\$250,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of revenue for a grant to the city of Spring Grove to remediate the effects of the fire in the city on December 22, 2022. The grant recipient must use the money appropriated under this section for remediation costs incurred by public or private entities as a result of the fire, including disaster recovery, infrastructure, reimbursement for emergency personnel costs, reimbursement for equipment costs, and reimbursement for property tax abatements. This appropriation is onetime and is available until June 30, 2025.

EFFECTIVE DATE. This section is effective July 1, 2023.

Sec. 33. APPROPRIATION; CITY OF WINDOM.

(a) \$13,000,000 in fiscal year 2023 is appropriated from the general fund to the commissioner of employment and economic development for a grant to the city of Windom to be allocated as provided under paragraph (b). This appropriation is onetime and is available until June 30, 2025.

(b) Of the amount appropriated under paragraph (a):

(1) \$10,000,000 must be used by the city to facilitate completion of the Windom HyLife Affordable Housing Development;

(2) \$2,000,000 must be used by the city for repayment of loans issued to the city from the Public Facilities Authority for wastewater improvements related to the HyLife Foods Windom processing plant; and

(3) \$1,000,000 must be used by the city for recruitment efforts including locating and securing a purchaser of the HyLife Foods Windom processing plant.

(c) The appropriations under paragraph (b), clauses (1) and (2), are contingent upon certification from the city that HyLife Foods has not entered into a contract to transfer ownership of the HyLife Foods Windom processing plant. Certification from the city to the commissioner of revenue must be made on or before July 1, 2023.

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

Sec. 34. APPROPRIATION; WINDOM SCHOOL DISTRICT.

Subdivision 1. **Department of Education.** The sum indicated in this section is appropriated from the general fund to the Department of Education for the fiscal year designated.

Subd. 2. **Windom School District onetime supplemental aid.** (a) For aid to Independent School District No. 177, Windom:

\$	<u>1,000,000</u>	<u>.....</u>	<u>2024</u>
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(b) For fiscal year 2024 only, Windom School District's onetime supplemental aid equals the greater of zero or the product of: (1) \$10,000, and (2) the difference between the October 1, 2022, pupil enrollment count and the October 1, 2023, pupil enrollment count. The amount calculated under this paragraph must not exceed \$1,000,000.

(c) 100 percent of the aid must be paid in the current year.

(d) This is a onetime appropriation.

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

Sec. 35. ADMINISTRATIVE APPROPRIATION; DEPARTMENT OF REVENUE.

\$3,000,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of revenue to administer this act. The base for this appropriation in fiscal year 2026 is \$3,000,000.

Sec. 36. REPEALER.

Minnesota Statutes 2022, section 270A.04, subdivision 5, is repealed.

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

ARTICLE 16**DEPARTMENT OF REVENUE: INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES**

Section 1. Minnesota Statutes 2022, section 289A.50, is amended by adding a subdivision to read:

Subd. 3a. **Nonresident withholding tax refunds.** When there is an overpayment of nonresident withholding tax by a partnership or S corporation, a refund allowable under this section to the payor is limited to the amount of the overpayment that was not deducted and withheld from the shares of the payor's partners or shareholders.

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

Sec. 2. Minnesota Statutes 2022, section 290.06, subdivision 22, is amended to read:

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

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

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

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

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

(e) In the case of the tax assessed on a lump-sum distribution under section 290.032, the credit allowed under paragraph (a) is the tax assessed by the other state on the lump-sum distribution that is also subject to tax under section 290.032, and shall not exceed the tax assessed under section

290.032. To the extent the total lump-sum distribution defined in section 290.032, subdivision 1, includes lump-sum distributions received in prior years or is all or in part an annuity contract, the reduction to the tax on the lump-sum distribution allowed under section 290.032, subdivision 2, includes tax paid to another state that is properly apportioned to that distribution.

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

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

(h) For the purposes of this subdivision, a resident partner of an entity taxed as a partnership under the Internal Revenue Code must be considered to have paid a tax imposed on the partner in an amount equal to the partner's pro rata share of any net income tax paid by the partnership to another state. For purposes of the preceding sentence, the term "net income" tax means any tax imposed on or measured by a partnership's net income. For purposes of this paragraph, "partnership" includes a limited liability company and "partner" includes a member of a limited liability company.

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

(1) includes:

(i) the District of Columbia; and

(ii) a province or territory of Canada; but

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

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

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

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

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

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

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

(3) For purposes of this paragraph, "preliminary credit" means the credit that a qualifying individual is eligible to receive under paragraphs (b) and (d) for tax paid to a qualifying state without regard to the limitation in paragraph (d), clause (2); "qualifying individual" means a Minnesota resident under section 290.01, subdivision 7, paragraph (a), who received compensation during the taxable year for the performance of personal or professional services within a qualifying state; and "qualifying state" means a state with which an agreement under section 290.081 is not in effect for the taxable year but was in effect for a taxable year beginning before January 1, 2010.

(m) For purposes of this subdivision, a resident sole member of a disregarded limited liability company must be considered to have paid a tax imposed on the sole member in an amount equal to the net income tax paid by the disregarded limited liability company to another state. For the purposes of this paragraph, the term "disregarded limited liability company" means a limited liability company that is disregarded as an entity separate from its owner as defined in Code of Federal Regulations, title 26, section 301.7701, and "net income tax" means any tax imposed on or measured by a disregarded limited liability company's net income.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 3. Minnesota Statutes 2022, section 290.92, subdivision 20, is amended to read:

Subd. 20. **Miscellaneous withholding arrangements.** (a) For purposes of this subdivision:

(1) "periodic payment" means a payment as defined under section 3405(e)(2) of the Internal Revenue Code;

(2) "nonperiodic distribution" means a distribution as defined under section 3405(e)(3) of the Internal Revenue Code; and

(3) "sick pay" means any amount which:

(i) is paid to an employee pursuant to a plan to which the employer is a party; and

(ii) 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.

~~(a)~~ (b) For purposes of this section, any periodic payment or nonperiodic 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, and it is 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)~~ (c) 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.

~~(e)~~ (d) 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)~~ (e) An individual receiving a periodic payment or nonperiodic distribution under paragraph ~~(a)~~ (b) may elect to have paragraph ~~(a)~~ (b) not apply to the payment or distribution as follows, and an election remains in effect until revoked by such individual.

~~(1) For payments defined under section 3405(e)(2) of the Internal Revenue Code, 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; APPLICATION. (a) This section is effective for periodic payments and nonperiodic distributions made on or after the day following final enactment.

(b) For periodic payments and nonperiodic distributions made on or after the day following final enactment but before January 1, 2024, the commissioner of revenue must not assess penalties relating to this amendment against a payor who complies with Minnesota Statutes 2021 Supplement, section 290.92, subdivision 20.

Sec. 4. Minnesota Statutes 2022, section 290.9705, subdivision 1, is amended to read:

Subdivision 1. **Withholding of payments to out-of-state contractors.** (a) In this section, "person" means a person, corporation, or cooperative, the state of Minnesota and its political subdivisions, and a city, county, and school district in Minnesota.

(b) A person who in the regular course of business is hiring, contracting, or having a contract with a nonresident person or ~~foreign corporation~~ a corporation or cooperative created or organized outside Minnesota, to perform construction work in Minnesota, shall deduct and withhold eight percent of payments made to the contractor if the value of the contract exceeds \$50,000.

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

Sec. 5. Minnesota Statutes 2022, 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 retroactively for refund claims based on property taxes payable in 2022 and thereafter.

ARTICLE 17**DEPARTMENT OF REVENUE:
FIRE AND POLICE STATE AIDS**

Section 1. Minnesota Statutes 2022, 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 2024 and thereafter.

Sec. 2. Minnesota Statutes 2022, 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 2024 and thereafter.

Sec. 3. Minnesota Statutes 2022, 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 2024 and thereafter.

Sec. 4. Minnesota Statutes 2022, 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 2024 and thereafter.

Sec. 5. Minnesota Statutes 2022, 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 2024 and thereafter.

Sec. 6. Minnesota Statutes 2022, 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 2024 and thereafter.

Sec. 7. Minnesota Statutes 2022, 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 2024 and thereafter.

Sec. 8. Minnesota Statutes 2022, 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 2024 and thereafter.

Sec. 9. Minnesota Statutes 2022, 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 2024 and thereafter.

Sec. 10. Minnesota Statutes 2022, 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 2024 and thereafter.

Sec. 11. Minnesota Statutes 2022, 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 2024 and thereafter.

Sec. 12. Minnesota Statutes 2022, 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 certification must be on a form prescribed by the commissioner and must include all other information that the commissioner requires. 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 2024 and thereafter.

Sec. 13. Minnesota Statutes 2022, section 477B.02, subdivision 10, is amended to read:

Subd. 10. **Penalty for failure to file or correct certification.** (a) If the certification under subdivision 9 is not filed with the commissioner on or before March ~~15~~ 1, the commissioner must notify the municipal clerk or the secretary that a penalty ~~equal to a portion or all of the current year aid will apply if the certification is not received within ten days of the postmark date of the notification~~ will be deducted from fire state aid certified for the current year if the certification is not filed on or before March 15.

(b) If the commissioner rejects the certification by the municipal clerk or secretary under subdivision 9 for inaccurate or incomplete information, the municipal clerk or the secretary must file a corrective certification after taking corrective action as identified by the commissioner in the notice of rejection. The corrective certification must be filed within 30 days of the date on the notice of rejection or by March 15, whichever date is later.

~~(b)~~ (c) A penalty applies to (1) a certification under subdivision 9 filed after March 15, and (2) a corrective certification under paragraph (b) filed after March 15 that is also filed more than 30 days after the date on the notice of rejection. The penalty ~~for failure to file the certification under subdivision 9~~ is equal to the amount of fire state aid determined for the municipality or the independent nonprofit firefighting corporation for the current year, multiplied by ~~five~~ ten percent for each week or fraction of a week that the certification or corrective certification is late filed after March 15 or more than 30 days after the date on the notice of rejection. The penalty must be computed beginning ten days after the postmark date of the commissioner's notification. Aid amounts forfeited as a result of the penalty revert to the state general fund. Failure to receive the certification form is not a defense for a failure to file.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 14. Minnesota Statutes 2022, 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, 5, and 6, 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. 15. Minnesota Statutes 2022, 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 2024 and thereafter.

Sec. 16. Minnesota Statutes 2022, 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 2024 and thereafter.

Sec. 17. Minnesota Statutes 2022, 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 within 30 days of 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 2024 and thereafter.

Sec. 18. Minnesota Statutes 2022, 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 2024 and thereafter.

Sec. 19. Minnesota Statutes 2022, 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 2024 and thereafter.

Sec. 20. Minnesota Statutes 2022, 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 2024 and thereafter.

Sec. 21. Minnesota Statutes 2022, section 477C.02, subdivision 4, is amended to read:

Subd. 4. **Penalty for failure to file or correct certification.** (a) If a certification under subdivision 1 or 2 is not filed with the commissioner on or before March ~~15~~ 1, the commissioner must notify the municipal clerk, municipal clerk-treasurer, or county auditor that a penalty equal to a portion or all of its current year aid will apply if the certification is not received within ten days will be deducted from police state aid certified for the current year if the certification is not filed on or before March 15.

(b) If the commissioner rejects the certification under subdivision 1 or 2 for inaccurate or incomplete information, the municipal clerk, municipal clerk-treasurer, or county auditor must file

a corrective certification after taking corrective action as identified by the commissioner in the notice of rejection. The corrective certification must be filed within 30 days of the date on the notice of rejection, or by March 15, whichever date is later.

~~(b) (c) A penalty applies to (1) a certification under subdivisions 1 and 2 filed after March 15, and (2) a corrective certification under paragraph (b) filed after March 15 that is also filed more than 30 days after the date on the notice of rejection. The penalty for failure to file the certification under subdivision 1 or 2 is equal to the amount of police state aid determined for the municipality for the current year, multiplied by five ten percent for each week or fraction of a week that the certification or corrective certification is late filed after March 15 or more than 30 days after the date on the notice of rejection. The penalty must be computed beginning ten days after the postmark date of the commissioner's notification as required under this subdivision. All aid amounts forfeited as a result of the penalty revert to the state general fund. Failure to receive the certification form may not be used as a defense for a failure to file.~~

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 22. Minnesota Statutes 2022, 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, 5, and 6, 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 2024 and thereafter.

Sec. 23. Minnesota Statutes 2022, 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 2024 and thereafter.

Sec. 24. Minnesota Statutes 2022, 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 2024 and thereafter.

Sec. 25. **REPEALER.**

Minnesota Statutes 2022, sections 477B.02, subdivision 4; and 477B.03, subdivision 6, are repealed.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

ARTICLE 18**DEPARTMENT OF REVENUE:
DATA PRACTICES**

Section 1. Minnesota Statutes 2022, section 13.46, subdivision 2, is amended to read:

Subd. 2. **General.** (a) Data on individuals collected, maintained, used, or disseminated by the welfare system are private data on individuals, and shall not be disclosed except:

(1) according to section 13.05;

(2) according to court order;

(3) according to a statute specifically authorizing access to the private data;

(4) to an agent of the welfare system and an investigator acting on behalf of a county, the state, or the federal government, including a law enforcement person or attorney in the investigation or prosecution of a criminal, civil, or administrative proceeding relating to the administration of a program;

(5) to personnel of the welfare system who require the data to verify an individual's identity; determine eligibility, amount of assistance, and the need to provide services to an individual or family across programs; coordinate services for an individual or family; evaluate the effectiveness of programs; assess parental contribution amounts; and investigate suspected fraud;

(6) to administer federal funds or programs;

(7) between personnel of the welfare system working in the same program;

(8) to the Department of Revenue to assess parental contribution amounts for purposes of section 252.27, subdivision 2a, administer and evaluate tax refund or tax credit programs and to identify individuals who may benefit from these programs, and prepare the databases for reports required under section 270C.13 and Laws 2008, chapter 366, article 17, section 6. The following information may be disclosed under this paragraph: an individual's and their dependent's names, dates of birth, Social Security numbers, income, addresses, and other data as required, upon request by the Department of Revenue. Disclosures by the commissioner of revenue to the commissioner of human services for the purposes described in this clause are governed by section 270B.14, subdivision 1. Tax refund or tax credit programs include, but are not limited to, the dependent care credit under section 290.067, the Minnesota working family credit under section 290.0671, the property tax refund and rental credit under section 290A.04, and the Minnesota education credit under section 290.0674;

(9) between the Department of Human Services, the Department of Employment and Economic Development, and when applicable, the Department of Education, for the following purposes:

(i) to monitor the eligibility of the data subject for unemployment benefits, for any employment or training program administered, supervised, or certified by that agency;

(ii) to administer any rehabilitation program or child care assistance program, whether alone or in conjunction with the welfare system;

(iii) to monitor and evaluate the Minnesota family investment program or the child care assistance program by exchanging 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, medical programs under chapter 256B or 256L, or a medical program formerly codified under chapter 256D; and

(iv) to analyze public assistance employment services and program utilization, cost, effectiveness, and outcomes as implemented under the authority established in Title II, Sections 201-204 of the Ticket to Work and Work Incentives Improvement Act of 1999. Health records governed by sections 144.291 to 144.298 and "protected health information" as defined in Code of Federal Regulations, title 45, section 160.103, and governed by Code of Federal Regulations, title 45, parts 160-164, including health care claims utilization information, must not be exchanged under this clause;

(10) to appropriate parties in connection with an emergency if knowledge of the information is necessary to protect the health or safety of the individual or other individuals or persons;

(11) data maintained by residential programs as defined in section 245A.02 may be disclosed to the protection and advocacy system established in this state according to Part C of Public Law 98-527 to protect the legal and human rights of persons with developmental disabilities or other related conditions who live in residential facilities for these persons if the protection and advocacy system receives a complaint by or on behalf of that person and the person does not have a legal guardian or the state or a designee of the state is the legal guardian of the person;

(12) to the county medical examiner or the county coroner for identifying or locating relatives or friends of a deceased person;

(13) data on a child support obligor who makes payments to the public agency may be disclosed to the Minnesota Office of Higher Education to the extent necessary to determine eligibility under section 136A.121, subdivision 2, clause (5);

(14) participant Social Security numbers and names collected by the telephone assistance program may be disclosed to the Department of Revenue to conduct an electronic data match with the property tax refund database to determine eligibility under section 237.70, subdivision 4a;

(15) the current address of a Minnesota family investment program participant may be disclosed to law enforcement officers who provide the name of the participant and notify the agency that:

(i) the participant:

(A) is a fugitive felon fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime that is a felony under the laws of the jurisdiction from which the individual is fleeing; or

(B) is violating a condition of probation or parole imposed under state or federal law;

(ii) the location or apprehension of the felon is within the law enforcement officer's official duties; and

(iii) the request is made in writing and in the proper exercise of those duties;

(16) the current address of a recipient of general assistance may be disclosed to probation officers and corrections agents who are supervising the recipient and to law enforcement officers who are investigating the recipient in connection with a felony level offense;

(17) information obtained from a SNAP applicant or recipient households may be disclosed to local, state, or federal law enforcement officials, upon their written request, for the purpose of investigating an alleged violation of the Food and Nutrition Act, according to Code of Federal Regulations, title 7, section 272.1(c);

(18) the address, Social Security number, and, if available, photograph of any member of a household receiving SNAP benefits shall be made available, on request, to a local, state, or federal law enforcement officer if the officer furnishes the agency with the name of the member and notifies the agency that:

(i) the member:

(A) is fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime that is a felony in the jurisdiction the member is fleeing;

(B) is violating a condition of probation or parole imposed under state or federal law; or

(C) has information that is necessary for the officer to conduct an official duty related to conduct described in subitem (A) or (B);

(ii) locating or apprehending the member is within the officer's official duties; and

(iii) the request is made in writing and in the proper exercise of the officer's official duty;

(19) the current address of a recipient of Minnesota family investment program, general assistance, or SNAP benefits may be disclosed to law enforcement officers who, in writing, provide the name of the recipient and notify the agency that the recipient is a person required to register under section 243.166, but is not residing at the address at which the recipient is registered under section 243.166;

(20) certain information regarding child support obligors who are in arrears may be made public according to section 518A.74;

(21) data on child support payments made by a child support obligor and data on the distribution of those payments excluding identifying information on obligees may be disclosed to all obligees to whom the obligor owes support, and data on the enforcement actions undertaken by the public authority, the status of those actions, and data on the income of the obligor or obligee may be disclosed to the other party;

(22) data in the work reporting system may be disclosed under section 256.998, subdivision 7;

(23) to the Department of Education for the purpose of matching Department of Education student data with public assistance data to determine students eligible for free and reduced-price meals, meal supplements, and free milk according to United States Code, title 42, sections 1758, 1761, 1766, 1766a, 1772, and 1773; to allocate federal and state funds that are distributed based on income of the student's family; and to verify receipt of energy assistance for the telephone assistance plan;

(24) the current address and telephone number of program recipients and emergency contacts may be released to the commissioner of health or a community health board as defined in section 145A.02, subdivision 5, when the commissioner or community health board has reason to believe that a program recipient is a disease case, carrier, suspect case, or at risk of illness, and the data are necessary to locate the person;

(25) to other state agencies, statewide systems, and political subdivisions of this state, including the attorney general, and agencies of other states, interstate information networks, federal agencies, and other entities as required by federal regulation or law for the administration of the child support enforcement program;

(26) to personnel of public assistance programs as defined in section 256.741, for access to the child support system database for the purpose of administration, including monitoring and evaluation of those public assistance programs;

(27) to monitor and evaluate the Minnesota family investment program by exchanging data between the Departments of Human Services and Education, on recipients and former recipients of SNAP benefits, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, medical programs under chapter 256B or 256L, or a medical program formerly codified under chapter 256D;

(28) to evaluate child support program performance and to identify and prevent fraud in the child support program by exchanging data between the Department of Human Services, Department of Revenue under section 270B.14, subdivision 1, paragraphs (a) and (b), without regard to the limitation of use in paragraph (c), Department of Health, Department of Employment and Economic Development, and other state agencies as is reasonably necessary to perform these functions;

(29) counties and the Department of Human Services operating child care assistance programs under chapter 119B may disseminate data on program participants, applicants, and providers to the commissioner of education;

(30) child support data on the child, the parents, and relatives of the child may be disclosed to agencies administering programs under titles IV-B and IV-E of the Social Security Act, as authorized by federal law;

(31) to a health care provider governed by sections 144.291 to 144.298, to the extent necessary to coordinate services;

(32) to the chief administrative officer of a school to coordinate services for a student and family; data that may be disclosed under this clause are limited to name, date of birth, gender, and address;

(33) to county correctional agencies to the extent necessary to coordinate services and diversion programs; data that may be disclosed under this clause are limited to name, client demographics, program, case status, and county worker information; or

(34) between the Department of Human Services and the Metropolitan Council for the following purposes:

(i) to coordinate special transportation service provided under section 473.386 with services for people with disabilities and elderly individuals funded by or through the Department of Human Services; and

(ii) to provide for reimbursement of special transportation service provided under section 473.386.

The data that may be shared under this clause are limited to the individual's first, last, and middle names; date of birth; residential address; and program eligibility status with expiration date for the purposes of informing the other party of program eligibility.

(b) Information on persons who have been treated for drug or alcohol abuse may only be disclosed according to the requirements of Code of Federal Regulations, title 42, sections 2.1 to 2.67.

(c) Data provided to law enforcement agencies under paragraph (a), clause (15), (16), (17), or (18), or paragraph (b), are investigative data and are confidential or protected nonpublic while the investigation is active. The data are private after the investigation becomes inactive under section 13.82, subdivision 7, clause (a) or (b).

(d) Mental health data shall be treated as provided in subdivisions 7, 8, and 9, but are not subject to the access provisions of subdivision 10, paragraph (b).

For the purposes of this subdivision, a request will be deemed to be made in writing if made through a computer interface system.

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

Sec. 2. Minnesota Statutes 2022, section 270C.13, subdivision 1, is amended to read:

Subdivision 1. **Biennial report.** (a) The commissioner shall report to the legislature on the overall incidence of the income tax, sales and excise taxes, and property tax.

(b) The commissioner must submit the report:

(1) by March 1, 2021; and

(2) by March 1, 2024, and each even-numbered year thereafter.

(c) The report shall present information on the distribution of the tax burden as follows: (1) for the overall income distribution, using a systemwide incidence measure such as the Suits index or other appropriate measures of equality and inequality; (2) by income classes, including at a minimum deciles of the income distribution; and (3) by other appropriate taxpayer characteristics.

(d) The commissioner may request information from any state officer or agency to assist in carrying out this section. The state officer or agency shall provide the data requested to the extent permitted by law.

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

Sec. 3. Minnesota Statutes 2022, section 270C.446, subdivision 2, is amended to read:

Subd. 2. **Required and excluded tax preparers.** (a) Subject to the limitations of paragraph (b), the commissioner must publish lists of tax preparers as defined in section 270C.445, subdivision 2, paragraph (h), who have been:

- (1) convicted under section 289A.63;
- (2) assessed penalties in excess of \$1,000 under section 289A.60, subdivision 13, paragraph (a);
- (3) convicted for identity theft under section 609.527, or a similar statute, for a return filed with the commissioner, the Internal Revenue Service, or another state;
- (4) assessed a penalty under section 270C.445, subdivision 6, paragraph (a), in excess of \$1,000;
- (5) issued a cease and desist order under section 270C.445, subdivision 6, paragraph (b), that has become a final order; ~~or~~
- (6) assessed a penalty under section 270C.445, subdivision 6, paragraph (l), for violating a cease and desist order; or
- (7) assessed a penalty under section 289A.60, subdivision 28, paragraph (c), or (d), in excess of \$1,000.

(b) For the purposes of this section, tax preparers are not subject to publication if:

- (1) an administrative or court action contesting or appealing a penalty described in paragraph (a), clause (2), (4), or (6), has been filed or served and is unresolved at the time when notice would be given under subdivision 3;
- (2) an appeal period to contest a penalty described in paragraph (a), clause (2), (4), or (6), has not expired;
- (3) the commissioner has been notified that the tax preparer is deceased;
- (4) an appeal period to contest a cease and desist order issued under section 270C.445, subdivision 6, paragraph (b), has not expired;
- (5) an administrative or court action contesting or appealing a cease and desist order issued under section 270C.445, subdivision 6, paragraph (b), has been filed or served and is unresolved at the time when notice would be given under subdivision 3;

(6) a direct appeal of a conviction described in paragraph (a), clause (1) or (3), has been filed or served and is unresolved at the time when the notice would be given under subdivision 3; or

(7) an appeal period to contest a conviction described in paragraph (a), clause (1) or (3), has not expired.

EFFECTIVE DATE. This section is effective for returns filed after December 31, 2023.

Sec. 4. Minnesota Statutes 2022, 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.015, subdivision 9, and "property" includes a lot as defined under section 327C.015, subdivision 6.

EFFECTIVE DATE. This section is effective for refund claims based on rent paid in 2023 and thereafter.

Sec. 5. Minnesota Statutes 2022, section 299C.76, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For the purposes of this section, the following definitions apply.

(b) "Federal tax information" means federal tax returns and return information or information derived or created from federal tax returns, in possession of or control by the requesting agency, that is covered by the safeguarding provisions of section 6103(p)(4) of the Internal Revenue Code.

(c) "IRS Publication 1075" means Internal Revenue Service Publication 1075 that provides guidance and requirements for the protection and confidentiality of federal tax information as required in section 6103(p)(4) of the Internal Revenue Code.

(d) "National criminal history record information" means the Federal Bureau of Investigation identification records as defined in Code of Federal Regulations, title 28, section 20.3(d).

(e) "Requesting agency" means the Department of Revenue, Department of Employment and Economic Development, Department of Human Services, board of directors of MNsure, Department of Information Technology Services, attorney general, and counties.

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

Sec. 6. Minnesota Statutes 2022, section 299C.76, subdivision 2, is amended to read:

Subd. 2. **National criminal history record information check.** As required by IRS Publication 1075, a requesting agency shall require fingerprints for a national criminal history record information check from the following individuals who have or will have access to federal tax information:

- (1) a current or prospective permanent or temporary employee of the requesting agency;
- (2) an independent contractor or vendor of the requesting agency; or
- (3) an employee ~~or agent~~ of an independent contractor or vendor of the requesting agency; ~~or~~
- ~~(4) any other individual authorized to access federal tax information by the requesting agency.~~

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

Sec. 7. Laws 2008, chapter 366, article 17, section 6, is amended to read:

Sec. 6. **DATA UPDATE.**

The commissioner of revenue must continue to maintain, update, and make available the information required under Laws 1987, chapter 268, article 7, section 1, subdivision 6, paragraph (b). The commissioner may request information from any state officer or agency to assist in carrying out paragraph (b). The state officer or agency shall provide the data requested to the extent permitted by law. The commissioner must provide the most complete and current data available, when requested, to the chairs of the senate and house of representatives committees on taxes.

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

ARTICLE 19

DEPARTMENT OF REVENUE: MISCELLANEOUS

Section 1. Minnesota Statutes 2022, section 270C.19, subdivision 2, is amended to read:

Subd. 2. **Sales, use, and excise taxes.** (a) The commissioner is authorized to enter into a tax agreement with the governing body of any federally recognized Indian ~~reservation~~ Tribe in Minnesota, that provides for the state and the Tribal government to share sales, use, and excise tax revenues generated from on-reservation activities of ~~non-Indians~~ non-Tribal members and off-reservation activities of Tribal members ~~of the reservation~~. Every agreement entered into pursuant to this subdivision must require the commissioner to collect all state and Tribal taxes covered by the agreement.

(b) The commissioner is authorized to collect any Tribal taxes imposed pursuant to any agreement entered into pursuant to this subdivision and to make payments authorized by the agreement to the Tribal government from the funds collected.

(c) The commissioner shall pay to the Tribal government its share of the taxes collected pursuant to the agreement, as indicated in the agreement, and grant the taxpayer a credit for the taxpayer's share of the amount paid to the Tribal government against the taxpayer's Minnesota tax.

EFFECTIVE DATE. This section is effective retroactively for agreements entered into or amended after December 31, 2022.

Sec. 2. Minnesota Statutes 2022, section 295.50, subdivision 4, is amended to read:

Subd. 4. **Health care provider.** (a) "Health care provider" means:

(1) a person whose health care occupation is regulated or required to be regulated by the state of Minnesota furnishing any or all of the following goods or services directly to a patient or consumer: medical, surgical, optical, visual, dental, hearing, nursing services, drugs, laboratory, diagnostic or therapeutic services;

(2) a person who provides goods and services not listed in clause (1) that qualify for reimbursement under the medical assistance program provided under chapter 256B;

(3) a staff model health plan company;

(4) an ambulance service required to be licensed;

(5) a person who sells or repairs hearing aids and related equipment or prescription eyewear;
or

(6) a person providing patient services, who does not otherwise meet the definition of health care provider and is not specifically excluded in clause (b), who employs or contracts with a health care provider as defined in clauses (1) to (5) to perform, supervise, otherwise oversee, or consult with regarding patient services.

(b) Health care provider does not include:

(1) hospitals; medical supplies distributors, except as specified under paragraph (a), clause (5); nursing homes licensed under chapter 144A or licensed in any other jurisdiction; wholesale drug distributors; pharmacies; surgical centers; bus and taxicab transportation, or any other providers of transportation services other than ambulance services required to be licensed; supervised living facilities for persons with developmental disabilities, licensed under Minnesota Rules, parts 4665.0100

to 4665.9900; housing with services establishments required to be registered under chapter 144D; board and lodging establishments providing only custodial services that are licensed under chapter 157 and registered under section 157.17 to provide supportive services or health supervision services; adult foster homes as defined in Minnesota Rules, part 9555.5105; day training and habilitation services for adults with developmental disabilities as defined in section 252.41, subdivision 3; boarding care homes, as defined in Minnesota Rules, part 4655.0100; and adult day care centers as defined in Minnesota Rules, part 9555.9600;

(2) home health agencies as defined in Minnesota Rules, part 9505.0175, subpart 15; a person providing personal care services and supervision of personal care services as defined in Minnesota Rules, part 9505.0335; a person providing home care nursing services as defined in Minnesota Rules, part 9505.0360; and home care providers required to be licensed under chapter 144A for home care services provided under chapter 144A;

(3) a person who employs health care providers solely for the purpose of providing patient services to its employees;

(4) an educational institution that employs health care providers solely for the purpose of providing patient services to its students if the institution does not receive fee for service payments or payments for extended coverage; and

(5) a person who receives all payments for patient services from health care providers, surgical centers, or hospitals for goods and services that are taxable to the paying health care providers, surgical centers, or hospitals, as provided under section 295.53, subdivision 1, paragraph (b), clause (3) or (4), or from a source of funds that is excluded or exempt from tax under this chapter sections 295.50 to 295.59.

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

Sec. 3. Minnesota Statutes 2022, 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. 4. Minnesota Statutes 2022, 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 for sales and purchases made after June 30, 2023."

Delete the title and insert:

"A bill for an act relating to financing and operation of state and local government; modifying provisions governing individual income and corporate franchise taxes, federal income tax conformity, property taxes, certain state aid and credit programs, sales and use taxes, minerals taxes, tax increment financing, certain local taxes, provisions related to public finance, and various other taxes and tax-related provisions; modifying and establishing various income tax credits; modifying existing and proposing new additions and subtractions; modifying provisions related to the taxation of pass-through entities; providing for certain federal tax conformity; modifying provisions related to reporting of corporate income; providing a onetime refundable rebate credit; modifying property tax exemptions, classifications, and refunds; modifying local government aid calculations; establishing a soil and water conservation district aid, an electric generation transition aid, a Tribal Nation aid, and a statewide local housing aid; providing public safety aid; modifying sales tax exemptions and authorizing new sales tax exemptions; modifying taconite taxes and distributions; converting the renter's property tax refund into a refundable individual income tax credit; modifying provisions related to tax increment financing and allowing certain special local provisions; modifying existing local taxes and authorizing new local taxes; providing provisions related to public finance; modifying certain retirement plans; providing for a process to refund the state stadium bonds; modifying electronic bingo and electronic pull-tab devices; establishing tourism improvement districts; requiring reports; providing for certain policy and technical modifications; appropriating money; amending Minnesota Statutes 2022, sections 3.8855, subdivisions 4, 7; 6.495, subdivision 3; 13.46, subdivision 2; 16A.726; 38.27, subdivision 4; 41B.0391, subdivisions 1, 2, 4, 6, 7; 103D.905, subdivision 3; 116J.8737, subdivisions 5, 12; 116U.27, subdivisions 1, 4, 7; 118A.04, subdivision 5; 123B.61; 126C.10, subdivision 37; 270A.03, subdivision 2; 270B.12, subdivision 8; 270B.14, subdivision 1; 270C.13, subdivision 1; 270C.19, subdivisions 1, 2; 270C.446, subdivision 2; 270C.52, subdivision 2; 272.02, subdivisions 24, 73, 98, by adding a subdivision; 273.11, subdivisions 12, 23; 273.111, by adding a subdivision; 273.124, subdivisions 6, 13, 13a, 13c, 13d, 14; 273.1245, subdivision 1; 273.128, subdivisions 1, 2, by adding a subdivision; 273.13, subdivisions 25, 34, 35; 273.1315, subdivision 2; 273.1341; 273.1392; 275.065, subdivisions 3, 3b, 4; 278.01, subdivision 1; 279.03, subdivision 1a; 282.261, subdivision 2; 289A.02, subdivision 7, as amended; 289A.08, subdivisions

7, as amended, 7a, as amended, by adding a subdivision; 289A.18, subdivision 5; 289A.38, subdivision 4; 289A.382, subdivision 2; 289A.50, by adding a subdivision; 289A.56, subdivision 6; 289A.60, subdivisions 12, 13; 290.01, subdivisions 19, as amended, 21a, 31, as amended; 290.0122, subdivision 2; 290.0123, subdivisions 5, 6; 290.0131, subdivision 17; 290.0132, subdivisions 4, 24, 26, 27, by adding subdivisions; 290.0133, subdivision 6; 290.0134, subdivision 18; 290.06, subdivisions 2c, as amended, 22, 23, 39, by adding a subdivision; 290.067; 290.0671, as amended; 290.0674; 290.0677, subdivision 1; 290.0681, subdivision 10; 290.091, subdivision 2, as amended; 290.095, subdivision 2; 290.21, subdivisions 4, 9, by adding a subdivision; 290.92, subdivision 20; 290.9705, subdivision 1; 290A.02; 290A.03, subdivisions 3, 6, 8, 12, 13, 15, as amended, by adding a subdivision; 290A.04, subdivisions 1, 2, 2h, 4, 5; 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, as amended; 295.50, subdivision 4; 296A.083, subdivision 3; 297A.61, subdivisions 4, 29; 297A.67, subdivisions 35, 38, by adding a subdivision; 297A.68, subdivisions 4, 25, by adding a subdivision; 297A.70, subdivisions 7, 21; 297A.71, subdivision 51; 297A.99, by adding a subdivision; 297A.994, subdivision 4; 297E.02, subdivision 6; 297E.06, subdivision 4; 297H.13, subdivision 2; 297I.20, by adding a subdivision; 298.015; 298.018, subdivisions 1, 1a; 298.28, subdivisions 5, 7a, by adding a subdivision; 298.296, subdivision 4; 299C.76, subdivisions 1, 2; 327C.02, subdivision 5; 349.11; 349.12, subdivisions 12a, 12b, 12c, by adding a subdivision; 349.151, subdivision 4d; 349.163, by adding subdivisions; 354.05, subdivision 38; 354.42, subdivisions 2, 3; 354A.011, subdivision 15a; 354A.12, subdivisions 1, as amended, 2a; 356.215, subdivision 11; 366.095, subdivision 1; 373.01, subdivision 3; 383B.117, subdivision 2; 383E.21; 410.32; 412.301; 462A.05, subdivision 24; 462A.38; 469.033, subdivision 6; 469.053, subdivisions 4, 6; 469.107, subdivision 1; 469.174, subdivisions 14, 27, by adding a subdivision; 469.175, subdivision 6; 469.176, subdivisions 3, 4; 469.1763, subdivisions 2, 3, 4, 6; 469.1771, subdivisions 2, 2a, 3; 473F.02, subdivisions 2, 8; 473J.13, subdivisions 2, 4; 474A.02, subdivisions 22b, 23a; 475.54, subdivision 1; 477A.011, subdivision 34, by adding subdivisions; 477A.0124, subdivisions 2, 3; 477A.013, subdivisions 8, 9; 477A.014, subdivision 1; 477A.015; 477A.03, subdivisions 2a, 2b; 477A.12, subdivisions 1, 3, by adding a subdivision; 477A.30; 477B.01, subdivisions 5, 10, 11, by adding subdivisions; 477B.02, subdivisions 2, 3, 5, 8, 9, 10, by adding a subdivision; 477B.03, subdivisions 2, 3, 4, 5, 7; 477B.04, subdivision 1, by adding a subdivision; 477C.02, subdivision 4; 477C.03, subdivisions 2, 5; 477C.04, by adding a subdivision; Laws 1971, chapter 773, section 1, subdivision 2, as amended; Laws 1980, chapter 511, sections 1, subdivision 2, as amended; 2, as amended; Laws 1993, chapter 375, article 9, section 46, as amended; 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 5, sections 26, as amended; 36, subdivisions 1, 3, as amended; article 7, sections 17; 20, as amended; article 17, section 6; Laws 2011, First Special Session chapter 7, article 4, section 14; Laws 2014, chapter 308, article 6, section 12, subdivision 2; Laws 2019, First Special Session chapter 6, article 6, sections 13, subdivisions 3, 4, by adding a subdivision; 18; 26; article 7, section 7; Laws 2021, First Special Session chapter 14, article 8, sections 5; 6, subdivisions 2, 3; 15, subdivisions 2, 3, 4, by adding a subdivision; 20, subdivision 4; article 9, section 10; Laws

2023, chapter 1, section 15; proposing coding for new law in Minnesota Statutes, chapters 16A; 181; 290; 477A; proposing coding for new law as Minnesota Statutes, chapter 428B; repealing Minnesota Statutes 2022, sections 16A.965; 270A.04, subdivision 5; 290.01, subdivision 19i; 290.0131, subdivision 18; 290.0132, subdivisions 28, 33; 290.0134, subdivision 17; 290A.03, subdivisions 9, 11; 290A.04, subdivision 2a; 290A.23, subdivision 1; 297E.021; 477A.011, subdivisions 30a, 38, 42, 45; 477A.013, subdivision 13; 477A.16, subdivisions 1, 2, 3; 477B.02, subdivision 4; 477B.03, subdivision 6."

We request the adoption of this report and repassage of the bill.

House Conferees: Aisha Gomez, Dave Lislegard, Liz Lee, Esther Agbaje

Senate Conferees: Ann H. Rest, Matt Klein, D. Scott Dibble, Grant Hauschild

Senator Rest moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1938 be now adopted, and that the bill be repassed as amended by the Conference Committee.

Senator Weber moved that the recommendations and Conference Committee Report on H.F. No. 1938 be rejected and that the bill be re-referred to the Conference Committee as formerly constituted for further consideration.

The question was taken on the adoption of the Weber motion.

The roll was called, and there were yeas 33 and nays 34, as follows:

Those who voted in the affirmative were:

Abeler	Drazkowski	Howe	Limmer	Rasmusson
Anderson	Duckworth	Jasinski	Lucero	Utke
Bahr	Eichorn	Johnson	Mathews	Weber
Coleman	Farnsworth	Koran	Miller	Wesenberg
Dahms	Green	Kreun	Nelson	Westrom
Dornink	Gruenhagen	Lang	Pratt	
Draheim	Housley	Lieske	Rarick	

Pursuant to Rule 40, Senator Jasinski cast the affirmative vote on behalf of the following Senators: Duckworth and Lang.

Those who voted in the negative were:

Boldon	Frentz	Kupec	Mohamed	Putnam
Carlson	Gustafson	Latz	Morrison	Rest
Champion	Hauschild	Mann	Murphy	Seeberger
Cwodzinski	Hawj	Marty	Oumou Verbeten	Westlin
Dibble	Hoffman	Maye Quade	Pappas	Wiklund
Dziedzic	Klein	McEwen	Pha	Xiong
Fateh	Kunesh	Mitchell	Port	

Pursuant to Rule 40, Senator Boldon cast the negative vote on behalf of the following Senators: Hawj, Mann, and Port.

The motion did not prevail.

The question recurred on the adoption of the Rest motion.

The roll was called, and there were yeas 34 and nays 33, as follows:

Those who voted in the affirmative were:

Boldon	Frentz	Kupec	Mohamed	Putnam
Carlson	Gustafson	Latz	Morrison	Rest
Champion	Hauschild	Mann	Murphy	Seeberger
Cwodzinski	Hawj	Marty	Oumou Verbeten	Westlin
Dibble	Hoffman	Maye Quade	Pappas	Wiklund
Dziedzic	Klein	McEwen	Pha	Xiong
Fateh	Kunesh	Mitchell	Port	

Pursuant to Rule 40, Senator Boldon cast the affirmative vote on behalf of the following Senators: Hawj, Mann, and Port.

Those who voted in the negative were:

Abeler	Drazkowski	Howe	Limmer	Rasmusson
Anderson	Duckworth	Jasinski	Lucero	Utke
Bahr	Eichorn	Johnson	Mathews	Weber
Coleman	Farnsworth	Koran	Miller	Wesenberg
Dahms	Green	Kreun	Nelson	Westrom
Dornink	Gruenhagen	Lang	Pratt	
Draheim	Housley	Lieske	Rarick	

Pursuant to Rule 40, Senator Jasinski cast the negative vote on behalf of the following Senators: Duckworth and Lang.

The motion prevailed. So the recommendations and Conference Committee report were adopted.

H.F. No. 1938 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 34 and nays 33, as follows:

Those who voted in the affirmative were:

Boldon	Frentz	Kupec	Mohamed	Putnam
Carlson	Gustafson	Latz	Morrison	Rest
Champion	Hauschild	Mann	Murphy	Seeberger
Cwodzinski	Hawj	Marty	Oumou Verbeten	Westlin
Dibble	Hoffman	Maye Quade	Pappas	Wiklund
Dziedzic	Klein	McEwen	Pha	Xiong
Fateh	Kunesh	Mitchell	Port	

Pursuant to Rule 40, Senator Boldon cast the affirmative vote on behalf of the following Senators: Hawj, Mann, Pha, and Port.

Those who voted in the negative were:

Abeler	Dornink	Farnsworth	Jasinski	Lieske
Anderson	Draheim	Green	Johnson	Limmer
Bahr	Drazkowski	Gruenhagen	Koran	Lucero
Coleman	Duckworth	Housley	Kreun	Mathews
Dahms	Eichorn	Howe	Lang	Miller

Nelson
Pratt

Rarick
Rasmusson

Utke
Weber

Wesenberg
Westrom

Pursuant to Rule 40, Senator Jasinski cast the negative vote on behalf of the following Senators: Duckworth and Lang.

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

RECESS

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

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

MOTIONS AND RESOLUTIONS - CONTINUED

SPECIAL ORDERS

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

H.F. Nos. 2369 and 402.

SPECIAL ORDER

H.F. No. 2369: A bill for an act relating to labor; establishing protections for transportation network company drivers; providing a civil action; providing criminal penalties; amending Minnesota Statutes 2022, section 609.2231, subdivision 11; proposing coding for new law as Minnesota Statutes, chapter 181C.

Senator Fateh moved that the amendment made to H.F. No. 2369 by the Committee on Rules and Administration in the report adopted May 20, 2023, pursuant to Rule 45, be stricken. The motion prevailed. So the amendment was stricken.

H.F. No. 2369 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 35 and nays 32, as follows:

Those who voted in the affirmative were:

Abeler
Boldon
Carlson
Champion
Cwodzinski
Dibble
Dziedzic

Fateh
Frentz
Gustafson
Hauschild
Hawj
Hoffman
Klein

Kunesh
Kupec
Latz
Mann
Marty
Maye Quade
McEwen

Mitchell
Mohamed
Morrison
Murphy
Oumou Verbeten
Pappas
Pha

Port
Putnam
Rest
Seeberger
Westlin
Wiklund
Xiong

Pursuant to Rule 40, Senator Boldon cast the affirmative vote on behalf of the following Senators: Hawj, Mann, Morrison, Murphy, Pha, and Port.

Those who voted in the negative were:

Anderson	Duckworth	Jasinski	Lucero	Utke
Bahr	Eichorn	Johnson	Mathews	Weber
Coleman	Farnsworth	Koran	Miller	Wesenberg
Dahms	Green	Kreun	Nelson	Westrom
Dornink	Gruenhagen	Lang	Pratt	
Draheim	Housley	Lieske	Rarick	
Drazkowski	Howe	Limmer	Rasmusson	

Pursuant to Rule 40, Senator Jasinski cast the negative vote on behalf of the following Senators: Coleman, Duckworth, and Lang.

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 402: A bill for an act relating to health; establishing requirements for certain health care entity transactions; changing the expiration date on moratorium conversion transactions; requiring a health system to return charitable assets received from the state to the general fund in certain circumstances; requiring a study on the regulation of certain transactions; requiring a report; appropriating money; amending Minnesota Statutes 2022, section 62U.04, subdivision 11; Laws 2017, First Special Session chapter 6, article 5, section 11, as amended; proposing coding for new law in Minnesota Statutes, chapter 309; proposing coding for new law as Minnesota Statutes, chapter 145D.

Senator Wiklund moved to amend H.F. No. 402, the second unofficial engrossment, as follows:

Page 2, line 28, delete "section" and insert "chapter"

Page 5, line 20, delete "or"

Page 5, after line 20, insert:

"(5) contracts between a health care entity and a health care provider primarily for clinical services; or"

Page 5, line 21, delete "(5)" and insert "(6)"

Page 5, line 31, delete "\$40,000,000" and insert "\$80,000,000"

Page 6, line 2, delete "\$40,000,000" and insert "\$80,000,000"

Page 6, lines 5 and 8, delete "90" and insert "60"

Page 7, line 4, delete "90" and insert "60"

Page 11, after line 12, insert:

"Sec. 3. [145D.02] DATA REPORTING OF CERTAIN HEALTH CARE TRANSACTIONS.

(a) This section applies to all transactions where:

(1) the health care entity involved in the transaction has average revenue between \$10,000,000 and \$80,000,000 per year; or

(2) the transaction will result in an entity projected to have average revenue between \$10,000,000 per year and \$80,000,000 per year once the entity is operating at full capacity.

(b) A health care entity must provide the following data to the commissioner at least 30 days before the proposed completion date of the transaction, or within ten business days of the date the parties first reasonably anticipate entering into the transaction if the expected completion is within less than 30 days, in the form and manner determined by the commissioner:

(1) the entities involved in the transaction;

(2) the leadership, ownership structures, and business relationship of the entities involved in the transaction, including all board members, managing partners, member managers, and officers;

(3) the services provided by each entity and the operating and nonoperating revenue for each entity by location, for the last three years;

(4) the primary service area for each location;

(5) the proposed service area for each location;

(6) the current relationships between the entities and the affected health care providers and practices, the locations of affected health care providers and practices, the services provided by affected health care providers and practices, and the proposed relationships between the entities and the affected health care providers and practices;

(7) the terms of the transaction agreement or agreements;

(8) potential areas of expansion, whether in existing markets or new markets;

(9) plans to close facilities, reduce workforce, or reduce or eliminate services;

(10) the number of full-time equivalent positions at each location before and after the transaction by job category, including administrative and contract positions; and

(11) any other information relevant to evaluating the transaction that is requested by the commissioner.

(c) If the commissioner determines that information required from the health care entity under this section has not been provided, the commissioner may notify the entity of the necessary information within 30 days of the health care entity's initial submission of the notice. The health care entity must provide such additional information to the commissioner within 14 days of the commissioner's request.

(d) Data provided to or collected by the commissioner under this section are private data on individuals or nonpublic data, as defined in section 13.02. The commissioner may share with the attorney general, according to section 13.05, subdivision 9, any not public data, as defined in section 13.02, subdivision 8a, held by the commissioner to aid in the investigation and review of the transaction, and the attorney general must maintain this data with the same classification according to section 13.03, subdivision 4, paragraph (d).

(e) A health care entity is exempt from reporting under this section if the health care entity is required to submit information to the attorney general and commissioner under section 145D.01, subdivision 2.

(f) The commissioner shall use data collected under this section to analyze the number of health care transactions in Minnesota and the potential impact these transactions may have on equitable access to or the cost and quality of health care services, and develop recommendations for the legislature on improvements to the law.

EFFECTIVE DATE. This section is effective January 1, 2024, and applies to transactions completed on or after that date. In determining whether an action or series of actions constitutes a transaction subject to this section, any actions or series of actions related to the completion of the transaction may be considered, regardless of whether they occurred prior to the effective date."

Page 11, line 15, before "The" insert "(a)" and delete everything after "facilities"

Page 11, delete line 16

Page 11, line 17, delete everything before "to"

Page 11, after line 29, insert:

"(b) For the purposes of this section, "University of Minnesota health care facilities" means the following:

(1) M Health Fairview University (West Bank), located at 2450 Riverside Avenue, Minneapolis, MN;

(2) Masonic Children's Hospital, located at 2450 Riverside Avenue, Minneapolis, MN; and

(3) University of Minnesota Medical Center (East Bank), located at 500 Harvard Street, Minneapolis, MN."

Page 13, delete section 6

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 56 and nays 0, as follows:

Those who voted in the affirmative were:

Abeler	Dziedzic	Klein	Mitchell	Rasmusson
Anderson	Eichorn	Koran	Mohamed	Rest
Boldon	Farnsworth	Kunesh	Morrison	Seeberger
Carlson	Frentz	Kupec	Murphy	Utke
Champion	Green	Lang	Nelson	Weber
Coleman	Gustafson	Latz	Oumou Verbeten	Westlin
Cwodzinski	Hauschild	Limmer	Pappas	Westrom
Dahms	Hawj	Mann	Pha	Wiklund
Dibble	Hoffman	Marty	Port	
Dornink	Housley	Maye Quade	Pratt	
Draheim	Jasinski	McEwen	Putnam	
Duckworth	Johnson	Miller	Rarick	

Pursuant to Rule 40, Senator Boldon cast the affirmative vote on behalf of the following Senators: Hawj, Mann, Morrison, Murphy, Pha, and Port.

Pursuant to Rule 40, Senator Jasinski cast the affirmative vote on behalf of the following Senators: Coleman, Duckworth, and Lang.

The motion prevailed. So the amendment was adopted.

Senator Rasmusson moved that H.F. No. 402 be re-referred to the Committee on Commerce and Consumer Protection.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 33 and nays 34, as follows:

Those who voted in the affirmative were:

Abeler	Drazkowski	Howe	Limmer	Rasmusson
Anderson	Duckworth	Jasinski	Lucero	Utke
Bahr	Eichorn	Johnson	Mathews	Weber
Coleman	Farnsworth	Koran	Miller	Wesenberg
Dahms	Green	Kreun	Nelson	Westrom
Dornink	Gruenhagen	Lang	Pratt	
Draheim	Housley	Lieske	Rarick	

Pursuant to Rule 40, Senator Jasinski cast the affirmative vote on behalf of the following Senators: Coleman, Duckworth, and Lang.

Those who voted in the negative were:

Boldon	Frentz	Kupec	Mohamed	Putnam
Carlson	Gustafson	Latz	Morrison	Rest
Champion	Hauschild	Mann	Murphy	Seeberger
Cwodzinski	Hawj	Marty	Oumou Verbeten	Westlin
Dibble	Hoffman	Maye Quade	Pappas	Wiklund
Dziedzic	Klein	McEwen	Pha	Xiong
Fateh	Kunesh	Mitchell	Port	

Pursuant to Rule 40, Senator Boldon cast the negative vote on behalf of the following Senators: Fateh, Hawj, Mann, Morrison, Murphy, Pha, and Port.

The motion did not prevail.

H.F. No. 402 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 35 and nays 32, as follows:

Those who voted in the affirmative were:

Abeler	Fateh	Kunesh	Mitchell	Port
Boldon	Frentz	Kupec	Mohamed	Putnam
Carlson	Gustafson	Latz	Morrison	Rest
Champion	Hauschild	Mann	Murphy	Seeberger
Cwodzinski	Hawj	Marty	Oumou Verbeten	Westlin
Dibble	Hoffman	Maye Quade	Pappas	Wiklund
Dziedzic	Klein	McEwen	Pha	Xiong

Pursuant to Rule 40, Senator Boldon cast the affirmative vote on behalf of the following Senators: Fateh, Hawj, Mann, Morrison, Pha, and Port.

Those who voted in the negative were:

Anderson	Duckworth	Jasinski	Lucero	Utke
Bahr	Eichorn	Johnson	Mathews	Weber
Coleman	Farnsworth	Koran	Miller	Wesenberg
Dahms	Green	Kreun	Nelson	Westrom
Dornink	Gruenhagen	Lang	Pratt	
Draheim	Housley	Lieske	Rarick	
Drazkowski	Howe	Limmer	Rasmusson	

Pursuant to Rule 40, Senator Jasinski cast the negative vote on behalf of the following Senators: Coleman, Duckworth, and Lang.

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

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages from the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2887, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2887 is herewith transmitted to the Senate.

Patrick D. Murphy, Chief Clerk, House of Representatives

Transmitted May 21, 2023

CONFERENCE COMMITTEE REPORT ON H. F. No. 2887

A bill for an act relating to transportation; establishing a budget for transportation; appropriating money for transportation purposes, including Department of Transportation, Department of Public Safety, and Metropolitan Council activities; modifying prior appropriations; authorizing the sale and issuance of state bonds; modifying various policy and finance provisions; establishing metropolitan region sales and use tax; requiring Metropolitan Council to implement and enforce transit safety measures; authorizing administrative citations; establishing criminal penalties; establishing an advisory committee, a task force, and a working group; establishing pilot programs; requiring a study; requiring reports; transferring money; amending Minnesota Statutes 2022, sections 13.69, subdivision 1; 43A.17, by adding a subdivision; 151.37, subdivision 12; 161.088, subdivisions 1, 2, 4, 5, as amended, by adding subdivisions; 161.45, subdivisions 1, 2; 161.46, subdivision 2; 163.051, subdivision 1; 168.002, by adding a subdivision; 168.012, by adding a subdivision; 168.013, subdivision 1a; 168.326; 168.327, subdivisions 1, 2, 3, by adding a subdivision; 168.33, subdivision 7; 168.345, subdivision 2; 168.54, subdivision 5; 168A.29, by adding a subdivision; 169.09, subdivision 13, by adding a subdivision; 169.14, by adding a subdivision; 169.345, subdivision 2; 169.475, subdivisions 2, 3; 169.8261; 169.865, subdivision 1a; 171.01, by adding subdivisions; 171.06, subdivisions 2, 3, as amended, 7, by adding subdivisions; 171.061, subdivision 4; 171.0705, by adding a subdivision; 171.13, subdivisions 1, 1a; 171.26; 174.01, by adding a subdivision; 174.03, subdivision 1c; 174.634; 219.015, subdivision 2; 219.1651; 221.0269, by adding a subdivision; 222.37, subdivision 1; 256.9752, by adding a subdivision; 270C.15; 297A.94; 297A.99, subdivision 1; 297A.993, by adding a subdivision; 297B.02, subdivision 1; 297B.03; 297B.09; 299A.01, by adding a subdivision; 299A.705, subdivision 1; 299D.03, subdivision 5; 299F.60, subdivision 1; 299J.16, subdivision 1; 357.021, subdivisions 6, 7; 473.146, subdivision 1, by adding a subdivision; 473.39, by adding a subdivision; 473.859, by adding a subdivision; 609.855, subdivisions 1, 3, 7, by adding a subdivision; Laws 2021, First Special Session chapter 5, article 1, sections 2, subdivision 2; 4, subdivision 4; article 4, section 143; Laws 2022, chapter 39, section 2; proposing coding for new law in Minnesota Statutes, chapters 4; 160; 161; 168; 169; 171; 174; 297A; 473; proposing coding for new law as Minnesota Statutes, chapter 168E; repealing Minnesota Statutes 2022, sections 168.121, subdivision 5; 168.1282, subdivision 5; 168.1294, subdivision 5; 168.1299, subdivision 4; 168.345, subdivision 1; 299A.705, subdivision 2; 360.915, subdivision 5.

May 20, 2023

The Honorable Melissa Hortman
Speaker of the House of Representatives

The Honorable Bobby Joe Champion
President of the Senate

We, the undersigned conferees for H. F. No. 2887 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 2887 be further amended as follows:

Delete everything after the enacting clause and insert:

**"ARTICLE 1
APPROPRIATIONS**

Section 1. **TRANSPORTATION APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the trunk highway fund, or another named fund, and are available for the fiscal years indicated for each purpose. Amounts for "Total Appropriation" and sums shown in the corresponding columns marked "Appropriations by Fund" are summary only and do not have legal effect. Unless specified otherwise, the amounts in fiscal year 2025 under "Appropriations by Fund" show the base within the meaning of Minnesota Statutes, section 16A.11, subdivision 3, by fund. The figures "2024" and "2025" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2024, or June 30, 2025, respectively. "Each year" is each of fiscal years 2024 and 2025. "The biennium" is fiscal years 2024 and 2025. "C.S.A.H." is the county state-aid highway fund. "M.S.A.S." is the municipal state-aid street fund. "H.U.T.D." is the highway user tax distribution fund. "Staff" means those employees who are identified in any of the following roles for the legislative committees: committee administrator, committee legislative assistant, caucus research, fiscal analysis, counsel, or nonpartisan research.

**APPROPRIATIONS
Available for the Year
Ending June 30
2024 2025**

Sec. 2. **DEPARTMENT OF TRANSPORTATION**

<u>Subdivision 1. Total Appropriation</u>	\$	<u>4,174,897,000</u>	\$	<u>3,672,723,000</u>
<u>Appropriations by Fund</u>				
		<u>2024</u>		<u>2025</u>
<u>General</u>		<u>634,359,000</u>		<u>46,450,000</u>
<u>Airports</u>		<u>40,368,000</u>		<u>25,368,000</u>
<u>C.S.A.H.</u>		<u>917,782,000</u>		<u>991,615,000</u>
<u>M.S.A.S.</u>		<u>236,360,000</u>		<u>251,748,000</u>
<u>Trunk Highway</u>		<u>2,346,028,000</u>		<u>2,357,542,000</u>

The appropriations in this section are to the commissioner of transportation.

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. Multimodal Systems

(a) Aeronautics

(1) Airport Development and Assistance 69,598,000 18,598,000

Appropriations by Fund

	<u>2024</u>	<u>2025</u>
<u>General</u>	<u>36,000,000</u>	<u>-0-</u>
<u>Airports</u>	<u>33,598,000</u>	<u>18,598,000</u>

The appropriation from the state airports fund must be spent according to Minnesota Statutes, section 360.305, subdivision 4.

\$36,000,000 in fiscal year 2024 is from the general fund for matches to federal aid and state investments related to airport infrastructure projects. This is a onetime appropriation and is available until June 30, 2027.

\$15,000,000 in fiscal year 2024 is from the state airports fund for system maintenance of critical airport safety systems, equipment, and essential airfield technology.

Notwithstanding Minnesota Statutes, section 16A.28, subdivision 6, the appropriation from the state airports fund is available for five years after the year of the appropriation. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

If the commissioner of transportation determines that a balance remains in the state airports fund following the appropriations made in this article and that the appropriations made are insufficient for advancing airport development and assistance projects, an amount necessary to advance the projects, not to exceed the balance in the state airports fund, is appropriated in each year to the commissioner and must be spent

according to Minnesota Statutes, section 360.305, subdivision 4. Within two weeks of a determination under this contingent appropriation, the commissioner of transportation must notify the commissioner of management and budget and the chairs, ranking minority members, and staff of the legislative committees with jurisdiction over transportation finance concerning the funds appropriated. Funds appropriated under this contingent appropriation do not adjust the base for fiscal years 2026 and 2027.

(2) Aviation Support Services 15,397,000 8,431,000

Appropriations by Fund

	<u>2024</u>	<u>2025</u>
<u>General</u>	<u>8,707,000</u>	<u>1,741,000</u>
<u>Airports</u>	<u>6,690,000</u>	<u>6,690,000</u>

\$7,000,000 in fiscal year 2024 is from the general fund to purchase two utility aircraft for the Department of Transportation.

(3) Civil Air Patrol 80,000 80,000

This appropriation is from the state airports fund for the Civil Air Patrol.

(b) Transit and Active Transportation 58,478,000 18,374,000

This appropriation is from the general fund.

\$200,000 in fiscal year 2024 and \$50,000 in fiscal year 2025 are for a grant to the city of Rochester to implement demand response transit service using electric transit vehicles. The money is available for mobile software application development; vehicles and equipment, including accessible vehicles; associated charging infrastructure; and capital and operating costs.

\$40,000,000 in fiscal year 2024 is for matches to federal aid and state investments related to transit and active transportation projects. This is a onetime appropriation and is available until June 30, 2027.

(c) Safe Routes to School 15,297,000 10,500,000

This appropriation is from the general fund for the safe routes to school program under Minnesota Statutes, section 174.40.

If the appropriation for either year is insufficient, the appropriation for the other year is available for it. The appropriations in each year are available until June 30, 2027.

The base for this appropriation is \$1,500,000 in each of fiscal years 2026 and 2027.

(d) Passenger Rail

197,521,000

4,226,000

This appropriation is from the general fund for passenger rail activities under Minnesota Statutes, sections 174.632 to 174.636.

\$194,700,000 in fiscal year 2024 is for capital improvements and betterments for the Minneapolis-Duluth Northern Lights Express intercity passenger rail project, including preliminary engineering, design, engineering, environmental analysis and mitigation, acquisition of land and right-of-way, equipment and rolling stock, and construction. From this appropriation, the amount necessary is for: (1) Coon Rapids station improvements to establish a joint station that provides for Amtrak train service on the Empire Builder line between Chicago and Seattle; and (2) acquisition of equipment and rolling stock for purposes of participation in the Midwest fleet pool to provide for service on Northern Lights Express and expanded Amtrak train service between Minneapolis and St. Paul and Chicago. The commissioner of transportation must not approve additional stops or stations beyond those included in the Federal Railroad Administration's January 2018 Finding of No Significant Impact and Section 4(f) Determination if the commissioner determines that the resulting speed reduction would negatively impact total ridership. This appropriation is onetime and is available until June 30, 2028.

\$1,833,000 in fiscal year 2024 and \$3,238,000 in fiscal year 2025 are for a match to federal aid for capital and operating costs for expanded Amtrak train service between Minneapolis and St. Paul and Chicago.

The base from the general fund is \$5,742,000 in each of fiscal years 2026 and 2027.

(e) Freight 14,650,000 9,066,000

<u>Appropriations by Fund</u>		
	<u>2024</u>	<u>2025</u>
General	8,283,000	2,400,000
Trunk Highway	6,367,000	6,666,000

\$5,000,000 in fiscal year 2024 is from the general fund for matching federal aid grants for improvements, engineering, and administrative costs for the Stone Arch Bridge in Minneapolis. This is a onetime appropriation and is available until June 30, 2027.

\$1,000,000 in each year is from the general fund for staff, operating costs, and maintenance related to weight and safety enforcement systems.

\$974,000 in fiscal year 2024 is from the general fund for procurement costs of a statewide freight network optimization tool under Laws 2021, First Special Session chapter 5, article 4, section 133. This is a onetime appropriation and is available until June 30, 2025.

Subd. 3. State Roads

(a) Operations and Maintenance 414,220,000 425,341,000

<u>Appropriations by Fund</u>		
	<u>2024</u>	<u>2025</u>
General	2,000,000	-0-
Trunk Highway	412,220,000	425,341,000

\$1,000,000 in fiscal year 2024 is from the general fund for the highways for habitat

program under Minnesota Statutes, section 160.2325.

\$248,000 in each year is from the trunk highway fund for living snow fence implementation and maintenance activities.

\$1,000,000 in fiscal year 2024 is from the general fund for safe road zones under Minnesota Statutes, section 169.065, including development and delivery of public awareness and education campaigns about safe road zones.

(b) Program Planning and Delivery

(1) Planning and Research

32,679,000

33,465,000

The commissioner may use any balance remaining in this appropriation for program delivery under clause (2).

\$130,000 in each year is available for administrative costs of the targeted group business program.

\$266,000 in each year is available for grants to metropolitan planning organizations outside the seven-county metropolitan area.

\$900,000 in each year is available for grants for transportation studies outside the metropolitan area to identify critical concerns, problems, and issues. These grants are available: (i) to regional development commissions; (ii) in regions where no regional development commission is functioning, to joint powers boards established under agreement of two or more political subdivisions in the region to exercise the planning functions of a regional development commission; and (iii) in regions where no regional development commission or joint powers board is functioning, to the Department of Transportation district office for that region.

(2) Program Delivery

274,451,000

273,985,000

Appropriations by Fund

	<u>2024</u>	<u>2025</u>
General	2,250,000	2,000,000
Trunk Highway	272,201,000	271,985,000

This appropriation includes use of consultants to support development and management of projects.

\$10,000,000 in fiscal year 2024 is from the trunk highway fund for roadway design and related improvements that reduce speeds and eliminate intersection interactions on rural high-risk roadways. The commissioner must identify roadways based on crash information and in consultation with the Advisory Council on Traffic Safety under Minnesota Statutes, section 4.076, and local traffic safety partners. This is a onetime appropriation and is available until June 30, 2026.

\$2,000,000 in each year is from the general fund for implementation of climate-related programs as provided under the federal Infrastructure Investment and Jobs Act, Public Law 117-58.

\$1,193,000 in fiscal year 2024 is from the trunk highway fund for costs related to the property conveyance to the Upper Sioux Community of state-owned land within the boundaries of Upper Sioux Agency State Park, including fee purchase, property purchase, appraisals, and road and bridge demolition and related engineering.

\$250,000 in fiscal year 2024 is from the general fund for costs related to the Clean Transportation Fuel Standard Working Group established under article 4, section 124.

\$1,000,000 in each year is available from the trunk highway fund for management of contaminated and regulated material on property owned by the Department of Transportation, including mitigation of property conveyances, facility acquisition or

expansion, chemical release at maintenance facilities, and spills on the trunk highway system where there is no known responsible party. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

(c) State Road Construction 1,207,013,000 1,174,045,000

<u>Appropriations by Fund</u>		
	<u>2024</u>	<u>2025</u>
General	1,800,000	-0-
Trunk Highway	<u>1,205,213,000</u>	<u>1,174,045,000</u>

This appropriation is for the actual construction, reconstruction, and improvement of trunk highways, including design-build contracts, internal department costs associated with delivering the construction program, consultant usage to support these activities, and the cost of actual payments to landowners for lands acquired for highway rights-of-way, payment to lessees, interest subsidies, and relocation expenses.

This appropriation includes federal highway aid. The commissioner of transportation must notify the chairs, ranking minority members, and staff of the legislative committees with jurisdiction over transportation finance of any significant events that cause the estimates of federal aid to change.

\$1,500,000 in fiscal year 2024 is from the general fund for living snow fence implementation, including: acquiring and planting trees, shrubs, native grasses, and wildflowers that are climate adaptive to Minnesota; improvements; contracts; easements; rental agreements; and program delivery.

\$300,000 in fiscal year 2024 is from the general fund for additions and modifications to work zone design or layout to reduce vehicle speeds in a work zone. This appropriation is available following a

determination by the commissioner that the initial work zone design or layout insufficiently provides for reduced vehicle speeds.

The commissioner may expend up to one-half of one percent of the federal appropriations under this paragraph as grants to opportunity industrialization centers and other nonprofit job training centers for job training programs related to highway construction.

The commissioner may transfer up to \$15,000,000 in each year to the transportation revolving loan fund.

The commissioner may receive money covering other shares of the cost of partnership projects. These receipts are appropriated to the commissioner for these projects.

The base from the trunk highway fund is \$1,161,813,000 in each of fiscal years 2026 and 2027.

<u>(d) Corridors of Commerce</u>	<u>25,000,000</u>	<u>25,000,000</u>
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This appropriation is for the corridors of commerce program under Minnesota Statutes, section 161.088. The commissioner may use up to 17 percent of the amount in each year for program delivery.

<u>(e) Highway Debt Service</u>	<u>268,336,000</u>	<u>291,394,000</u>
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\$265,336,000 in fiscal year 2024 and \$288,394,000 in fiscal year 2025 are for transfer to the state bond fund. If this appropriation is insufficient to make all transfers required in the year for which it is made, the commissioner of management and budget must transfer the deficiency amount as provided under Minnesota Statutes, section 16A.641, and notify the chairs, ranking minority members, and staff of the legislative committees with jurisdiction over transportation finance and the chairs of the senate Finance Committee and the house of

representatives Ways and Means Committee of the amount of the deficiency. Any excess appropriation cancels to the trunk highway fund.

(f) Statewide Radio Communications 8,653,000 6,907,000

Appropriations by Fund

	<u>2024</u>	<u>2025</u>
<u>General</u>	<u>2,003,000</u>	<u>3,000</u>
<u>Trunk Highway</u>	<u>6,650,000</u>	<u>6,904,000</u>

\$3,000 in each year is from the general fund to equip and operate the Roosevelt signal tower for Lake of the Woods weather broadcasting.

\$2,000,000 in fiscal year 2024 is from the general fund for Allied Radio Matrix for Emergency Response (ARMER) tower building improvements and replacement.

Subd. 4. Local Roads

(a) County State-Aid Highways 917,782,000 991,615,000

This appropriation is from the county state-aid highway fund under Minnesota Statutes, sections 161.081, 174.49, and 297A.815, subdivision 3, and chapter 162, and is available until June 30, 2033.

If the commissioner of transportation determines that a balance remains in the county state-aid highway fund following the appropriations and transfers made in this paragraph and that the appropriations made are insufficient for advancing county state-aid highway projects, an amount necessary to advance the projects, not to exceed the balance in the county state-aid highway fund, is appropriated in each year to the commissioner. Within two weeks of a determination under this contingent appropriation, the commissioner of transportation must notify the commissioner of management and budget and the chairs, ranking minority members, and staff of the legislative committees with jurisdiction over transportation finance concerning funds

appropriated. The governor must identify in the next budget submission to the legislature under Minnesota Statutes, section 16A.11, any amount that is appropriated under this paragraph.

(b) Municipal State-Aid Streets

236,360,000

251,748,000

This appropriation is from the municipal state-aid street fund under Minnesota Statutes, chapter 162, and is available until June 30, 2033.

If the commissioner of transportation determines that a balance remains in the municipal state-aid street fund following the appropriations and transfers made in this paragraph and that the appropriations made are insufficient for advancing municipal state-aid street projects, an amount necessary to advance the projects, not to exceed the balance in the municipal state-aid street fund, is appropriated in each year to the commissioner. Within two weeks of a determination under this contingent appropriation, the commissioner of transportation must notify the commissioner of management and budget and the chairs, ranking minority members, and staff of the legislative committees with jurisdiction over transportation finance concerning funds appropriated. The governor must identify in the next budget submission to the legislature under Minnesota Statutes, section 16A.11, any amount that is appropriated under this paragraph.

(c) Other Local Roads

(1) Local Bridges

18,013,000

-0-

This appropriation is from the general fund to replace or rehabilitate local deficient bridges under Minnesota Statutes, section 174.50. This is a onetime appropriation and is available until June 30, 2027.

(2) Local Road Improvement

18,013,000

-0-

This appropriation is from the general fund for construction and reconstruction of local roads under Minnesota Statutes, section 174.52. This is a onetime appropriation and is available until June 30, 2027.

(3) Local Transportation Disaster Support 4,300,000 1,000,000

This appropriation is from the general fund to provide a cost-share for federal assistance from the Federal Highway Administration for the emergency relief program under United States Code, title 23, section 125. Of the appropriation in fiscal year 2024, \$3,300,000 is onetime and is available until June 30, 2027.

(4) Metropolitan Counties 20,000,000 -0-

This appropriation is from the general fund for distribution to metropolitan counties as provided under Minnesota Statutes, section 174.49, subdivision 5, for use in conformance with the requirements under Minnesota Statutes, section 174.49, subdivision 6.

Subd. 5. Agency Management

(a) Agency Services 317,666,000 87,228,000

Appropriations by Fund

	<u>2024</u>	<u>2025</u>
General	<u>241,639,000</u>	<u>6,151,000</u>
Trunk Highway	<u>76,027,000</u>	<u>81,077,000</u>

\$216,400,000 in fiscal year 2024 is from the general fund for Infrastructure Investment and Jobs Act (IIJA) discretionary matches under article 4, section 111. This is a onetime appropriation and is available until June 30, 2027.

\$13,790,000 in fiscal year 2024 and \$190,000 in fiscal year 2025 are from the general fund for matching federal aid, related state investments, and staff costs for the electric vehicle infrastructure program under Minnesota Statutes, section 174.47. Of this appropriation, \$13,600,000 in fiscal year

2024 is onetime and is available until June 30, 2027.

\$900,000 in each year is from the general fund for the purpose of establishing a Tribal affairs workforce training program related to the construction industry.

\$2,000,000 in fiscal year 2024 is from the general fund for federal transportation grants technical assistance under article 4, section 110. This is a onetime appropriation and is available until June 30, 2027.

\$7,000,000 in fiscal year 2024 and \$4,000,000 in fiscal year 2025 are from the general fund for information technology projects and implementation.

\$500,000 in fiscal year 2024 is from the general fund for grants to nonprofit organizations or carsharing operators to support the growth of carsharing in disadvantaged communities through programs, marketing, and community engagement. A grant recipient may use grant proceeds for capital and operational costs of a program. Eligible grant recipients must be based in Minnesota and be either a nonprofit organization or carsharing operator, with a preference given to nonprofit carsharing operators. Transportation management organizations are not eligible to receive grants under this paragraph.

(b) Buildings

40,790,000

41,120,000

Appropriations by Fund

	<u>2024</u>	<u>2025</u>
<u>General</u>	<u>55,000</u>	<u>55,000</u>
<u>Trunk Highway</u>	<u>40,735,000</u>	<u>41,065,000</u>

Any money appropriated to the commissioner of transportation for building construction for any fiscal year before fiscal year 2024 is available to the commissioner during the biennium to the extent that the commissioner spends the money on the building

construction projects for which the money was originally encumbered during the fiscal year for which it was appropriated. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

The base from the general fund is \$0 in each of fiscal years 2026 and 2027.

(c) Tort Claims

600,000

600,000

If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Subd. 6. Transfers; General Authority

(a) With the approval of the commissioner of management and budget, the commissioner of transportation may transfer unencumbered balances among the appropriations from the trunk highway fund and the state airports fund made in this section. Transfers under this paragraph must not be made: (1) between funds; (2) from the appropriations for state road construction or debt service; or (3) from the appropriations for operations and maintenance or program delivery, except for a transfer to state road construction or debt service.

(b) The commissioner of transportation must immediately report transfers under paragraph (a) to the chairs, ranking minority members, and staff of the legislative committees with jurisdiction over transportation finance. The authority for the commissioner of transportation to make transfers under Minnesota Statutes, section 16A.285, is superseded by the authority and requirements under this subdivision.

Subd. 7. Transfers; Flexible Highway Account

The commissioner of transportation must transfer from the flexible highway account in the county state-aid highway fund:

(1) \$1,850,000 in fiscal year 2024 to the trunk highway fund;

(2) \$5,000,000 in fiscal year 2024 to the municipal turnback account in the municipal state-aid street fund; and

(3) the remainder in each year to the county turnback account in the county state-aid highway fund.

The money transferred under this subdivision is for highway turnback purposes as provided under Minnesota Statutes, section 161.081, subdivision 3.

Subd. 8. Contingent Appropriations

The commissioner of transportation, with the approval of the governor and the written approval of at least five members of a group consisting of the members of the Legislative Advisory Commission under Minnesota Statutes, section 3.30, and the ranking minority members of the legislative committees with jurisdiction over transportation finance, may transfer all or part of the unappropriated balance in the trunk highway fund to an appropriation: (1) for trunk highway design, construction, or inspection in order to take advantage of an unanticipated receipt of income to the trunk highway fund or to take advantage of federal advanced construction funding; (2) for trunk highway maintenance in order to meet an emergency; or (3) to pay tort or environmental claims. Nothing in this subdivision authorizes the commissioner to increase the use of federal advanced construction funding beyond amounts specifically authorized. Any transfer as a result of the use of federal advanced construction funding must include an analysis of the effects on the long-term trunk highway fund balance. The amount transferred is appropriated for the purpose of the account to which it is transferred.

Sec. 3. **METROPOLITAN COUNCIL**

<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>141,630,000</u>	<u>\$</u>	<u>88,630,000</u>
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The appropriations in this section are from the general fund to the Metropolitan Council.

The amounts that may be spent for each purpose are specified in the following subdivisions.

<u>Subd. 2. Transit System Operations</u>		<u>85,654,000</u>		<u>32,654,000</u>
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This appropriation is for transit system operations under Minnesota Statutes, sections 473.371 to 473.449.

\$50,000,000 in fiscal year 2024 is for a grant to Hennepin County for the Blue Line light rail transit extension project, including but not limited to predesign, design, engineering, environmental analysis and mitigation, right-of-way acquisition, construction, and acquisition of rolling stock. Of this amount, \$40,000,000 is available only upon entering a full funding grant agreement with the Federal Transit Administration by June 30, 2027. This is a onetime appropriation and is available until June 30, 2030.

\$3,000,000 in fiscal year 2024 is for highway bus rapid transit project development in the marked U.S. Highway 169 and marked Trunk Highway 55 corridors, including but not limited to feasibility study, predesign, design, engineering, environmental analysis and remediation, and right-of-way acquisition.

<u>Subd. 3. Metro Mobility</u>		<u>55,976,000</u>		<u>55,976,000</u>
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This appropriation is for Metro Mobility under Minnesota Statutes, section 473.386.

Sec. 4. **DEPARTMENT OF PUBLIC SAFETY**

<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>298,096,000</u>	<u>\$</u>	<u>281,378,000</u>
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	<u>Appropriations by Fund</u>	
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	<u>2024</u>	<u>2025</u>
<u>General</u>	<u>44,758,000</u>	<u>35,470,000</u>

<u>H.U.T.D.</u>	<u>1,336,000</u>	<u>1,378,000</u>
<u>Special Revenue</u>	<u>72,296,000</u>	<u>73,442,000</u>
<u>Trunk Highway</u>	<u>179,706,000</u>	<u>171,088,000</u>

The appropriations in this section are to the commissioner of public safety.

The amounts that may be spent for each purpose are specified in the following subdivisions. The commissioner must spend appropriations from the trunk highway fund in subdivision 3 only for State Patrol purposes.

Subd. 2. Administration and Related Services

(a) Office of Communications 896,000 1,148,000

This appropriation is from the general fund.

(b) Public Safety Support 9,976,000 11,773,000

Appropriations by Fund

	<u>2024</u>	<u>2025</u>
<u>General</u>	<u>5,049,000</u>	<u>6,564,000</u>
<u>Trunk Highway</u>	<u>4,927,000</u>	<u>5,209,000</u>

\$1,482,000 in each year is from the general fund for staff and operating costs related to public engagement activities.

(c) Public Safety Officer Survivor Benefits 640,000 640,000

This appropriation is from the general fund for payment of public safety officer survivor benefits under Minnesota Statutes, section 299A.44. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

(d) Public Safety Officer Reimbursements 1,367,000 1,367,000

This appropriation is from the general fund for transfer to the public safety officer's benefit account. This appropriation is available for reimbursements under Minnesota Statutes, section 299A.465.

(e) Soft Body Armor Reimbursements 745,000 745,000

This appropriation is from the general fund for soft body armor reimbursements under Minnesota Statutes, section 299A.38.

(f) Technology and Support Services 6,712,000 6,783,000

Appropriations by Fund

	<u>2024</u>	<u>2025</u>
<u>General</u>	<u>1,645,000</u>	<u>1,684,000</u>
<u>Trunk Highway</u>	<u>5,067,000</u>	<u>5,099,000</u>

Subd. 3. State Patrol

(a) Patrolling Highways 154,044,000 141,731,000

Appropriations by Fund

	<u>2024</u>	<u>2025</u>
<u>General</u>	<u>387,000</u>	<u>37,000</u>
<u>H.U.T.D.</u>	<u>92,000</u>	<u>92,000</u>
<u>Trunk Highway</u>	<u>153,565,000</u>	<u>141,602,000</u>

\$350,000 in fiscal year 2024 is from the general fund for predesign of a State Patrol headquarters building and related storage and training facilities. The commissioner of public safety must work with the commissioner of administration to complete the predesign. This is a onetime appropriation and is available until June 30, 2027.

\$14,500,000 in fiscal year 2024 is from the trunk highway fund to purchase and equip a helicopter for the State Patrol. This is a onetime appropriation and is available until June 30, 2025.

\$2,300,000 in fiscal year 2024 is from the trunk highway fund to purchase a Cirrus single engine airplane for the State Patrol. This is a onetime appropriation and is available until June 30, 2025.

\$1,700,000 in each year is from the trunk highway fund for staff and equipment costs of pilots for the State Patrol.

\$611,000 in fiscal year 2024 and \$352,000 in fiscal year 2025 are from the trunk highway fund to support the State Patrol's

accreditation process under the Commission on Accreditation for Law Enforcement Agencies.

<u>(b) Commercial Vehicle Enforcement</u>	<u>15,446,000</u>	<u>18,423,000</u>
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\$2,948,000 in fiscal year 2024 and \$5,248,000 in fiscal year 2025 are to provide the required match for federal grants for additional troopers and nonsworn commercial vehicle inspectors.

<u>(c) Capitol Security</u>	<u>18,666,000</u>	<u>19,231,000</u>
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This appropriation is from the general fund.

The commissioner must not:

(1) spend any money from the trunk highway fund for capitol security; or

(2) permanently transfer any state trooper from the patrolling highways activity to capitol security.

The commissioner must not transfer any money appropriated to the commissioner under this section:

(1) to capitol security; or

(2) from capitol security.

<u>(d) Vehicle Crimes Unit</u>	<u>1,244,000</u>	<u>1,286,000</u>
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This appropriation is from the highway user tax distribution fund to investigate:

(1) registration tax and motor vehicle sales tax liabilities from individuals and businesses that currently do not pay all taxes owed; and

(2) illegal or improper activity related to the sale, transfer, titling, and registration of motor vehicles.

Subd. 4. Driver and Vehicle Services

<u>(a) Driver Services</u>	<u>42,615,000</u>	<u>43,262,000</u>
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This appropriation is from the driver and vehicle services operating account under Minnesota Statutes, section 299A.705.

\$750,000 in fiscal year 2024 and \$120,000 in fiscal year 2025 are for reimbursement to driver's license agents for the purchase and maintenance of equipment necessary for a full-service provider, as defined in Minnesota Statutes, section 171.01, subdivision 33a, following application to the commissioner. Of the amount in fiscal year 2024, the commissioner may provide no more than \$15,000 to each driver's license agent.

\$115,000 in fiscal year 2024 and \$109,000 in fiscal year 2025 are for staff costs to manage, review, and audit online driver education programs.

\$262,000 in fiscal year 2024 and \$81,000 in fiscal year 2025 are for implementation of race and ethnicity information collection from applicants for drivers' licenses and identification cards.

\$58,000 in fiscal year 2024 is for the implementation costs of a watercraft operator's permit indicator on drivers' licenses and identification cards.

\$2,598,000 in each year is to maintain driver's license examination stations. The commissioner must keep open all driver's license examination stations that are open on the effective date of this section, including any stations that reopened following closure in 2020 due to the COVID-19 pandemic.

(b) Vehicle Services

34,238,000

28,737,000

Appropriations by Fund

	<u>2024</u>	<u>2025</u>
<u>General</u>	<u>6,000,000</u>	<u>-0-</u>
<u>Special Revenue</u>	<u>28,238,000</u>	<u>28,737,000</u>

The appropriation from the special revenue fund is from the driver and vehicle services

operating account under Minnesota Statutes, section 299A.705.

\$202,000 in fiscal year 2024 and \$192,000 in fiscal year 2025 are for staff costs related to monitoring and auditing records issued by full-service providers.

\$6,000,000 in fiscal year 2024 is from the general fund for payments to deputy registrars. The commissioner must make payments to each deputy registrar based proportionally on the total number of transactions, excluding corrections and transactions at a self-service kiosk, completed by each deputy registrar during the previous fiscal year. The payments must be made on or before July 15, 2023.

\$1,600,000 in fiscal year 2024 and \$1,300,000 in fiscal year 2025 are for staff and operating costs related to additional vehicle inspection sites.

\$101,000 in fiscal year 2024 and \$96,000 in fiscal year 2025 are for an appeals process for information technology system data access revocations, including costs of staff and equipment.

Subd. 5. Traffic Safety

9,504,000

4,249,000

Appropriations by Fund

	<u>2024</u>	<u>2025</u>
<u>General</u>	<u>8,803,000</u>	<u>3,494,000</u>
<u>Trunk Highway</u>	<u>701,000</u>	<u>755,000</u>

\$1,000,000 in fiscal year 2024 is from the general fund for grants to local units of government to perform additional traffic safety enforcement activities in safe road zones under Minnesota Statutes, section 169.065. In allocating funds, the commissioner must account for other sources of funding for increased traffic enforcement.

\$2,000,000 in fiscal year 2024 is from the general fund for grants to local units of government to increase traffic safety

enforcement activities, including training, equipment, overtime, and related costs for peace officers to perform duties that are specifically related to traffic management and traffic safety.

\$2,000,000 in fiscal year 2024 is from the general fund for grants to law enforcement agencies to undertake targeted speed reduction efforts on rural high-risk roadways identified by the commissioner based on crash information and consultation with the Advisory Council on Traffic Safety under Minnesota Statutes, section 4.076, and local traffic safety partners.

\$50,000 in fiscal year 2024 is from the general fund for an education and awareness campaign on motor vehicles passing school buses, designed to: (1) help reduce occurrences of motor vehicles unlawfully passing school buses; and (2) inform drivers about the safety of pupils boarding and unloading from school buses, including laws requiring a motor vehicle to stop when a school bus has extended the stop-signal arm and is flashing red lights and penalties for violations. The commissioner must identify best practices, review effective communication methods to educate drivers, and consider multiple forms of media to convey the information.

\$100,000 in fiscal year 2024 is from the general fund for a public awareness campaign to promote understanding and compliance with laws regarding the passing of parked authorized vehicles.

\$350,000 in fiscal year 2024 is from the general fund for grants to local units of government for safe ride programs that provide safe transportation options for patrons of hospitality and entertainment businesses within a community.

\$250,000 in fiscal year 2024 is from the general fund for the traffic safety violations

disposition analysis under article 4, section 109.

\$2,000,000 in each year is from the general fund for operations and traffic safety projects and activities of the Advisory Council on Traffic Safety under Minnesota Statutes, section 4.076.

\$98,000 in each year is from the general fund to coordinate a statewide traffic safety equity program, including staff costs.

The following amounts are for the staff and operating costs related to a Traffic Safety Data Analytics Center: (1) \$407,000 in fiscal year 2024 and \$813,000 in fiscal year 2025 from the general fund; and (2) \$140,000 in each year is from the trunk highway fund. The base from the trunk highway fund is \$187,000 in each of fiscal years 2026 and 2027.

Subd. 6. Pipeline Safety 2,003,000 2,003,000

<u>Appropriations by Fund</u>		
	<u>2024</u>	<u>2025</u>
General	<u>560,000</u>	<u>560,000</u>
Special Revenue	<u>1,443,000</u>	<u>1,443,000</u>

The appropriation from the special revenue fund is from the pipeline safety account under Minnesota Statutes, section 299J.18.

\$560,000 in each year is from the general fund for staff and operating costs related to oversight of the excavation notice system under Minnesota Statutes, chapter 216D, including education, investigation, and enforcement activities.

Sec. 5. LEGISLATIVE COORDINATING COMMISSION \$ 225,000 \$ -0-

This appropriation is from the general fund to the Legislative Coordinating Commission for costs of the Metropolitan Governance Task Force under article 4, section 123.

Sec. 6. MINNESOTA MANAGEMENT AND BUDGET

Subdivision 1. Federal Funds Coordinator

570,000

570,000

(a) This appropriation is from the general fund to the commissioner of management and budget for a coordinator and support staff to provide for maximization of federal formula and discretionary grant funds to recipients in the state, including but not limited to funds under: (1) the Infrastructure Investment and Jobs Act (IIJA), Public Law 117-58; (2) the Inflation Reduction Act of 2022, Public Law 117-169; (3) the CHIPS and Science Act of 2022, Public Law 117-167; and (4) subsequent federal appropriations acts associated with a spending authorization or appropriation under clauses (1) to (3).

(b) The duties of the federal coordinator include but are not limited to:

(1) serving as the state agency lead on activities related to federal infrastructure funds;

(2) coordinating on federal grants with the governor, legislature, state agencies, federally recognized Tribal governments, political subdivisions, and private entities; and

(3) developing methods to maximize the amount and effectiveness of federal grants provided to recipients in the state.

Subd. 2. Federal Funds Coordinator; Fiscal Year 2023

\$70,000 in fiscal year 2023 is appropriated from the general fund to the commissioner of management and budget for the purposes specified in subdivision 1. This amount is a onetime appropriation and is available until June 30, 2024.

EFFECTIVE DATE. Subdivision 2 is effective the day following final enactment.

Sec. 7. Laws 2018, chapter 214, article 1, section 16, subdivision 11, as amended by Laws 2019, chapter 2, article 2, section 4, is amended to read:

Subd. 11. **Corridors of Commerce**

400,000,000

(a) From the bond proceeds account in the trunk highway fund for the corridors of commerce program under Minnesota Statutes, section 161.088.

(b) This appropriation is available in the amounts of:

(1) \$150,000,000 in fiscal year 2022;

(2) \$150,000,000 in fiscal year 2023; and

(3) \$100,000,000 in fiscal year 2024.

(c) The commissioner must select projects for the corridors of commerce program solely using the results of the spring 2018 evaluation for the corridors of commerce program, in order based on total score. In addition to the projects selected for funding in the first round from the spring 2018 evaluation, the commissioner must select at least two projects located outside the Department of Transportation metropolitan district. If funds are insufficient for an identified project, the commissioner must either select the identified project, or select one or more alternative projects that are (1) for a segment within the project limits of the identified project; and (2) also identified and scored in the spring 2018 evaluation process. For projects located outside the Department of Transportation metropolitan district, the commissioner must not select a project located in a county within which a project was selected for funding in the first round in the spring 2018 evaluation for the corridors of commerce program.

(d) Notwithstanding the project selection requirements under paragraph (c), any remaining amount of this appropriation is for predesign, design, engineering, and construction of an overpass and associated

safety improvements at the intersection of marked Trunk Highway 9 and marked Trunk Highway 23 in the city of New London.

(e) The appropriation in Laws 2017, First Special Session chapter 3, article 2, section 2, subdivision 1, is available for the projects selected under paragraph (c) that the commissioner determines are ready to proceed.

~~(e)~~ (f) The appropriation in this subdivision is available for any projects selected by the commissioner using the results of the evaluation for the corridors of commerce program conducted in spring 2018.

~~(f)~~ (g) This appropriation cancels as specified under Minnesota Statutes, section 16A.642, except that the commissioner of management and budget shall count the start of authorization for issuance of state bonds as the first day of the fiscal year during which the bonds are available to be issued, and not as the date of enactment of this section.

Sec. 8. Laws 2021, First Special Session chapter 5, article 1, section 4, subdivision 4, is amended to read:

Subd. 4. Driver and Vehicle Services

(a) Driver Services	44,820,000	39,685,000
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This appropriation is from the driver services operating account in the special revenue fund under Minnesota Statutes, section 299A.705, subdivision 2.

\$2,598,000 in each year is for costs to reopen all driver's license examination stations that were closed in 2020 due to the COVID-19 pandemic. This amount is not available for the public information center, general administration, or operational support. This is a onetime appropriation.

\$2,229,000 in fiscal year 2022 and \$155,000 in fiscal year 2023 are for costs of a pilot

project for same-day issuance of drivers' licenses and state identification cards.

The base is \$36,398,000 in each of fiscal years 2024 and 2025. Any unexpended amount of this appropriation remaining on June 30, 2023, cancels to the driver and vehicle services operating account under Minnesota Statutes, section 299A.705.

(b) Vehicle Services	37,418,000	<u>35,535,000</u> <u>27,299,000</u>
Appropriations by Fund		
	2022	2023
H.U.T.D.	686,000	-0-
		<u>35,535,000</u>
Special Revenue	36,732,000	<u>27,299,000</u>

The special revenue fund appropriation is from the vehicle services operating account under Minnesota Statutes, section 299A.705, subdivision 1.

\$200,000 in fiscal year 2022 is from the vehicle services operating account for the independent expert review of MnDRIVE under article 4, section 144, for expenses of the chair and the review team related to work completed pursuant to that section, including any contracts entered into. This is a onetime appropriation.

\$250,000 in fiscal year 2022 is from the vehicle services operating account for programming costs related to the implementation of self-service kiosks for vehicle registration renewal. This is a onetime appropriation and is available in fiscal year 2023.

The base is \$33,788,000 in each of fiscal years 2024 and 2025. Any unexpended amount of the appropriation from the special revenue fund remaining on June 30, 2023, cancels to the driver and vehicle services operating account under Minnesota Statutes, section 299A.705.

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

Sec. 9. **APPROPRIATION; TRANSPORTATION MANAGEMENT ORGANIZATIONS.**

(a) \$300,000 in fiscal year 2024 and \$300,000 in fiscal year 2025 are appropriated from the general fund to the commissioner of transportation for grants to the I-494 Corridor Commission to provide telework resources, assistance, information, and related activities on a statewide basis.

(b) \$300,000 in fiscal year 2024 and \$300,000 in fiscal year 2025 are appropriated from the general fund to the commissioner of transportation for grants to the St. Paul transportation management organization. The organization must provide public education and information to support a reduction in vehicle miles traveled throughout the metropolitan area.

(c) \$103,000 in fiscal year 2024 and \$103,000 in fiscal year 2025 are appropriated from the general fund to the commissioner of transportation for grants to the downtown Minneapolis transportation management organization. Programs funded with this appropriation must include but are not limited to a hybrid commuter education pilot program.

(d) \$350,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of transportation for grants to the city of Chatfield to develop a transportation management organization in southeastern Minnesota. Money under this paragraph is available for developing a comprehensive assessment and financial plan for a transportation management organization in the counties of Dodge, Fillmore, Freeborn, Goodhue, Houston, Mower, Olmsted, Rice, Steele, Wabasha, and Winona. The study must assess how the transportation management organization can develop resources to meet the region's growing and changing transportation needs and prioritize transportation-related challenges that affect the region's workforce, access to health care and postsecondary education, and quality of life.

(e) Money under paragraphs (a) to (c) is available for programming and service expansion to assist companies and commuters with carpool, vanpool, bicycle commuting, telework, and transit.

(f) The commissioner must not retain any portion of the appropriations under this section.

(g) The appropriations in paragraphs (a) to (d) are onetime appropriations.

Sec. 10. **APPROPRIATION; RAIL CORRIDOR SERVICE.**

\$4,000,000 in fiscal year 2023 is appropriated from the general fund to the commissioner of transportation for rail corridor service analysis under article 4, section 112. This is a onetime appropriation and is available until December 31, 2025.

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

Sec. 11. **APPROPRIATION; TRANSIT SERVICE INTERVENTION PROJECT.**

\$2,000,000 in fiscal year 2023 is appropriated from the general fund to the Metropolitan Council for grants to participating organizations in the Transit Service Intervention Project under article 4, section 113. The council must allocate the grants to provide reimbursements for project implementation, including but not limited to intervention teams, labor, and other expenses. This is a onetime appropriation and is available until June 30, 2024.

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

Sec. 12. **APPROPRIATIONS; STATE PATROL OPERATING DEFICIENCY.**

(a) \$6,728,000 in fiscal year 2023 is appropriated from the trunk highway fund to the commissioner of public safety for State Patrol operating costs. This is a onetime appropriation and is available until December 31, 2023.

(b) \$106,000 in fiscal year 2023 is appropriated from the highway user tax distribution fund to the commissioner of public safety for the State Patrol Vehicle Crimes Unit. This is a onetime appropriation and is available until December 31, 2023.

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

Sec. 13. **APPROPRIATION; DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT.**

\$30,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of employment and economic development for temporary staff costs related to the procurement of a statewide freight optimization tool for the Department of Transportation. This is a onetime appropriation and is available until June 30, 2025.

Sec. 14. **APPROPRIATION; TRAFFIC SAFETY.**

\$2,000,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of public safety for grants to school districts, nonpublic schools, charter schools, and companies that provide school bus services for the purchase and installation of school bus stop-signal arm camera systems. In awarding grants, the commissioner must follow the same requirements as under Laws 2021, First Special Session chapter 5, article 1, section 4, subdivision 5. This is a onetime appropriation and is available until June 30, 2025.

Sec. 15. **APPROPRIATION; SMALL COMMUNITY PARTNERSHIPS.**

(a) \$2,500,000 in fiscal year 2024 and \$2,500,000 in fiscal year 2025 are appropriated from the general fund to the Board of Regents of the University of Minnesota for small community partnerships on infrastructure project analysis and development as provided in this section. This is a onetime appropriation and is available until June 30, 2026.

(b) The appropriation under this section must be used for:

(1) partnership activities in the Regional Sustainable Development Partnerships, the Center for Transportation Studies, the Minnesota Design Center, the Humphrey School of Public Affairs, the Center for Urban and Regional Affairs, or other related entities;

(2) support and assistance to small communities that includes:

(i) methods to incorporate consideration of sustainability, resiliency, and adaptation to the impacts of climate change; and

(ii) identification and cross-sector analysis of any potential associated projects and efficiencies through coordinated investments in other infrastructure or assets; and

(3) prioritization of support and assistance to political subdivisions and federally recognized Tribal governments based on insufficiency of capacity to undertake project development and apply for state or federal infrastructure grants.

(c) The agreement may provide for project analysis and development activities that include but are not limited to planning, scoping, analysis, predesign, design, pre-engineering, and engineering.

Sec. 16. APPROPRIATION; RICE STREET CAPITOL AREA REDESIGN.

(a) \$25,000,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of transportation for one or more grants to the city of St. Paul, Ramsey County, or both for planning, predesign, design, engineering, environmental analysis and mitigation, land acquisition, and reconstruction of Rice Street from West Pennsylvania Avenue to John Ireland Boulevard. This is a onetime appropriation and is available until June 30, 2029.

(b) The Rice Street Capitol Area redesign project under this section must:

(1) be developed under a multiagency process that includes but is not limited to coordination between the city of St. Paul, Ramsey County, the Metropolitan Council, the commissioner of transportation, and the Capitol Area Architectural and Planning Board under Minnesota Statutes, section 15B.03;

(2) conform with the comprehensive plan adopted under Minnesota Statutes, section 15B.05, and the street design manual adopted by the city of St. Paul; and

(3) establish a multimodal hub in the vicinity of Rice Street and University Avenue.

Sec. 17. APPROPRIATIONS; PRIORITY TRANSPORTATION PROJECTS.

Subdivision 1. **Crosstown pedestrian bridge; Edina.** \$3,000,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of transportation for a grant to the city of Edina for design, engineering, and construction of a new Americans with Disabilities Act-compliant safe overpass bridge to replace the current Crosstown Pedestrian Bridge over marked Trunk Highway 62 in the city of Edina. This is a onetime appropriation and is available until June 30, 2027.

Subd. 2. **U.S. Highway 10; Sherburne County.** \$6,000,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of transportation for preliminary engineering of safety and access improvements on marked U.S. Highway 10 between the cities of Clear Lake and St. Cloud. This appropriation is for phase one of the project. This is a onetime appropriation and is available until June 30, 2027.

Subd. 3. **Veterans Bridge; St. Cloud.** \$750,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of transportation for a grant to the city of St. Cloud for predesign, design, engineering, environmental analysis, and construction of repairs and rehabilitation to the Veterans Bridge in the city of St. Cloud, including associated pedestrian safety improvements. This is a onetime appropriation and is available until June 30, 2027.

Subd. 4. **University Drive; St. Cloud.** \$8,500,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of transportation for a grant to the city of St. Cloud for predesign, design, engineering, environmental analysis, and reconstruction of University Drive from Stearns County State-Aid Highway 75 to 15th Avenue Southeast, including bicycle facility improvements and utility replacement. This is a onetime appropriation and is available until June 30, 2027.

Subd. 5. **Trunk Highway 7 study; Hennepin County.** \$750,000 in fiscal year 2024 is appropriated from the trunk highway fund to the commissioner of transportation for a feasibility study of safety, access, and other improvements on marked Trunk Highway 7 from the western border of Hennepin County to marked Interstate Highway 494, including connecting roadways. Any amount remaining following the study is available for environmental analysis and preliminary design. This is a onetime appropriation and is available until June 30, 2027.

Subd. 6. **Highway-rail grade separation; Moorhead.** \$10,000,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of transportation for one or more rail grade separation projects in the city of Moorhead in accordance with Minnesota Statutes, section 219.016. This appropriation is in addition to the amount appropriated in Laws 2020, Fifth Special Session chapter 3, article 2, section 2, subdivision 2, for the same purpose. This is a onetime appropriation and is available until June 30, 2027.

Subd. 7. **U.S. Highway 52 box culvert underpass; Dakota County.** \$2,000,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of transportation for preliminary and final design, engineering, environmental analysis, acquisition of permanent easements and rights-of-way, and construction of a box culvert underpass at marked U.S. Highway 52 and Dakota County Road 6 near the Hmong American Farmers Association. This is a onetime appropriation and is available until June 30, 2027.

Subd. 8. **Third Street/Kellogg Boulevard Bridge; St. Paul.** \$3,500,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of transportation for a grant to the city of St. Paul for the Third Street/Kellogg Boulevard bridge project. This appropriation is in addition to the appropriation for the same purpose in Laws 2020, Fifth Special Session chapter 3, article 1, section 16, subdivision 19, and in addition to any other appropriations for the same purpose enacted in the 2023 legislative session. This is a onetime appropriation and is available until June 30, 2027.

Subd. 9. **Trunk Highway 36 interchange; Washington County.** \$5,000,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of transportation for a grant to Washington County for predesign, design, property acquisition, and construction of a new interchange at marked Trunk Highway 36 and Washington County State-Aid Highway 17, known as Lake Elmo Avenue, in Washington County. This appropriation is in addition to any other appropriations for the same purpose enacted in the 2023 legislative session. This is a onetime appropriation and is available until June 30, 2027.

Subd. 10. **U.S. Highway 169/Trunk Highway 282 interchange; Jordan.** \$4,900,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of transportation for a grant to Scott County for design and construction of local road improvements associated with an interchange at marked U.S. Highway 169, marked Trunk Highway 282, and Scott County State-Aid Highway 9 in the city of Jordan, including accommodations for bicycles and pedestrians, rail grade separation,

road work, and public utility relocations. This is a onetime appropriation and is available until June 30, 2027.

Subd. 11. **U.S. Highway 169/109th Avenue North intersection; Hennepin County.** \$10,000,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of transportation for one or more grants to the city of Brooklyn Park, the city of Champlin, or both, for environmental documentation, preliminary engineering, right-of-way acquisition, final design, and construction of local road portions of intersection improvements at 109th Avenue North and marked U.S. Highway 169, including: (1) associated frontage roads, backage roads, and connecting local streets; and (2) any associated water, sanitary sewer, and stormwater infrastructure improvements necessary or required for the construction of the local road improvements portion of the project. This is a onetime appropriation and is available until June 30, 2027.

Subd. 12. **U.S. Highway 169 expansion; Itasca County.** \$6,000,000 in fiscal year 2024 is appropriated from the trunk highway fund to the commissioner of transportation for planning, predesign, design, engineering, and environmental analysis and remediation of expansion of marked U.S. Highway 169 from a two-lane to a four-lane divided highway between Taconite and Pengilly. This is a onetime appropriation and is available until June 30, 2027.

Subd. 13. **Trunk Highway 5; Chanhassen.** \$20,000,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of transportation for a grant to Carver County to complete the preliminary engineering, environmental documentation, final design, right-of-way acquisition, and construction of improvements to marked Trunk Highway 5 from Minnewashta Parkway to marked Trunk Highway 41 in the city of Chanhassen, including mainline highway expansion, cross streets, off-street trails, a bridge over Lake Minnewashta wetlands, utility relocations, and installations. This is a onetime appropriation and is available until June 30, 2027.

Subd. 14. **Accessible facilities; certain cities.** \$5,000,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of transportation for grants to cities of the first class, as specified under Minnesota Statutes, section 410.01, for construction of Americans with Disabilities Act-accessible facilities in the public right-of-way. The commissioner must consult with the cities when determining the allocation of grant awards. This is a onetime appropriation and is available until June 30, 2027.

Subd. 15. **East River Road; Coon Rapids.** \$1,000,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of transportation for a grant to the city of Coon Rapids, Anoka County, or both, for design and right-of-way acquisition for interchange construction and associated improvements to Anoka County State-Aid Highway 1 (East River Road) at marked Trunk Highway 610 in the city of Coon Rapids. This appropriation is in addition to the appropriation in Laws 2020, Fifth Special Session chapter 3, article 1, section 16, subdivision 3. This is a onetime appropriation and is available until June 30, 2027.

Subd. 16. **St. Louis County State-Aid Highway 100; Aurora.** \$3,000,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of transportation for one or more grants to St. Louis County for predesign, design, engineering, environmental analysis and mitigation, land acquisition, and reconstruction of St. Louis County State-Aid Highway 100 (3rd Avenue North and Main Street) from marked Trunk Highway 135 to St. Louis County State-Aid Highway 110 in the city of Aurora. This is a onetime appropriation and is available until June 30, 2027.

Subd. 17. **Progress Parkway; Eveleth.** \$6,000,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of transportation for one or more grants to St. Louis County for predesign, design, engineering, environmental analysis and mitigation, land acquisition, construction, and reconstruction of Progress Parkway to provide for intersection improvements and road realignment and extension from marked U.S. Highway 53 and St. Louis County State-Aid Highway 142 to marked Trunk Highway 37 and Station 44 Road in the city of Eveleth. This is a onetime appropriation and is available until June 30, 2027.

Subd. 18. **Town roads.** \$7,000,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of transportation for a grant to a township with a population greater than 10,000 according to the last two federal decennial censuses. This appropriation is for the purposes specified in Minnesota Statutes, section 162.081, subdivision 4.

Sec. 18. **ACCOUNT USE FOR CERTAIN APPROPRIATIONS.**

(a) If an appropriation in fiscal year 2024 or thereafter from the vehicle services operating account under Minnesota Statutes, section 299A.705, subdivision 1, or from the driver services operating account under Minnesota Statutes, section 299A.705, subdivision 2, is enacted during the 2023 regular legislative session, the appropriation is instead from the driver and vehicle services operating account as provided under article 4, section 82.

(b) Notwithstanding Minnesota Statutes, section 645.26, subdivision 3, this section prevails for an appropriation as provided under paragraph (a).

Sec. 19. **APPROPRIATION CANCELLATIONS.**

(a) \$4,797,000 of the appropriation in fiscal year 2022 for safe routes to school under Laws 2021, First Special Session chapter 5, article 1, section 2, subdivision 2, paragraph (c), is canceled to the general fund on June 29, 2023.

(b) \$974,000 of the appropriation from the general fund in fiscal year 2022 for freight under Laws 2021, First Special Session chapter 5, article 1, section 2, subdivision 2, paragraph (e), is canceled to the general fund on June 29, 2023.

(c) \$15,000 of the appropriation in fiscal year 2022 and \$15,000 of the appropriation in fiscal year 2023 to the commissioner of employment and economic development from the general fund under Laws 2021, First Special Session chapter 5, article 1, section 7, is canceled to the general fund on June 29, 2023.

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

Sec. 20. **TRANSFERS.**

(a) \$152,650,000 in fiscal year 2024 is transferred from the general fund to the trunk highway fund for the state match for highway formula and discretionary grants under the federal Infrastructure Investment and Jobs Act, Public Law 117-58, and for related state investments.

(b) \$19,500,000 in fiscal year 2024 and \$19,500,000 in fiscal year 2025 are transferred from the general fund to the active transportation account under Minnesota Statutes, section 174.38. The base for this transfer is \$8,875,000 in fiscal year 2026 and \$9,000,000 in fiscal year 2027.

(c) By June 30, 2023, the commissioner of management and budget must transfer any remaining unappropriated balance, estimated to be \$232,000, from the driver services operating account in the special revenue fund to the driver and vehicle services operating account under Minnesota Statutes, section 299A.705.

(d) By June 30, 2023, the commissioner of management and budget must transfer any remaining unappropriated balance, estimated to be \$13,454,000, from the vehicle services operating account in the special revenue fund to the driver and vehicle services operating account under Minnesota Statutes, section 299A.705.

EFFECTIVE DATE. Paragraphs (c) and (d) are effective the day following final enactment.

ARTICLE 2

TRUNK HIGHWAY BONDS

Section 1. BOND APPROPRIATIONS.

The sums shown in the column under "Appropriations" are appropriated from the bond proceeds account in the trunk highway fund to the commissioner of transportation or other named entity to be spent for public purposes. Appropriations of bond proceeds must be spent as authorized by the Minnesota Constitution, articles XI and XIV. Unless otherwise specified, money appropriated in this article for a capital program or project may be used to pay state agency staff costs that are attributed directly to the capital program or project in accordance with accounting policies adopted by the commissioner of management and budget.

SUMMARY

<u>Department of Transportation</u>	<u>\$</u>	<u>598,590,000</u>
<u>Department of Management and Budget</u>	<u>\$</u>	<u>610,000</u>
<u>TOTAL</u>	<u>\$</u>	<u>599,200,000</u>

APPROPRIATIONS

Sec. 2. DEPARTMENT OF TRANSPORTATION

<u>Subdivision 1. Corridors of Commerce</u>	<u>\$</u>	<u>153,000,000</u>
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(a) This appropriation is to the commissioner of transportation for the corridors of commerce program under Minnesota Statutes, section 161.088. The commissioner may use up to 17 percent of the amount for program delivery.

(b) This appropriation is available in the amounts of:

- (1) \$8,000,000 in fiscal year 2024;
- (2) \$72,500,000 in fiscal year 2025; and
- (3) \$72,500,000 in fiscal year 2026.

(c) From this appropriation, the commissioner must select projects using (1) the results of the spring 2023 evaluation for the corridors of commerce program, and (2) the regional balance requirements as provided under Minnesota Statutes, section 161.088, subdivision 4a.

(d) The appropriation in this subdivision cancels as specified under Minnesota Statutes, section 16A.642, except that the commissioner of management and budget must count the start of authorization for issuance of state bonds as the first day of the fiscal year during which the bonds are available to be issued as specified under paragraph (b), and not as the date of enactment of this section.

Subd. 2. State Road Construction

200,000,000

(a) This appropriation is to the commissioner of transportation for construction, reconstruction, and improvement of trunk highways, including design-build contracts, internal department costs associated with delivering the construction program, and consultant usage to support these activities. The commissioner may use up to 17 percent of the amount for program delivery.

(b) This appropriation is available in the amounts of:

- (1) \$67,000,000 in fiscal year 2024;
- (2) \$67,000,000 in fiscal year 2025; and
- (3) \$66,000,000 in fiscal year 2026.

(c) The appropriation in this subdivision cancels as specified under Minnesota Statutes, section 16A.642, except that the commissioner of management and budget must count the start of authorization for issuance of state bonds as the first day of the fiscal year during which the bonds are available to be issued as specified under paragraph (b), and not as the date of enactment of this section.

Subd. 3. Transportation Facilities Capital Improvements

87,440,000

This appropriation is for capital improvements to Department of Transportation facilities. The improvements must: (1) support the programmatic mission of the department; (2) extend the useful life of existing buildings; or (3) renovate or construct facilities to meet the department's current and future operational needs.

Subd. 4. Trunk Highway 65; Anoka County

68,750,000

This appropriation is for one or more grants to the city of Blaine, Anoka County, or both for the predesign, right-of-way acquisition, design, engineering, and construction of intersection improvements along Trunk Highway 65 at 99th Avenue Northeast; 105th Avenue Northeast; Anoka County State-Aid Highway 12; 109th Avenue Northeast; 117th Avenue Northeast; and the associated frontage roads and backage roads within the trunk highway system.

Subd. 5. U.S. Highway 10; Coon Rapids

30,000,000

This appropriation is for a grant to Anoka County for preliminary engineering, environmental analysis, final design, right-of-way acquisition, construction, and construction administration of a third travel lane in each direction of marked U.S. Highway 10 from east of the interchange with Hanson Boulevard to Round Lake Boulevard in the city of Coon Rapids.

Subd. 6. Trunk Highway 61; Two Harbors

11,000,000

This appropriation is for the preliminary engineering, environmental analysis, final design, right-of-way acquisition, and construction of marked Trunk Highway 61 through the city of Two Harbors in Lake County. This appropriation does not require a nonstate contribution.

Subd. 7. U.S. Highway 169 Interchange; Scott County

4,200,000

This appropriation is for a grant to Scott County to design and construct trunk highway improvements associated with an interchange at U.S. Highway 169, marked Trunk Highway 282, and Scott County State-Aid Highway 9 in the city of Jordan, including accommodations for bicycles and pedestrians and for bridge and road construction.

Subd. 8. Trunk Highway 3 Roundabout; Rosemount

2,200,000

This appropriation is for design, engineering, planning, right-of-way acquisition, and construction of a roundabout on marked Trunk Highway 3 at the intersection with 142nd Street West in the city of Rosemount.

Subd. 9. U.S. Highway 8; Chisago County

42,000,000

This appropriation is for a grant to Chisago County for predesign, design, engineering, and reconstruction of marked U.S. Highway 8 from Karmel Avenue in Chisago City to marked Interstate Highway 35, including pedestrian and bike trails along and crossings of this segment of marked U.S. Highway 8. The reconstruction project may include expanding segments of marked U.S. Highway 8 to four lanes, constructing or reconstructing frontage roads and backage roads, and realigning local roads to consolidate, remove, and relocate access onto and off of U.S. Highway 8. This appropriation is for the portion of the project that is eligible for use of proceeds of trunk highway bonds. This appropriation is not available until the commissioner of management and budget determines that

sufficient resources have been committed from nonstate sources to complete the project.

Sec. 3. **BOND SALE EXPENSES** \$ **610,000**

(a) This appropriation is to the commissioner of management and budget for bond sale expenses under Minnesota Statutes, sections 16A.641, subdivision 8, and 167.50, subdivision 4.

(b) This appropriation is available in the amounts of:

(1) \$330,000 in fiscal year 2024;

(2) \$140,000 in fiscal year 2025; and

(3) \$140,000 in fiscal year 2026.

Sec. 4. **BOND SALE AUTHORIZATION.**

To provide the money appropriated in this article from the bond proceeds account in the trunk highway fund, the commissioner of management and budget shall sell and issue bonds of the state in an amount up to \$599,200,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 167.50 to 167.52, and by the Minnesota Constitution, article XIV, section 11, at the times and in the amounts requested by the commissioner of transportation. The proceeds of the bonds, except accrued interest and any premium received from the sale of the bonds, must be deposited in the bond proceeds account in the trunk highway fund.

ARTICLE 3

TAXATION

Section 1. **[41A.30] SUSTAINABLE AVIATION FUEL; TAX CREDITS.**

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

(b) "Aircraft" has the meaning given in section 296A.01, subdivision 3.

(c) "Aviation gasoline" has the meaning given in section 296A.01, subdivision 7.

(d) "Commissioner" means the commissioner of agriculture.

(e) "Jet fuel" has the meaning given in section 296A.01, subdivision 8.

(f) "Qualifying taxpayer" means a taxpayer, as defined in section 290.01, subdivision 6, that is engaged in the business of:

(1) producing sustainable aviation fuel; or

(2) blending sustainable aviation fuel with aviation gasoline or jet fuel.

(g) "Sustainable aviation fuel" means liquid fuel that:

(1) is derived from biomass, as defined in section 41A.15, subdivision 2e;

(2) is not derived from palm fatty acid distillates; and

(3) achieves at least a 50 percent life cycle greenhouse gas emissions reduction in comparison with petroleum-based aviation gasoline, aviation turbine fuel, and jet fuel as determined by a test that shows:

(i) that the fuel production pathway achieves at least a 50 percent life cycle greenhouse gas emissions reduction in comparison with petroleum-based aviation gasoline, aviation turbine fuel, and jet fuel utilizing the most recent version of Argonne National Laboratory's Greenhouse Gases, Regulated Emissions, and Energy Use in Technologies (GREET) model that accounts for reduced emissions throughout the fuel production process; or

(ii) that the fuel production pathway achieves at least a 50 percent reduction of the aggregate attributional core life cycle emissions and the positive induced land use change values under the life cycle methodology for sustainable aviation fuels adopted by the International Civil Aviation Organization with the agreement of the United States.

Subd. 2. **Tax credit establishment.** (a) A qualifying taxpayer may claim a tax credit against the tax due under chapter 290 equal to \$1.50 for each gallon of sustainable aviation fuel that is:

(1) produced in Minnesota or blended with aviation or gasoline or jet fuel in Minnesota; and

(2) sold in Minnesota to a purchaser who certifies that the sustainable aviation fuel is for use as fuel in an aircraft departing from an airport in Minnesota.

(b) The credit may be claimed only after approval and certification by the commissioner and is limited to the amount stated on the credit certificate issued under subdivision 3. A qualifying taxpayer must apply to the commissioner for certification and allocation of a credit in a form and manner prescribed by the commissioner.

(c) A qualifying taxpayer may claim a credit for blending or producing sustainable aviation fuel, but not both. If sustainable aviation fuel is blended with aviation gasoline or jet fuel, the credit is allowed only for the portion of sustainable aviation fuel that is included in the blended fuel.

(d) If the amount of credit that the taxpayer is eligible to receive under this section exceeds the liability for tax under chapter 290, the commissioner of revenue must refund the excess to the taxpayer.

Subd. 3. **Credit certificates.** (a) A business must apply to the commissioner to be eligible for a credit certificate as a qualifying taxpayer within two months after the close of its taxable year for all sustainable aviation fuel sold under subdivision 2, paragraph (a), in the taxable year. The application must be in the form and be made under the procedures specified by the commissioner and must include:

(1) evidence of production or blending in Minnesota required under subdivision 2, paragraph (a), clause (1); and

(2) a purchaser's certification that the sustainable aviation fuel is for use as fuel in an aircraft departing from an airport in Minnesota, as required under subdivision 2, paragraph (a), clause (2).

(b) Within 30 days of receiving an application for certification under this subdivision, the commissioner must:

(1) issue a credit certificate under paragraph (c);

(2) request additional information from the business; or

(3) reject the application for certification.

If the commissioner requests additional information from the business, the commissioner must either issue a credit certificate or reject the application within 30 days of receiving the additional information. If a business fails to submit the additional information within 30 days or if the commissioner neither issues a credit certificate within 30 days of receiving the original application or within 30 days of receiving the additional information requested, whichever is later, the application is deemed rejected.

(c) A credit certificate must state:

(1) the fiscal year for which the credit certificate is issued;

(2) the amount of the tax credit; and

(3) the taxable year for which the taxpayer may claim the tax credit under section 290.0688.

Subd. 4. **Duties.** (a) The commissioner must certify qualifying taxpayers as eligible for the tax credit under subdivision 2 and issue credit certificates under subdivision 3 subject to the allocation limits under subdivision 5.

(b) Notwithstanding any other law to the contrary, the commissioner must share information with the commissioner of revenue to the extent necessary to administer the provisions under this section and section 290.0688. For credit certificates issued under subdivision 3, the commissioner must notify the commissioner of revenue of the issuance within 30 days.

(c) Applications for credit certificates must be made available on the department's website by July 1 of each year identified under subdivision 5.

(d) The commissioner must allocate credit certificates on a first-come, first-served basis beginning on August 1 of each year listed under subdivision 5.

Subd. 5. **Allocation limits.** (a) For tax credits allowed under subdivision 2, the commissioner must not issue credit certificates for more than:

(1) \$7,400,000 for fiscal year 2025; and

(2) \$2,100,000 for each of fiscal years 2026 and 2027.

(b) If the entire amount authorized under paragraph (a) is not allocated in fiscal year 2025 or 2026, any remaining amount is available for allocation through fiscal year 2030 until the entire allocation has been made. The commissioner must not issue any credit certificates for fiscal years beginning after June 30, 2030, and any unallocated amounts cancel on that date.

Subd. 6. **Appeals.** (a) Any decision of the commissioner under this section may be challenged as a contested case under chapter 14. The contested case proceeding must be initiated within 60 days of the date of written notification by the commissioner.

(b) If a taxpayer challenges a decision of the commissioner under this subdivision, upon perfection of the appeal, the commissioner must notify the commissioner of revenue of the challenge within five days.

(c) Nothing in this subdivision affects the commissioner of revenue's authority to audit, review, correct, or adjust returns claiming the credit.

(d) The commissioner may not hold credit amounts in reserve pending any contested case hearing under this subdivision.

Subd. 7. **Expiration.** This section expires for taxable years beginning after December 31, 2030.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2023, for sustainable aviation fuel sold after June 30, 2024, and before July 1, 2030.

Sec. 2. **[162.146] LARGER CITIES ASSISTANCE ACCOUNT.**

Subdivision 1. **Larger cities assistance account; appropriation.** (a) A larger cities assistance account is created in the special revenue fund. The account consists of funds under section 174.49, subdivision 3, and as provided by law and any other money donated, allotted, transferred, or otherwise provided to the account.

(b) Money in the account is annually appropriated to the commissioner of transportation for apportionment among all the cities that are eligible to receive municipal state aid under sections 162.09 to 162.14.

Subd. 2. **Allocation formula.** The commissioner must apportion funds in the larger cities assistance account as follows:

(1) 50 percent of the funds proportionally based on each city's share of population, as defined in section 477A.011, subdivision 3, compared to the total population of all cities that are eligible to receive municipal state aid under sections 162.09 to 162.14; and

(2) 50 percent of the funds proportionally based on each city's share of money needs, as determined under section 162.13, subdivision 3, compared to the total money needs of all cities that are eligible to receive municipal state aid under sections 162.09 to 162.14.

Sec. 3. Minnesota Statutes 2022, section 163.051, subdivision 1, is amended to read:

Subdivision 1. **Tax authorized.** (a) Except as provided in paragraph (c), the board of commissioners of each county is authorized to levy by resolution a wheelage tax at the rate specified in paragraph (b), on each motor vehicle that is kept in such county when not in operation and that is subject to annual registration and taxation under chapter 168. The board may provide by resolution for collection of the wheelage tax by county officials or it may request that the tax be collected by the state registrar of motor vehicles. The state registrar of motor vehicles shall collect such tax on behalf of the county if requested, as provided in subdivision 2.

(b) The wheelage tax under this section is at the rate of up to \$20 per year, in any increment of a whole dollar, as specified by each county that authorizes the tax.

(c) The following vehicles are exempt from the wheelage tax:

- (1) motorcycles, as defined in section 169.011, subdivision 44;
- (2) motorized bicycles, as defined in section 169.011, subdivision 45; ~~and~~
- (3) motorized foot scooters, as defined in section 169.011, subdivision 46; and
- (4) vehicles that meet the requirements under section 168.012, subdivision 13.

(d) For any county that authorized the tax prior to May 24, 2013, the wheelage tax continues at the rate provided under paragraph (b).

EFFECTIVE DATE. This section is effective the day following final enactment and applies to taxes payable for a registration period starting on or after January 1, 2024.

Sec. 4. Minnesota Statutes 2022, section 168.012, is amended by adding a subdivision to read:

Subd. 13. Vehicles registered by certain veterans. (a) A passenger automobile, one-ton pickup truck, motorcycle, or recreational vehicle registered by a veteran with a total service-connected disability, as defined in section 171.01, subdivision 51, is not subject to:

- (1) registration taxes under this chapter;
- (2) administrative fees imposed under subdivision 1c;
- (3) filing fees and surcharges imposed under section 168.33, subdivision 7; or
- (4) plate and validation sticker fees imposed under this chapter, including but not limited to:
 - (i) fees under section 168.12, subdivision 5;
 - (ii) fees identified in any section authorizing special plates; and

(iii) transfer fees.

(b) The exemptions under this subdivision apply to a motor vehicle that is jointly registered by a qualifying veteran and a spouse or domestic partner.

(c) The fees identified under paragraph (a), clause (4), do not include:

(1) a fee for personalized plates under section 168.12, subdivision 2a; or

(2) a required contribution or donation for a special plate, including but not limited to a contribution under sections 168.1255, subdivision 1, clause (6); 168.1258, subdivision 1, clause (4); 168.1259, subdivision 2, clause (5); 168.1287, subdivision 1, clause (5); 168.129, subdivision 1, clause (5); 168.1295, subdivision 1, paragraph (a), clause (5); 168.1296, subdivision 1, paragraph (a), clause (5); and 168.1299, subdivision 1, clause (3).

(d) A qualifying veteran may register no more than two motor vehicles at the same time with the exemptions under this subdivision. Nothing in this paragraph prevents registration of additional motor vehicles as otherwise provided in this chapter.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to taxes and fees payable for a registration period starting on or after January 1, 2024.

Sec. 5. Minnesota Statutes 2022, section 168.013, subdivision 1a, is amended to read:

Subd. 1a. **Passenger automobile; hearse.** (a) On passenger automobiles as defined in section 168.002, subdivision 24, and hearses, except as otherwise provided, the registration tax is calculated as \$10 plus:

(1) for a vehicle initially registered in Minnesota prior to November 16, 2020, ~~4.25~~ 1.54 percent of the manufacturer's suggested retail price of the vehicle and the destination charge, subject to the adjustments in paragraphs (f) and (g); or

(2) for a vehicle initially registered in Minnesota on or after November 16, 2020, ~~4.285~~ 1.575 percent of the manufacturer's suggested retail price of the vehicle, subject to the adjustments in paragraphs (f) and (g).

(b) The registration tax calculation must not include the cost of each accessory or item of optional equipment separately added to the vehicle and the manufacturer's suggested retail price. The registration tax calculation must not include a destination charge, except for a vehicle previously registered in Minnesota prior to November 16, 2020.

(c) In the case of the first registration of a new vehicle sold or leased by a licensed dealer, the dealer may elect to individually determine the registration tax on the vehicle using manufacturer's suggested retail price information provided by the manufacturer. The registrar must use the manufacturer's suggested retail price determined by the dealer as provided in paragraph (d). A dealer that elects to make the determination must retain a copy of the manufacturer's suggested retail price label or other supporting documentation with the vehicle transaction records maintained under Minnesota Rules, part 7400.5200.

(d) The registrar must determine the manufacturer's suggested retail price:

(1) using list price information published by the manufacturer or any nationally recognized firm or association compiling such data for the automotive industry;

(2) if the list price information is unavailable, using the amount determined by a licensed dealer under paragraph (c);

(3) if a dealer does not determine the amount, using the retail price label as provided by the manufacturer under United States Code, title 15, section 1232; or

(4) if the retail price label is not available, using the actual sales price of the vehicle.

If the registrar is unable to ascertain the manufacturer's suggested retail price of any registered vehicle in the foregoing manner, the registrar may use any other available source or method.

(e) The registrar must calculate the registration tax using information available to dealers and deputy registrars at the time the initial application for registration is submitted.

(f) The amount under paragraph (a), clauses (1) and (2), must be calculated based on a percentage of the manufacturer's suggested retail price, as follows:

(1) during the first year of vehicle life, upon 100 percent of the price;

(2) for the second year, ~~90~~ 95 percent of the price;

(3) for the third year, ~~80~~ 90 percent of the price;

(4) for the fourth year, ~~70~~ 80 percent of the price;

(5) for the fifth year, ~~60~~ 70 percent of the price;

(6) for the sixth year, ~~50~~ 60 percent of the price;

(7) for the seventh year, ~~40~~ 50 percent of the price;

(8) for the eighth year, ~~30~~ 40 percent of the price;

(9) for the ninth year, ~~20~~ 25 percent of the price; and

(10) for the tenth year, ten percent of the price.

(g) For the 11th and each succeeding year, the amount under paragraph (a), clauses (1) and (2), must be calculated as ~~\$25~~ \$20.

(h) Except as provided in subdivision 23, for any vehicle previously registered in Minnesota and regardless of prior ownership, the total amount due under this subdivision and subdivision 1m must not exceed the smallest total amount previously paid or due on the vehicle.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to taxes payable for a registration period starting on or after January 1, 2024.

Sec. 6. Minnesota Statutes 2022, section 168.33, subdivision 7, is amended to read:

Subd. 7. **Filing fees; allocations.** (a) In addition to all other statutory fees and taxes, ~~a filing fee of:~~

(1) ~~\$7~~ \$8 filing fee is imposed on every vehicle registration renewal, excluding pro rate transactions; and

(2) ~~\$11~~ \$12 filing fee is imposed on every other type of vehicle transaction, including motor carrier fuel licenses under sections 168D.05 and 168D.06, and pro rate transactions.

(b) Notwithstanding paragraph (a):

(1) a filing fee may not be charged for a document returned for a refund or for a correction of an error made by the Department of Public Safety, a dealer, or a deputy registrar; and

(2) no filing fee or other fee may be charged for the permanent surrender of a title for a vehicle.

(c) The filing fee must be shown as a separate item on all registration renewal notices sent out by the commissioner.

(d) The statutory fees and taxes, ~~and~~ the filing fees imposed under paragraph (a), and the surcharge imposed under paragraph (f) may be paid by credit card or debit card. The deputy registrar may collect a surcharge on the statutory fees, taxes, and filing fee payment made under this paragraph not greater than the cost of processing a credit card or debit card transaction, in accordance with emergency rules established by the commissioner of public safety. The surcharge authorized by this paragraph must be used to pay the cost of processing credit and debit card transactions.

(e) The fees collected under ~~this subdivision~~ paragraph (a) by the department must be allocated as follows:

(1) of the fees collected under paragraph (a), clause (1):

(i) ~~\$5.50~~ \$6.50 must be deposited in the driver and vehicle services operating account under section 299A.705, subdivision 1; and

(ii) \$1.50 must be deposited in the driver and vehicle services technology account under section 299A.705, subdivision 3; and

(2) of the fees collected under paragraph (a), clause (2):

(i) \$3.50 must be deposited in the general fund;

(ii) ~~\$6.00~~ \$7 must be deposited in the driver and vehicle services operating account under section 299A.705, subdivision 1; and

(iii) \$1.50 must be deposited in the driver and vehicle services technology account under section 299A.705, subdivision 3.

(f) In addition to all other statutory fees and taxes, a deputy registrar must assess a \$1 surcharge on every transaction for which filing fees are collected under this subdivision. The surcharge authorized by this paragraph must be (1) deposited in the treasury of the place for which the deputy

registrar is appointed, or (2) if the deputy registrar is not a public official, retained by the deputy registrar. For purposes of this paragraph, a deputy registrar does not include the commissioner.

EFFECTIVE DATE. This section is effective October 1, 2023, except that paragraph (f) is effective January 1, 2024.

Sec. 7. Minnesota Statutes 2022, section 168A.29, is amended by adding a subdivision to read:

Subd. 4. **Exemption; vehicles for certain veterans.** The department must not impose any fee under subdivision 1 if the certificate of title is being issued to a person and for a vehicle that meets the requirements under section 168.012, subdivision 13.

EFFECTIVE DATE. This section is effective January 1, 2024.

Sec. 8. **[168E.01] DEFINITIONS.**

Subdivision 1. **Scope.** As used in this chapter, the following terms have the meanings given.

Subd. 2. **Accessories and supplies.** "Accessories and supplies" has the meaning given in section 297A.67, subdivision 7a.

Subd. 3. **Baby products.** "Baby products" means breast pumps, baby bottles and nipples, pacifiers, teething rings, infant syringes, baby wipes, cribs and bassinets, crib and bassinet mattresses, crib and bassinet sheets, changing tables, changing pads, strollers, car seats and car seat bases, baby swings, bottle sterilizers, and infant eating utensils.

Subd. 4. **Clothing.** "Clothing" has the meaning given in section 297A.67, subdivision 8.

Subd. 5. **Commissioner.** "Commissioner" means the commissioner of revenue.

Subd. 6. **Drugs and medical devices.** "Drugs and medical devices" has the meaning given in section 297A.67, subdivision 7.

Subd. 7. **Food and beverage service establishment.** "Food and beverage service establishment" has the meaning given in section 157.15, subdivision 5.

Subd. 8. **Food and food ingredients.** "Food and food ingredients" has the meaning given in section 297A.67, subdivision 2.

Subd. 9. **Marketplace provider.** "Marketplace provider" has the meaning given in section 297A.66, subdivision 1, paragraph (d).

Subd. 10. **Person.** "Person" has the meaning given in section 297A.61, subdivision 2.

Subd. 11. **Prepared food.** "Prepared food" has the meaning given in section 297A.61, subdivision 31.

Subd. 12. **Retail delivery.** (a) "Retail delivery" means a delivery to a person located in Minnesota of the following items as part of a retail sale:

(1) tangible personal property that is subject to taxation under chapter 297A; and

(2) clothing, as defined under section 297A.67, subdivision 8, excluding cloth and disposable child and adult diapers.

(b) Retail delivery does not include pickup at the retailer's place of business, including curbside delivery.

Subd. 13. **Retail delivery fee.** "Retail delivery fee" means the fee imposed under section 168E.03 on retail deliveries.

Subd. 14. **Retail sale.** "Retail sale" has the meaning given in section 297A.61, subdivision 4.

Subd. 15. **Retailer.** "Retailer" means any person making sales, leases, or rental of personal property or services within or into the state of Minnesota. Retailer includes a:

(1) retailer maintaining a place of business in this state;

(2) marketplace provider maintaining a place of business in this state, as defined in section 297A.66, subdivision 1, paragraph (a);

(3) retailer not maintaining a place of business in this state; and

(4) marketplace provider not maintaining a place of business in this state, as defined in section 297A.66, subdivision 1, paragraph (b).

Subd. 16. **Tangible personal property.** "Tangible personal property" has the meaning given in section 297A.61, subdivision 10.

Subd. 17. **Threshold amount.** "Threshold amount" means \$100, before application of the tax imposed under section 297A.62, subdivisions 1 and 1a, and any applicable local sales and use taxes, and excluding exempt items under section 168E.05.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 9. **[168E.03] FEE IMPOSED.**

Subdivision 1. **Retail delivery fee imposed.** (a) A fee is imposed on each retailer equal to 50 cents on each transaction that equals or exceeds the threshold amount involving retail delivery in Minnesota. The retailer may, but is not required to, collect the fee from the purchaser. If separately stated on the invoice, bill of sale, or similar document given to the purchaser, the fee is excluded from the sales price for purposes of the tax imposed under chapter 297A.

(b) If the retailer collects the fee from the purchaser:

(1) the retail delivery fee must be charged in addition to any other delivery fee; and

(2) the retailer must show the total of the retail delivery fee and other delivery fees as separate items and distinct from the sales price and any other taxes or fees imposed on the retail delivery on the purchaser's receipt, invoice, or other bill of sale. The receipt, invoice, or other bill of sale must state the retail delivery fee as "road improvement and food delivery fee."

Subd. 2. **Multiple items or shipments.** The fee imposed under subdivision 1 is imposed once per transaction regardless of the number of shipments necessary to deliver the items of tangible personal property purchased or of the number of items of tangible personal property purchased.

Subd. 3. **Returns and cancellations.** The fee imposed under subdivision 1 is nonrefundable if any or all items purchased are returned to a retailer or if the retailer provides a refund or credit in the amount equal to or less than the purchase price. The fee must be refunded to the purchaser if the retail delivery is canceled by the purchaser, retailer, or delivery provider.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 10. **[168E.05] EXEMPTIONS.**

Subdivision 1. **Transactions.** The following retail deliveries are exempt from the fee imposed by this chapter:

(1) a retail delivery to a purchaser who is exempt from tax under chapter 297A;

(2) a retail delivery on a motor vehicle for which a permit issued by the commissioner of transportation or a road authority is required under chapter 169 or 221 and the retailer has maintained books and records through reasonable and verifiable standards that the retail delivery was on a qualifying vehicle;

(3) a retail delivery resulting from a retail sale of food and food ingredients or prepared food;

(4) a retail delivery resulting from a retail sale by a food and beverage service establishment, regardless of whether the retail delivery is made by a third party other than the food and beverage service establishment; and

(5) a retail delivery resulting from a retail sale of drugs and medical devices, accessories and supplies, or baby products.

Subd. 2. **Small businesses.** (a) The fee imposed by this chapter and the requirements of this chapter do not apply to:

(1) a retailer that made retail sales totaling less than \$1,000,000 in the previous calendar year; and

(2) a marketplace provider when facilitating the sale of a retailer that made retail sales totaling less than \$100,000 in the previous calendar year through the marketplace provider.

(b) A retailer or marketplace provider must begin collecting and remitting the delivery fee to the commissioner on the first day of a calendar month occurring no later than 60 days after the retailer or marketplace provider exceeds a retail sales threshold in paragraph (a).

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 11. **[168E.07] COLLECTION AND ADMINISTRATION.**

Subdivision 1. **Returns; payment of fees.** (a) A retailer must report the fee on a return prescribed by the commissioner and must remit the fee with the return. The return and fee must be filed and paid using the filing cycle and due dates provided for taxes imposed under chapter 297A.

Subd. 2. **Collection and remittance.** A retailer that collects the fee from the purchaser must collect the fee in the same manner as the tax collected under chapter 297A. A retailer using a third-party entity to collect and remit the tax imposed under chapter 297A may elect to have that third-party entity collect and remit the fee imposed under this chapter.

Subd. 3. **Administration.** Unless specifically provided otherwise by this chapter, the audit, assessment, refund, penalty, interest, enforcement, collection remedies, appeal, and administrative provisions of chapters 270C and 289A, that are applicable to taxes imposed under chapter 297A, apply to the fee imposed under this chapter.

Subd. 4. **Interest on overpayments.** The commissioner must pay interest on an overpayment refunded or credited to the retailer from the date of payment of the fee until the date the refund is paid or credited. For purposes of this subdivision, the date of payment is the due date of the return or the date of actual payment of the fee, whichever is later.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 12. **[168E.09] DEPOSIT OF PROCEEDS.**

Subdivision 1. **Costs deducted.** The commissioner must retain an amount that does not exceed the total cost of collecting, administering, and enforcing the retail delivery fee and must deposit the amount in the revenue department service and recovery special revenue fund.

Subd. 2. **Deposits.** After deposits under subdivision 1, the commissioner must deposit the balance of proceeds from the retail delivery fee in the transportation advancement account under section 174.49.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 13. Minnesota Statutes 2022, section 171.01, is amended by adding a subdivision to read:

Subd. 51. **Veteran with a total service-connected disability.** "Veteran with a total service-connected disability" means a veteran, as defined in section 197.447, who provides to the commissioner satisfactory evidence that: (1) is issued by the Department of Veterans Affairs, the United States Veterans Administration, or the retirement board of one of the several branches of the armed forces; and (2) demonstrates that the veteran has received a 100 percent total and permanent service-connected disability rating.

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

Sec. 14. Minnesota Statutes 2022, section 171.06, subdivision 2, is amended to read:

Subd. 2. **Fees.** (a) The fees for a license and Minnesota identification card are as follows:

REAL ID Compliant or Noncompliant Classified Driver's License	D- \$21.00 <u>\$27.75</u>	C- \$25.00 <u>\$31.75</u>	B- \$32.00 <u>\$38.75</u>	A- \$40.00 <u>\$46.75</u>
REAL ID Compliant or Noncompliant Classified Under-21 D.L.	D- \$21.00 <u>\$27.75</u>	C- \$25.00 <u>\$31.75</u>	B- \$32.00 <u>\$38.75</u>	A- \$20.00 <u>\$26.75</u>
Enhanced Driver's License	D- \$36.00 <u>\$42.75</u>	C- \$40.00 <u>\$46.75</u>	B- \$47.00 <u>\$53.75</u>	A- \$55.00 <u>\$61.75</u>
REAL ID Compliant or Noncompliant Instruction Permit				\$5.25 <u>\$11.25</u>
Enhanced Instruction Permit				\$20.25 <u>\$26.25</u>
Commercial Learner's Permit				\$2.50 <u>\$8.50</u>
REAL ID Compliant or Noncompliant Provisional License				\$8.25 <u>\$14.25</u>
Enhanced Provisional License				\$23.25 <u>\$29.25</u>
Duplicate REAL ID Compliant or Noncompliant License or duplicate REAL ID Compliant or Noncompliant identification card				\$6.75 <u>\$12.75</u>
Enhanced Duplicate License or enhanced duplicate identification card				\$21.75 <u>\$27.75</u>
REAL ID Compliant or Noncompliant Minnesota identification card or REAL ID Compliant or Noncompliant Under-21 Minnesota identification card, other than duplicate, except as otherwise provided in section 171.07, subdivisions 3 and 3a				\$11.25 <u>\$17.25</u>
Enhanced Minnesota identification card				\$26.25 <u>\$32.25</u>

~~From August 1, 2019, to June 30, 2022, The fee is increased by \$0.75 for REAL ID compliant or noncompliant classified driver's licenses, REAL ID compliant or noncompliant classified under-21 driver's licenses, and enhanced driver's licenses.~~

(b) In addition to each fee required in paragraph (a), the commissioner ~~shall~~ must collect a surcharge of \$2.25. Surcharges collected under this paragraph must be credited to the driver and vehicle services technology account under section 299A.705.

(c) Notwithstanding paragraph (a), an individual who holds a provisional license and has a driving record free of (1) convictions for a violation of section 169A.20, 169A.33, 169A.35, sections 169A.50 to 169A.53, or section 171.177, (2) convictions for crash-related moving violations, and (3) convictions for moving violations that are not crash related, ~~shall have~~ has a \$3.50 credit toward the fee for any classified under-21 driver's license. "Moving violation" has the meaning given it in section 171.04, subdivision 1.

(d) In addition to the driver's license fee required under paragraph (a), the commissioner ~~shall~~ must collect an additional \$4 processing fee from each new applicant or individual renewing a license with a school bus endorsement to cover the costs for processing an applicant's initial and biennial physical examination certificate. The department ~~shall~~ must not charge these applicants any other fee to receive or renew the endorsement.

(e) In addition to the fee required under paragraph (a), a driver's license agent may charge and retain a filing fee as provided under section 171.061, subdivision 4.

(f) In addition to the fee required under paragraph (a), the commissioner ~~shall~~ must charge a filing fee at the same amount as a driver's license agent under section 171.061, subdivision 4. Revenue collected under this paragraph must be deposited in the driver and vehicle services operating account under section 299A.705.

(g) An application for a Minnesota identification card, instruction permit, provisional license, or driver's license, including an application for renewal, must contain a provision that allows the applicant to add to the fee under paragraph (a), a \$2 donation for the purposes of public information and education on anatomical gifts under section 171.075.

EFFECTIVE DATE. This section is effective July 1, 2023, and applies to applications made on or after that date.

Sec. 15. Minnesota Statutes 2022, section 171.06, is amended by adding a subdivision to read:

Subd. 2c. Exemption; certain veterans. For an applicant who is a veteran with a total service-connected disability, the commissioner must not impose:

(1) a license or endorsement fee, including fees and surcharges specified under:

(i) subdivisions 2 and 2a; and

(ii) section 171.02, subdivision 3;

(2) a filing fee under subdivision 2 or section 171.061, subdivision 4; or

(3) a fee for an identification card under section 171.07, subdivision 3 or 3a.

EFFECTIVE DATE. This section is effective January 1, 2024.

Sec. 16. Minnesota Statutes 2022, section 171.061, subdivision 4, is amended to read:

Subd. 4. **Fee; equipment.** (a) The agent may charge and retain a filing fee ~~of \$8~~ for each application: as follows:

<u>(1) New application for a noncompliant, REAL ID-compliant, or enhanced driver's license or identification card</u>	\$ 16.00
<u>(2) Renewal application for a noncompliant, REAL ID-compliant, or enhanced driver's license or identification card</u>	\$ 11.00

Except as provided in paragraph (c), the fee ~~shall~~ must cover all expenses involved in receiving, accepting, or forwarding to the department the applications and fees required under sections 171.02, subdivision 3; 171.06, subdivisions 2 and 2a; and 171.07, subdivisions 3 and 3a.

(b) The statutory fees and the filing fees imposed under paragraph (a) may be paid by credit card or debit card. The driver's license agent may collect a convenience fee on the statutory fees and filing fees not greater than the cost of processing a credit card or debit card transaction. The convenience fee must be used to pay the cost of processing credit card and debit card transactions. The commissioner ~~shall~~ must adopt rules to administer this paragraph using the exempt procedures of section 14.386, except that section 14.386, paragraph (b), does not apply.

(c) The department ~~shall~~ must maintain the photo identification and vision examination equipment for all agents ~~appointed as of January 1, 2000. Upon the retirement, resignation, death, or discontinuance of an existing agent, and if a new agent is appointed in an existing office pursuant to Minnesota Rules, chapter 7404, and notwithstanding the above or Minnesota Rules, part 7404.0400, the department shall provide and maintain photo identification equipment without additional cost to a newly appointed agent in that office if the office was provided the equipment by the department before January 1, 2000.~~ All photo identification and vision examination equipment must be compatible with standards established by the department.

(d) A filing fee retained by the agent employed by a county board must be paid into the county treasury and credited to the general revenue fund of the county. An agent who is not an employee of the county ~~shall~~ must retain the filing fee in lieu of county employment or salary and is considered an independent contractor for pension purposes, coverage under the Minnesota State Retirement System, or membership in the Public Employees Retirement Association.

(e) Before the end of the first working day following the final day of the reporting period established by the department, the agent must forward to the department all applications and fees collected during the reporting period except as provided in paragraph (d).

EFFECTIVE DATE. This section is effective October 1, 2023, and applies to applications made on or after that date.

Sec. 17. **[174.49] TRANSPORTATION ADVANCEMENT ACCOUNT.**

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

(b) "Commissioner" means the commissioner of transportation.

(c) "Metropolitan counties" means the following counties: Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Subd. 2. **Transportation advancement account.** A transportation advancement account is established in the special revenue fund. The account consists of funds under sections 168E.09, subdivision 2, and 297A.94, and as provided by law and any other money donated, allotted, transferred, or otherwise provided to the account.

Subd. 3. **Distribution.** The commissioner must distribute or transfer the funds in the transportation advancement account as follows:

- (1) 36 percent to metropolitan counties in the manner provided under subdivision 5;
- (2) ten percent to the county state-aid highway fund;
- (3) 15 percent to the larger cities assistance account under section 162.146, subdivision 1;
- (4) 27 percent to the small cities assistance account under section 162.145, subdivision 2;
- (5) 11 percent to the town road account under section 162.081; and
- (6) one percent to the food delivery support account under section 256.9752, subdivision 1a.

Subd. 4. **Metropolitan counties; appropriation.** The amount available in the transportation advancement account under subdivision 3, clause (1), is annually appropriated to the commissioner for distribution to metropolitan counties as provided under subdivision 5.

Subd. 5. **Metropolitan counties; allocation formula.** The commissioner must apportion any funds that are specified for distribution under this subdivision as follows:

- (1) 50 percent of the funds proportionally based on each metropolitan county's share of population, as defined in section 477A.011, subdivision 3, compared to the total population of all metropolitan counties; and
- (2) 50 percent of the funds proportionally based on each metropolitan county's share of money needs, as determined under section 162.07, subdivision 2, compared to the total money needs of all metropolitan counties.

Subd. 6. **Metropolitan counties; use of funds.** (a) A metropolitan county must use funds that are received under subdivision 5 as follows:

- (1) 41.5 percent for active transportation and transportation corridor safety studies;
- (2) 41.5 percent for:
 - (i) repair, preservation, and rehabilitation of transportation systems; and
 - (ii) roadway replacement to reconstruct, reclaim, or modernize a corridor without adding traffic capacity, except for auxiliary lanes with a length of less than 2,500 feet; and
- (3) 17 percent for any of the following:
 - (i) transit purposes, including but not limited to operations, maintenance, capital maintenance, demand response service, and assistance to replacement service providers under section 473.388;

(ii) complete streets projects, as provided under section 174.75; and

(iii) projects, programs, or operations activities that meet the requirements of a mitigation action under section 161.178, subdivision 4.

(b) Funds under paragraph (a), clause (3), must supplement and not supplant existing sources of revenue.

Sec. 18. Minnesota Statutes 2022, section 239.761, is amended by adding a subdivision to read:

Subd. 10a. **Sustainable aviation fuel.** Sustainable aviation fuel, as defined in section 41A.30, subdivision 1, paragraph (g), must comply with either:

(1) ASTM International Standard Specification D7566; or

(2) the Fischer-Tropsch provisions of ASTM International Standard Specification D1655, Annex A1.

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

Sec. 19. Minnesota Statutes 2022, section 256.9752, is amended by adding a subdivision to read:

Subd. 1a. **Food delivery support account; appropriation.** (a) A food delivery support account is established in the special revenue fund. The account consists of funds under section 174.49, subdivision 2, and as provided by law and any other money donated, allotted, transferred, or otherwise provided to the account.

(b) Money in the account is annually appropriated to the commissioner of human services for grants to nonprofit organizations to provide transportation of home-delivered meals, groceries, purchased food, or a combination, to Minnesotans who are experiencing food insecurity and have difficulty obtaining or preparing meals due to limited mobility, disability, age, or resources to prepare their own meals. A nonprofit organization must have a demonstrated history of providing and distributing food customized for the population that they serve.

(c) Grant funds under this subdivision must supplement, but not supplant, any state or federal funding used to provide prepared meals to Minnesotans experiencing food insecurity.

Sec. 20. Minnesota Statutes 2022, section 270C.15, is amended to read:

270C.15 REVENUE DEPARTMENT SERVICE AND RECOVERY SPECIAL REVENUE FUND.

A Revenue Department service and recovery special revenue fund is created for the purpose of recovering the costs of furnishing government data and related services or products, as well as recovering costs associated with collecting local taxes on sales and the retail delivery fee established under chapter 168E. All money collected under this section is deposited in the Revenue Department service and recovery special revenue fund. Money in the fund is appropriated to the commissioner to reimburse the department for the costs incurred in administering the tax law or providing the data, service, or product. Any money paid to the department as a criminal fine for a violation of state

revenue law that is designated by the court to fund enforcement of state revenue law is appropriated to this fund.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 21. **[290.0688] CREDIT FOR SUSTAINABLE AVIATION FUEL.**

Subdivision 1. Definitions. For purposes of this section, the terms defined in section 41A.30, subdivision 1, have the meanings given, except that "commissioner" means the commissioner of revenue.

Subd. 2. Credit allowed. A qualifying taxpayer is allowed a credit against the tax imposed by this chapter for sustainable aviation fuel sold for use as fuel in an aircraft departing from an airport in Minnesota. The credit equals up to the amount and applies to the taxable year indicated on the credit certificate issued to the qualifying taxpayer under section 41A.30.

Subd. 3. 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 agreement, as of the last day of the taxable year.

Subd. 4. Credit refundable. If the amount of credit that a qualifying taxpayer is allowed under this section exceeds the claimant's tax liability under this chapter, the commissioner must refund the excess to the claimant.

Subd. 5. Audit. Notwithstanding the credit certificate issued by the commissioner of agriculture under section 41A.30, 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. 6. Appropriation. An amount sufficient to pay the refunds required by this section is appropriated to the commissioner from the general fund.

Subd. 7. Expiration. This section expires at the same time and on the same terms as section 41A.30, subdivision 7, 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, 2023, for sustainable aviation fuel sold after June 30, 2024, and before July 1, 2030.

Sec. 22. Minnesota Statutes 2022, section 296A.07, subdivision 3, is amended to read:

Subd. 3. **Rate of tax.** (a) Subject to paragraph (b), the gasoline excise tax is imposed at the following rates:

(1) E85 is taxed at the rate of 17.75 cents per gallon;

(2) M85 is taxed at the rate of 14.25 cents per gallon; and

(3) all other gasoline is taxed at the rate of 25 cents per gallon.

(b) Annually on August 1, the commissioner must determine the tax rate applicable to the sale of E85, M85, and all other gasoline subject to tax under this section for the upcoming 12-month period beginning on January 1. The adjusted rate must equal the current rate, multiplied by one plus the percentage increase, if any, in the Minnesota Highway Construction Cost Index for the reference year. The tax rate must be rounded to the nearest tenth of a cent. Each of the tax rates for E85, M85, and all other gasoline must not be lower than the respective rates specified in paragraph (a). Beginning with the calculation on August 1, 2025, the percentage change in each of the tax rates for E85, M85, and all other gasoline as a result of the requirements under this paragraph must not exceed three percent.

(c) For purposes of this subdivision:

(1) the Minnesota Highway Construction Cost Index is as determined by the commissioner of transportation; and

(2) "reference year" means the 12-month period ending on June 30 two years prior to the year in which the calculation is made.

EFFECTIVE DATE. This section is effective July 1, 2023, and applies for taxes imposed on or after January 1, 2024.

Sec. 23. Minnesota Statutes 2022, section 296A.08, subdivision 2, is amended to read:

Subd. 2. **Rate of tax.** (a) Subject to paragraph (b), the special fuel excise tax is imposed at the following rates:

~~(a)~~ (1) liquefied petroleum gas or propane is taxed at the rate of 18.75 cents per gallon;

~~(b)~~ (2) liquefied natural gas is taxed at the rate of 15 cents per gallon;

~~(c)~~ (3) compressed natural gas is taxed at the rate of \$1.974 per thousand cubic feet; or 25 cents per gasoline equivalent. For purposes of this paragraph, "gasoline equivalent," as defined by the National Conference on Weights and Measures, is 5.66 pounds of natural gas or 126.67 cubic feet; and

~~(d)~~ (4) all other special fuel is taxed at the same rate as the gasoline excise tax as specified in section 296A.07, subdivision 2.

(b) Annually on August 1, the commissioner must determine the tax rate applicable to the sale of E85, M85, and all other gasoline subject to tax under this section for the upcoming 12-month period beginning on January 1. The rate must be adjusted as provided in section 296A.07, subdivision 3, paragraph (b). The tax rate must be rounded to the nearest tenth of a cent. Each of the tax rates for liquefied natural gas or propane, liquefied natural gas, compressed natural gas, and all other special fuel must not be lower than the respective rates specified in paragraph (a).

(c) The tax is payable in the form and manner prescribed by the commissioner.

(d) For purposes of this subdivision, "gasoline equivalent," as defined by the National Conference on Weights and Measures, is 5.66 pounds of natural gas or 126.67 cubic feet.

EFFECTIVE DATE. This section is effective July 1, 2023, and applies for taxes imposed on or after January 1, 2024.

Sec. 24. Minnesota Statutes 2022, section 297A.64, subdivision 1, is amended to read:

Subdivision 1. **Tax imposed.** (a) A tax is imposed on the lease or rental in this state for not more than 28 days of a passenger automobile as defined in section 168.002, subdivision 24, a van as defined in section 168.002, subdivision 40, or a pickup truck as defined in section 168.002, subdivision 26. The rate of tax is 9.2 percent of the sales price. The tax applies whether or not the vehicle is licensed in the state.

(b) The provisions of paragraph (a) do not apply to the vehicles of a nonprofit corporation or similar entity consisting of individual or group members who pay the organization for the use of a motor vehicle if the organization:

(1) owns, leases, or operates a fleet of vehicles of the type subject to the tax under this subdivision that are available to its members for use, priced on the basis of intervals of one hour or less;

(2) parks its vehicles in the public right-of-way or at unstaffed, self-service locations that are accessible at any time of the day; and

(3) maintains its vehicles, insures its vehicles on behalf of its members, and purchases fuel for its fleet.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2023.

Sec. 25. Minnesota Statutes 2022, section 297A.64, subdivision 2, is amended to read:

Subd. 2. **Fee imposed.** (a) A fee equal to five percent of the sales price is imposed on leases or rentals of vehicles subject to the tax under subdivision 1. The lessor on the invoice to the customer may designate the fee as "a fee imposed by the State of Minnesota for the registration of rental cars."

(b) The provisions of this subdivision do not apply to the vehicles of a nonprofit corporation or similar entity, consisting of individual or group members who pay the organization for the use of a motor vehicle, if the organization:

(1) owns or leases a fleet of vehicles of the type subject to the tax under subdivision 1 that are available to its members for use, priced on the basis of intervals of one hour or less;

(2) parks its vehicles in the public right-of-way or at unstaffed, self-service locations that are accessible at any time of the day; and

(3) maintains its vehicles, insures its vehicles on behalf of its members, and purchases fuel for its fleet; and.

~~(4) does not charge usage rates that decline on a per unit basis, whether specified based on distance or time.~~

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2023.

Sec. 26. Minnesota Statutes 2022, section 297A.71, is amended by adding a subdivision to read:

Subd. 54. Sustainable aviation fuel facilities. (a) Materials and supplies used or consumed in and equipment incorporated into the construction, reconstruction, or improvement of a facility located in Minnesota that produces or blends sustainable aviation fuel, as defined in section 41A.30, subdivision 1, is exempt.

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

(c) For a project, a portion of which is not used to produce or blend sustainable aviation fuel, the amount of purchases that are exempt under this subdivision must be determined by multiplying the total purchases, as specified in paragraph (a), by the ratio of:

(1) the capacity to generate sustainable aviation fuel either through production or blending; and

(2) the capacity to generate all fuels.

(d) This subdivision expires July 1, 2034. The expiration does not affect refunds due for sales and purchases made prior to July 1, 2034.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2027, and before July 1, 2034.

Sec. 27. Minnesota Statutes 2022, section 297A.94, is amended to read:

297A.94 DEPOSIT OF REVENUES.

(a) Except as provided in this section, the commissioner shall deposit the revenues, including interest and penalties, derived from the taxes imposed by this chapter in the state treasury and credit them to the general fund.

(b) The commissioner shall deposit taxes in the Minnesota agricultural and economic account in the special revenue fund if:

(1) the taxes are derived from sales and use of property and services purchased for the construction and operation of an agricultural resource project; and

(2) the purchase was made on or after the date on which a conditional commitment was made for a loan guaranty for the project under section 41A.04, subdivision 3.

The commissioner of management and budget shall certify to the commissioner the date on which the project received the conditional commitment. The amount deposited in the loan guaranty account

must be reduced by any refunds and by the costs incurred by the Department of Revenue to administer and enforce the assessment and collection of the taxes.

(c) The commissioner shall deposit the revenues, including interest and penalties, derived from the taxes imposed on sales and purchases included in section 297A.61, subdivision 3, paragraph (g), clauses (1) and (4), in the state treasury, and credit them as follows:

(1) first to the general obligation special tax bond debt service account in each fiscal year the amount required by section 16A.661, subdivision 3, paragraph (b); and

(2) after the requirements of clause (1) have been met, the balance to the general fund.

(d) Beginning with sales taxes remitted after July 1, 2017, the commissioner shall deposit in the state treasury the revenues collected under section 297A.64, subdivision 1, including interest and penalties and minus refunds, and credit them to the highway user tax distribution fund.

(e) The commissioner shall deposit the revenues, including interest and penalties, collected under section 297A.64, subdivision 5, in the state treasury and credit them to the general fund. By July 15 of each year the commissioner shall transfer to the highway user tax distribution fund an amount equal to the excess fees collected under section 297A.64, subdivision 5, for the previous calendar year.

(f) Beginning with sales taxes remitted after July 1, 2017, in conjunction with the deposit of revenues under paragraph (d), the commissioner shall deposit into the state treasury and credit to the highway user tax distribution fund an amount equal to the estimated revenues derived from the tax rate imposed under section 297A.62, subdivision 1, on the lease or rental for not more than 28 days of rental motor vehicles subject to section 297A.64. The commissioner shall estimate the amount of sales tax revenue deposited under this paragraph based on the amount of revenue deposited under paragraph (d).

~~(g) The commissioner shall deposit an amount of the remittances monthly into the state treasury and credit them to the highway user tax distribution fund as a portion of the estimated amount of taxes collected from the sale and purchase of motor vehicle repair and replacement parts in that month. The monthly deposit amount is \$12,137,000. The commissioner must deposit the revenues derived from the taxes imposed under section 297A.62, subdivision 1, on the sale and purchase of motor vehicle repair and replacement parts in the state treasury and credit:~~

(1) 43.5 percent in each fiscal year to the highway user tax distribution fund;

(2) a percentage to the transportation advancement account under section 174.49 as follows:

(i) 3.5 percent in fiscal year 2024;

(ii) 4.5 percent in fiscal year 2025;

(iii) 5.5 percent in fiscal year 2026;

(iv) 7.5 percent in fiscal year 2027;

(v) 14.5 percent in fiscal year 2028;

- (vi) 21.5 percent in fiscal year 2029;
- (vii) 28.5 percent in fiscal year 2030;
- (viii) 36.5 percent in fiscal year 2031;
- (ix) 44.5 percent in fiscal year 2032; and
- (x) 56.5 percent in fiscal year 2033 and thereafter; and
- (3) the remainder in each fiscal year to the general fund.

For purposes of this paragraph, "motor vehicle" has the meaning given in section 297B.01, subdivision 11, and "motor vehicle repair and replacement parts" includes (i) all parts, tires, accessories, and equipment incorporated into or affixed to the motor vehicle as part of the motor vehicle maintenance and repair, and (ii) paint, oil, and other fluids that remain on or in the motor vehicle as part of the motor vehicle maintenance or repair. For purposes of this paragraph, "tire" means any tire of the type used on highway vehicles, if wholly or partially made of rubber and if marked according to federal regulations for highway use.

(h) 72.43 percent of the revenues, including interest and penalties, transmitted to the commissioner under section 297A.65, must be deposited by the commissioner in the state treasury as follows:

(1) 50 percent of the receipts must be deposited in the heritage enhancement account in the game and fish fund, and may be spent only on activities that improve, enhance, or protect fish and wildlife resources, including conservation, restoration, and enhancement of land, water, and other natural resources of the state;

(2) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only for state parks and trails;

(3) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only on metropolitan park and trail grants;

(4) three percent of the receipts must be deposited in the natural resources fund, and may be spent only on local trail grants; and

(5) two percent of the receipts must be deposited in the natural resources fund, and may be spent only for the Minnesota Zoological Garden, the Como Park Zoo and Conservatory, and the Duluth Zoo.

(i) The revenue dedicated under paragraph (h) may not be used as a substitute for traditional sources of funding for the purposes specified, but the dedicated revenue shall supplement traditional sources of funding for those purposes. Land acquired with money deposited in the game and fish fund under paragraph (h) must be open to public hunting and fishing during the open season, except that in aquatic management areas or on lands where angling easements have been acquired, fishing may be prohibited during certain times of the year and hunting may be prohibited. At least 87 percent of the money deposited in the game and fish fund for improvement, enhancement, or protection of fish and wildlife resources under paragraph (h) must be allocated for field operations.

(j) The commissioner must deposit the revenues, including interest and penalties minus any refunds, derived from the sale of items regulated under section 624.20, subdivision 1, that may be sold to persons 18 years old or older and that are not prohibited from use by the general public under section 624.21, in the state treasury and credit:

- (1) 25 percent to the volunteer fire assistance grant account established under section 88.068;
- (2) 25 percent to the fire safety account established under section 297I.06, subdivision 3; and
- (3) the remainder to the general fund.

For purposes of this paragraph, the percentage of total sales and use tax revenue derived from the sale of items regulated under section 624.20, subdivision 1, that are allowed to be sold to persons 18 years old or older and are not prohibited from use by the general public under section 624.21, is a set percentage of the total sales and use tax revenues collected in the state, with the percentage determined under Laws 2017, First Special Session chapter 1, article 3, section 39.

(k) The revenues deposited under paragraphs (a) to (j) do not include the revenues, including interest and penalties, generated by the sales tax imposed under section 297A.62, subdivision 1a, which must be deposited as provided under the Minnesota Constitution, article XI, section 15.

Sec. 28. Minnesota Statutes 2022, section 297A.99, subdivision 1, is amended to read:

Subdivision 1. **Authorization; scope.** (a) A political subdivision of this state may impose a general sales tax (1) under section 297A.9915, (2) under section 297A.992, ~~(2) (3)~~ under section 297A.993, ~~(3) (4)~~ if permitted by special law, or ~~(4) (5)~~ if the political subdivision enacted and imposed the tax before January 1, 1982, and its predecessor provision.

(b) This section governs the imposition of a general sales tax by the political subdivision. The provisions of this section preempt the provisions of any special law:

- (1) enacted before June 2, 1997, or
- (2) enacted on or after June 2, 1997, that does not explicitly exempt the special law provision from this section's rules by reference.

(c) This section does not apply to or preempt a sales tax on motor vehicles. Beginning July 1, 2019, no political subdivision may impose a special excise tax on motor vehicles unless it is imposed under section 297A.993.

(d) A political subdivision may not advertise or expend funds for the promotion of a referendum to support imposing a local sales tax and may only spend funds related to imposing a local sales tax to:

- (1) conduct the referendum;
- (2) disseminate information included in the resolution adopted under subdivision 2, but only if the disseminated information includes a list of specific projects and the cost of each individual project;

(3) provide notice of, and conduct public forums at which proponents and opponents on the merits of the referendum are given equal time to express their opinions on the merits of the referendum;

(4) provide facts and data on the impact of the proposed local sales tax on consumer purchases; and

(5) provide facts and data related to the individual programs and projects to be funded with the local sales tax.

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

Sec. 29. **[297A.9915] REGIONAL TRANSPORTATION SALES AND USE TAX.**

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

(b) "Metropolitan area" means the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

(c) "Metropolitan Council" or "council" means the Metropolitan Council established by section 473.123.

(d) "Regional transportation sales tax" means the regional transportation sales and use tax imposed under this section.

Subd. 2. **Sales tax imposition; rate.** Notwithstanding section 473.123, subdivision 1, the Metropolitan Council must impose a regional transportation sales and use tax at a rate of three-quarters of one percent on retail sales and uses taxable under this chapter made in the metropolitan area or to a destination in the metropolitan area.

Subd. 3. **Administration; collection; enforcement.** Except as otherwise provided in this section, the provisions of section 297A.99, subdivisions 4, and 6 to 12a, govern the administration, collection, and enforcement of the regional transportation sales tax.

Subd. 4. **Deposit.** Proceeds of the regional transportation sales tax must be allocated as follows:

(1) 83 percent to the Metropolitan Council for the purposes specified under section 473.4465; and

(2) 17 percent to metropolitan counties, as defined in section 174.49, subdivision 1, in the manner provided under section 174.49, subdivision 5.

Subd. 5. **Revenue bonds.** (a) In addition to other authority granted in this section, and notwithstanding section 473.39, subdivision 7, or any other law to the contrary, the council may, by resolution, authorize the sale and issuance of revenue bonds, notes, or obligations to provide funds to (1) implement the council's transit capital improvement program, and (2) refund bonds issued under this subdivision.

(b) The bonds are payable from and secured by a pledge of all or part of the revenue received under subdivision 4, clause (1), and associated investment earnings on debt proceeds. The council may, by resolution, authorize the issuance of the bonds as general obligations of the council. The bonds must be sold, issued, and secured in the manner provided in chapter 475, and the council has the same powers and duties as a municipality and its governing body in issuing bonds under chapter 475, except that no election is required and the net debt limitations in chapter 475 do not apply to such bonds. The proceeds of the bonds may also be used to fund necessary reserves and to pay credit enhancement fees, issuance costs, and other financing costs during the life of the debt.

(c) The bonds may be secured by a bond resolution, or a trust indenture entered into by the council with a corporate trustee within or outside the state, which must define the revenues and bond proceeds pledged for the payment and security of the bonds. The pledge must be a valid charge on the revenues received under section 297A.99, subdivision 11. Neither the state, nor any municipality or political subdivision except the council, nor any member or officer or employee of the council, is liable on the obligations. No mortgage or security interest in any tangible real or personal property is granted to the bondholders or the trustee, but they have a valid security interest in the revenues and bond proceeds received by the council and pledged to the payment of the bonds. In the bond resolution or trust indenture, the council may make such covenants as it determines to be reasonable for the protection of the bondholders.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment for sales and purchases made on or after October 1, 2023, and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 30. Minnesota Statutes 2022, section 297B.02, subdivision 1, is amended to read:

Subdivision 1. **Rate.** (a) There is imposed an excise tax of ~~6.5~~ 6.875 percent on the purchase price of any motor vehicle purchased or acquired, either in or outside of the state of Minnesota, which is required to be registered under the laws of this state.

(b) The excise tax is also imposed on the purchase price of motor vehicles purchased or acquired on Indian reservations when the tribal council has entered into a sales tax on motor vehicles refund agreement with the state of Minnesota.

EFFECTIVE DATE. This section is effective for sales and purchases made on or after July 1, 2023.

Sec. 31. Minnesota Statutes 2022, section 297B.03, is amended to read:

297B.03 EXEMPTIONS.

There is specifically exempted from the provisions of this chapter and from computation of the amount of tax imposed by it the following:

(1) purchase or use, including use under a lease purchase agreement or installment sales contract made pursuant to section 465.71, of any motor vehicle by the United States and its agencies and instrumentalities and by any person described in and subject to the conditions provided in section 297A.67, subdivision 11;

(2) purchase or use of any motor vehicle by any person who was a resident of another state or country at the time of the purchase and who subsequently becomes a resident of Minnesota, provided the purchase occurred more than 60 days prior to the date such person began residing in the state of Minnesota and the motor vehicle was registered in the person's name in the other state or country;

(3) purchase or use of any motor vehicle by any person making a valid election to be taxed under the provisions of section 297A.90;

(4) purchase or use of any motor vehicle previously registered in the state of Minnesota when such transfer constitutes a transfer within the meaning of section 118, 331, 332, 336, 337, 338, 351, 355, 368, 721, 731, 1031, 1033, or 1563(a) of the Internal Revenue Code, as amended through December 16, 2016;

(5) purchase or use of any vehicle owned by a resident of another state and leased to a Minnesota-based private or for-hire carrier for regular use in the transportation of persons or property in interstate commerce provided the vehicle is titled in the state of the owner or secured party, and that state does not impose a sales tax or sales tax on motor vehicles used in interstate commerce;

(6) purchase or use of a motor vehicle by a private nonprofit or public educational institution for use as an instructional aid in automotive training programs operated by the institution. "Automotive training programs" includes motor vehicle body and mechanical repair courses but does not include driver education programs;

(7) purchase of a motor vehicle by an ambulance service licensed under section 144E.10 when that vehicle is equipped and specifically intended for emergency response or for providing ambulance service;

(8) purchase of a motor vehicle by or for a public library, as defined in section 134.001, subdivision 2, as a bookmobile or library delivery vehicle;

(9) purchase of a ready-mixed concrete truck;

(10) purchase or use of a motor vehicle by a town for use exclusively for road maintenance, including snowplows and dump trucks, but not including automobiles, vans, or pickup trucks;

(11) purchase or use of a motor vehicle by a corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes, except a public school, university, or library, but only if the vehicle is:

(i) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a passenger automobile, as defined in section 168.002, if the automobile is designed and used for carrying more than nine persons including the driver; and

(ii) intended to be used primarily to transport tangible personal property or individuals, other than employees, to whom the organization provides service in performing its charitable, religious, or educational purpose;

(12) purchase of a motor vehicle for use by a transit provider exclusively to provide transit service is exempt if the transit provider is either (i) receiving financial assistance or reimbursement under section 174.24 or 473.384, or (ii) operating under section 174.29, 473.388, or 473.405;

(13) purchase or use of a motor vehicle by a qualified business, as defined in section 469.310, located in a job opportunity building zone, if the motor vehicle is principally garaged in the job opportunity building zone and is primarily used as part of or in direct support of the person's operations carried on in the job opportunity building zone. The exemption under this clause applies to sales, if the purchase was made and delivery received during the duration of the job opportunity building zone. The exemption under this clause also applies to any local sales and use tax;

(14) purchase of a leased vehicle by the lessee who was a participant in a lease-to-own program from a charitable organization that is:

(i) described in section 501(c)(3) of the Internal Revenue Code; and

(ii) licensed as a motor vehicle lessor under section 168.27, subdivision 4; ~~and~~

(15) purchase of a motor vehicle used exclusively as a mobile medical unit for the provision of medical or dental services by a federally qualified health center, as defined under title 19 of the Social Security Act, as amended by Section 4161 of the Omnibus Budget Reconciliation Act of 1990; and

(16) purchase of a motor vehicle by a veteran having a total service-connected disability, as defined in section 171.01, subdivision 51.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2024.

Sec. 32. Minnesota Statutes 2022, section 297B.09, is amended to read:

297B.09 ALLOCATION OF REVENUE.

Subdivision 1. **Deposit of revenues.** (a) Money collected and received under this chapter must be deposited ~~as provided in this subdivision.~~ as follows:

~~(b) (1) 60 percent of the money collected and received must be deposited in the highway user tax distribution fund, 36 percent must be deposited;~~

(2) 34.3 percent in the metropolitan area transit account under section 16A.88; and four percent must be deposited

(3) 5.7 percent in the greater Minnesota transit account under section 16A.88.

~~(e)~~ (b) It is the intent of the legislature that the allocations under paragraph (b) remain unchanged for fiscal year ~~2012~~ 2024 and all subsequent fiscal years.

Sec. 33. Minnesota Statutes 2022, section 473.4051, is amended to read:

473.4051 ~~LIGHT RAIL TRANSIT~~ GUIDEWAYS AND BUSWAYS; CONSTRUCTION AND OPERATION.

Subdivision 1. **Light rail transit; operator.** The council ~~shall~~ must operate all light rail transit facilities and services located in the metropolitan area upon completion of construction of the facilities and the commencement of revenue service using the facilities. The council may not allow the commencement of revenue service until after an appropriate period of acceptance testing to ensure safe and satisfactory performance. In assuming the operation of the system, the council must comply with section 473.415. The council ~~shall~~ must coordinate operation of the light rail transit system with bus service to avoid duplication of service on a route served by light rail transit and to ensure the widest possible access to light rail transit lines in both suburban and urban areas by means of a feeder bus system.

Subd. 2. **Guideway and busway; operating costs.** ~~(a) After operating revenue and federal money have been used to pay for light rail transit operations, 50 percent of the remaining operating costs must be paid by the state.~~

~~(b) Notwithstanding paragraph (a), all operating and ongoing capital maintenance costs must be paid from nonstate sources for a segment of a light rail transit line or line extension project that formally entered the engineering phase of the Federal Transit Administration's "New Starts" capital investment grant program between August 1, 2016, and December 31, 2016.~~

(a) After operating revenue, federal funds, and state funds are used for operations of a guideway or busway, as the terms are defined in section 473.4485, subdivision 1, the council must pay all remaining operating costs from sales tax revenue, as defined in section 473.4465, subdivision 1.

(b) The requirements under paragraph (a) do not apply to the costs of Northstar Commuter Rail attributed to operations outside of a metropolitan county.

Subd. 2a. **Guideway and busway; capital maintenance.** (a) The council must pay all ongoing capital maintenance costs from one or more of: available federal funds; sales tax revenue, as defined in section 473.4465, subdivision 1; and proceeds from certificates of indebtedness, bonds, or other obligations under section 473.39.

(b) For purposes of this subdivision, "capital maintenance" includes routine maintenance, capital maintenance, and maintenance in a state of good repair.

Subd. 3. **Light rail transit; capital costs.** State money may not be used to pay more than ten percent of the total capital cost of a light rail transit project.

EFFECTIVE DATE; APPLICATION. This section is effective October 1, 2023, and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 34. **[473.4465] REGIONAL TRANSPORTATION SALES AND USE TAX USES.**

Subdivision 1. **Definition.** For purposes of this section, "sales tax revenue" means the portion of revenue from the regional transportation sales and use tax under section 297A.9915 that is allocated to the council for purposes of this section.

Subd. 2. **Use of funds; Metropolitan Council.** (a) Sales tax revenue is available as follows:

(1) five percent for active transportation, as determined by the Transportation Advisory Board under subdivision 3; and

(2) 95 percent for transit system purposes under sections 473.371 to 473.452, including but not limited to operations, maintenance, and capital projects.

(b) The council must expend a portion of sales tax revenue in each of the following categories:

(1) improvements to regular route bus service levels;

(2) improvements related to transit safety, including additional transit officials, as defined under section 473.4075;

(3) maintenance and improvements to bus accessibility at transit stops and transit centers;

(4) transit shelter replacement and improvements under section 473.41;

(5) planning and project development for expansion of arterial bus rapid transit lines;

(6) operations and capital maintenance of arterial bus rapid transit;

(7) planning and project development for expansion of highway bus rapid transit and bus guideway lines;

(8) operations and capital maintenance of highway bus rapid transit and bus guideways;

(9) zero-emission bus procurement and associated costs in conformance with the zero-emission and electric transit vehicle transition plan under section 473.3927;

(10) demand response microtransit service provided by the council;

(11) financial assistance to replacement service providers under section 473.388, to provide for service, vehicle purchases, and capital investments related to demand response microtransit service;

(12) financial assistance to political subdivisions and tax-exempt organizations under section 501(c)(3) of the Internal Revenue Code for active transportation; and

(13) wage adjustments for Metro Transit hourly operations employees.

Subd. 3. **Use of funds; active transportation.** (a) Sales tax revenue allocated to the Transportation Advisory Board under subdivision 2, clause (1), is for grants to support active transportation within the metropolitan area.

(b) The Transportation Advisory Board must establish eligibility requirements and a selection process to provide the grant awards. The process must include: solicitation; evaluation and prioritization, including technical review, scoring, and ranking; project selection; and award of funds. To the extent practicable and subject to paragraph (c), the process must align with procedures and requirements established for allocation of other sources of funds.

(c) The selection process must include criteria and prioritization of projects based on:

(1) the project's inclusion in a municipal or regional nonmotorized transportation system plan;

(2) the extent to which policies or practices of the political subdivision encourage and promote complete streets planning, design, and construction;

(3) the extent to which the project supports connections between communities and to key destinations within a community;

(4) identified barriers or deficiencies in the nonmotorized transportation system;

(5) identified safety or health benefits;

(6) geographic equity in project benefits, with an emphasis on communities that are historically and currently underrepresented in local or regional planning; and

(7) the ability of a grantee to maintain the active transportation infrastructure following project completion.

Subd. 4. **Use of funds; metropolitan counties.** A metropolitan county must use revenue from the regional transportation sales and use tax under section 297A.9915 in conformance with the requirements under section 174.49, subdivision 6.

Subd. 5. **Prohibition.** (a) The council is prohibited from expending sales tax revenue on the Southwest light rail transit (Green Line Extension) project.

(b) Paragraph (a) expires on the date of expiration of the Metropolitan Governance Task Force as specified under article 4, section 123, subdivision 11.

Subd. 6. **Tracking and information.** (a) The council must maintain separate financial information on sales tax revenue that includes:

(1) a summary of annual revenue and expenditures, including but not limited to balances and anticipated revenue in the forecast period under section 16A.103; and

(2) for active transportation under subdivision 3 and each of the categories specified under subdivision 2 in the most recent prior three fiscal years:

(i) specification of annual expenditures; and

(ii) an overview of the projects or services.

(b) The council must publish the information required under paragraph (a) on the council's website.

EFFECTIVE DATE; APPLICATION. This section is effective October 1, 2023, and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 35. **GUIDEWAY OR BUSWAY; OPERATING COSTS.**

(a) For purposes of this section:

(1) "guideway" and "busway" have the meanings given in Minnesota Statutes, section 473.4485, subdivision 1; and

(2) "net operating costs" are after fare revenue and federal operating assistance.

(b) By September 30, 2023, a political subdivision must pay to the Metropolitan Council:

(1) all outstanding obligations through September 30, 2023, under the terms of an executed master operating funding agreement for each guideway or busway; and

(2) 50 percent of the net operating costs from December 1, 2021, through September 30, 2023, for each guideway or busway that: (i) began revenue service after December 1, 2021; and (ii) is not covered by an executed master operating funding agreement.

(c) As of October 1, 2023, all agreements between the Metropolitan Council and other political subdivisions under which the other political subdivisions provide funds to the Metropolitan Council for guideway or busway operating costs are terminated.

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

ARTICLE 4

TRANSPORTATION FINANCE AND POLICY

Section 1. Minnesota Statutes 2022, section 3.9741, subdivision 5, is amended to read:

Subd. 5. **State Data security; account; appropriation.** ~~(a)~~ The data security account is created in the special revenue fund. Receipts credited to the account are annually appropriated to the legislative auditor for the purpose of oversight relating to security of data stored and transmitted by state systems, including to:

~~(b) Subject to available funds appropriated under paragraph (a), the legislative auditor shall:~~

~~(1) review and audit the audit reports of subscribers and requesters submitted under section 168.327, subdivision 6, including but not limited to assessing compliance with section 171.12, subdivision 7b, paragraph (d), and producing findings and opinions; and~~

~~(2) in collaboration with the commissioner and affected subscribers and requesters, recommend corrective action plans to remediate any deficiencies identified under clause (1); and~~

~~(3) (2) review and audit driver records subscription services and bulk data practices of the Department of Public Safety, including identifying any deficiencies and making recommendations to the commissioner.~~

~~(e) The legislative auditor shall submit any reports, findings, and recommendations under this subdivision to the legislative commission on data practices.~~

Sec. 2. **[4.076] ADVISORY COUNCIL ON TRAFFIC SAFETY.**

Subdivision 1. **Definition.** For purposes of this section, "advisory council" means the Advisory Council on Traffic Safety established in this section.

Subd. 2. **Establishment.** (a) The Advisory Council on Traffic Safety is established to advise, consult with, assist in planning coordination, and make program recommendations to the commissioners of public safety, transportation, and health on the development and implementation of projects and programs intended to improve traffic safety on all Minnesota road systems.

(b) The advisory council serves as the lead for the state Toward Zero Deaths program.

Subd. 3. **Membership; chair.** (a) The advisory council consists of the following members:

(1) the chair, which is filled on a two-year rotating basis by a designee from:

(i) the Office of Traffic Safety in the Department of Public Safety;

(ii) the Office of Traffic Engineering in the Department of Transportation; and

(iii) the Injury and Violence Prevention Section in the Department of Health;

(2) two vice chairs, which must be filled by the two designees who are not currently serving as chair of the advisory council under clause (1);

(3) the statewide Toward Zero Deaths coordinator;

(4) a regional coordinator from the Toward Zero Deaths program;

(5) the chief of the State Patrol or a designee;

(6) the state traffic safety engineer in the Department of Transportation or a designee;

(7) a law enforcement liaison from the Department of Public Safety;

(8) a representative from the Department of Human Services;

(9) a representative from the Department of Education;

(10) a representative from the Council on Disability;

(11) a representative for Tribal governments;

(12) a representative from the Center for Transportation Studies at the University of Minnesota;

(13) a representative from the Minnesota Chiefs of Police Association;

(14) a representative from the Minnesota Sheriffs' Association;

(15) a representative from the Minnesota Safety Council;

(16) a representative from AAA Minnesota;

(17) a representative from the Minnesota Trucking Association;

- (18) a representative from the Insurance Federation of Minnesota;
- (19) a representative from the Association of Minnesota Counties;
- (20) a representative from the League of Minnesota Cities;
- (21) the American Bar Association State Judicial Outreach Liaison;
- (22) a representative from the City Engineers Association of Minnesota;
- (23) a representative from the Minnesota County Engineers Association;
- (24) a representative from the Bicycle Alliance of Minnesota;
- (25) two individuals representing vulnerable road users, including pedestrians, bicyclists, and other operators of a personal conveyance;
- (26) a representative from Minnesota Operation Lifesaver;
- (27) a representative from the Minnesota Driver and Traffic Safety Education Association;
- (28) a representative from the Minnesota Association for Pupil Transportation;
- (29) a representative from the State Trauma Advisory Council;
- (30) a person representing metropolitan planning organizations; and
- (31) a person representing contractors engaged in construction and maintenance of highways and other infrastructure.

(b) The commissioners of public safety and transportation must jointly appoint the advisory council members under paragraph (a), clauses (11), (25), (30), and (31).

Subd. 4. **Duties.** The advisory council must:

- (1) advise the governor and heads of state departments and agencies on policies, programs, and services affecting traffic safety;
- (2) advise the appropriate representatives of state departments on the activities of the Toward Zero Deaths program, including but not limited to educating the public about traffic safety;
- (3) encourage state departments and other agencies to conduct needed research in the field of traffic safety;
- (4) review recommendations of the subcommittees and working groups;
- (5) review and comment on all grants dealing with traffic safety and on the development and implementation of state and local traffic safety plans; and
- (6) make recommendations on safe road zone safety measures under section 169.065.

Subd. 5. **Administration.** (a) The Office of Traffic Safety in the Department of Public Safety, in cooperation with the Departments of Transportation and Health, must serve as the host agency for the advisory council and must manage the administrative and operational aspects of the advisory council's activities. The commissioner of public safety must perform financial management on behalf of the council.

(b) The advisory council must meet no less than four times per year, or more frequently as determined by the chair, a vice chair, or a majority of the council members. The advisory council is subject to chapter 13D.

(c) The chair must regularly report to the respective commissioners on the activities of the advisory council and on the state of traffic safety in Minnesota.

(d) The terms, compensation, and appointment of members are governed by section 15.059.

(e) The advisory council may appoint subcommittees and working groups. Subcommittees must consist of council members. Working groups may include nonmembers. Nonmembers on working groups must be compensated pursuant to section 15.059, subdivision 3, only for expenses incurred for working group activities.

Sec. 3. Minnesota Statutes 2022, section 13.69, subdivision 1, is amended to read:

Subdivision 1. **Classifications.** (a) The following government data of the Department of Public Safety are private data:

(1) medical data on driving instructors, licensed drivers, and applicants for parking certificates and special license plates issued to physically disabled persons;

(2) other data on holders of a disability certificate under section 169.345, except that (i) data that are not medical data may be released to law enforcement agencies, and (ii) data necessary for enforcement of sections 169.345 and 169.346 may be released to parking enforcement employees or parking enforcement agents of statutory or home rule charter cities and towns;

(3) Social Security numbers in driver's license and motor vehicle registration records, except that Social Security numbers must be provided to the Department of Revenue for purposes of tax administration, the Department of Labor and Industry for purposes of workers' compensation administration and enforcement, the judicial branch for purposes of debt collection, and the Department of Natural Resources for purposes of license application administration, and except that the last four digits of the Social Security number must be provided to the Department of Human Services for purposes of recovery of Minnesota health care program benefits paid; ~~and~~

(4) data on persons listed as standby or temporary custodians under section 171.07, subdivision 11, except that the data must be released to:

(i) law enforcement agencies for the purpose of verifying that an individual is a designated caregiver; or

(ii) law enforcement agencies who state that the license holder is unable to communicate at that time and that the information is necessary for notifying the designated caregiver of the need to care for a child of the license holder; and

(5) race and ethnicity data on driver's license holders and identification card holders under section 171.06, subdivision 3. The Department of Public Safety Office of Traffic Safety is authorized to receive race and ethnicity data from Driver and Vehicle Services for only the purposes of research, evaluation, and public reports.

The department may release the Social Security number only as provided in clause (3) and must not sell or otherwise provide individual Social Security numbers or lists of Social Security numbers for any other purpose.

(b) The following government data of the Department of Public Safety are confidential data: data concerning an individual's driving ability when that data is received from a member of the individual's family.

EFFECTIVE DATE. This section is effective for driver's license and identification card applications received on or after January 1, 2024.

Sec. 4. Minnesota Statutes 2022, section 13.6905, is amended by adding a subdivision to read:

Subd. 37. **Oil and other hazardous substances transportation data.** (a) Certain data on oil and other hazardous substances transported by railroads are governed by section 219.055, subdivision 9.

(b) Certain data on oil and other hazardous substances transportation incident reviews are governed by section 299A.55, subdivision 5.

Sec. 5. Minnesota Statutes 2022, section 115E.042, is amended by adding a subdivision to read:

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

(b) "Exercise" means an activity or training to evaluate responsibilities, roles, and response plans for the discharge of oil or hazardous substances and includes but is not limited to walkthroughs, tabletop exercises, or functional exercises.

(c) "Full-scale exercise" means training activities to evaluate responsibilities, roles, and response plans for a confirmed discharge or worst-case discharge of oil or hazardous substances and includes utilizing, as much as practicable, the equipment, personnel, and coordinated resources required under section 115E.042, subdivision 4.

(d) "Functional exercise" means a guided session where a simulated operational environment trains and evaluates specific personnel, procedures, or resources on scenarios relating to the discharge of oil or hazardous substances.

(e) "Tabletop exercise" means a guided session where the discussion addresses topics, including but not limited to the roles and responsibilities of a rail carrier and its personnel in response to a confirmed discharge of oil or hazardous substances.

(f) "Walkthrough" means drills and training designed to familiarize railroad personnel with the response plans required under chapter 115E and the response requirements to a confirmed discharge under this section.

Sec. 6. Minnesota Statutes 2022, section 115E.042, subdivision 2, is amended to read:

Subd. 2. **Training.** (a) Each railroad must offer training to each fire department and each local organization for emergency management under section 12.25 having jurisdiction along the route of unit trains. Initial training under this subdivision must be offered to each fire department by June 30, 2016, and routes over which the railroad transports oil or other hazardous substances. Refresher training must be offered to each fire department and local organization for emergency management at least once every three years ~~thereafter~~ after initial training under this subdivision.

~~(b) The training must address the general hazards of oil and hazardous substances, techniques to assess hazards to the environment and to the safety of responders and the public, factors an incident commander must consider in determining whether to attempt to suppress a fire or to evacuate the public and emergency responders from an area, and other strategies for initial response by local emergency responders. The training must include suggested protocol or practices for local responders to safely accomplish these tasks~~ methods to identify rail cars and hazardous substance contents, responder safety issues, rail response tactics, public notification and evacuation considerations, environmental contamination response, railroad response personnel and resources coordination at an incident, and other protocols and practices for safe initial local response as required under subdivision 4, including the notification requirements and the responsibilities of an incident commander during a rail incident involving oil or other hazardous substances, as provided in subdivisions 3 and 4.

Sec. 7. Minnesota Statutes 2022, section 115E.042, subdivision 3, is amended to read:

Subd. 3. **Emergency response planning; coordination.** ~~Beginning June 30, 2015,~~ (a) Each railroad must communicate at least annually with each ~~county or city~~ applicable emergency manager, safety representatives of railroad employees governed by the Railway Labor Act, and ~~a senior~~ each applicable fire department officer ~~of each fire department having jurisdiction along the route of a unit train~~ routes over which oil or other hazardous substances are transported, in order to:

(1) ensure coordination of emergency response activities between the railroad and local responders;

(2) assist emergency managers in identifying and assessing local rail-specific threats, hazards, and risks; and

(3) assist railroads in obtaining information from emergency managers regarding specific local natural and technical hazards and threats in the local area that may impact rail operations or public safety.

(b) The coordination under paragraph (a), clauses (2) and (3), must include identification of increased risks and potential special responses due to high population concentration, critical local infrastructure, key facilities, significant venues, sensitive natural environments, and other factors identified by railroads, emergency managers, and fire departments.

(c) The commissioner of public safety must compile and make available to railroads a list of applicable emergency managers and applicable fire chiefs, which must include contact information. The commissioner must make biennial updates to the list of emergency managers and fire chiefs and make the list of updated contact information available to railroads.

Sec. 8. Minnesota Statutes 2022, section 115E.042, subdivision 4, is amended to read:

Subd. 4. **Response capabilities; time limits.** (a) Following confirmation of a discharge, a railroad must deliver and deploy sufficient equipment and trained personnel to (1) contain and recover discharged oil or other hazardous substances and to, (2) protect the environment, and (3) assist local public safety officials. Within 15 minutes of a rail incident involving a confirmed discharge or release of oil or other hazardous substances, a railroad must contact the applicable emergency manager and applicable fire chief having jurisdiction along the route where the incident occurred. After learning of the rail incident involving oil or other hazardous substances, the applicable emergency manager and applicable fire chief must, as soon as practicable, identify and provide contact information of the responsible incident commander to the reporting railroad.

(b) Within 15 minutes of local emergency responder arrival on the scene of a rail incident involving oil or other hazardous substances, a railroad must assist the incident commander to determine the nature of any hazardous substance known to have been released and hazardous substance cargo transported on the train. Assistance must include providing information that identifies the chemical content of the hazardous substance, contact information for the shipper, and instructions for dealing with the release of the material. A railroad may provide information on the hazardous substances transported on the train through the train orders on board the train or by facsimile or electronic transmission.

(c) Within one hour of confirmation of a discharge, a railroad must provide a qualified company employee representative to advise the incident commander, assist in assessing the situation, initiate railroad response actions as needed, and provide advice and recommendations to the incident commander regarding the response. The employee representative may be made available by telephone, and must be authorized to deploy all necessary response resources of the railroad.

~~(e)~~ (d) Within three hours of confirmation of a discharge, a railroad must be capable of delivering monitoring equipment and a trained operator to assist in protection of responder and public safety. A plan to ensure delivery of monitoring equipment and an operator to a discharge site must be provided each year to the commissioner of public safety.

~~(d)~~ (e) Within three hours of confirmation of a discharge, a railroad must provide (1) qualified personnel at a discharge site to assess the discharge and to advise the incident commander, and (2) resources to assist the incident commander with ongoing public safety and scene stabilization.

~~(e)~~ (f) A railroad must be capable of deploying containment boom from land across sewer outfalls, creeks, ditches, and other places where oil or other hazardous substances may drain, in order to contain leaked material before it reaches those resources. The arrangement to provide containment boom and staff may be made by:

- (1) training and caching equipment with local jurisdictions;
- (2) training and caching equipment with a fire mutual-aid group;

- (3) means of an industry cooperative or mutual-aid group;
- (4) deployment of a contractor;
- (5) deployment of a response organization under state contract; or
- (6) other dependable means acceptable to the Pollution Control Agency.

~~(f)~~ (g) Each arrangement under paragraph ~~(e)~~ (f) must be confirmed each year. Each arrangement must be tested by drill at least once every five years.

~~(g)~~ (h) Within eight hours of confirmation of a discharge, a railroad must be capable of delivering and deploying containment boom, boats, oil recovery equipment, trained staff, and all other materials needed to provide:

(1) on-site containment and recovery of a volume of oil equal to ten percent of the calculated worst case discharge at any location along the route; and

(2) protection of listed sensitive areas and potable water intakes within one mile of a discharge site and within eight hours of water travel time downstream in any river or stream that the right-of-way intersects.

~~(h)~~ (i) Within 60 hours of confirmation of a discharge, a railroad must be capable of delivering and deploying additional containment boom, boats, oil recovery equipment, trained staff, and all other materials needed to provide containment and recovery of a worst case discharge and to protect listed sensitive areas and potable water intakes at any location along the route.

Sec. 9. Minnesota Statutes 2022, section 115E.042, subdivision 5, is amended to read:

Subd. 5. **Railroad drills exercises.** (a) Each railroad operating unit trains in Minnesota must conduct at least one oil containment, recovery, and sensitive area protection ~~drill~~ walkthrough, tabletop exercise, or functional exercise involving oil or hazardous substances every ~~three years~~, year. Subject to the provisions of paragraph (c), each exercise must be at a location and time chosen by the Pollution Control Agency, and attended by safety representatives of railroad employees governed by the Railway Labor Act. Subject to the provisions in paragraph (d) and section 219.055, subdivision 8, each railroad operating unit trains in Minnesota must conduct at least one oil containment, recovery, and sensitive area full-scale exercise every five years in coordination with the commissioner of public safety, local emergency management organizations, local fire chiefs, and safety representatives of railroad employees governed by the Railway Labor Act.

(b) The exercises under this subdivision must attempt to evaluate, coordinate, and improve the emergency response plans submitted by a railroad under subdivision 3. The exercises under this subdivision and section 219.055, subdivisions 6, 7, and 8, must be coordinated with exercises required by federal agencies.

(c) The commissioner of the Pollution Control Agency must consult with the Division of Homeland Security and Emergency Management, the state fire marshal, and local emergency management organizations in determining the railroad's annual exercise required under this section. In determining the appropriate exercise for a rail carrier, the commissioner must evaluate whether

a rail carrier has conducted a similar exercise within the preceding calendar year and the results from prior years' response and training. To the extent practicable, the commissioner must alternate between requiring a walkthrough, a tabletop exercise, or a functional exercise. The exercise selected for a rail carrier must address specific components, resources, and procedures of a response to a confirmed discharge of oil or other hazardous substances carried by rail. The commissioner must coordinate each exercise with exercises required by federal agencies. If an exercise selected by the commissioner is a tabletop exercise, the commissioner may select to conduct a public safety emergency response exercise or an incident commander response site exercise as provided in section 219.055, subdivision 6 or 7.

(d) Subject to the requirements in section 219.055, subdivision 8, the full-scale exercise required under paragraph (a) must include the response capability requirements and operate under the response time limits set forth in subdivision 4. In determining the time, location, and manner of the full-scale exercise, the commissioner of the Pollution Control Agency must consult with the Division of Homeland Security and Emergency Management, the state fire marshal, local units of government, local law enforcement, the fire chiefs in the jurisdiction where the full-scale exercise will take place, and safety representatives of railroad employees governed by the Railway Labor Act.

(e) Exercises conducted by a railroad under this section must include at least one representative from local emergency management organizations, fire departments, and local units of government that each have jurisdiction along the routes over which oil or hazardous substances are transported by railroad.

Sec. 10. Minnesota Statutes 2022, section 115E.042, subdivision 6, is amended to read:

Subd. 6. **Prevention and response plans; requirements; submission.** (a) ~~By June 30, 2015, a railroad shall submit the prevention and response plan required under section 115E.04, as necessary to comply with the requirements of this section,~~ to the commissioner of the Pollution Control Agency on a form designated by the commissioner.

(b) ~~By June 30 of~~ Every third year following a plan submission under this subdivision, or sooner as provided under section 115E.04, subdivision 2, a railroad must update and resubmit the prevention and response plan to the commissioner.

Sec. 11. Minnesota Statutes 2022, section 123B.90, subdivision 2, is amended to read:

Subd. 2. **Student training.** (a) Each district must provide public school pupils enrolled in kindergarten through grade 10 with age-appropriate school bus safety training, as described in this section, of the following concepts:

- (1) transportation by school bus is a privilege and not a right;
- (2) district policies for student conduct and school bus safety;
- (3) appropriate conduct while on the school bus;
- (4) the danger zones surrounding a school bus;
- (5) procedures for safely boarding and leaving a school bus;

(6) procedures for safe street or road crossing; and

(7) school bus evacuation.

(b) Each nonpublic school located within the district must provide all nonpublic school pupils enrolled in kindergarten through grade 10 who are transported by school bus at public expense and attend school within the district's boundaries with training as required in paragraph (a).

(c) Students enrolled in kindergarten through grade 6 who are transported by school bus and are enrolled during the first or second week of school must receive the school bus safety training competencies by the end of the third week of school. Students enrolled in grades 7 through 10 who are transported by school bus and are enrolled during the first or second week of school and have not previously received school bus safety training must receive the training or receive bus safety instructional materials by the end of the sixth week of school. Students taking driver's training instructional classes must receive training in the laws and proper procedures when operating a motor vehicle in the vicinity of a school bus as required by section 169.446, subdivisions 2 and 3. Students enrolled in kindergarten through grade 10 who enroll in a school after the second week of school and are transported by school bus and have not received training in their previous school district shall undergo school bus safety training or receive bus safety instructional materials within four weeks of the first day of attendance. Upon request of the superintendent of schools, the school transportation safety director in each district must certify to the superintendent that all students transported by school bus within the district have received the school bus safety training according to this section. Upon request of the superintendent of the school district where the nonpublic school is located, the principal or other chief administrator of each nonpublic school must certify to the school transportation safety director of the district in which the school is located that the school's students transported by school bus at public expense have received training according to this section.

(d) A district and a nonpublic school with students transported by school bus at public expense may provide kindergarten pupils with bus safety training before the first day of school.

~~(e) A district and a nonpublic school with students transported by school bus at public expense may also provide student safety education for bicycling and pedestrian safety, for students enrolled in kindergarten through grade 5.~~

~~(f)~~ (e) A district and a nonpublic school with students transported by school bus at public expense must make reasonable accommodations for the school bus safety training of pupils known to speak English as a second language and pupils with disabilities.

~~(g)~~ (f) The district and a nonpublic school with students transported by school bus at public expense must provide students enrolled in kindergarten through grade 3 school bus safety training twice during the school year.

~~(h)~~ (g) A district and a nonpublic school with students transported by school bus at public expense must conduct a school bus evacuation drill at least once during the school year.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 12. **[123B.935] ACTIVE TRANSPORTATION SAFETY TRAINING.**

Subdivision 1. **Training required.** (a) Each district must provide public school pupils enrolled in kindergarten through grade 3 with age-appropriate active transportation safety training. At a minimum, the training must include pedestrian safety, including crossing roads.

(b) Each district must provide public school pupils enrolled in grades 4 through 8 with age-appropriate active transportation safety training. At a minimum, the training must include:

(1) pedestrian safety, including crossing roads safely using the searching left, right, left for vehicles in traffic technique; and

(2) bicycle safety, including relevant traffic laws, use and proper fit of protective headgear, bicycle parts and safety features, and safe biking techniques.

(c) A nonpublic school may provide nonpublic school pupils enrolled in kindergarten through grade 8 with training as specified in paragraphs (a) and (b).

Subd. 2. **Deadlines.** (a) Students under subdivision 1, paragraph (a), who are enrolled during the first or second week of school and have not previously received active transportation safety training specified in that paragraph must receive the safety training by the end of the third week of school.

(b) Students under subdivision 1, paragraph (b), who are enrolled during the first or second week of school and have not previously received active transportation safety training specified in that paragraph must receive the safety training by the end of the sixth week of school.

(c) Students under subdivision 1, paragraph (a) or (b), who enroll in a school after the second week of school and have not received the appropriate active transportation safety training in their previous school district must undergo the training or receive active transportation safety instructional materials within four weeks of the first day of attendance.

(d) A district and a nonpublic school may provide kindergarten pupils with active transportation safety training before the first day of school.

Subd. 3. **Instruction.** (a) A district may provide active transportation safety training through distance learning.

(b) A district and a nonpublic school must make reasonable accommodations for the active transportation safety training of pupils known to speak English as a second language and pupils with disabilities.

Subd. 4. **Model program.** The commissioner of transportation must maintain a comprehensive collection of active transportation safety training materials that meets the requirements under this section.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 13. Minnesota Statutes 2022, section 151.37, subdivision 12, is amended to read:

Subd. 12. **Administration of opiate antagonists for drug overdose.** (a) A licensed physician, a licensed advanced practice registered nurse authorized to prescribe drugs pursuant to section

148.235, or a licensed physician assistant may authorize the following individuals to administer opiate antagonists, as defined in section 604A.04, subdivision 1:

- (1) an emergency medical responder registered pursuant to section 144E.27;
- (2) a peace officer as defined in section 626.84, subdivision 1, paragraphs (c) and (d);
- (3) correctional employees of a state or local political subdivision;
- (4) staff of community-based health disease prevention or social service programs;
- (5) a volunteer firefighter; ~~and~~

(6) a licensed school nurse or certified public health nurse employed by, or under contract with, a school board under section 121A.21; and

(7) transit rider investment program personnel authorized under section 473.4075.

(b) For the purposes of this subdivision, opiate antagonists may be administered by one of these individuals only if:

(1) the licensed physician, licensed physician assistant, or licensed advanced practice registered nurse has issued a standing order to, or entered into a protocol with, the individual; and

(2) the individual has training in the recognition of signs of opiate overdose and the use of opiate antagonists as part of the emergency response to opiate overdose.

(c) Nothing in this section prohibits the possession and administration of naloxone pursuant to section 604A.04.

Sec. 14. [160.2325] HIGHWAYS FOR HABITAT PROGRAM.

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

(b) "Integrated roadside vegetation management" means an approach to right-of-way maintenance that combines a variety of techniques based on sound ecological principles, which establish and maintain safe, healthy, and functional roadsides. Integrated roadside vegetation management includes but is not limited to judicious use of herbicides, spot mowing, biological control, prescribed burning, mechanical tree and brush removal, erosion prevention and treatment, and prevention and treatment of other right-of-way disturbances.

(c) "Program" means the highways for habitat program established in this section.

Subd. 2. **Program establishment.** The commissioner must establish a highways for habitat program to enhance roadsides with pollinator and other wildlife habitat and vegetative buffers.

Subd. 3. **Management standards.** (a) The commissioner, in consultation with native habitat biologists and ecologists, must develop standards and best management practices for integrated roadside vegetation management under the program.

(b) The standards and best management practices must, to the extent practicable, include:

(1) guidance on seed and vegetation selection based on the Board of Water and Soil Resources' native vegetation establishment and enhancement guidelines;

(2) requirements for roadside vegetation management protocols that avoid the use of pollinator lethal insecticides as defined under section 18H.02, subdivision 28a;

(3) practices that are designed to avoid habitat destruction and protect nesting birds, pollinators, and other wildlife, except as necessary to control noxious weeds as provided under section 160.23; and

(4) identification of appropriate right-of-way tracts for wildflower and native habitat establishment.

Subd. 4. **Legislative report.** (a) By January 15 of each odd-numbered year, the commissioner must submit a performance report on the program to the chairs and ranking minority members of the legislative committees having jurisdiction over transportation policy and finance. At a minimum, the report must include:

(1) information that details the department's progress on implementing the highways for habitat program;

(2) a fiscal review that identifies expenditures under the program; and

(3) an investment plan for each district of the department for the next biennium.

(b) The performance report must be reviewed by the department's chief engineer.

(c) This subdivision expires December 31, 2033.

Sec. 15. Minnesota Statutes 2022, section 160.262, subdivision 3, is amended to read:

Subd. 3. **Cooperation among agencies and governments.** (a) The departments and agencies on the active transportation advisory committee identified in section 174.375 must provide information and advice for the bikeway design guidelines maintained by the commissioner.

(b) The commissioner must provide technical assistance to local units of government in:

(1) local planning and development of bikeways;

(2) establishing connections to state bicycle routes; and

(3) implementing statewide bicycle plans maintained by the commissioner.

(c) The commissioner may cooperate with and enter into agreements with the United States government, any department of the state of Minnesota, any unit of local government, any tribal government, or any public or private corporation in order to effect the purposes of this section.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 16. Minnesota Statutes 2022, section 160.266, subdivision 1b, is amended to read:

Subd. 1b. **State bicycle routes.** The commissioner of transportation must identify state bicycle routes primarily on existing road right-of-way and trails. State bicycle routes must be identified in cooperation with road and trail authorities, including the commissioner of natural resources, and with the advice of the active transportation advisory committee under section 174.375. In a metropolitan area, state bicycle routes must be identified in coordination with the plans and priorities established by metropolitan planning organizations, as defined in United States Code, title 23, section 134.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 17. Minnesota Statutes 2022, section 160.266, subdivision 6, is amended to read:

Subd. 6. **Mississippi River Trail.** The Mississippi River Trail bikeway is designated as a state bicycle route. It must originate at Itasca State Park in Clearwater, Beltrami, and Hubbard Counties, then generally parallel the Mississippi River through the cities of Bemidji in Beltrami County, Grand Rapids in Itasca County, Brainerd in Crow Wing County, Little Falls in Morrison County, Sauk Rapids in Benton County, St. Cloud in Stearns County, Minneapolis in Hennepin County, St. Paul in Ramsey County, Hastings in Dakota County, Red Wing in Goodhue County, Wabasha in Wabasha County, Winona in Winona County, and La Crescent in Houston County to Minnesota's boundary with Iowa and there terminate. Where opportunities exist, the bikeway may be designated on both sides of the Mississippi River.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 18. Minnesota Statutes 2022, section 160.266, is amended by adding a subdivision to read:

Subd. 7. **Jim Oberstar Bikeway.** The Jim Oberstar Bikeway is designated as a state bicycle route. It must originate in the city of St. Paul in Ramsey County, then proceed north and east to Duluth in St. Louis County, then proceed north and east along the shore of Lake Superior through Grand Marais in Cook County to Minnesota's boundary with Canada, and there terminate.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 19. Minnesota Statutes 2022, section 161.045, subdivision 3, is amended to read:

Subd. 3. **Limitations on spending.** (a) A commissioner must not pay for any of the following with funds from the highway user tax distribution fund or the trunk highway fund:

- (1) Bureau of Criminal Apprehension laboratory;
- (2) Explore Minnesota Tourism kiosks;
- (3) Minnesota Safety Council;
- (4) driver education programs;
- (5) Emergency Medical Services Regulatory Board;

- (6) Mississippi River Parkway Commission;
- (7) payments to the Department of Information Technology Services in excess of actual costs incurred for trunk highway purposes;
- (8) personnel costs incurred on behalf of the governor's office;
- (9) the Office of Aeronautics within the Department of Transportation;
- (10) the Office of Transit and Active Transportation within the Department of Transportation;
- (11) the Office of Passenger Rail;
- (12) purchase and maintenance of soft body armor under section 299A.38;
- (13) tourist information centers;
- (14) parades, events, or sponsorships of events;
- (15) ~~rent and utility expenses for the department's central office building;~~
- ~~(16)~~ the installation, construction, expansion, or maintenance of public electric vehicle infrastructure;
- ~~(17)~~ (16) the statewide notification center for excavation services pursuant to chapter 216D; and
- ~~(18)~~ (17) manufacturing license plates.

(b) The prohibition in paragraph (a) includes all expenses for the named entity or program, including but not limited to payroll, purchased services, supplies, repairs, and equipment. This prohibition on spending applies to any successor entities or programs that are substantially similar to the entity or program named in this subdivision.

Sec. 20. Minnesota Statutes 2022, section 161.088, subdivision 1, is amended to read:

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

~~(b)~~ (b) "Beyond the project limits" means any point that is located:

~~(i)~~ (1) outside of the project limits;

~~(ii)~~ (2) along the same trunk highway; and

~~(iii)~~ (3) within the same region of the state;

~~(c)~~ (c) "City" means a statutory or home rule charter city;

(d) "Department" means the Department of Transportation.

(e) "Greater metropolitan county" means any of the counties of Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, and Wright.

~~(f)~~ (f) "Program" means the corridors of commerce program established in this section; and.

~~(g)~~ (g) "Project limits" means the estimated construction limits of a project for trunk highway construction, reconstruction, or maintenance, that is a candidate for selection under the corridors of commerce program.

(h) "Screening entity" means an area transportation partnership; the Metropolitan Council in consultation with the Transportation Advisory Board under section 473.146, subdivision 4; or a greater metropolitan county.

Sec. 21. Minnesota Statutes 2022, section 161.088, subdivision 2, is amended to read:

Subd. 2. **Program authority; funding.** (a) As provided in this section, the commissioner ~~shall~~ must establish a corridors of commerce program for trunk highway construction, reconstruction, and improvement, including maintenance operations, that improves commerce in the state.

(b) The commissioner may expend funds under the program from appropriations to the commissioner that are:

(1) made specifically by law for use under this section;

(2) at the discretion of the commissioner, made for the budget activities in the state roads program of operations and maintenance, program planning and delivery, or state road construction; and

(3) made for the corridor investment management strategy program, unless specified otherwise.

(c) The commissioner ~~shall~~ must include in the program the cost participation policy for local units of government.

(d) The commissioner may use up to 17 percent of any appropriation ~~to the program under this section~~ for program delivery and for project scoring, ranking, and selection under subdivision 5.

Sec. 22. Minnesota Statutes 2022, section 161.088, subdivision 4, is amended to read:

Subd. 4. **Project eligibility.** (a) The eligibility requirements for projects that can be funded under the program are:

(1) consistency with the statewide multimodal transportation plan under section 174.03;

(2) location of the project on ~~an interregional corridor~~ the national highway system, as provided under Code of Federal Regulations, title 23, part 470, and successor requirements, for a project located outside of the Department of Transportation metropolitan district;

(3) placement into at least one project classification under subdivision 3;

(4) project construction work will commence within ~~three~~ four years, ~~or a longer length of time as determined by the commissioner~~ except for readiness development projects funded under subdivision 4b; and

(5) for each type of project classification under subdivision 3, a maximum allowable amount for the total project cost estimate, as determined by the commissioner with available data; and

(6) determination of a total project cost estimate with a reasonable degree of accuracy, except for readiness development projects funded under subdivision 4b.

(b) A project whose construction is programmed in the state transportation improvement program is not eligible for funding under the program. This paragraph does not apply to a project that is programmed as result of selection under this section.

(c) A project may be, but is not required to be, identified in the 20-year state highway investment plan under section 174.03.

(d) For each project, the commissioner must consider all of the eligibility requirements under paragraph (a). The commissioner is prohibited from considering any eligibility requirement not specified under paragraph (a).

Sec. 23. Minnesota Statutes 2022, section 161.088, is amended by adding a subdivision to read:

Subd. 4a. **Project funding; regional balance.** (a) To ensure regional balance throughout the state, the commissioner must distribute all available funds under the program according to the following regional allocations:

(1) Metro Projects: at least 25 percent and no more than 27.5 percent of the funds are for projects that are located within, on, or directly adjacent to an area bounded by marked Interstate Highways 494 and 694;

(2) Metro Connector Projects: at least 35 percent and no more than 37.5 percent of the funds are for projects that:

(i) are not included in clause (1); and

(ii) are located wholly or primarily within a greater metropolitan county; and

(3) Regional Center Projects: at least 35 percent and no more than 40 percent of the funds are for projects that are not included in clause (1) or (2).

(b) The commissioner must calculate the percentages under paragraph (a) using total funds under the program over the current and prior two consecutive project selection rounds. The calculations must include readiness development projects funded under subdivision 4b.

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

Sec. 24. Minnesota Statutes 2022, section 161.088, is amended by adding a subdivision to read:

Subd. 4b. **Project funding; readiness development.** (a) The commissioner may allocate up to ten percent of funds available in each fiscal year for the following readiness advancement activities on a project: planning, scoping, predesign, preliminary engineering, and environmental analysis. Any share of funds not allocated by the commissioner to readiness advancement activities must be distributed to ranked projects in subdivision 4a.

(b) Funds under this subdivision are for project development sufficient to: (1) meet the eligibility requirements under subdivision 4, paragraph (a), clauses (4) and (6); and (2) provide for the scoring assessment under subdivision 5.

Sec. 25. Minnesota Statutes 2022, section 161.088, subdivision 5, is amended to read:

Subd. 5. **Project selection process; criteria.** (a) The commissioner must establish a process to identify, evaluate, and select projects under the program. The process must be consistent with the requirements of this subdivision and must not include any additional ~~evaluation~~ scoring criteria. The process must include phases as provided in this subdivision.

(b) ~~As part of the project selection process, the commissioner must annually accept recommendations on candidate projects from area transportation partnerships and other interested stakeholders in each Department of Transportation district. The commissioner must determine the eligibility for each candidate project identified under this paragraph. For each eligible project, the commissioner must classify and evaluate the project for the program, using all of the criteria established under paragraph (e).~~ **Phase 1: Project solicitation.** Following enactment of each law that makes additional funds available for the program, the commissioner must undertake a public solicitation of potential projects for consideration. The solicitation must be performed through an Internet recommendation process that allows for an interested party, including an individual, business, local unit of government, corridor group, or interest group, to submit a project for consideration.

(c) **Phase 2: Local screening and recommendations.** The commissioner must present the projects submitted during the open solicitation under Phase 1 to the appropriate screening entity where each project is located. A screening entity must:

(1) consider all of the submitted projects for its area;

(2) solicit input from members of the legislature who represent the area for project review, comment, and nonbinding approval or disapproval; and

(3) recommend projects to the commissioner for formal scoring, as provided in Phase 3.

(d) In addition to readiness development projects selected in paragraph (e), each screening entity may recommend the following number of projects to the commissioner:

(1) for area transportation partnerships, no more than three projects;

(2) for the Metropolitan Council in consultation with the Transportation Advisory Board, no more than four projects; and

(3) for each greater metropolitan county, no more than two projects.

(e) Each screening entity may select up to two additional projects to recommend to the commissioner for readiness development funding as provided under subdivision 4b.

(f) A screening entity may recommend a replacement project for one that the commissioner determines is ineligible under subdivision 4. Each recommendation must identify the comments and approvals or disapprovals provided by a member of the legislature.

(g) **Phase 3: Project scoring.** The commissioner must confirm project eligibility under subdivision 4 and perform a complete scoring assessment on each of the eligible projects recommended by the screening entities under Phase 2.

(h) Projects must be ~~evaluated~~ scored using all of the following criteria:

(1) a return on investment measure that provides for comparison across eligible projects;

(2) measurable impacts on commerce and economic competitiveness;

(3) efficiency in the movement of freight, including but not limited to:

(i) measures of annual average daily traffic and commercial vehicle miles traveled, which may include data near the project location on that trunk highway or on connecting trunk and local highways; and

(ii) measures of congestion or travel time reliability, which may be within or near the project limits, or both;

(4) improvements to traffic safety;

(5) connections to regional trade centers, local highway systems, and other transportation modes;

(6) the extent to which the project addresses multiple transportation system policy objectives and principles;

(7) support and consensus for the project among members of the surrounding community; and

(8) the time and work needed before construction may begin on the project; ~~and~~

~~(9) regional balance throughout the state.~~

The commissioner must give the criteria in clauses (1) to (8) equal weight in the ~~selection~~ scoring process. The commissioner may establish an alternative scoring assessment method for readiness development projects funded under subdivision 4b, which, to the extent practicable, must use the criteria specified in this paragraph.

~~(d) The list of all projects evaluated must be made public and must include the score of each project.~~

~~(e) As part of the project selection process, the commissioner may divide funding to be separately available among projects within each classification under subdivision 3, and may apply separate or modified criteria among those projects falling within each classification.~~

(i) **Phase 4: Project ranking and selection.** On completion of project scoring under Phase 3, the commissioner must develop a ranked list of projects based on total score, and must select projects in rank order for funding under the program, subject to subdivisions 4a and 4b. The commissioner must specify the amounts and known or anticipated sources of funding for each selected project.

(j) **Phase 5: Public information.** The commissioner must publish information regarding the selection process on the department's website. The information must include:

(1) lists of all projects submitted for consideration and all projects recommended by the screening entities;

(2) the scores and ranking for each project; and

(3) an overview of each selected project, with amounts and sources of funding.

(k) **Phase 6: Readiness development.** For project selection under Phase 4, if all selected projects from prior project selection rounds under Phase 4 are funded, the commissioner must select additional projects from projects that received readiness development advancement funds under subdivision 4b. If a project received readiness development advancement funds and does not have sufficient sources of funding identified, the commissioner must re-score the projects as provided under Phase 3 and include the project in Phase 4 in the next selection round.

Sec. 26. Minnesota Statutes 2022, section 161.14, subdivision 97, is amended to read:

Subd. 97. **Corporal Caleb L. Erickson Memorial Highway.** That segment of marked Trunk Highway 13 in Waseca County from the southern border of ~~Woodville~~ New Richland Township to the northern border of Blooming Grove Township is designated as "Corporal Caleb L. Erickson Memorial Highway." Subject to section 161.139, the commissioner must adopt a suitable design to mark this highway and erect appropriate signs.

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

Sec. 27. Minnesota Statutes 2022, section 161.14, is amended by adding a subdivision to read:

Subd. 103. **Deputy Josh Owen Memorial Overpass.** The overpass at the junction of marked Trunk Highway 29 and marked Trunk Highway 55 in Pope County is designated as "Deputy Josh Owen Memorial Overpass." Subject to section 161.139, the commissioner must adopt a suitable design to mark the overpass and erect appropriate signs.

Sec. 28. **[161.178] TRANSPORTATION GREENHOUSE GAS EMISSIONS IMPACT ASSESSMENT.**

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

(b) "Applicable entity" means the commissioner with respect to a capacity expansion project for inclusion in the state transportation improvement program or a metropolitan planning organization with respect to a capacity expansion project for inclusion in the appropriate metropolitan transportation improvement program.

(c) "Assessment" means the capacity expansion impact assessment under this section.

(d) "Capacity expansion project" means a project for trunk highway construction or reconstruction that:

(1) is a major highway project, as defined in section 174.56, subdivision 1, paragraph (b); and

(2) adds highway traffic capacity or provides for grade separation at an intersection, excluding auxiliary lanes with a length of less than 2,500 feet.

(e) "Greenhouse gas emissions" includes those emissions described in section 216H.01, subdivision 2.

Subd. 2. **Project assessment.** (a) Prior to inclusion of a capacity expansion project in the state transportation improvement program or a metropolitan transportation improvement program, the applicable entity must perform a capacity expansion impact assessment of the project. Following the assessment, the applicable entity must determine if the project conforms with:

(1) the greenhouse gas emissions reduction targets under section 174.01, subdivision 3; and

(2) the vehicle miles traveled reduction targets established in the statewide multimodal transportation plan under section 174.03, subdivision 1a.

(b) If the applicable entity determines that the capacity expansion project is not in conformance with paragraph (a), the applicable entity must:

(1) alter the scope or design of the project and perform a revised assessment that meets the requirements under this section;

(2) interlink sufficient impact mitigation as provided in subdivision 4; or

(3) halt project development and disallow inclusion of the project in the appropriate transportation improvement program.

Subd. 3. **Assessment requirements.** (a) The commissioner must establish a process to perform capacity expansion impact assessments. An assessment must provide for the determination under subdivision 2.

(b) Analysis under an assessment must include but is not limited to estimates resulting from the project for the following:

(1) greenhouse gas emissions over a period of 20 years; and

(2) a net change in vehicle miles traveled for the affected network.

Subd. 4. **Impact mitigation.** (a) To provide for impact mitigation, the applicable entity must interlink the capacity expansion project as provided in this subdivision.

(b) Impact mitigation is sufficient under subdivision 2, paragraph (b), if the capacity expansion project is interlinked to mitigation actions such that the total greenhouse gas emissions reduction

from the mitigation actions, after accounting for the greenhouse gas emissions otherwise resulting from the capacity expansion project, is consistent with meeting the targets specified under subdivision 2, paragraph (a). Each comparison under this paragraph must be performed over equal comparison periods.

(c) A mitigation action consists of a project, program, or operations modification in one or more of the following areas:

(1) transit expansion, including but not limited to regular route bus, arterial bus rapid transit, highway bus rapid transit, rail transit, and intercity passenger rail;

(2) transit service improvements, including but not limited to increased service level, transit fare reduction, and transit priority treatments;

(3) active transportation infrastructure;

(4) micromobility infrastructure and service, including but not limited to shared vehicle services;

(5) transportation demand management, including but not limited to vanpool and shared vehicle programs, remote work, and broadband access expansion;

(6) parking management, including but not limited to parking requirements reduction or elimination and parking cost adjustments;

(7) land use, including but not limited to residential and other density increases, mixed-use development, and transit-oriented development;

(8) infrastructure improvements related to traffic operations, including but not limited to roundabouts and reduced conflict intersections; and

(9) natural systems, including but not limited to prairie restoration, reforestation, and urban green space.

(d) A mitigation action may be identified as interlinked to the capacity expansion project if:

(1) there is a specified project, program, or modification;

(2) the necessary funding sources are identified and sufficient amounts are committed;

(3) the mitigation is localized as provided in subdivision 5; and

(4) procedures are established to ensure that the mitigation action remains in substantially the same form or a revised form that continues to meet the calculation under paragraph (b).

Subd. 5. **Impact mitigation; localization.** (a) A mitigation action under subdivision 4 must be localized in the following priority order:

(1) within or associated with at least one of the communities impacted by the capacity expansion project;

(2) if there is not a reasonably feasible location under clause (1), in areas of persistent poverty or historically disadvantaged communities, as measured and defined in federal law, guidance, and notices of funding opportunity;

(3) if there is not a reasonably feasible location under clauses (1) and (2), in the region of the capacity expansion project; or

(4) if there is not a reasonably feasible location under clauses (1) to (3), on a statewide basis.

(b) The applicable entity must include an explanation regarding the feasibility and rationale for each mitigation action located under paragraph (a), clauses (2) to (4).

Subd. 6. **Public information.** The commissioner must publish information regarding capacity expansion impact assessments on the department's website. The information must include:

(1) identification of capacity expansion projects; and

(2) for each project, a summary that includes an overview of the expansion impact assessment, the impact determination by the commissioner, and project disposition, including a review of any mitigation actions.

Subd. 7. **Safety and well-being.** The requirements of this section are in addition to and must not supplant the safety and well-being goals established under section 174.01, subdivision 2, clauses (1) and (2).

EFFECTIVE DATE; APPLICATION. This section is effective February 1, 2025. This section does not apply to a capacity expansion project that was either included in the state transportation improvement program or has been submitted for approval of the geometric layout before February 1, 2025.

Sec. 29. Minnesota Statutes 2022, section 161.45, subdivision 1, is amended to read:

Subdivision 1. **Rules.** (a) Electric transmission, telephone, or telegraph lines; pole lines; community antenna television lines; railways; ditches; sewers; water, heat, or gas mains; gas and other pipelines; flumes; or other structures which, under the laws of this state or the ordinance of any city, may be constructed, placed, or maintained across or along any trunk highway, or the roadway thereof, by any person, persons, corporation, or any subdivision of the state, may be so maintained or hereafter constructed only in accordance with such rules as may be prescribed by the commissioner who shall have power to prescribe and enforce reasonable rules with reference to the placing and maintaining along, across, or in any such trunk highway of any of the utilities hereinbefore set forth.

(b) Except as necessary to protect public safety or ensure the proper function of the trunk highway, including future expansions, the rules prescribed by the commissioner under paragraph (a) must not prohibit an entity from placing and maintaining electric transmission lines along, across, or in any trunk highway if the entity:

(1) has a right to use the public road right-of-way pursuant to section 222.37, subdivision 1;

(2) has a power purchase agreement or an agreement to transfer ownership with a Minnesota utility that directly, or through its members and agents, provides retail electric service in the state; and

(3) obtains a permit from the commissioner.

(c) The commissioner must decide whether to issue a permit to an entity within 60 days of receiving the entity's request.

(d) Nothing herein shall restrict the actions of public authorities in extraordinary emergencies nor restrict the power and authority of the commissioner of commerce as provided for in other provisions of law. Provided, however, that in the event any local subdivision of government has enacted ordinances relating to the method of installation or requiring underground installation of such community antenna television lines, the permit granted by the commissioner of transportation shall require compliance with such local ordinance.

Sec. 30. Minnesota Statutes 2022, section 161.45, subdivision 2, is amended to read:

Subd. 2. **Relocation of utility.** Whenever the relocation of any utility facility is necessitated by the construction of a project on a trunk highway route ~~other than those described in section 161.46, subdivision 2 route~~, the relocation work may be made a part of the state highway construction contract or let as a separate contract as provided by law if the owner or operator of the facility requests the commissioner to act as its agent for the purpose of relocating the facilities and if the commissioner determines that such action is in the best interests of the state. Payment by the utility owner or operator to the state shall be in accordance with applicable statutes and the rules for utilities on trunk highways.

Sec. 31. Minnesota Statutes 2022, section 161.46, subdivision 2, is amended to read:

Subd. 2. **Relocation of facilities; reimbursement.** (a) Whenever the commissioner shall determine the relocation of any utility facility is necessitated by the construction of a project on the routes of federally aided state trunk highways, including urban extensions thereof, which routes are included within the National System of Interstate Highways, the owner or operator of such utility facility shall relocate the same in accordance with the order of the commissioner. After the completion of such relocation the cost thereof shall be ascertained and paid by the state out of trunk highway funds; provided, however, the amount to be paid by the state for such reimbursement shall not exceed the amount on which the federal government bases its reimbursement for said interstate system.

(b) Notwithstanding paragraph (a), on or after January 1, 2024, any entity that receives a route permit under chapter 216E for a high-voltage transmission line necessary to interconnect an electric power generating facility is not eligible for relocation reimbursement unless the entity directly, or through its members or agents, provides retail electric service in this state.

Sec. 32. Minnesota Statutes 2022, section 161.53, is amended to read:

161.53 RESEARCH ACTIVITIES.

(a) The commissioner may set aside in each fiscal year up to two percent of the total amount of all funds appropriated to the commissioner other than county state-aid and municipal state-aid

highway funds for transportation research including public and private research partnerships. The commissioner shall spend this money for (1) research to improve the design, construction, maintenance, management, and environmental compatibility of transportation systems, including research into and implementation of innovations in bridge-monitoring technology and bridge inspection technology; bridge inspection techniques and best practices; and the cost-effectiveness of deferred or lower cost highway and bridge design and maintenance activities and their impacts on long-term trunk highway costs and maintenance needs; (2) research on transportation policies that enhance energy efficiency and economic development; (3) programs for implementing and monitoring research results; and (4) development of transportation education and outreach activities.

(b) Of all funds appropriated to the commissioner other than state-aid funds, the commissioner shall spend at least 0.1 percent, ~~but not exceeding \$2,000,000 in any fiscal year,~~ for research and related activities performed by the Center for Transportation Studies of the University of Minnesota. The center shall establish a technology transfer and training center for Minnesota transportation professionals.

Sec. 33. Minnesota Statutes 2022, section 162.145, subdivision 2, is amended to read:

Subd. 2. **Small cities assistance account.** A small cities assistance account is created in the special revenue fund. The account consists of ~~funds as provided by law, and any other~~ money donated, allotted, transferred, or otherwise provided to the account. Money in the account is annually appropriated to the commissioner of transportation and may only be expended as provided under this section.

Sec. 34. Minnesota Statutes 2022, section 162.145, subdivision 3, is amended to read:

Subd. 3. **Administration.** (a) ~~Subject to funds made available by law,~~ The commissioner must allocate all funds in the small cities assistance account as provided in subdivision 4 and must, by June 1, certify to the commissioner of revenue the amounts to be paid.

(b) Following certification from the commissioner, the commissioner of revenue must distribute the specified funds to cities in the same manner as local government aid under chapter 477A. An appropriation to the commissioner under this section is available to the commissioner of revenue for the purposes specified in this paragraph.

(c) Notwithstanding other law to the contrary, in order to receive distributions under this section, a city must conform to the standards in section 477A.017, subdivision 2. A city that receives funds under this section must make and preserve records necessary to show that the funds are spent in compliance with subdivision 5.

Sec. 35. Minnesota Statutes 2022, section 162.145, subdivision 4, is amended to read:

Subd. 4. **Distribution formula.** (a) ~~In each fiscal year in which funds are available under this section, the commissioner shall allocate funds to eligible cities.~~

~~(b)~~ (a) The preliminary aid to each city is calculated as follows:

(1) five percent of funds allocated equally among all eligible cities;

(2) 35 percent of funds allocated proportionally based on each city's share of lane miles of municipal streets compared to total lane miles of municipal streets of all eligible cities;

(3) 35 percent of funds allocated proportionally based on each city's share of population compared to total population of all eligible cities; and

(4) 25 percent of funds allocated proportionally based on each city's share of state-aid adjustment factor compared to the sum of state-aid adjustment factors of all eligible cities.

~~(e)~~ (b) The final aid to each city is calculated as the lesser of:

(1) the preliminary aid to the city multiplied by an aid factor; or

(2) the maximum aid.

~~(d)~~ (c) The commissioner shall set the aid factor under paragraph ~~(e)~~ (b), which must be the same for all eligible cities, so that the total funds allocated under this subdivision equals the total amount available for the fiscal year.

Sec. 36. [168.1258] "LIONS CLUBS INTERNATIONAL" PLATES.

Subdivision 1. **Issuance of plates.** The commissioner must issue "Lions Clubs International" special plates or a single motorcycle plate to an applicant who:

(1) is a registered owner of a passenger automobile, noncommercial one-ton pickup truck, motorcycle, or recreational vehicle;

(2) pays a fee in the amount specified under section 168.12, subdivision 5, along with any other fees required by this chapter;

(3) pays the registration tax as required under section 168.013;

(4) contributes a minimum of \$25 upon initial application and \$5 annually to the Lions Clubs International account; and

(5) complies with this chapter and rules governing registration of motor vehicles and licensing of drivers.

Subd. 2. **Design.** The commissioner must adopt a suitable plate design that includes the recognized emblem of Lions Clubs International and the inscription "We Serve."

Subd. 3. **Plates transfer.** On application to the commissioner and payment of a transfer fee of \$5, special plates issued under this section may be transferred to another motor vehicle if the subsequent vehicle is:

(1) qualified under subdivision 1, clause (1), to bear the special plates; and

(2) registered to the same individual to whom the special plates were originally issued.

Subd. 4. **Exemption.** Special plates issued under this section are not subject to section 168.1293, subdivision 2.

Subd. 5. **Contributions; account; appropriation.** Contributions collected under subdivision 1, clause (4), must be deposited in the Lions Clubs International account, which is established in the special revenue fund. Money in the account is annually appropriated to the commissioner of public safety. This appropriation is first for the annual cost of administering the account funds, and the remaining funds are for distribution to Lions Clubs International to further the organization's mission of service, fellowship, diversity, integrity, and leadership.

EFFECTIVE DATE. This section is effective January 1, 2024, for "Lions Clubs International" special plates issued on or after that date.

Sec. 37. **[168.1259] MINNESOTA PROFESSIONAL SPORTS TEAM FOUNDATION PLATES.**

Subdivision 1. **Definition.** For purposes of this section, "Minnesota professional sports team" means one of the following teams while its home stadium is located in Minnesota: Minnesota Vikings, Minnesota Timberwolves, Minnesota Lynx, Minnesota Wild, Minnesota Twins, or Minnesota United.

Subd. 2. **General requirements and procedures.** (a) The commissioner must issue Minnesota professional sports team foundation plates to an applicant who:

(1) is a registered owner of a passenger automobile, noncommercial one-ton pickup truck, motorcycle, or recreational vehicle;

(2) pays an additional fee in the amount specified for special plates under section 168.12, subdivision 5;

(3) pays the registration tax required under section 168.013;

(4) pays the fees required under this chapter;

(5) contributes a minimum of \$30 annually to the professional sports team foundations account; and

(6) complies with this chapter and rules governing registration of motor vehicles and licensing of drivers.

(b) Minnesota professional sports team foundation plates may be personalized according to section 168.12, subdivision 2a.

Subd. 3. **Design.** At the request of a Minnesota professional sports team's foundation, the commissioner must, in consultation with the foundation, adopt a suitable plate design incorporating the foundation's marks and colors. The commissioner may design a single plate that incorporates the marks and colors of all foundations that have requested a plate.

Subd. 4. **Plate transfers.** On application to the commissioner and payment of a transfer fee of \$5, special plates issued under this section may be transferred to another motor vehicle if the subsequent vehicle is:

(1) qualified under subdivision 2, clause (1), to bear the special plates; and

(2) registered to the same individual to whom the special plates were originally issued.

Subd. 5. **Contributions; account; appropriation.** Contributions collected under subdivision 2, paragraph (a), clause (5), must be deposited in the Minnesota professional sports team foundations account, which is established in the special revenue fund. Money in the account is appropriated to the commissioner of public safety. This appropriation is first for the annual cost of administering the account funds, and the remaining funds are for distribution to the foundations in proportion to the total number of Minnesota professional sports team foundation plates issued for that year. Proceeds from a plate that includes the marks and colors of all foundations must be divided evenly between all foundations. The foundations must only use the proceeds for philanthropic or charitable purposes.

EFFECTIVE DATE. This section is effective January 1, 2024, for Minnesota professional sports team foundation special plates issued on or after that date.

Sec. 38. **[168.1287] MINNESOTA BLACKOUT PLATES.**

Subdivision 1. **Issuance of plates.** The commissioner must issue blackout special license plates or a single motorcycle plate to an applicant who:

(1) is a registered owner of a passenger automobile, noncommercial one-ton pickup truck, motorcycle, or recreational vehicle;

(2) pays an additional fee in the amount specified for special plates under section 168.12, subdivision 5;

(3) pays the registration tax as required under section 168.013;

(4) pays the fees required under this chapter;

(5) contributes a minimum of \$30 annually to the driver and vehicle services operating account; and

(6) complies with this chapter and rules governing registration of motor vehicles and licensing of drivers.

Subd. 2. **Design.** The commissioner must adopt a suitable plate design that includes a black background with white text.

Subd. 3. **Plates transfer.** On application to the commissioner and payment of a transfer fee of \$5, special plates issued under this section may be transferred to another motor vehicle if the subsequent vehicle is:

(1) qualified under subdivision 1, clause (1), to bear the special plates; and

(2) registered to the same individual to whom the special plates were originally issued.

Subd. 4. **Exemption.** Special plates issued under this section are not subject to section 168.1293, subdivision 2.

Subd. 5. **Contributions; account.** Contributions collected under subdivision 1, clause (5), must be deposited in the driver and vehicle services operating account under section 299A.705.

EFFECTIVE DATE. This section is effective January 1, 2024, for blackout special plates issued on or after that date.

Sec. 39. **[168.1288] MINNESOTA MISSING AND MURDERED INDIGENOUS RELATIVES PLATES.**

Subdivision 1. **Issuance of plates.** The commissioner must issue Minnesota missing and murdered Indigenous relatives special license plates or a single motorcycle plate to an applicant who:

(1) is a registered owner of a passenger automobile, noncommercial one-ton pickup truck, motorcycle, or recreational vehicle;

(2) pays an additional fee in the amount specified for special plates under section 168.12, subdivision 5;

(3) pays the registration tax as required under section 168.013;

(4) pays the fees required under this chapter;

(5) contributes a minimum of \$25 annually to the Minnesota missing and murdered Indigenous relatives account; and

(6) complies with this chapter and rules governing registration of motor vehicles and licensing of drivers.

Subd. 2. **Design.** In consultation with the Office of Missing and Murdered Indigenous Relatives, the commissioner must adopt a suitable plate design that includes a red handprint to one side, a partial ribbon skirt toward the bottom corner, and reads "Missing and Murdered Indigenous Relatives" or "MMIR."

Subd. 3. **Plates transfer.** On application to the commissioner and payment of a transfer fee of \$5, special plates issued under this section may be transferred to another motor vehicle if the subsequent vehicle is:

(1) qualified under subdivision 1, clause (1), to bear the special plates; and

(2) registered to the same individual to whom the special plates were originally issued.

Subd. 4. **Exemption.** Special plates issued under this section are not subject to section 168.1293, subdivision 2.

Subd. 5. **Contributions; account; appropriation.** Contributions collected under subdivision 1, clause (5), must be deposited in the Minnesota missing and murdered Indigenous relatives account, which is established in the special revenue fund. Money in the account is annually appropriated to the commissioner of public safety. This appropriation is first for the annual cost of administering the account funds, and the remaining funds are for distribution to the Office of Missing and Murdered

Indigenous Relatives for investigation of unsolved cases and to establish a reward fund for information relating to missing and murdered Indigenous relatives.

EFFECTIVE DATE. This section is effective January 1, 2024, for Minnesota missing and murdered Indigenous relatives special plates issued on or after that date.

Sec. 40. Minnesota Statutes 2022, section 168.27, subdivision 31, is amended to read:

Subd. 31. **Documentary fee.** (a) A motor vehicle dealer may not charge a documentary fee or document administration fee in excess of the amounts provided under paragraph (b) for services actually rendered to, for, or on behalf of the retail buyer or lessee to prepare, handle, and process documents for the closing of a motor vehicle retail sale or lease of a vehicle being registered in the state of Minnesota. The fee must be separately stated on the sales agreement maintained under Minnesota Rules, part 7400.5200, and may be excluded from the dealer's advertised price.

(b) For motor vehicle sales or leases made on or after July 1, ~~2017~~ 2023, through June 30, ~~2020~~ 2024, the maximum fee is ~~\$100~~ the lesser of \$200 or an amount equal to ten percent of the value of the sale or lease. For motor vehicle sales or leases made on or after July 1, ~~2020~~ 2024, through June 30, ~~2025~~, the maximum fee is ~~\$125~~ the lesser of \$275 or an amount equal to ten percent of the value of the sale or lease. For motor vehicle sales or leases made on or after July 1, 2025, the maximum fee is the lesser of \$350 or an amount equal to ten percent of the value of the sale or lease.

(c) "Documentary fee" and "document administration fee" do not include an optional electronic transfer fee as defined under section 53C.01, subdivision 14.

EFFECTIVE DATE. This section is effective for motor vehicle sales and leases made on or after July 1, 2023.

Sec. 41. Minnesota Statutes 2022, section 168.326, is amended to read:

168.326 EXPEDITED DRIVER AND VEHICLE SERVICES; FEE.

(a) When an applicant requests and pays an expedited service fee of \$20, in addition to other specified and statutorily mandated fees and taxes, the commissioner shall expedite the processing of an application for a driver's license, driving instruction permit, Minnesota identification card, or vehicle title transaction.

(b) A driver's license agent or deputy registrar may retain \$10 of the expedited service fee for each expedited service request processed by the licensing agent or deputy registrar.

(c) When expedited service is requested, materials must be mailed or delivered to the requester within three days of receipt of the expedited service fee excluding Saturdays, Sundays, or the holidays listed in section 645.44, subdivision 5. The requester shall comply with all relevant requirements of the requested document.

(d) The commissioner may decline to accept an expedited service request if it is apparent at the time it is made that the request cannot be granted.

(e) The expedited service fees collected under this section ~~for an application for a driver's license, driving instruction permit, or Minnesota identification card~~ minus any portion retained by a licensing

agent or deputy registrar under paragraph (b) must be paid into the driver and vehicle services operating account ~~in the special revenue fund specified under section 299A.705.~~

~~(f) The expedited service fees collected under this section for a transaction for a vehicle service minus any portion retained by a licensing agent or deputy registrar under paragraph (b) must be paid into the vehicle services operating account in the special revenue fund specified under section 299A.705.~~

Sec. 42. Minnesota Statutes 2022, section 169.011, subdivision 27, is amended to read:

Subd. 27. **Electric-assisted bicycle.** "Electric-assisted bicycle" means a bicycle with two or three wheels that:

(1) has a saddle and fully operable pedals for human propulsion;

(2) meets the requirements for bicycles under Code of Federal Regulations, title 16, part 1512, or successor requirements;

(3) is equipped with an electric motor that has a power output of not more than 750 watts; ~~and~~

(4) meets the requirements of a class 1, class 2, or class 3 electric-assisted bicycle; and

(5) has a battery or electric drive system that has been tested to an applicable safety standard by a third-party testing laboratory.

Sec. 43. [169.065] SAFE ROAD ZONES.

Subdivision 1. **Definition.** For purposes of this section, "local request" means a formal request collectively submitted by the chief law enforcement officer of a political subdivision serving the proposed safe road zone, the local road authority for the proposed safe road zone, and the chief executive officer, board, or designee by resolution of the political subdivision encompassing the proposed safe road zone.

Subd. 2. **Establishment.** (a) The commissioner may designate a safe road zone as provided in this section.

(b) Upon receipt of a local request, the commissioner, in consultation with the commissioner of public safety, must consider designating a segment of a street or highway as a safe road zone. In determining the designation of a safe road zone, the commissioner must evaluate traffic safety concerns for the street or highway, including but not limited to: excessive speed; crash history; safety of pedestrians, bicyclists, or other vulnerable road users; intersection risks; and roadway design.

Subd. 3. **Implementation.** The Advisory Council on Traffic Safety under section 4.076 must make recommendations to the commissioners of public safety and transportation on supporting the local authority with implementation of safety measures for each safe road zone through education, public awareness, behavior modification, and traffic engineering efforts. Safety measures for a safe road zone may include:

(1) providing safe road zone signs to the local authority for use in the zone;

- (2) consulting with the local authority on roadway design modifications to improve safety;
- (3) performing statewide safe road zone public awareness and educational outreach;
- (4) providing safe road zone outreach materials to the local authority for distribution to the general public;
- (5) working with the local authority to enhance safety conditions in the zone;
- (6) establishing a speed limit as provided under section 169.14, subdivision 5i, with supporting speed enforcement and education measures; and
- (7) evaluating the impacts of safety measures in the zone on: crashes; injuries and fatalities; property damage; transportation system disruptions; safety for vulnerable roadway users, including pedestrians and bicyclists; and other measures as identified by the commissioner.

Subd. 4. **Traffic enforcement.** The commissioner of public safety must coordinate with local law enforcement agencies to determine implementation of enhanced traffic enforcement in a safe road zone designated under this section.

Subd. 5. **Program information.** The commissioner of transportation must maintain information on a website that summarizes safe road zone implementation, including but not limited to identification of requests for and designations of safe road zones, an overview of safety measures and traffic enforcement activity, and a review of annual expenditures.

Sec. 44. Minnesota Statutes 2022, section 169.14, is amended by adding a subdivision to read:

Subd. 5i. **Speed limits in safe road zone.** (a) Upon request by the local authority, the commissioner may establish a temporary or permanent speed limit in a safe road zone designated under section 169.065, other than the limits provided in subdivision 2, based on an engineering and traffic investigation.

(b) The speed limit under this subdivision is effective upon the erection of appropriate signs designating the speed and indicating the beginning and end of the segment on which the speed limit is established. Any speed in excess of the posted limit is unlawful.

Sec. 45. Minnesota Statutes 2022, section 169.18, subdivision 11, is amended to read:

Subd. 11. **Passing parked authorized vehicle; citation; probable cause.** (a) For purposes of this subdivision, "authorized vehicle" means an authorized emergency vehicle, as defined under section 169.011, subdivision 3; a tow truck or towing vehicle, as defined under section 168B.011, subdivision 12a; a freeway service patrol vehicle; a road maintenance vehicle; a utility company vehicle; a construction vehicle; a postal service vehicle; a solid waste vehicle; or a recycling vehicle.

(b) When approaching and before passing an authorized vehicle with its emergency, flashing, or warning lights activated that is parked or otherwise stopped on or next to a street or highway having two lanes in the same direction, the driver of a vehicle ~~shall~~ must safely move the vehicle to the lane farthest away from the authorized vehicle, if it is possible to do so.

(c) When approaching and before passing an authorized vehicle with its emergency, flashing, or warning lights activated that is parked or otherwise stopped on or next to a street or highway having more than two lanes in the same direction, the driver of a vehicle ~~shall~~ must safely move the vehicle so as to leave a full lane vacant between the driver and any lane in which the authorized vehicle is completely or partially parked or otherwise stopped, if it is possible to do so.

(d) If a lane change under paragraph (b) or (c) is impossible, or when approaching and before passing an authorized vehicle with its emergency, flashing, or warning lights activated that is parked or otherwise stopped on or next to a street or highway having only one lane in the same direction, the driver of a vehicle must reduce the speed of the motor vehicle to a speed that is reasonable and prudent under the conditions until the motor vehicle has completely passed the parked or stopped authorized vehicle, if it is possible to do so.

(e) A peace officer may issue a citation to the driver of a motor vehicle if the peace officer has probable cause to believe that the driver has operated the vehicle in violation of this subdivision within the four-hour period following the termination of the incident or a receipt of a report under paragraph (f). The citation may be issued even though the violation was not committed in the presence of the peace officer.

(f) Although probable cause may be otherwise satisfied by other evidentiary elements or factors, probable cause is sufficient for purposes of this subdivision when the person cited is operating the vehicle described by a member of the crew of an authorized emergency vehicle or a towing vehicle as defined in section 168B.011, subdivision 12a, responding to an incident in a timely report of the violation of this subdivision, which includes a description of the vehicle used to commit the offense and the vehicle's license plate number. For the purposes of issuance of a citation under paragraph (e), "timely" means that the report must be made within a four-hour period following the termination of the incident.

Sec. 46. Minnesota Statutes 2022, section 169.18, is amended by adding a subdivision to read:

Subd. 11a. **Passing stalled or disabled vehicle.** (a) For purposes of this subdivision, "stalled vehicle" means any motor vehicle that is disabled, parked, inoperable, or otherwise stopped on or next to a street or highway.

(b) When approaching and before passing a stalled vehicle with either its hazard lights activated or people visibly present outside the vehicle on or next to a street or highway having two lanes in the same direction, the driver of a vehicle must, if it is possible to do so, safely move the vehicle to the lane farthest away from the stalled vehicle.

(c) When approaching and before passing a stalled vehicle with either its hazard lights activated or people visibly present outside the vehicle on or next to a street having two or more lanes in the same direction, the driver of a vehicle must, if it is possible to do so, safely move the vehicle so as to leave a full lane vacant between the driver and any lane in which the stalled vehicle is completely or partially parked or otherwise stopped.

(d) If a lane change under paragraph (b) or (c) is impossible when approaching and before passing a stalled vehicle with either its hazard lights activated or people visibly present outside the vehicle on or next to a street or highway having only one lane in the same direction, the driver of a vehicle must reduce the speed of the motor vehicle to a speed that is reasonable and prudent under

the conditions until the motor vehicle has completely passed the stalled vehicle, if it is possible to do so.

EFFECTIVE DATE. This section is effective July 1, 2023, and applies to violations committed on or after that date.

Sec. 47. Minnesota Statutes 2022, section 169.222, subdivision 4, is amended to read:

Subd. 4. **Riding rules.** (a) Every person operating a bicycle ~~upon a roadway shall~~ on a road must ride as close as practicable to the right-hand curb or edge of the roadway except under any of the following situations road as the bicycle operator determines is safe. A person operating a bicycle is not required to ride as close to the right-hand curb or edge when:

(1) ~~when~~ overtaking and passing another vehicle proceeding in the same direction;

(2) ~~when~~ preparing for a left turn at an intersection or into a private road or driveway;

(3) ~~when~~ reasonably necessary to avoid conditions that make it unsafe to continue along the right-hand curb or edge, including fixed or moving objects, vehicles, pedestrians, animals, surface hazards, or ~~narrow width~~ narrow-width lanes, that make it unsafe to continue along the right-hand curb or edge; or;

(4) ~~when~~ operating on the shoulder of a roadway or in a bicycle lane; or

(5) operating in a right-hand turn lane before entering an intersection.

(b) If a bicycle is traveling on a shoulder of a roadway, the bicycle ~~shall~~ operator must travel in the same direction as adjacent vehicular traffic.

(c) Persons riding bicycles upon a roadway or shoulder ~~shall~~ must not ride more than two abreast and ~~shall not impede the normal and reasonable movement of traffic and~~, on a laned roadway, shall ride within a single lane.

(d) A person operating a bicycle upon a sidewalk, or across a roadway or shoulder on a crosswalk, ~~shall~~ must yield the right-of-way to any pedestrian and ~~shall~~ give an audible signal when necessary before overtaking and passing any pedestrian. ~~No~~ A person shall ~~must not~~ ride a bicycle upon a sidewalk within a business district unless permitted by local authorities. Local authorities may prohibit the operation of bicycles on any sidewalk or crosswalk under their jurisdiction.

(e) An individual operating a bicycle or other vehicle on a bikeway ~~shall~~ must (1) give an audible signal a safe distance prior to overtaking a bicycle or individual, (2) leave a safe clearance distance when overtaking a bicycle or individual proceeding in the same direction on the bikeway, and ~~shall~~ (3) maintain clearance until safely past the overtaken bicycle or individual.

(f) Notwithstanding section 169.06, subdivision 4, a bicycle operator may cross an intersection proceeding from the leftmost one-third of a dedicated right-hand turn lane without turning right.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 48. Minnesota Statutes 2022, section 169.222, is amended by adding a subdivision to read:

Subd. 4a. **Stopping requirements.** (a) For purposes of this subdivision, "in the vicinity" means located in an intersection or approaching an intersection in a manner that constitutes a hazard of collision during the time that a bicycle operator would occupy the intersection.

(b) A bicycle operator who approaches a stop sign must slow to a speed that allows for stopping before entering the intersection or the nearest crosswalk. Notwithstanding subdivision 1 and section 169.06, subdivision 4, if there is not a vehicle in the vicinity, the operator may make a turn or proceed through the intersection without stopping.

(c) Nothing in this subdivision alters the right-of-way requirements under section 169.20. The provisions under this subdivision do not apply when traffic is controlled by a peace officer or a person authorized to control traffic under section 169.06.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 49. Minnesota Statutes 2022, section 169.345, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) For the purpose of section 168.021 and this section, the following terms have the meanings given them in this subdivision.

(b) "Health professional" means a licensed physician, licensed physician assistant, advanced practice registered nurse, licensed physical therapist, or licensed chiropractor.

(c) "Long-term certificate" means a certificate issued for a period greater than 12 months but not greater than 71 months.

(d) "Organization certificate" means a certificate issued to an entity other than a natural person for a period of three years.

(e) "Permit" refers to a permit that is issued for a period of 30 days, in lieu of the certificate referred to in subdivision 3, while the application is being processed.

(f) "Physically disabled person" means a person who:

(1) because of disability cannot walk without significant risk of falling;

(2) because of disability cannot walk 200 feet without stopping to rest;

(3) because of disability cannot walk without the aid of another person, a walker, a cane, crutches, braces, a prosthetic device, or a wheelchair;

(4) is restricted by a respiratory disease to such an extent that the person's forced (respiratory) expiratory volume for one second, when measured by spirometry, is less than one liter;

(5) has an arterial oxygen tension (PaO₂) of less than 60 mm/Hg on room air at rest;

(6) uses portable oxygen;

(7) has a cardiac condition to the extent that the person's functional limitations are classified in severity as class III or class IV according to standards set by the American Heart Association;

(8) has lost an arm or a leg and does not have or cannot use an artificial limb; ~~or~~

(9) has a disability that would be aggravated by walking 200 feet under normal environmental conditions to an extent that would be life threatening; or

(10) is legally blind.

(g) A pregnant person experiencing any of the conditions described in paragraph (f) is eligible for parking privileges pursuant to this section.

~~(g)~~ (h) "Short-term certificate" means a certificate issued for a period greater than six months but not greater than 12 months.

~~(h)~~ (i) "Six-year certificate" means a certificate issued for a period of six years.

~~(i)~~ (j) "Temporary certificate" means a certificate issued for a period not greater than six months.

Sec. 50. Minnesota Statutes 2022, section 169.475, subdivision 2, is amended to read:

Subd. 2. **Prohibition on use; penalty.** (a) Except as provided in subdivision 3, when a motor vehicle is in motion or a part of traffic, the person operating the vehicle upon a street or highway is prohibited from:

(1) holding a wireless communications device with one or both hands; or

(2) using a wireless communications device to:

~~(1)~~ (i) initiate, compose, send, retrieve, or read an electronic message;

~~(2)~~ (ii) engage in a cellular phone call, including initiating a call, talking or listening, and participating in video calling; and

~~(3)~~ (iii) access the following types of content stored on the device: video content, audio content, images, games, or software applications.

(b) A person who violates paragraph (a) a second or subsequent time must pay a fine of \$275.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to violations committed on or after that date.

Sec. 51. Minnesota Statutes 2022, section 169.475, subdivision 3, is amended to read:

Subd. 3. **Exceptions.** (a) The prohibitions in subdivision 2 do not apply if a person uses a wireless communications device:

(1) solely in a voice-activated or hands-free mode to (i) initiate or participate in a cellular phone call, provided that the person does not hold the device with one or both hands; or ~~to~~ (ii) initiate, compose, send, or listen to an electronic message;

(2) to view or operate a global positioning system or navigation system in a manner that does not require the driver to type while the vehicle is in motion or a part of traffic, provided that the person does not hold the device with one or both hands;

(3) to listen to audio-based content in a manner that does not require the driver to scroll or type while the vehicle is in motion or a part of traffic, provided that the person does not hold the device with one or both hands;

(4) to obtain emergency assistance to (i) report a traffic accident, medical emergency, or serious traffic hazard, or (ii) prevent a crime about to be committed;

(5) in the reasonable belief that a person's life or safety is in immediate danger; or

(6) in an authorized emergency vehicle while in the performance of official duties.

(b) The exception in paragraph (a), clause (1), does not apply to accessing nonnavigation video content, engaging in video calling, engaging in live-streaming, accessing gaming data, or reading electronic messages.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to violations committed on or after that date.

Sec. 52. Minnesota Statutes 2022, section 169.8261, is amended to read:

169.8261 GROSS WEIGHT LIMITATIONS; FOREST PRODUCTS SPECIAL PERMIT.

Subdivision 1. **Exemption Definition.** ~~(a)~~ For purposes of this section, "raw or unfinished forest products" include wood chips, paper, pulp, oriented strand board, laminated strand lumber, hardboard, treated lumber, untreated lumber, or barrel staves.

~~(b) In compliance with this section, a person may operate a vehicle or combination of vehicles to haul raw or unfinished forest products by the most direct route to the nearest paved highway on any highway with gross weights permitted under sections 169.823 to 169.829.~~

Subd. 1a. Six-axle and over-width vehicle permit. ~~(a)~~ A road authority may issue an annual permit authorizing a vehicle or combination of vehicles with a total of six or more axles to haul raw or unfinished forest products by the most direct route to the nearest paved highway on any highway with gross weights permitted under sections 169.823 to 169.829 and be operated with:

(1) a gross vehicle weight of up to:

(i) 90,000 pounds; and

(ii) 99,000 pounds during the period set by the commissioner under section 169.826, subdivision 1; and

(2) a total outside width of the vehicle or the load that does not exceed 114 inches.

(b) In addition to the conditions in subdivision 2, a vehicle or combination of vehicles that is operated with a permit under this subdivision and transporting a load that exceeds 108 inches must:

(1) display red or orange flags, 18 inches square, as markers at the front and rear and on both sides of the load; and

(2) not be operated on any road in a metropolitan county, as defined in section 473.121, subdivision 4.

(c) A vehicle or combination of vehicles with a permit under this subdivision may only be operated on an interstate highway:

(1) as provided under United States Code, title 23, section 127(q), for operation on the specified segment of marked Interstate Highway 35; or

(2) if the gross vehicle weight does not exceed 80,000 pounds.

Subd. 2. **Conditions.** (a) A vehicle or combination of vehicles ~~described in subdivision 1~~ operated under this section must:

(1) comply with seasonal load restrictions in effect between the dates set by the commissioner under section 169.87, subdivision 2;

(2) comply with bridge load limits posted under section 169.84;

(3) be equipped and operated with six or more axles and brakes on all wheels;

~~(4) not exceed 90,000 pounds gross vehicle weight, or 99,000 pounds gross vehicle weight during the time when seasonal increases are authorized under section 169.826;~~

~~(5) not be operated on interstate highways;~~

~~(6) obtain an annual permit from the commissioner of transportation;~~

(4) be operated under a permit issued by each road authority having jurisdiction over a road on which the vehicle is operated, if required by the road authority;

~~(7)~~ (5) obey all road and bridge postings, including those pertaining to lane or roadway width; and

~~(8)~~ (6) not exceed 20,000 pounds gross weight on any single axle.

(b) A vehicle operated under this section may exceed the legal axle weight limits listed in section 169.824 by not more than 12.5 percent; except that, the weight limits may be exceeded by not more than 23.75 percent during the time when seasonal increases are authorized under section 169.826, subdivision 1.

~~(c) Notwithstanding paragraph (a), clause (5), a vehicle or combination of vehicles hauling raw or unfinished forest products may operate on the segment of marked Interstate Highway 35 provided under United States Code, title 23, section 127(q)(2)(D).~~

Subd. 3. **Expiration date.** Upon request of the permit applicant, the expiration date for a permit issued under this section must be the same as the expiration date of the permitted vehicle's registration.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 53. **[169.8296] WEIGHT LIMITS; TOWING AND RECOVERY VEHICLE.**

Subdivision 1. Annual permit. The commissioner may issue permits to an applicant who pays a single \$300 annual fee to cover all tow trucks and towing vehicles owned by the applicant and who meets any other conditions prescribed by the commissioner. The proceeds of this fee must be deposited in the trunk highway fund. The permit authorizes the tow truck or towing vehicle, when towing a disabled or damaged vehicle to a place of repair or safekeeping, to exceed the length and weight limitations of this chapter.

Subd. 2. Applicability with urgent movement. Sections 169.823 to 169.828 do not apply to a tow truck or towing vehicle when towing a disabled or damaged vehicle and the movement is urgent and for the purpose of removing the disabled vehicle from the roadway to a place of repair or safekeeping. A permit is not required for a vehicle operating under this subdivision.

Subd. 3. Seasonal load restrictions; exemption. (a) For purposes of this subdivision, "recovery vehicle" means a vehicle equipped with a boom that is used to move or recover an inoperable vehicle.

(b) The seasonal load restrictions under section 169.87, subdivisions 1 and 2, do not apply to a tow truck, towing vehicle, or a recovery vehicle that does not exceed a weight of 20,000 pounds per single axle and is being operated for the purpose of towing or recovering another vehicle that:

(1) is involved in a vehicle crash or is inoperable and is located within a public road right-of-way;
or

(2) has entered a public body of water adjacent to the roadway.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 54. Minnesota Statutes 2022, section 169.865, subdivision 1a, is amended to read:

Subd. 1a. **Definition.** For purposes of this section, "qualifying agricultural products" means:

(1) agricultural crops, including but not limited to corn, soybeans, oats, grain, and by-products of agricultural crops;

(2) livestock, including but not limited to cattle, hogs, and poultry;

(3) food crops, including but not limited to sugar beets, potatoes, carrots, and onions;

(4) fluid milk;

(5) seed and material used for or in livestock and poultry feed; ~~and~~

(6) livestock manure-; and

(7) raw or processed grass seed.

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

Sec. 55. Minnesota Statutes 2022, section 171.042, is amended to read:

171.042 DRIVER'S LICENSE FOR MEDICAL REASON.

(a) For purposes of this section, "relative" means the applicant's grandparent, parent, sibling, or legal guardian, including adoptive, half, step, and in-law relationships.

(b) Notwithstanding any provisions of section 171.04, relating to the age of an applicant, the commissioner may issue a driver's license to a person who has attained the age of 15 years but is under the age of 16 years, who, except for age, is qualified to hold a driver's license and who needs to operate a motor vehicle because of:

(1) personal ~~or family~~ medical reasons;

(2) medical reasons of a relative; or

(3) a disabled relative who has a disability that makes it difficult to drive or who does not have a driver's license due to a disability.

(c) The applicant is not required to comply with the six-month instruction permit possession provisions of sections 171.04, subdivision 1, clause (2), and 171.05, subdivision 2a, or with the 12-month provisional license possession provision of section 171.04, subdivision 1, clause (1), item (i).

(d) Applicants ~~shall~~ must apply to the commissioner for the license on forms prescribed by the commissioner. The application ~~shall~~ must be accompanied by written verified statements ~~by~~ from the applicant's ~~parent or guardian and by~~ relative or a doctor setting forth the ~~necessity~~ reason the applicant is qualified for the license. The commissioner in issuing such license may impose such conditions and limitations as in the commissioner's judgment are necessary to the interests of the public safety and welfare.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to applications submitted on or after that date.

Sec. 56. Minnesota Statutes 2022, section 171.05, subdivision 2, is amended to read:

Subd. 2. **Person less than 18 years of age.** (a) The department may issue an instruction permit to an applicant who is 15, 16, or 17 years of age and who:

(1) has completed a course of driver education in another state, has a previously issued valid license from another state, or:

(i) is enrolled in ~~either:~~ behind-the-wheel training in a driver education program; and

(ii) has completed:

(i) ~~a public, private, or commercial~~ (A) the classroom phase of instruction in a driver education program that is approved by the commissioner of public safety and that includes classroom and behind-the-wheel training; or

(B) 15 hours of classroom instruction in a driver education program that presents classroom and behind-the-wheel instruction concurrently;

~~(ii) an approved behind-the-wheel driver education program~~ (C) home-classroom driver training, when the student is receiving full-time instruction in a home school within the meaning of sections 120A.22 and 120A.24, the student is working toward a ~~homeschool~~ home school diploma, the ~~student is taking~~ home-classroom driver training ~~with classroom~~ materials are approved by the commissioner of public safety, and the student's parent has certified the student's ~~homeschool~~ home school and home-classroom driver training status on the form approved by the commissioner;

(D) a teleconference driver education program authorized by section 171.395; or

(E) an online driver education program authorized by section 171.396;

~~(2) has completed the classroom phase of instruction in the driver education program or has completed 15 hours of classroom instruction in a program that presents classroom and behind-the-wheel instruction concurrently;~~

~~(3)~~ (2) has passed a test of the applicant's eyesight;

~~(4)~~ (3) has passed a department-administered test of the applicant's knowledge of traffic laws;

~~(5)~~ (4) has completed the required application, which must be approved by (i) either parent when both reside in the same household as the minor applicant or, if otherwise, then (ii) the parent or spouse of the parent having custody or, in the event there is no court order for custody, then (iii) the parent or spouse of the parent with whom the minor is living or, if items (i) to (iii) do not apply, then (iv) the guardian having custody of the minor, (v) the foster parent or the director of the transitional living program in which the child resides or, in the event a person under the age of 18 has no living father, mother, or guardian, or is married or otherwise legally emancipated, then (vi) the applicant's adult spouse, adult close family member, or adult employer; provided, that the approval required by this clause contains a verification of the age of the applicant and the identity of the parent, guardian, adult spouse, adult close family member, or adult employer; and

~~(6)~~ (5) has paid all fees required in section 171.06, subdivision 2.

(b) In addition, the applicant may submit a certification stating that a primary driving supervisor has completed the supplemental parental curriculum under section 171.0701, subdivision 1a, for the purposes of provisional license requirements under section 171.055, subdivision 1, paragraph (a), clause (6). The certification must be completed by a driver education instructor, as defined under section 171.0701, subdivision 1a.

(c) For the purposes of determining compliance with the certification of paragraph (a), clause (1), item (ii), subitem (C), the commissioner may request verification of a student's ~~homeschool~~ home school status from the superintendent of the school district in which the student resides and the superintendent shall provide that verification.

(d) A driver education program under this subdivision includes a public, private, or commercial program and must be approved by the commissioner.

~~(d)~~ (e) The instruction permit is valid for two years from the date of application and may be renewed upon payment of a fee equal to the fee for issuance of an instruction permit under section 171.06, subdivision 2.

Sec. 57. Minnesota Statutes 2022, section 171.06, subdivision 3, as amended by Laws 2023, chapter 13, article 1, section 3, and Laws 2023, chapter 34, article 1, section 2, is amended to read:

Subd. 3. **Contents of application; other information.** (a) An application must:

(1) state the full name, date of birth, sex, and either (i) the residence address of the applicant, or (ii) designated address under section 5B.05;

(2) as may be required by the commissioner, contain a description of the applicant and any other facts pertaining to the applicant, the applicant's driving privileges, and the applicant's ability to operate a motor vehicle with safety;

(3) state:

(i) the applicant's Social Security number; or

(ii) if the applicant does not have a Social Security number and is applying for a Minnesota identification card, instruction permit, or class D provisional or driver's license, that the applicant elects not to specify a Social Security number;

(4) contain a notification to the applicant of the availability of a living will/health care directive designation on the license under section 171.07, subdivision 7;

(5) include a method for the applicant to:

(i) request a veteran designation on the license under section 171.07, subdivision 15, and the driving record under section 171.12, subdivision 5a;

(ii) indicate a desire to make an anatomical gift under subdivision 3b, paragraph (e);

(iii) as applicable, designate document retention as provided under section 171.12, subdivision 3c; ~~and~~

(iv) indicate emergency contacts as provided under section 171.12, subdivision 5b; and

(v) indicate the applicant's race and ethnicity; and

(6) meet the requirements under section 201.161, subdivision 3.

(b) Applications must be accompanied by satisfactory evidence demonstrating:

(1) identity, date of birth, and any legal name change if applicable; and

(2) for driver's licenses and Minnesota identification cards that meet all requirements of the REAL ID Act:

(i) principal residence address in Minnesota, including application for a change of address, unless the applicant provides a designated address under section 5B.05;

(ii) Social Security number, or related documentation as applicable; and

(iii) lawful status, as defined in Code of Federal Regulations, title 6, section 37.3.

(c) An application for an enhanced driver's license or enhanced identification card must be accompanied by:

(1) satisfactory evidence demonstrating the applicant's full legal name and United States citizenship; and

(2) a photographic identity document.

(d) A valid Department of Corrections or Federal Bureau of Prisons identification card containing the applicant's full name, date of birth, and photograph issued to the applicant is an acceptable form of proof of identity in an application for an identification card, instruction permit, or driver's license as a secondary document for purposes of Minnesota Rules, part 7410.0400, and successor rules.

(e) An application form must not provide for identification of (1) the accompanying documents used by an applicant to demonstrate identity, or (2) except as provided in paragraphs (b) and (c), the applicant's citizenship, immigration status, or lawful presence in the United States. The commissioner and a driver's license agent must not inquire about an applicant's citizenship, immigration status, or lawful presence in the United States, except as provided in paragraphs (b) and (c).

EFFECTIVE DATE. This section is effective January 1, 2024, for driver's license and identification card applications submitted on or after that date.

Sec. 58. Minnesota Statutes 2022, section 171.06, subdivision 7, is amended to read:

Subd. 7. **Remote application.** (a) The commissioner must establish a process for an eligible individual to apply remotely for a driver's license or Minnesota identification card, whether through a website or other means, or a combination, as provided in this subdivision.

(b) The commissioner may issue or reinstate an expired driver's license or Minnesota identification card and may renew a driver's license or Minnesota identification card for an eligible individual who does not apply in-person if:

(1) the applicant submits documentation to demonstrate eligibility, as prescribed by the commissioner;

(2) there is not a material change to the applicant's name, date of birth, signature, and driver's license or identification number since the most recent driver's license or Minnesota identification card issuance;

(3) the application is not for a different type or class of driver's license or Minnesota identification card, as identified in sections 171.019, subdivision 2, and 171.02, subdivision 2;

(4) one of the following requirements is met:

(i) the commissioner has a previous photograph of the applicant on file that was taken within the last five years or in conjunction with the most recent issuance; or

(ii) for a noncompliant license or identification card, the applicant submits a photograph that meets the requirements of sections 171.07 and 171.071, Minnesota Rules, part 7410.1810, subpart 1, and any other technical requirements established by the commissioner, which may include but are not limited to background color, lighting and visibility standards, and electronic file size;

(5) for a driver's license, the commissioner has a record that the applicant has undergone an examination of the applicant's eyesight within the last two years, or the applicant submits a vision examination certificate that:

(i) has been completed within the last two years;

(ii) is signed by a licensed physician or an optometrist, including one who holds a similar license in a jurisdiction outside the United States; and

(iii) is in a form as prescribed by the commissioner;

(6) for an expired driver's license or Minnesota identification card:

(i) expiration was within the past five years;

(ii) expiration was due to driver's license or identification card issuance by another jurisdiction; and

(iii) the application includes surrender or invalidation of a valid driver's license or identification card issued by another jurisdiction; and

(7) the most recent issuance, reinstatement, or renewal was not performed under this subdivision.

(c) A person who applies for a driver's license or Minnesota identification card under this subdivision is not required to:

(1) take a knowledge examination;

(2) take a road examination to demonstrate ability to exercise ordinary and reasonable control in the operation of a motor vehicle; and

(3) appear in-person for an updated photograph upon return to Minnesota or release from incarceration, as appropriate.

(d) For purposes of this subdivision, "eligible individual" means:

(1) a person serving outside Minnesota in active military service, as defined in section 190.05, subdivision 5, in any branch or unit of the armed forces of the United States;

(2) a person serving outside Minnesota as a volunteer in the Peace Corps;

(3) a person who is an employee of a federal department or agency who is assigned to foreign service outside of the United States; ~~or~~

(4) a person residing outside of Minnesota because the person is a spouse, domestic partner, or dependent under age 26 of a person in clause (1), (2), or (3); or

(5) a person who applies for renewal and is serving a sentence of longer than six months in a Minnesota jail or correctional facility that has no existing agreement on renewals with the commissioner.

Sec. 59. Minnesota Statutes 2022, section 171.07, subdivision 15, is amended to read:

Subd. 15. **Veteran designation.** (a) At the request of an eligible applicant and on payment of the required fee, the department shall issue, renew, or reissue to the applicant a driver's license or Minnesota identification card bearing a graphic or written designation of:

(1) Veteran; or

(2) Veteran 100% T&P.

(b) At the time of the initial application for the designation provided under this subdivision, the applicant must:

(1) be one of the following:

(i) a veteran, as defined in section 197.447; or

(ii) a retired member of the National Guard or a reserve component of the United States armed forces;

(2) have provide a certified copy of the veteran's applicant's discharge papers that confirms an honorable or general discharge under honorable conditions status, or a military retiree identification card, veteran identification card, or veteran health identification card; and

(3) if the applicant is seeking the disability designation under paragraph (a), clause (2), provide satisfactory evidence of a 100 percent total and permanent service-connected disability as determined by the United States Department of Veterans Affairs.

~~(e) The commissioner of public safety is required to issue drivers' licenses and Minnesota identification cards with the veteran designation only after entering a new contract or in coordination with producing a new card design with modifications made as required by law.~~

EFFECTIVE DATE; APPLICATION. This section is effective August 1, 2023, and applies to applications submitted on or after that date.

Sec. 60. Minnesota Statutes 2022, section 171.26, is amended to read:

171.26 MONEY CREDITED TO FUNDS.

Subdivision 1. **Driver and vehicle services operating account.** Unless otherwise specified, all money received under this chapter must be paid into the state treasury and credited to deposited in the driver and vehicle services operating account in the special revenue fund specified under sections section 299A.705, except as provided in subdivision 2 of that section; 171.06, subdivision 2a; 171.07, subdivision 11, paragraph (g); 171.20, subdivision 4, paragraph (d); and 171.29, subdivision 2, paragraph (b).

Sec. 61. **[171.301] REINTEGRATION LICENSE.**

Subdivision 1. **Conditions of issuance.** (a) The commissioner may issue a reintegration driver's license to any person:

(1) who is 18 years of age or older;

(2) who has been released from a period of at least 180 consecutive days of confinement or incarceration in:

(i) an adult correctional facility under the control of the commissioner of corrections or licensed by the commissioner of corrections under section 241.021;

(ii) a federal correctional facility for adults; or

(iii) an adult correctional facility operated under the control or supervision of any other state;
and

(3) whose license has been suspended or revoked under the circumstances listed in section 171.30, subdivision 1, paragraph (a), clauses (1) to (4), for a violation that occurred before the individual was incarcerated for the period described in clause (2).

(b) If the person's driver's license or permit to drive has been revoked under section 169.792 or 169.797, the commissioner may only issue a reintegration driver's license to the person after the person has presented an insurance identification card, policy, or written statement indicating that the driver or owner has insurance coverage satisfactory to the commissioner.

(c) If the person's driver's license or permit to drive has been suspended under section 171.186, the commissioner may only issue a reintegration driver's license to the person after the commissioner receives notice of a court order provided pursuant to section 518A.65, paragraph (e), showing that the person's driver's license or operating privileges should no longer be suspended.

(d) If the person's driver's license has been revoked under section 171.17, subdivision 1, paragraph (a), clause (1), the commissioner may only issue a reintegration driver's license to the person after the person has completed the applicable revocation period.

(e) The commissioner must not issue a reintegration driver's license:

(1) to any person described in section 171.04, subdivision 1, clause (7), (8), (10), or (11);

(2) to any person described in section 169A.55, subdivision 5;

(3) if the person has committed a violation after the person was released from custody that results in the suspension, revocation, or cancellation of a driver's license, including suspension for nonpayment of child support or maintenance payments as described in section 171.186, subdivision 1; or

(4) if the issuance would conflict with the requirements of the nonresident violator compact.

(f) The commissioner must not issue a class A, class B, or class C reintegration driver's license.

Subd. 2. **Application.** (a) Application for a reintegration driver's license must be made in the form and manner approved by the commissioner.

(b) A person seeking a reintegration driver's license who was released from confinement or incarceration on or after April 1, 2024, must apply for the license within one year of release. A person seeking a reintegration driver's license who was released from confinement or incarceration before April 1, 2024, must apply for the license by April 1, 2025.

Subd. 3. **Fees prohibited.** (a) For a reintegration driver's license under this section:

(1) the commissioner must not impose:

(i) a fee, surcharge, or filing fee under section 171.06, subdivision 2; or

(ii) an endorsement fee under section 171.06, subdivision 2a; and

(2) a driver's license agent must not impose a filing fee under section 171.061, subdivision 4.

(b) Issuance of a reintegration driver's license does not forgive or otherwise discharge any unpaid fees or fines.

Subd. 4. **Cancellation of license.** (a) The commissioner must cancel the reintegration driver's license of any person who commits a violation that would result in the suspension, revocation, or cancellation of a driver's license, including suspension for nonpayment of child support or maintenance payments as described in section 171.186, subdivision 1. The commissioner must not cancel a reintegration driver's license for payment of a fine or resolution of a criminal charge if the underlying incident occurred before the reintegration driver's license was issued, unless the conviction would have made the person ineligible to receive a reintegration driver's license. Except as described in paragraph (b), a person whose reintegration driver's license is canceled under this subdivision may not be issued another reintegration driver's license and may not operate a motor vehicle for the remainder of the period of suspension or revocation or 30 days, whichever is longer.

(b) A person whose reintegration driver's license is canceled under paragraph (a) may apply for a new reintegration driver's license if the person is incarcerated or confined for a period of at least 180 consecutive days after the cancellation and the person meets the conditions described in subdivision 1.

(c) Nothing in this section prohibits cancellation and reinstatement of a reintegration driver's license for any other reason described in section 171.14 provided any factor making the person not eligible for a driver's license under section 171.04 occurred or became known to the commissioner after issuance of the reintegration driver's license.

Subd. 5. **Expiration.** A reintegration driver's license expires 15 months from the date of issuance of the license. A reintegration driver's license may not be renewed.

Subd. 6. **Issuance of regular driver's license.** (a) Notwithstanding any statute or rule to the contrary, the commissioner must issue a REAL ID-compliant or noncompliant license to a person who possesses a reintegration driver's license if:

(1) the person has possessed the reintegration driver's license for at least one full year;

(2) the reintegration driver's license has not been canceled under subdivision 4 and has not expired under subdivision 5;

(3) the person meets the application requirements under section 171.06, including payment of the applicable fees, surcharge, and filing fee under sections 171.06, subdivisions 2 and 2a, and 171.061, subdivision 4; and

(4) issuance of the license does not conflict with the requirements of the nonresident violator compact.

(b) The commissioner must forgive any outstanding balance due on a fee or surcharge under section 171.29, subdivision 2, for a person who is eligible and applies for a license under paragraph (a).

EFFECTIVE DATE. This section is effective April 1, 2024.

Sec. 62. **[171.395] TELECONFERENCE DRIVER EDUCATION PROGRAM.**

Subdivision 1. **Authorization.** A licensed driver education program that provides both classroom and behind-the-wheel instruction may offer teleconference driver education as provided in this section. For purposes of this section, the driver education program must offer both classroom and behind-the-wheel instruction. If a program partners or contracts with a second program to provide any portion of classroom or behind-the-wheel instruction, the first program is not eligible to offer teleconference driver education instruction.

Subd. 2. **Curriculum and instruction requirements.** (a) A teleconference driver education program must:

(1) meet the requirements as provided in section 171.0701, subdivision 1, and Minnesota Rules, chapter 7411, or successor rules;

(2) use teleconferencing, or another similar method, that provides live synchronous distance learning and ensures that student questions and comments can be addressed in real time;

(3) link all locations together with picture and sound;

(4) use classroom instruction curriculum identical to the curriculum used by the driver education program in an in-person setting;

(5) offer teleconference instruction to any student enrolled in the approved driver education program; and

(6) provide teleconference interactive supplemental parent curriculum consistent with section 171.0701, subdivision 1a.

(b) A student may receive teleconference instruction only if the driver education instructor verifies the student can interact with the instructor in real time with picture and sound.

Sec. 63. **[171.396] ONLINE DRIVER EDUCATION PROGRAM.**

(a) A licensed driver education program may offer online driver education as provided in this section. The online driver education program must satisfy the requirements for classroom driver education as provided in section 171.0701, subdivision 1, and Minnesota Rules, chapter 7411. In addition, an online driver education program must:

(1) include a means for the student to measure performance outcomes;

(2) use a pool of rotating quiz questions;

(3) incorporate accountability features to ensure the identity of the student while engaged in the course of online study;

(4) measure the amount of time that the student spends in the course;

(5) provide technical support to customers that is available 24 hours per day, seven days per week;

(6) require a licensed Minnesota driver education instructor to monitor each student's progress and be available to answer questions in a timely manner, provided that the instructor is not required to monitor progress or answer questions in real time;

(7) store course content and student data on a secure server that is protected against data breaches and is regularly backed up;

(8) incorporate preventive measures in place to protect against the access of private information;

(9) include the ability to update course content uniformly throughout the state; and

(10) provide online interactive supplemental parental curriculum consistent with section 171.0701, subdivision 1a.

(b) Except as required by this section, the commissioner is prohibited from imposing requirements on online driver education programs that are not equally applicable to classroom driver education programs.

Sec. 64. Minnesota Statutes 2022, section 174.01, is amended by adding a subdivision to read:

Subd. 3. **Greenhouse gas emissions targets.** (a) In association with the goals under subdivision 2, clauses (10) and (13) to (16), the commissioner of transportation must establish targets for the statewide greenhouse gas emissions reduction goal under section 216H.02, subdivision 1.

(b) The targets must include:

(1) establishment of proportional emissions reduction performance targets for the transportation sector;

(2) specification of the performance targets on a five-year or more frequent basis; and

(3) allocation across the transportation sector, which:

(i) must provide for an allocation to the metropolitan area, as defined in section 473.121, subdivision 2;

(ii) must account for differences in the feasibility and extent of emissions reductions across forms of land use and across regions of the state; and

(iii) may include performance targets based on Department of Transportation district, geographic region, a per capita calculation, or transportation mode, or a combination.

EFFECTIVE DATE. This section is effective February 1, 2025.

Sec. 65. Minnesota Statutes 2022, section 174.03, subdivision 1c, is amended to read:

Subd. 1c. **Minnesota state highway investment plan.** Within one year of each revision of the statewide multimodal transportation plan under subdivision 1a, the commissioner must prepare a 20-year Minnesota state highway investment plan that:

(1) incorporates performance measures and targets for assessing progress and achievement of the state's transportation goals, objectives, and policies identified in this chapter for the state trunk highway system, and those goals, objectives, and policies established in the statewide multimodal transportation plan. Performance targets must be based on objectively verifiable measures, and address, at a minimum:

(i) preservation and maintenance of the structural condition of state highway roadways, bridges, pavements, roadside infrastructure, and traveler-related facilities;

(ii) safety; and

(iii) mobility;

(2) summarizes trends and impacts for each performance target over the past five years;

(3) summarizes the amount and analyzes the impact of the department's capital investments and priorities over the past five years on each performance target, including a comparison of prior plan projected costs with actual costs;

(4) identifies the investments required to meet the established performance targets over the next 20-year period;

(5) projects available state and federal funding over the 20-year period, including any unique, competitive, time-limited, or focused funding opportunities;

(6) identifies strategies to ensure the most efficient use of existing transportation infrastructure, and to maximize the performance benefits of projected available funding;

(7) establishes investment priorities for projected funding, which must:

(i) provide for cost-effective preservation, maintenance, and repair to address the goal under section 174.01, subdivision 2, clause (9), in a manner that aligns with other goals in that section;

(ii) as appropriate, provide a schedule of major projects or improvement programs for the 20-year period; and

(iii) identify resulting projected costs and impact on performance targets; ~~and~~

(8) identifies those performance targets identified under clause (1) not expected to meet the target outcome over the 20-year period together with alternative strategies that could be implemented to meet the targets; and

(9) establishes procedures and guidance for capacity expansion project development to conform with section 161.178, subdivision 2, paragraph (a).

EFFECTIVE DATE. This section is effective February 1, 2025, and applies to plan revisions adopted on or after that date.

Sec. 66. **[174.375] ACTIVE TRANSPORTATION ADVISORY COMMITTEE.**

Subdivision 1. Committee established; duties. (a) The commissioner of transportation must establish an active transportation advisory committee. The advisory committee must make recommendations to the commissioner on items related to:

(1) active transportation, including safety, education, and development programs;

(2) the active transportation program under section 174.38; and

(3) the safe routes to school program under section 174.40.

(b) The committee must review and analyze issues and needs relating to active transportation on public rights-of-way and identify solutions and goals for addressing identified issues and needs.

(c) For purposes of this section, "active transportation" includes bicycling, pedestrian activities, and other forms of nonmotorized transportation.

Subd. 2. Membership. (a) The advisory committee consists of the members specified in this subdivision.

(b) The commissioner of transportation must appoint up to 18 public members as follows: one member from each of the department's seven greater Minnesota districts; four members from the department's metropolitan district; and no more than seven members at large. Each of the members at large must represent nonmotorized interests or organizations.

(c) The commissioners of each of the following state agencies must appoint an employee of the agency to serve as a member: administration, education, health, natural resources, public safety, transportation, and pollution control. The chair of the Metropolitan Council must appoint an employee of the council to serve as a member. The director of Explore Minnesota Tourism must appoint an employee of the agency to serve as a member.

(d) The division administrator of the Federal Highway Administration may appoint an employee of the agency to serve as a member.

(e) Each member of the committee serves a four-year term at the pleasure of the appointing authority.

(f) The committee must select a chair from its membership.

Subd. 3. **Meetings; staffing.** (a) The advisory committee must establish a meeting schedule and meet at least annually.

(b) The commissioner of transportation must provide department staff support to the advisory committee.

Subd. 4. **Expenses.** (a) Members of the advisory committee serve without compensation, but members who are not employees of government agencies must be reimbursed for expenses in the same manner and amount as authorized by the commissioner's plan adopted under section 43A.18, subdivision 2.

(b) To provide compensation under paragraph (a), the commissioner of transportation may expend the amount necessary from general fund appropriations.

Subd. 5. **Reports.** The advisory committee must submit an annual report to the commissioner of transportation.

Subd. 6. **Expiration.** The advisory committee expires June 30, 2033.

EFFECTIVE DATE. This section is effective the day following final enactment. The commissioner of transportation must convene the first meeting by October 15, 2023.

Sec. 67. Minnesota Statutes 2022, section 174.38, subdivision 3, is amended to read:

Subd. 3. **Active transportation account.** An active transportation account is established in the special revenue fund. The account consists of funds provided by law and any other money donated, allotted, transferred, or otherwise provided to the account. Money in the account is annually appropriated to the commissioner and must be expended only on ~~a project~~ projects that receive financial assistance under this section.

Sec. 68. Minnesota Statutes 2022, section 174.38, subdivision 6, is amended to read:

Subd. 6. **Use of funds.** (a) The commissioner must determine permissible uses of financial assistance under this section, which are limited to:

(1) construction and maintenance of bicycle, trail, and pedestrian infrastructure, including but not limited to safe routes to school infrastructure and bicycle facilities and centers; and

(2) noninfrastructure programming, including activities as specified in section 174.40, subdivision 7a, paragraph (b).

(b) Of the amount made available in each fiscal year, the first \$500,000 is for grants to develop, maintain, and implement active transportation safety curriculum for youth ages five to 14 years old, and if remaining funds are available, for (1) youth ages 15 to 17 years old, (2) adult active transportation safety programs, and (3) adult learn-to-ride programs. The curriculum must include resources for teachers and must meet the model training materials requirements under section 123B.935, subdivision 4.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 69. **[174.47] ELECTRIC VEHICLE INFRASTRUCTURE PROGRAM.**

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

(b) "Commissioner" means the commissioner of transportation.

(c) "Program" means the electric vehicle infrastructure program established in this section.

(d) "Project" includes but is not limited to planning, predesign, design, preliminary and final engineering, environmental analysis, property acquisition, construction, and maintenance.

Subd. 2. **Electric vehicle infrastructure program.** The commissioner must establish a statewide electric vehicle infrastructure program for the purpose of implementing the National Electric Vehicle Infrastructure Formula Program and successor programs to maximize the use of federal funds available to the state.

Subd. 3. **Authority to contract.** The commissioner may enter into an agreement with any private or public entity to provide financial assistance for, or engage in the planning, designing, developing, hosting, constructing, equipping, operating, or maintaining of, electric vehicle infrastructure, including but not limited to environmental studies, preliminary engineering, final design, construction, and developing financial and operating plans.

Subd. 4. **Program requirements.** (a) The commissioner must require that electric vehicle infrastructure funded under the program is constructed, installed, and maintained in conformance with the requirements under Code of Federal Regulations, title 23, section 680.106, paragraph (j), or successor requirements.

(b) An electric vehicle infrastructure project that receives funds under the program is subject to the requirement of paying the prevailing wage rate as defined in section 177.42, and the requirements and enforcement provisions in sections 177.27, 177.30, 177.32, 177.41 to 177.435, and 177.45.

Subd. 5. **Report.** (a) Every even-numbered year by February 1, the commissioner must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction

over transportation policy and finance regarding the electric vehicle infrastructure program. At a minimum, the report must include:

(1) an itemization of federal funds spent for the program, including the purpose of the expenditure and the recipient of the expenditure;

(2) an itemization of state funds spent for the program, including the purpose of the expenditure and the recipient of the expenditure;

(3) the amount of money, from any source, that was used for department staff related to the program;

(4) any changes to the plan that were made since the previous report was submitted;

(5) the locations of electric vehicle infrastructure created with the program, including the type of infrastructure and whether the infrastructure is on public or private property;

(6) a description of how projects were selected; and

(7) a description of how the commissioner is ensuring electric vehicle infrastructure is regionally balanced.

(b) The commissioner is not required to submit a report pursuant to this subdivision if, since the previous report was submitted, no money has been spent pursuant to this section.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 70. **[174.59] OPERATION COSTS FOR CENTRAL OFFICE BUILDING.**

The cost of operation and maintenance of the central office building for the Department of Transportation, or the portion that is properly attributable to the Department of Transportation, must be paid as follows:

(1) 75 percent from the trunk highway fund, from available departmental resources; and

(2) 25 percent from the general fund, for which an amount sufficient is annually appropriated from the general fund to the commissioner.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 71. Minnesota Statutes 2022, section 174.634, is amended to read:

174.634 PASSENGER RAIL; FUNDING.

Subdivision 1. **General.** (a) The commissioner may apply for funding from federal, state, regional, local, and private sources to carry out the commissioner's duties in section 174.632.

(b) Section 174.88, subdivision 2, does not apply to the commissioner's performance of duties and exercise of powers under sections 174.632 to 174.636.

Subd. 2. Passenger rail account; transfers; appropriation. (a) A passenger rail account is established in the special revenue fund. The account consists of funds as provided in this subdivision and any other money donated, allotted, transferred, or otherwise provided to the account.

(b) By July 15 annually, the commissioner of revenue must transfer an amount from the general fund to the passenger rail account that equals 50 percent of the portion of the state general tax under section 275.025 levied on railroad operating property, as defined under section 273.13, subdivision 24, in the prior calendar year.

(c) Money in the account is annually appropriated to the commissioner of transportation for the net operating and capital maintenance costs of intercity passenger rail, after accounting for operating revenue, federal funds, and other sources.

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

Sec. 72. Minnesota Statutes 2022, section 219.015, subdivision 2, is amended to read:

Subd. 2. Railroad company assessment; account; appropriation. (a) As provided in this subdivision, the commissioner ~~shall~~ must annually assess railroad companies that are (1) defined as common carriers under section 218.011; (2) classified by federal law or regulation as Class I Railroads, Class I Rail Carriers, Class II Railroads, or Class II Rail Carriers; and (3) operating in this state.

(b) The assessment must be calculated to allocate state rail safety inspection program costs proportionally among carriers based on route miles operated in Minnesota at the time of assessment. The commissioner must include in the assessment calculation all state rail safety inspection program costs to support up to ~~four~~ six rail safety inspector positions, including but not limited to salary, administration, supervision, travel, equipment, training, and ongoing state rail inspector duties.

(c) The assessments collected under this subdivision must be deposited in a state rail safety inspection account, which is established in the special revenue fund. The account consists of funds provided by this subdivision and any other money donated, allotted, transferred, or otherwise provided to the account. Money in the account is appropriated to the commissioner to administer the state rail safety inspection program.

Sec. 73. [219.055] INCIDENT EMERGENCY RESPONSE; PREPAREDNESS AND INFORMATION.

Subdivision 1. Definitions. (a) The definitions in section 115E.01 apply to this section except as otherwise provided in this subdivision. For purposes of this section, the following terms have the meanings given.

(b) "Applicable emergency manager" means an emergency manager having jurisdiction along the routes over which oil or other hazardous substance cargo is transported by a rail carrier.

(c) "Applicable fire department officer" means a fire chief or other senior officer of a fire department having jurisdiction along the routes over which oil or other hazardous substance cargo is transported by a rail carrier.

(d) "Emergency manager" means the director of a local organization for emergency management under section 12.25.

(e) "Hazardous substance" means any material identified in the definition of hazardous substance under section 115B.02, subdivision 8, or Code of Federal Regulations, title 49, section 171.8.

(f) "Incident commander" means the official who has responsibility under National Incident Management System guidelines for all aspects of emergency response operations at an incident scene.

(g) "Rail carrier" means a railroad company that:

(1) is defined as a common carrier under section 218.011, subdivision 10;

(2) is classified by federal law or regulation as a Class I railroad, Class I rail carrier, Class II railroad, Class II rail carrier, Class III railroad, or Class III rail carrier; and

(3) operates unit trains or a train with at least one rail car carrying oil or hazardous substance cargo in this state.

(h) "Unit train" has the meaning given in section 115E.01, subdivision 11d.

Subd. 2. **Traffic review.** Within ten business days of receiving a written request, a rail carrier must provide a traffic review to the commissioner of public safety, a requesting emergency manager, or a fire chief having jurisdiction along the routes over which oil or other hazardous substances are transported. The traffic review under this subdivision must include information on the types and volumes of oil or other hazardous substances transported through the requester's jurisdiction during the prior calendar year.

Subd. 3. **Emergency response planning; information sharing.** Upon written request, a rail carrier must provide to the commissioner of public safety, an emergency manager, or a fire chief having jurisdiction along the routes over which oil or other hazardous substances are transported:

(1) a complete copy of prevention and response plans submitted under section 115E.042, subdivision 6; and

(2) a copy of the data and information, including risk assessment information, used to develop the rail carrier's route analysis as required under Code of Federal Regulations, title 49, section 172.820, or successor requirements.

Subd. 4. **Emergency response planning; coordination meetings.** (a) Within 30 days of receiving a written request, a rail carrier must be available to meet with the commissioner of public safety, a requesting emergency manager, or a fire chief having jurisdiction along the routes over which oil or other hazardous substances are transported concerning emergency response planning and coordination.

(b) At a meeting held under this subdivision, a rail carrier must provide:

(1) a review of the rail carrier's emergency response planning and capability, including railroad response timelines and resources to provide:

(i) technical advice and recommendations;

(ii) trained response personnel;

(iii) specialized equipment; and

(iv) any other available resources to support an incident commander who conducts a public safety emergency response under the National Incident Management System; and

(2) inventory information on emergency responses involving oil or other hazardous substances, consisting of:

(i) equipment owned by the rail carrier, including equipment type and location;

(ii) the rail carrier's response personnel, including contact information and location; and

(iii) resources available to the rail carrier through contractual agreements.

Subd. 5. **Real-time emergency response information; report required.** (a) The commissioner of public safety must, through the Minnesota Fusion Center, receive and disseminate emergency response information as provided through the AskRail application or other wireless communication device application described in paragraphs (b) and (c) under section 7302 of the FAST Act of 2015, Public Law 114-94, and federal regulations adopted under that section.

(b) By July 1, 2024, the state fire marshal and the Division of Homeland Security and Emergency Management, along with interested emergency management organizations and fire chiefs, may encourage the adoption of the AskRail application or other wireless communication device application for incorporation into emergency response capabilities and to provide information on the transportation of oil or other hazardous substances by rail.

(c) On and after July 1, 2024, all rail carriers subject to this section and section 115E.042 must collectively provide information on the transportation of oil or other hazardous substances in a digital format through a wireless communication device application.

(d) By March 1, 2025, the commissioner of public safety must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation and public safety policy and finance regarding the effectiveness of efforts to adopt the AskRail application or other wireless communication device application required under paragraph (c).

Subd. 6. **Public safety emergency response exercises.** (a) For purposes of this subdivision, "tabletop exercise" and "full-scale exercise" have the meanings given in section 115E.042, subdivision 1a.

(b) By July 1, 2025, each rail carrier, upon request, must conduct one tabletop public safety emergency exercise in each emergency management region, as established by the Division of Homeland Security and Emergency Management, where the rail carrier transports oil or other hazardous substances. After July 1, 2025, each rail carrier, upon request, must conduct one tabletop public safety emergency exercise every two years and must alternate emergency management regions where the exercise is conducted.

(c) Exercises conducted by a railroad under this subdivision must include at least one representative from the Department of Public Safety, the regional program coordinator from the Division of Homeland Security and Emergency Management where the exercise is conducted, local emergency management organizations, fire departments, and local units of government that each have jurisdiction along the routes over which oil or hazardous substances are transported by railroad. Each exercise conducted under this subdivision must be attended by safety representatives of railroad employees governed by the Railway Labor Act, United States Code, title 45, section 151, et seq.

(d) To the extent feasible, a rail carrier may conduct tabletop public safety exercises concurrently with the exercises required in subdivision 7.

(e) If the commissioner of the Pollution Control Agency requires a rail carrier to conduct a tabletop public safety emergency response exercise as part of the annual exercise requirements in section 115E.042, subdivision 5, the rail carrier is not required to conduct an additional public safety emergency response exercise in the emergency management region where the exercise took place for that calendar year. If a rail carrier opts to conduct a full-scale exercise, the rail carrier is not required to conduct an additional tabletop public safety emergency exercise in that calendar year if the tabletop exercise occurs after the full-scale exercise is completed.

Subd. 7. **Incident commander response site exercises.** (a) For purposes of this subdivision, "tabletop exercise" and "full-scale exercise" have the meanings given in section 115E.042, subdivision 1a.

(b) By July 1, 2025, each rail carrier, upon request, must conduct one tabletop incident commander response site exercise in each emergency management region, as established by the Division of Homeland Security and Emergency Management, where the rail carrier transports oil or other hazardous substances. After July 1, 2025, each rail carrier, upon request, must conduct one tabletop incident commander response site exercise every two years and must alternate emergency management regions where the exercise is conducted.

(c) Exercises conducted by a railroad under this subdivision must include at least one representative from the Department of Public Safety, the regional program coordinator from the Division of Homeland Security and Emergency Management where the exercise is being conducted, local emergency management organizations, fire departments, and local units of government that each have jurisdiction along the routes over which oil or hazardous substances are transported by railroad. Each exercise conducted under this subdivision must be attended by safety representatives of railroad employees governed by the Railway Labor Act, United States Code, title 45, section 151, et seq.

(d) To the extent feasible, a rail carrier may conduct tabletop incident commander response site exercises concurrently with the exercises required in subdivision 6.

(e) If the commissioner of the Pollution Control Agency requires a rail carrier to conduct a tabletop incident commander response site exercise as part of the annual exercise requirements in section 115E.042, subdivision 5, the rail carrier is not required to conduct an additional exercise in the emergency management region where the exercise took place for that calendar year.

Subd. 8. **Full-scale exercises; requirement.** (a) For purposes of this subdivision, "full-scale exercise" has the meaning given in section 115E.042, subdivision 1a.

(b) On and after July 1, 2023, each Class I railroad, Class I rail carrier, Class II railroad, or Class II rail carrier must, upon request, conduct a full-scale exercise every five years. Upon notification by the commissioner of public safety or the commissioner of the Pollution Control Agency, a Class III railroad or Class III rail carrier that transports oil or other hazardous substances by rail in Minnesota must participate in the full-scale exercise if the exercise occurs in the emergency management region along the routes where the Class III railroad or Class III rail carrier transports oil or other hazardous substances. To the extent feasible, a rail carrier may not conduct consecutive full-scale exercises in the same emergency management region.

(c) A full-scale exercise must be conducted under the time limits provided for a response to a confirmed discharge of oil or hazardous substances under section 115E.042, subdivision 4. The administration of a full-scale exercise must be conducted under the requirements of section 115E.042, subdivision 5, paragraphs (c) and (d). If the commissioner of the Pollution Control Agency requires a rail carrier to participate in a full-scale exercise as provided under section 115E.042, subdivision 5, a rail carrier may conduct the full-scale exercise with any other rail carrier that carries oil or hazardous substances in the emergency management region where the full-scale exercise is to take place.

(d) Each full-scale exercise conducted under this section must be attended by safety representatives of railroad employees governed by the Railway Labor Act, United States Code, title 45, section 151, et seq.

(e) A rail carrier must provide by telephone a qualified company representative with knowledge of the rail carrier's response resources during the exercises.

Subd. 9. Transportation and response planning data. (a) Any data provided under subdivisions 2 to 8 to an emergency manager, incident commander, emergency first responder, fire chief, or the commissioner of public safety are nonpublic data, as defined under section 13.02, subdivision 9.

(b) Any prevention and response plan data created under section 115E.042, subdivision 6, that is in the possession of an emergency manager, incident commander, emergency first responder, or fire chief are nonpublic data, as defined in section 13.02, subdivision 9.

Sec. 74. Minnesota Statutes 2022, section 219.1651, is amended to read:

219.1651 GRADE CROSSING SAFETY ACCOUNT.

A Minnesota grade crossing safety account is created in the special revenue fund, consisting of money credited to the account by law. Money in the account is appropriated to the commissioner of transportation for rail-highway grade crossing safety projects on public streets and highways, including engineering costs and other costs associated with administration and delivery of grade crossing safety projects. At the discretion of the commissioner of transportation, money in the account at the end of each biennium may cancel to the trunk highway fund.

Sec. 75. [219.752] MINIMUM CREW SIZE.

Subdivision 1. Class I or Class II railroad. A Class I railroad or Class II railroad must not operate a train or light engine used in connection with the movement of freight unless it has a crew of a minimum of two individuals.

Subd. 2. **Class III railroad.** (a) For purposes of this subdivision, "shared corridor" means a segment of railroad track in which light rail transit operates within or adjacent to right-of-way used in freight rail operation.

(b) A Class III railroad while operating in a shared corridor must not operate a train or light engine used in connection with the movement of freight unless it has a crew of a minimum of two individuals.

Subd. 3. **Exemption.** The requirements of this section do not apply to hostler services or utility employees.

Subd. 4. **Penalty; action.** (a) Any railroad that willfully violates this section must pay a fine of not less than \$250 or more than \$1,000 for a first offense, not less than \$1,000 or more than \$5,000 for a second offense committed within three years of the first offense, and not less than \$5,000 nor more than \$10,000 for a third or subsequent offense committed within three years of the first offense.

(b) Fines prescribed in this section must be recovered in a civil action before a judge of the county in which the violation occurs.

EFFECTIVE DATE. This section is effective 30 days following final enactment.

Sec. 76. Minnesota Statutes 2022, section 221.0269, is amended by adding a subdivision to read:

Subd. 4. **Intrastate transportation; heating fuel.** (a) If a regional emergency has been declared by the President of the United States or by the Federal Motor Carrier Safety Administration pursuant to United States Code, title 49, section 390.23(a), and the declaration includes heating fuel as a covered commodity, the federal regulations incorporated into section 221.0314, subdivision 9, for hours of service do not apply to drivers engaged in intrastate transportation of heating fuel.

(b) Notwithstanding the relief provided in paragraph (a), a driver may not exceed a total of 14 hours combined on-duty and driving time after coming on duty following at least ten consecutive hours off-duty.

(c) If a driver is operating under the relief provided by paragraph (a), and the declaration is in effect for more than 30 calendar days, the driver must take a 34-hour restart before the driver has been on duty for 30 consecutive days.

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

Sec. 77. Minnesota Statutes 2022, section 222.37, subdivision 1, is amended to read:

Subdivision 1. **Use requirements.** Any water power, telegraph, telephone, pneumatic tube, pipeline, community antenna television, cable communications or electric light, heat, power company, entity that receives a route permit under chapter 216E for a high-voltage transmission line necessary to interconnect an electric power generating facility with transmission lines or associated facilities of an entity that directly, or through its members or agents, provides retail electric service in the state, or fire department may use public roads for the purpose of constructing, using, operating, and maintaining lines, subways, canals, conduits, transmission lines, hydrants, or dry hydrants, for their

business, but such lines shall be so located as in no way to interfere with the safety and convenience of ordinary travel along or over the same; and, in the construction and maintenance of such line, subway, canal, conduit, transmission lines, hydrants, or dry hydrants, the ~~company~~ entity shall be subject to all reasonable regulations imposed by the governing body of any county, town or city in which such public road may be. If the governing body does not require the ~~company~~ entity to obtain a permit, ~~a company~~ an entity shall notify the governing body of any county, town, or city having jurisdiction over a public road prior to the construction or major repair, involving extensive excavation on the road right-of-way, of the ~~company's~~ entity's equipment along, over, or under the public road, unless the governing body waives the notice requirement. A waiver of the notice requirement must be renewed on an annual basis. For emergency repair ~~a company~~ an entity shall notify the governing body as soon as practical after the repair is made. Nothing herein shall be construed to grant to any person any rights for the maintenance of a telegraph, telephone, pneumatic tube, community antenna television system, cable communications system, or light, heat, power system, electric power generating system, high-voltage transmission line, or hydrant system within the corporate limits of any city until such person shall have obtained the right to maintain such system within such city or for a period beyond that for which the right to operate such system is granted by such city.

Sec. 78. [289A.51] ELECTRIC-ASSISTED BICYCLE REBATE.

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

(b) "Electric-assisted bicycle" has the meaning given in section 169.011, subdivision 27, except that the term is limited to a new electric-assisted bicycle purchased from an eligible retailer.

(c) "Eligible expenses" means the amount paid for an electric-assisted bicycle and any qualifying accessories purchased at the same time as the electric-assisted bicycle, inclusive of sales tax but exclusive of any other related charges, including charges for a warranty, service, or delivery.

(d) "Eligible individual" means an individual who:

(1) is at least 15 years old;

(2) is a resident individual taxpayer at the time of application for a rebate certificate and in the previous calendar year; and

(3) was not claimed as a dependent on another return in the taxable year described in subdivision 3, paragraph (c).

(e) "Eligible retailer" means a person who has engaged in the business of retail sales of new electric-assisted bicycles for at least six months prior to receiving the approval of the commissioner under subdivision 5.

(f) "Qualifying accessories" means a bicycle helmet, lights, lock, luggage rack, basket, bag or backpack, fenders, or reflective clothing.

Subd. 2. Rebate established. An eligible retailer that has been assigned a rebate certificate by an eligible individual may apply to the commissioner for a rebate, as provided in this section.

Subd. 3. **Amount of rebate.** (a) The amount of a rebate under this section equals the lesser of:

(1) the applicable percentage, multiplied by the amount of eligible expenses paid by an eligible individual; or

(2) \$1,500.

(b) The applicable percentage equals 75 percent, but is reduced by one percentage point until the percentage equals 50 percent, for each \$4,000 of the eligible individual's adjusted gross income in excess of:

(1) \$50,000 for a married taxpayer filing a joint return; and

(2) \$25,000 for all other filers.

(c) For the purposes of determining the applicable percentage under paragraph (b) and subdivision 4, paragraph (a), the commissioner must use the eligible individual's adjusted gross income for the taxable year ending in the calendar year prior to the year in which the individual applied for a rebate certificate.

Subd. 4. **Commissioner to issue rebate certificates.** (a) To qualify for a rebate under this section, an eligible individual must apply to the commissioner for a rebate certificate in the manner specified by the commissioner prior to purchasing an electric-assisted bicycle. As part of the application, the eligible individual must include proof of the individual's adjusted gross income for the taxable year specified in subdivision 3, paragraph (c). The commissioner must issue a rebate certificate to an eligible individual stating the issuance date, the applicable percentage, and the maximum rebate for which the taxpayer is eligible. For a married taxpayer filing a joint return, each spouse may apply to the commissioner separately, and the commissioner must issue each spouse a separate rebate certificate.

(b) The commissioner of revenue may determine the date on which to open applications for a rebate certificate, and applications must not be submitted before the date determined by the commissioner. Beginning July 1, 2024, and July 1 of each subsequent calendar year for which there is an allocation of rebate certificates, the commissioner must allocate rebate certificates on a first-come, first-served basis. The commissioner must reserve 40 percent of the certificates for a married taxpayer filing a joint return with an adjusted gross income of less than \$78,000 or any other filer with an adjusted gross income of less than \$41,000. Any portion of the reserved amount under this paragraph that is not allocated by September 30 is available for allocation to other rebate certificate applications beginning on October 1.

(c) The commissioner must not issue rebate certificates totaling more than \$2,000,000 in each of calendar years 2024 and 2025, except any amount authorized but not allocated in any calendar year does not cancel and is added to the allocation for the next calendar year. When calculating the amount of remaining allocations, the commissioner must assume that each allocated but unclaimed certificate reduces the available allocations by \$1,500.

(d) A rebate certificate that is not assigned to a retailer expires two months after the date the certificate was issued and may not be assigned to a retailer after expiration. The amount of any expired rebate certificates is added to the available allocation under paragraph (c).

Subd. 5. **Certification of eligible retailers.** To be eligible to be assigned a rebate certificate under this section, an eligible retailer must apply to the commissioner of revenue to be certified as an eligible retailer in the manner specified by the commissioner. The application must include proof that the person applying has been actively involved in the business of retail sales of new electric-assisted bicycles for at least six months.

Subd. 6. **Application for rebate.** (a) An eligible individual who purchases an electric-assisted bicycle may assign a rebate certificate to an eligible retailer at the time of purchase. The retailer must reduce the price of the electric-assisted bicycle by the amount of the rebate determined under subdivision 3.

(b) The commissioner must establish the form and manner by which a taxpayer may assign a rebate certificate to a retailer. The commissioner must establish a process through which retailers may quickly verify the validity of a rebate certificate at the time of purchase.

(c) An eligible retailer that was assigned a rebate certificate may apply to the commissioner for a rebate within one month of the date of the sale. The application must be in the manner specified by the commissioner. The commissioner must pay to an eligible retailer who meets the requirements of this section the amount of the rebate determined under subdivision 3.

(d) Only an eligible retailer may apply for a rebate under this subdivision. To receive the benefit of a rebate under this section, an eligible individual must assign a rebate certificate to an eligible retailer.

(e) A rebate certificate under this section must not be assigned or transferred more than once.

(f) The commissioner must not pay any rebates under this section after June 30, 2026.

Subd. 7. **Limitations.** (a) The commissioner must not issue an eligible individual a rebate certificate more than one time. This limitation does not apply to a rebate certificate that expired.

(b) If an eligible individual purchases an electric-assisted bicycle using a rebate under this section and returns the bicycle to an eligible retailer, the eligible retailer must repay to the commissioner the amount of the rebate received.

(c) The commissioner must not issue a rebate certificate to an eligible individual who is subject to a claim for a refund under chapter 270A.

(d) For electric-assisted bicycles purchased using rebates under this section:

(1) an eligible retailer must charge the same retail price for an electric-assisted bicycle as the retailer charges for the same bicycle if it is purchased without a rebate; and

(2) an eligible retailer must not charge a retail price in excess of the manufacturer's suggested retail price.

Subd. 8. **Appropriation.** \$4,000,000 in fiscal year 2024 is appropriated from the general fund to the commissioner to implement the requirements under this section, including but not limited to administration and payment of refunds. This is a onetime appropriation and is available until June 30, 2026.

Subd. 9. **Sunset.** This section expires June 30, 2026. The expiration of this section does not affect the commissioner's authority to audit or power of examination and assessment for rebates claimed under this section.

Sec. 79. Minnesota Statutes 2022, section 297A.993, is amended by adding a subdivision to read:

Subd. 2a. **Uses reporting.** By February 15 of each even-numbered year, a metropolitan county, as defined in section 473.121, subdivision 4, that imposes the taxes under this section must submit a report to the legislative committees with jurisdiction over transportation policy and finance. At a minimum, the report must include:

(1) actual transportation sales tax collections by the county over the previous five calendar years;

(2) an estimation of the total sales tax revenue that is estimated to be collected by the county in the current year and for the next ten calendar years; and

(3) for each of the previous five calendar years, the current calendar year, and for the next ten calendar years:

(i) the amount of sales tax revenue expended or proposed to be expended for each of the following:

(A) planning, construction, operation, or maintenance of guideways, as defined in section 473.4485, subdivision 1, paragraph (d);

(B) nonguideway transit and active transportation uses;

(C) highway uses; and

(D) uses not otherwise specified in subitems (A) to (C); and

(ii) an estimated balance of unspent or undesignated county sales tax revenue.

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

Sec. 80. Minnesota Statutes 2022, section 299A.01, is amended by adding a subdivision to read:

Subd. 8. **Traffic safety report.** Annually by January 15, the commissioner of public safety must submit a traffic safety report to the governor and the chairs and ranking minority members of the legislative committees with jurisdiction over traffic safety and enforcement. In preparing the report, the commissioner must seek advice and comments from the Advisory Council on Traffic Safety under section 4.076. The report must analyze the safety of Minnesota's roads and transportation system, including but not limited to:

(1) injuries and fatalities that occur on or near a roadway or other transportation system facility;

(2) factors that caused crashes resulting in injuries and fatalities;

(3) roadway and system improvements broadly and at specific locations that could reduce injuries and fatalities;

(4) enforcement and education efforts that could reduce injuries and fatalities;

(5) other safety improvements or programs to improve the quality of the roadway and transportation use experience; and

(6) existing resources and resource gaps for roadway and transportation system safety improvements.

Sec. 81. Minnesota Statutes 2022, section 299A.55, is amended to read:

299A.55 RAILROAD AND PIPELINE SAFETY; OIL AND OTHER HAZARDOUS MATERIALS SUBSTANCES.

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

(b) "Applicable rail carrier" means a railroad company that is subject to an assessment under section 219.015, subdivision 2.

(c) "Emergency manager" has the meaning given in section 219.055, subdivision 1.

~~(d)~~ "Hazardous substance" ~~has the meaning given in section 115B.02, subdivision 8~~ means any material identified in the definition of hazardous substance under section 115B.02, subdivision 8, or Code of Federal Regulations, title 49, section 171.8.

~~(d)~~ (e) "Incident compelling a significant response" means an event involving rail carrier or pipeline company operations and a derailment, collision, discharge, or other similar activity resulting in applicable response actions performed by firefighters, peace officers, incident commanders, emergency managers, or emergency first responders. For purposes of this paragraph, "applicable response actions" consist of one or more of the following: a request for mutual aid or special response resources, establishment of an exclusion zone, an order for evacuation or shelter in place, or emergency notification to the general public.

(f) "Oil" has the meaning given in section 115E.01, subdivision 8.

~~(e)~~ (g) "Pipeline company" means any individual, partnership, association, or public or private corporation who owns and operates pipeline facilities and is required to show specific preparedness under section 115E.03, subdivision 2.

Subd. 2. **Railroad and pipeline safety account.** (a) A railroad and pipeline safety account is created in the special revenue fund. The account consists of funds collected under subdivision 4 and funds donated, allotted, transferred, or otherwise provided to the account.

(b) ~~\$104,000~~ \$560,000 is annually appropriated from the railroad and pipeline safety account to the commissioner of the Pollution Control Agency for environmental protection activities related to railroad discharge preparedness under chapter 115E.

(c) \$600,000 in fiscal year 2018 and \$600,000 in fiscal year 2019 are appropriated \$750,000 in fiscal year 2024 and \$1,500,000 in each subsequent fiscal year are transferred from the railroad and pipeline safety account to the commissioner of transportation for improving safety at railroad grade crossings grade crossing safety account under section 219.1651.

(d) Following the appropriation in ~~paragraphs~~ paragraph (b) and the transfer in paragraph (c), the remaining money in the account is annually appropriated to the commissioner of public safety for the purposes specified in subdivision 3.

(e) By January 15, 2026, the commissioner of public safety must submit a report on the railroad and pipeline safety account to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance. The report must list detailed revenues to and expenditures from the account for the previous two fiscal years and must include information on the purpose of each expenditure.

(f) If the balance of the account at the end of a fiscal biennium is greater than \$2,000,000, the amount above \$2,000,000 must be transferred to the grade crossing safety account under section 219.1651.

Subd. 3. **Allocation of funds.** (a) Subject to funding appropriated for this subdivision, the commissioner shall provide funds for training and response preparedness related to (1) derailments, discharge incidents, or spills involving trains carrying oil or other hazardous substances, and (2) pipeline discharge incidents or spills involving oil or other hazardous substances.

(b) The commissioner ~~shall~~ must allocate available funds as follows:

(1) \$100,000 annually for emergency response teams; and

(2) the remaining amount to the Board of Firefighter Training and Education under section 299N.02 ~~and~~, the Division of Homeland Security and Emergency Management, and the State Fire Marshal Division.

(c) Prior to making allocations under paragraph (b), the commissioner ~~shall~~ must consult with the Fire Service Advisory Committee under section 299F.012, subdivision 2.

(d) The commissioner and the entities identified in paragraph (b), clause (2), ~~shall~~ must prioritize uses of funds based on:

(1) ~~firefighter~~ firefighter training needs for firefighters, emergency managers, incident commanders, and emergency first responders;

(2) community risk from discharge incidents or spills;

(3) geographic balance;

(4) risks to the general public; and

(5) recommendations of the Fire Service Advisory Committee.

(e) The following are permissible uses of funds provided under this subdivision:

(1) training costs, which may include, but are not limited to, training curriculum, trainers, trainee overtime salary, other personnel overtime salary, and tuition;

(2) costs of gear and equipment related to hazardous materials readiness, response, and management, which may include, but are not limited to, original purchase, maintenance, and replacement;

(3) supplies related to the uses under clauses (1) and (2); ~~and~~

(4) emergency preparedness planning and coordination;

(5) emergency response team costs;

(6) public safety emergency response exercises under section 219.055, subdivision 6;

(7) incident commander and response site response exercises under section 219.055, subdivision 7;

(8) education and outreach to encourage the adoption of the AskRail wireless communication device application under section 219.055, subdivision 5;

(9) postincident review and analysis under subdivision 5, based on costs incurred to state agencies and local units of government; and

(10) public education and outreach, including but not limited to:

(i) informing and engaging the public regarding hazards of derailments and discharge incidents;

(ii) assisting the development of evacuation readiness;

(iii) undertaking public information campaigns; and

(iv) providing accurate information to the media on likelihood and consequences of derailments and discharge incidents.

(f) Notwithstanding paragraph (b), clause (2), from funds in the railroad and pipeline safety account provided for the purposes under this subdivision, the commissioner may retain a balance in the account for budgeting in subsequent fiscal years.

Subd. 4. **Assessments.** (a) The commissioner of public safety ~~shall~~ must annually assess ~~\$2,500,000~~ \$4,000,000 to railroad and pipeline companies based on the formula specified in paragraph (b). The commissioner ~~shall~~ must deposit funds collected under this subdivision in the railroad and pipeline safety account under subdivision 2.

(b) The assessment for each railroad is ~~50~~ 70 percent of the total annual assessment amount, divided in equal proportion between applicable rail carriers based on route miles operated in Minnesota. The assessment for each pipeline company is ~~50~~ 30 percent of the total annual assessment amount, divided in equal proportion between companies based on the yearly aggregate gallons of oil and other hazardous substance substances transported by pipeline in Minnesota.

(c) The assessments under this subdivision expire July 1, 2017. In addition to the amount identified in paragraph (a), the commissioner must assess the rail carrier or pipeline company involved in an incident compelling a significant response for all postincident review and analysis costs under subdivision 5 incurred by the state and local units of government. This paragraph applies regardless of whether an assessment is imposed under paragraph (a) in a fiscal year.

Subd. 5. **Postincident review and analysis; legislative report; data.** (a) After an incident compelling a significant response, or upon request of a fire chief or emergency manager after an incident, the commissioner must ensure a postincident review and analysis is performed in a timely manner. The review and analysis must be undertaken under an agreement with an entity having relevant knowledge and experience that is fully independent of the state, any local units of government involved in the incident, rail carriers, and pipeline companies.

(b) The review and analysis process must include an after action review and must evaluate, at a minimum, processes occurring during the incident for emergency assessment, hazard operations, population protection, and incident management. The review and analysis must be designed to minimize duplication of topics and issues addressed in any federal review of the incident.

(c) By March 1 following any calendar year in which one or more postincident reviews and analyses are performed, the commissioner must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation and public safety policy and finance. The report must:

- (1) provide a summary of the incidents;
- (2) identify findings, lessons learned, and process changes; and
- (3) make recommendations for legislative changes, if any.

(d) Except for the report under paragraph (c), any data under this subdivision are nonpublic data, as defined under section 13.02, subdivision 9.

Sec. 82. Minnesota Statutes 2022, section 299A.705, subdivision 1, is amended to read:

Subdivision 1. **Driver and vehicle services operating account.** (a) The driver and vehicle services operating account is created in the special revenue fund, ~~consisting~~. The account consists of all money from the vehicle services fees specified in chapters 168, 168A, and 168D, all money collected under chapter 171, and any other money donated, allotted, transferred, or otherwise provided to the account.

(b) Funds appropriated from the account must be used by the commissioner of public safety to administer:

(1) the driver services specified in chapters 169A and 171, including the activities associated with producing and mailing drivers' licenses and identification cards and notices relating to issuance, renewal, or withdrawal of driving and identification card privileges for any fiscal year or years and for the testing and examination of drivers; and

(2) the vehicle services specified in chapters 168, 168A, and 168D, and section 169.345, including:

(1) (i) designing, producing, issuing, and mailing vehicle registrations, plates, emblems, and titles;

(2) (ii) collecting title and registration taxes and fees;

(3) (iii) transferring vehicle registration plates and titles;

(4) (iv) maintaining vehicle records;

(5) (v) issuing disability certificates and plates;

(6) (vi) licensing vehicle dealers;

(7) (vii) appointing, monitoring, and auditing deputy registrars; and

(8) (viii) inspecting vehicles when required by law.

(c) In conjunction with each forecast under section 16A.103, the submission of the governor's budget under section 16A.11, and the completion of a legislative session, the commissioner of management and budget must publish a supplemental statement for the account. The statement must include:

(1) categorization of revenue and expenditures for recent, current, and upcoming fiscal years, with breakouts by anticipated expenditures under statutory and direct appropriations;

(2) specification of the account balance actuals or estimates in each fiscal year; and

(3) identification of changes in comparison to the most recent prior forecast.

Sec. 83. Minnesota Statutes 2022, section 299F.60, subdivision 1, is amended to read:

Subdivision 1. **Money penalty.** Any person who violates any provision of sections 299F.56 to 299F.641, or any rule issued thereunder, is subject to a civil penalty to be imposed by the commissioner not to exceed \$100,000 for each violation for each day that the violation persists, except that the maximum civil penalty must not exceed \$1,000,000 for any related series of violations the maximum penalties listed in Code of Federal Regulations, title 49, part 190, and any successor regulations and standards that may be amended or adopted.

Sec. 84. Minnesota Statutes 2022, section 299J.16, subdivision 1, is amended to read:

Subdivision 1. **Civil penalty.** (a) A pipeline operator who violates section 299J.07, subdivision 1, or 299J.15, or the rules of the commissioner implementing those sections, shall forfeit and pay to the state a civil penalty in an amount to be determined by the court, up to \$100,000 for each day that the operator remains in violation, subject to a maximum of \$1,000,000 for a related series of violations the maximum penalties listed in Code of Federal Regulations, title 49, part 190, and any successor regulations and standards that may be amended or adopted.

(b) The penalty provided under this subdivision may be recovered by an action brought by the attorney general at the request of the commissioner, in the name of the state, in connection with an action to recover expenses of the director under section 299J.13, subdivision 4:

- (1) in the District Court of Ramsey County; or
- (2) in the county of the defendant's residence.

Sec. 85. Minnesota Statutes 2022, section 357.021, subdivision 6, is amended to read:

Subd. 6. Surcharges on criminal and traffic offenders. (a) Except as provided in this subdivision, the court shall impose and the court administrator shall collect a \$75 surcharge on every person convicted of any felony, gross misdemeanor, misdemeanor, or petty misdemeanor offense, other than a violation of: (1) a law or ordinance relating to vehicle parking, for which there shall be is a \$12 surcharge; and (2) section 609.855, subdivision 1, 3, or 3a, for which there is a \$25 surcharge. When a defendant is convicted of more than one offense in a case, the surcharge shall be imposed only once in that case. In the Second Judicial District, the court shall impose, and the court administrator shall collect, an additional \$1 surcharge on every person convicted of any felony, gross misdemeanor, misdemeanor, or petty misdemeanor offense, including a violation of a law or ordinance relating to vehicle parking, if the Ramsey County Board of Commissioners authorizes the \$1 surcharge. The surcharge shall be imposed whether or not the person is sentenced to imprisonment or the sentence is stayed. The surcharge shall not be imposed when a person is convicted of a petty misdemeanor for which no fine is imposed.

(b) The court may reduce the amount or waive payment of the surcharge required under this subdivision on a showing of indigency or undue hardship upon the convicted person or the convicted person's immediate family. Additionally, the court may permit the defendant to perform community work service in lieu of a surcharge.

(c) The court administrator or other entity collecting a surcharge shall forward it to the commissioner of management and budget.

(d) If the convicted person is sentenced to imprisonment and has not paid the surcharge before the term of imprisonment begins, the chief executive officer of the correctional facility in which the convicted person is incarcerated shall collect the surcharge from any earnings the inmate accrues from work performed in the facility or while on conditional release. The chief executive officer shall forward the amount collected to the court administrator or other entity collecting the surcharge imposed by the court.

(e) A person who enters a diversion program, continuance without prosecution, continuance for dismissal, or stay of adjudication for a violation of chapter 169 must pay the surcharge described in this subdivision. A surcharge imposed under this paragraph shall be imposed only once per case.

(f) The surcharge does not apply to administrative citations issued pursuant to section 169.999.

(g) The surcharge does not apply to administrative citations issued by transit rider investment program personnel pursuant to section 473.4075.

EFFECTIVE DATE. This section is effective July 1, 2023, and applies to violations committed on or after that date.

Sec. 86. Minnesota Statutes 2022, section 357.021, subdivision 7, is amended to read:

Subd. 7. **Disbursement of surcharges by commissioner of management and budget.** (a) Except as provided in paragraphs (b) to (d), the commissioner of management and budget shall disburse surcharges received under subdivision 6 as follows:

(1) one percent shall be credited to the peace officer training account in the game and fish fund to provide peace officer training for employees of the Department of Natural Resources who are licensed under sections 626.84 to 626.863, and who possess peace officer authority for the purpose of enforcing game and fish laws; and

(2) 99 percent shall be credited to the general fund.

(b) The commissioner of management and budget shall credit \$3 of each surcharge received under subdivision 6 to the general fund.

(c) In addition to any amounts credited under paragraph (a), the commissioner of management and budget shall credit the following to the general fund: \$47 of each surcharge received under subdivision 6 ~~and~~; the \$12 parking surcharge, ~~to the general fund~~; and the \$25 surcharge for a violation of section 609.855, subdivision 1, 3, or 3a.

(d) If the Ramsey County Board of Commissioners authorizes imposition of the additional \$1 surcharge provided for in subdivision 6, paragraph (a), the court administrator in the Second Judicial District shall transmit the surcharge to the commissioner of management and budget. The \$1 special surcharge is deposited in a Ramsey County surcharge account in the special revenue fund and amounts in the account are appropriated to the trial courts for the administration of the petty misdemeanor diversion program operated by the Second Judicial District Ramsey County Violations Bureau.

EFFECTIVE DATE. This section is effective July 1, 2023, and applies to violations committed on or after that date.

Sec. 87. Minnesota Statutes 2022, section 360.915, subdivision 6, is amended to read:

Subd. 6. **Administration.** ~~(a)~~ The commissioner must maintain records on stand-alone meteorological towers under this section and must provide information on stand-alone meteorological tower locations on the department's website.

~~(b) The commissioner must deposit revenue received under this section in the state airports fund.~~

Sec. 88. Minnesota Statutes 2022, section 473.145, is amended to read:

473.145 DEVELOPMENT GUIDE.

(a) The Metropolitan Council ~~shall~~ must prepare and adopt, after appropriate study and such public hearings as may be necessary, a comprehensive development guide for the metropolitan area.

It ~~shall~~ must consist of a compilation of policy statements, goals, standards, programs, and maps prescribing guides for the orderly and economical development, public and private, of the metropolitan area. The comprehensive development guide ~~shall~~ must recognize and encompass physical, social, or economic needs of the metropolitan area and those future developments which will have an impact on the entire area including but not limited to such matters as land use, climate mitigation and adaptation, parks and open space land needs, the necessity for and location of airports, highways, transit facilities, public hospitals, libraries, schools, and other public buildings.

(b) For the purposes of this section, "climate mitigation and adaptation" includes mitigation goals and strategies that meet or exceed the greenhouse gas emissions-reduction goals established by the state under section 216H.02, subdivision 1, and transportation targets established by the commissioner of transportation, including vehicle miles traveled reduction targets established in the statewide multimodal transportation plan under section 174.03, subdivision 1a, as well as plans and policies to address climate adaptation in the region. The commissioner of transportation must consult with the Metropolitan Council on transportation targets prior to establishing the targets.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 89. Minnesota Statutes 2022, section 473.39, is amended by adding a subdivision to read:

Subd. 1x. **Obligations.** In addition to other authority in this section, the council may issue certificates of indebtedness, bonds, or other obligations under this section in an amount not exceeding \$104,545,000 for capital expenditures as prescribed in the council's transit capital improvement program and for related costs, including the costs of issuance and sale of the obligations. Of this authorization, after July 1, 2023, the council may issue certificates of indebtedness, bonds, or other obligations in an amount not exceeding \$51,500,000, and after July 1, 2024, the council may issue certificates of indebtedness, bonds, or other obligations in an additional amount not exceeding \$53,045,000.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 90. Minnesota Statutes 2022, section 473.39, subdivision 6, is amended to read:

Subd. 6. **Limitation; light rail transit.** The council is prohibited from expending any proceeds from certificates of indebtedness, bonds, or other obligations under subdivisions 1u ~~and~~, 1w, and 1x for project development, land acquisition, or construction to (1) establish a light rail transit line; or (2) expand a light rail transit line, including by extending a line or adding additional stops.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 91. Minnesota Statutes 2022, section 473.3999, is amended to read:

473.3999 LIGHT RAIL TRANSIT CONSTRUCTION; COUNCIL AUTHORITY; STAFF ASSISTANCE; PROJECT MANAGER QUALIFICATIONS.

(a) The Metropolitan Council may exercise the powers granted in this chapter and in other applicable law, as necessary, to plan, design, acquire, construct, and equip light rail transit facilities in the metropolitan area as defined in section 473.121, subdivision 2.

(b) Notwithstanding any cooperative agreement between the commissioner of transportation and the Metropolitan Council in section 473.3994, subdivision 1a, if the council is the responsible authority, the commissioner of transportation must provide staff assistance to the council. To the extent practicable, the Metropolitan Council must utilize the Department of Transportation staff assistance for:

(1) delivery method selection for the design, planning, acquisition, construction, and equipping of light rail transit projects;

(2) risk assessment analysis in the planning, designing, and construction of a light rail transit facility or a new light rail transit project;

(3) contractor and subcontractor schedule analysis and contractual requirements;

(4) light rail transit project cost management and budget analysis for the planning, designing, and construction of a light rail transit facility or new light rail transit project; and

(5) any other technical areas of expertise that the Department of Transportation may offer.

(c) If the Metropolitan Council is the responsible authority, the council must select a qualified project manager and lead project engineer with at least ten years' transportation industry experience to lead the planning, design, acquisition, construction, or equipping of a new light rail transit project.

Sec. 92. [473.4065] TRANSIT RIDER ACTIVITY.

Subdivision 1. Code of conduct; establishment. (a) The council must adopt a rider code of conduct for transit passengers. The council must post a copy of the code of conduct in a prominent location at each light rail transit station, bus rapid transit station, and transit center.

(b) The code of conduct must not prohibit sleeping in a manner that does not otherwise violate conduct requirements.

(c) Prior to adoption of the rider code of conduct, or a revision, the council must perform a stakeholder engagement process. At a minimum, the process must include solicitation and consideration of public comments on conduct requirements and the rider experience.

Subd. 2. Code of conduct; violations. An authorized transit representative, as defined in section 609.855, subdivision 7, paragraph (g), may order a person to depart a transit vehicle or transit facility for a violation of the rider code of conduct established under subdivision 1 if the person continues to act in violation of the code of conduct after being warned once to stop.

Subd. 3. Paid fare zones. The council must establish and clearly designate paid fare zones at each light rail transit station where the council utilizes self-service barrier-free fare collection.

Subd. 4. **Light rail transit facility monitoring.** (a) The council must implement and maintain public safety monitoring and response activities at light rail transit facilities that include:

(1) placement of security cameras and sufficient associated lighting that provide live coverage for the entire area at each light rail transit station and each light rail transit vehicle;

(2) installation of a public address system at each light rail transit station that is capable of providing information and warnings to passengers; and

(3) real-time active monitoring of passenger activity and potential violations throughout the light rail transit system.

(b) The monitoring activities must include timely maintenance or replacement of malfunctioning cameras or public address systems.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 93. **[473.4075] TRANSIT RIDER INVESTMENT PROGRAM.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms and the terms defined in section 609.855, subdivision 7, have the meanings given.

(b) "Transit official" means an individual who is authorized as TRIP personnel, a community service officer, or a peace officer, as defined in section 626.84, subdivision 1, paragraph (c).

(c) "TRIP personnel" means persons specifically authorized by the council for the transit rider investment program under this section, including but not limited to fare inspection and enforcement, who are not peace officers or community service officers.

(d) "TRIP" or "program" means the transit rider investment program established in this section.

Subd. 2. **Program established.** (a) Subject to available funds, the council must implement a transit rider investment program that provides for TRIP personnel deployment, fare payment inspection, administrative citation issuance, rider education and assistance, and improvements to the transit experience.

(b) As part of program implementation, the council must:

(1) adopt a resolution that establishes the program and establishes fine amounts in accordance with subdivision 8;

(2) establish policies and procedures that govern authorizing and training TRIP personnel, TRIP personnel uniforms, issuing an administrative citation, and contesting an administrative citation;

(3) consult with stakeholders on the design of the program;

(4) develop a TRIP personnel recruitment plan that includes informing and supporting potential applicants who are:

(i) representative of transit users; and

(ii) from cultural, ethnic, and racial communities that are historically underrepresented in state or local public service;

(5) develop a TRIP personnel strategic deployment plan that:

(i) requires teams of at least two individuals; and

(ii) targets deployment to times and locations with identified concentrations of activity that are subject to administrative citations, other citations, or arrest or that negatively impact the rider experience; and

(6) provide for training to peace officers who provide law enforcement assistance under an agreement with the council on the program and issuance of administrative citations.

Subd. 3. **TRIP manager.** The council must appoint a TRIP manager to manage the program. The TRIP manager must have managerial experience in social services, transit service, or law enforcement. The TRIP manager is a TRIP personnel staff member.

Subd. 4. **TRIP personnel; duties; requirements.** (a) The duties of the TRIP personnel include:

(1) monitoring and responding to passenger activity, including:

(i) informing passengers about and specifying expectations related to the council's rider code of conduct; and

(ii) assisting passengers in obtaining social services, such as through information and referrals;

(2) acting as a liaison to social service agencies;

(3) providing information to passengers on using the transit system;

(4) providing direct navigation assistance and accompaniment to passengers who have a disability, are elderly, or request enhanced personal aid;

(5) performing fare payment inspections;

(6) issuing administrative citations as provided in subdivision 6; and

(7) obtaining assistance from peace officers or community service officers as necessary.

(b) An individual who is authorized as TRIP personnel must wear the uniform as established by the council at all times when on duty.

Subd. 5. **TRIP personnel; training.** Training for TRIP personnel must include the following topics:

(1) early warning techniques, crisis intervention, conflict de-escalation, and conflict resolution;

(2) identification of persons likely in need of social services;

(3) locally available social service providers, including services for homelessness, mental health, and addiction;

(4) policies and procedures for administrative citations; and

(5) administration of opiate antagonists in a manner that meets the requirements under section 151.37, subdivision 12.

Subd. 6. **Administrative citations; authority; issuance.** (a) A transit official has the exclusive authority to issue an administrative citation to a person who commits a violation under section 609.855, subdivision 1, paragraph (a), clause (1), or 3.

(b) An administrative citation must include notification that the person has the right to contest the citation, basic procedures for contesting the citation, and information on the timeline and consequences for failure to contest the citation or pay the fine.

(c) The council must not mandate or suggest a quota for the issuance of administrative citations under this section.

(d) Issuance and resolution of an administrative citation is a bar to prosecution under section 609.855, subdivision 1, paragraph (a), clause (1), or 3, or for any other violation arising from the same conduct.

Subd. 7. **Administrative citations; disposition.** (a) A person who commits a violation under section 609.855, subdivision 1, paragraph (a), clause (1), or 3, and is issued an administrative citation under this section must, within 90 days of issuance, pay the fine as specified or contest the citation. A person who fails to either pay the fine or contest the citation within the specified period is considered to have waived the contested citation process and is subject to collections.

(b) The council must provide a civil process for a person to contest the administrative citation before a neutral third party. The council may employ a council employee not associated with its transit operations to hear and rule on challenges to administrative citations or may contract with another unit of government or a private entity to provide the service.

(c) The council may contract with credit bureaus, public and private collection agencies, the Department of Revenue, and other public or private entities providing collection services as necessary for the collection of fine debts under this section. As determined by the council, collection costs are added to the debts referred to a public or private collection entity for collection. Collection costs include the fees of the collection entity and may include, if separately provided, skip tracing fees, credit bureau reporting charges, and fees assessed by any public entity for obtaining information necessary for debt collection. If the collection entity collects an amount less than the total due, the payment is applied proportionally to collection costs and the underlying debt.

Subd. 8. **Administrative citations; penalties.** (a) The amount of a fine under this section must be set at no less than \$35 and no more than \$100.

(b) Subject to paragraph (a), the council may adopt a graduated structure that increases the fine amount for second and subsequent violations.

(c) The council may adopt an alternative resolution procedure under which a person may resolve an administrative citation in lieu of paying a fine by complying with terms established by the council for community service, prepayment of future transit fares, or both. The alternative resolution procedure must be available only to a person who has committed a violation under section 609.855, subdivision 1, paragraph (a), clause (1), or 3, for the first time, unless the person demonstrates financial hardship under criteria established by the council.

EFFECTIVE DATE; APPLICATION. This section is effective July 1, 2023, except that subdivisions 1 and 3 are effective the day following final enactment. This section applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 94. [473.4077] LEGISLATIVE REPORT; TRANSIT SAFETY AND RIDER EXPERIENCE.

Subdivision 1. Definitions. For purposes of this section, the terms defined in section 473.4075 have the meanings given.

Subd. 2. Legislative report. (a) Annually by February 15, the council must submit a report on transit safety and rider experience to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance.

(b) At a minimum, the report must:

(1) provide an overview of transit safety issues and actions taken by the council to improve safety, including improvements made to equipment and infrastructure;

(2) provide an overview of the rider code of conduct and measures required under section 473.4065;

(3) provide an overview of the transit rider investment program under section 473.4075 and the program's structure and implementation;

(4) provide an overview of the activities of TRIP personnel, including specifically describing the activities of uniformed transit safety officials;

(5) provide a description of all policies adopted pursuant to section 473.4075, the need for each policy, and a copy of each policy;

(6) if the council adopted an alternative resolution procedure pursuant to section 473.4075, subdivision 8, provide:

(i) a description of that procedure;

(ii) the criteria used to determine financial hardship; and

(iii) for each of the previous three calendar years, how frequently the procedure was used, the number of community service hours performed, and the total amount paid as prepayment of transit fares;

(7) for each of the previous three calendar years:

(i) identify the number of fare compliance inspections that were completed, including the total number and the number as a percentage of total rides;

(ii) state the number of warnings and citations issued by the Metro Transit Police Department and transit agents, including a breakdown of which type of officer or official issued the citation, the statutory authority for issuing the warning or citation, the reason given for each warning or citation issued, and the total number of times each reason was given;

(iii) state the number of administrative citations that were appealed pursuant to section 473.4075, the number of those citations that were dismissed on appeal, and a breakdown of the reasons for dismissal;

(iv) include data and statistics on crime rates occurring on public transit vehicles and surrounding transit stops and stations;

(v) state the number of peace officers employed by the Metro Transit Police Department;

(vi) state the average number of peace officers employed by the Metro Transit Police Department; and

(vii) state the number of uniformed transit safety officials and community service officers who served as transit agents;

(8) analyze impacts of the transit rider investment program on fare compliance and customer experience for riders, including rates of fare violations; and

(9) make recommendations on the following:

(i) changes to the administrative citation program; and

(ii) methods to improve safety on public transit and transit stops and stations.

EFFECTIVE DATE; APPLICATION. This section is effective July 1, 2023, and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 95. **[473.412] METRO TRANSIT CLEANING AND REPAIR STANDARDS; REPORT REQUIRED.**

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

(b) "Cleaning" means the removal of litter, refuse, food, glass, bodily fluids, offensive odors, or other debris.

(c) "Graffiti" has the meaning given in section 617.90, subdivision 1.

(d) "Transit station" means a wholly or partially enclosed structure provided for public use as a waiting area in conjunction with light rail transit, bus rapid transit, or regular route transit and includes any property, structures, fixtures, equipment, appurtenances, improvements, heating

elements, lighting, fare collection, or any other property that is owned, leased, held, or used for the purpose of providing and supporting public transit.

(e) "Transit vehicle" means light rail transit trains, bus rapid transit vehicles, buses servicing regular route intervals, or any other vehicle owned or operated by a public entity for the purpose of providing public transit.

(f) "Vandalism" means a person defacing, marring, damaging, removing, injuring, displacing, destroying, or tampering with any transit facility or transit vehicle equipment, property, structures, fixtures, or appurtenances.

Subd. 2. **Standards established.** (a) By October 1, 2023, the Metropolitan Council must adopt standards on cleanliness and repair of transit vehicles and stations. To the extent practicable, the standards must address:

(1) cleaning requirements for transit stations and vehicles operated by the council;

(2) a strategy for discovering and removing vandalism, graffiti, or other defacement to transit stations or vehicles operated by the council;

(3) a proposal for the timely repair of damage to transit stations and transit vehicle fixtures, structures, or other property used for the purpose of supporting public transit; and

(4) any other cleanliness standards necessary to provide a quality ridership experience for all transit users.

(b) By February 1, 2024, the Metropolitan Council must provide information on the council's website on how the council solicits public feedback on cleanliness and rider experience at transit stations and on transit vehicles. The council must post conspicuous notice of the public feedback options at each light rail transit station and bus rapid transit station operated by the council.

Subd. 3. **Report required; cleaning standards and expenditures.** (a) By October 1, 2023, and every two years thereafter, the Metropolitan Council must report to the chairs and ranking minority members of the legislative committees with jurisdiction over transit policy and finance on transit cleanliness and the ridership experience.

(b) The first report due under paragraph (a) must provide the council's adopted cleanliness standards required under subdivision 2. The first report must also provide information on how the council developed the cleanliness standards, the stakeholders it consulted in drafting the cleanliness standards, and the financial resources needed to implement the cleaning and repair standards. The first report must also identify the council's proposal for soliciting public feedback on cleanliness and rider experience at transit stations and on transit vehicles operated by the council.

(c) For reports submitted on October 1, 2025, and every two years thereafter, the report must include:

(1) the total expenditures for cleaning and repairing transit stations and transit vehicles;

(2) a report on the frequency, type, and location of repairs;

(3) a report on whether specific transit stations needed a higher proportion of cleaning or repairs;

(4) a report on workforce challenges for maintaining the cleanliness standards adopted by the council;

(5) whether the council has adopted preventative measures against vandalism or graffiti; and

(6) any recommendations for additions to the transit rider code of conduct adopted by the council under section 473.4065.

(d) The council must collect and summarize the public comments it receives and incorporate those comments into the report required under paragraph (c).

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 96. **[473.615] REPORT; CLIMATE MITIGATION AND ADAPTATION.**

(a) By January 31 annually, the commission must submit a report on climate mitigation and adaptation to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation finance and policy.

(b) At a minimum, the report must:

(1) summarize activities and evaluate performance at the Minneapolis-St. Paul International Airport in support of the following 2030 goals adopted by the commission:

(i) a reduction of greenhouse gas emissions to a level that is at least 80 percent below 2015 levels;

(ii) a reduction in water usage per airline passenger to a level that is at least 15 percent below 2015 levels; and

(iii) diversion of at least 75 percent of all waste through waste reduction, reuse, recycling, and composting programs; and

(2) summarize findings from the commission's 2023 waste characterization study.

(c) The report due by January 31, 2024, must also include a plan and timeline for the reduction of single-use plastics, including but not limited to a potential ban on plastic water bottles. The commission must develop the plan following a stakeholder engagement process.

(d) This section expires June 30, 2030.

Sec. 97. Minnesota Statutes 2022, section 473.859, subdivision 2, is amended to read:

Subd. 2. **Land use plan.** (a) A land use plan ~~shall~~ must include the water management plan required by section 103B.235, and shall designate the existing and proposed location, intensity and extent of use of land and water, including lakes, wetlands, rivers, streams, natural drainage courses,

and adjoining land areas that affect water natural resources, for agricultural, residential, commercial, industrial and other public and private purposes, or any combination of such purposes.

(b) A land use plan ~~shall~~ must contain a protection element, as appropriate, for historic sites, the matters listed in the water management plan required by section 103B.235, and an element for protection and development of access to direct sunlight for solar energy systems.

(c) A land use plan ~~shall~~ must also include a housing element containing standards, plans and programs for providing adequate housing opportunities to meet existing and projected local and regional housing needs, including but not limited to the use of official controls and land use planning to promote the availability of land for the development of low and moderate income housing.

(d) A land use plan ~~shall~~ must also include the local government's goals, intentions, and priorities concerning aggregate and other natural resources, transportation infrastructure, land use compatibility, habitat, agricultural preservation, and other planning priorities, considering information regarding supply from the Minnesota Geological Survey Information Circular No. 46.

(e) A land use plan must also include an inventory and projections pertaining to greenhouse gas emissions and vehicle miles traveled that are generated from activity that occurs within the local government's jurisdiction. The inventory and projections must include the emission sources from transportation, land use, energy use, solid waste, and, where available and applicable, livestock and agriculture. The inventory and projections must include the estimated impact of strategies, including efficient land use and compact growth, that reduce or naturally sequester greenhouse gas emissions across sectors.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 98. Minnesota Statutes 2022, section 473.859, is amended by adding a subdivision to read:

Subd. 7. **Climate mitigation and adaptation.** The council must specify how climate mitigation and adaptation information required pursuant to subdivision 2 and section 473.145 must be incorporated into comprehensive plan content.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 99. Minnesota Statutes 2022, section 609.855, subdivision 1, is amended to read:

Subdivision 1. **Unlawfully obtaining services; petty misdemeanor.** (a) A person is guilty of a petty misdemeanor who intentionally obtains or attempts to obtain service for himself, herself, or another person from a provider of public transit or from a public conveyance by doing any of the following:

(1) occupies or rides in any public transit vehicle without paying the applicable fare or otherwise obtaining the consent of the transit provider including:

- (i) the use of a reduced fare when a person is not eligible for the fare; or
 - (ii) the use of a fare medium issued solely for the use of a particular individual by another individual;
- (2) presents a falsified, counterfeit, photocopied, or other deceptively manipulated fare medium as fare payment or proof of fare payment;
- (3) sells, provides, copies, reproduces, or creates any version of any fare medium without the consent of the transit provider; or
- (4) puts or attempts to put any of the following into any fare box, pass reader, ticket vending machine, or other fare collection equipment of a transit provider:
- (i) papers, articles, instruments, or items other than fare media or currency; or
 - (ii) a fare medium that is not valid for the place or time at, or the manner in, which it is used.
- (b) Where self-service barrier-free fare collection is utilized by a public transit provider, it is a violation of this subdivision to intentionally fail to exhibit proof of fare payment upon the request of an authorized transit representative when entering, riding upon, or leaving a transit vehicle or when present in a designated paid fare zone located in a transit facility.
- (c) A person who violates this subdivision must pay a fine of no more than \$10.

EFFECTIVE DATE. This section is effective July 1, 2023, and applies to violations committed on or after that date.

Sec. 100. Minnesota Statutes 2022, section 609.855, subdivision 3, is amended to read:

Subd. 3. **Prohibited activities; petty misdemeanor.** (a) ~~A person is guilty of a misdemeanor who, while riding in a vehicle providing public transit service:~~

~~(1) operates a radio, television, tape player, electronic musical instrument, or other electronic device, other than a watch, which amplifies music, unless the sound emanates only from earphones or headphones and except that vehicle operators may operate electronic equipment for official business;~~

~~(2) smokes or carries lighted smoking paraphernalia;~~

~~(3) consumes food or beverages, except when authorized by the operator or other official of the transit system;~~

~~(4) (a) A person who throws or deposits litter; or while riding in a vehicle providing public transit service is guilty of a petty misdemeanor.~~

~~(5) carries or is in control of an animal without the operator's consent.~~

(b) A person is guilty of a violation of this subdivision only if the person continues to act in violation of this subdivision after being warned once by an authorized transit representative to stop the conduct.

EFFECTIVE DATE. This section is effective July 1, 2023, and applies to violations committed on or after that date.

Sec. 101. Minnesota Statutes 2022, section 609.855, is amended by adding a subdivision to read:

Subd. 3a. **Prohibited activities; misdemeanor.** (a) A person who performs any of the following while in a transit vehicle or at a transit facility is guilty of a misdemeanor:

(1) smokes, as defined in section 144.413, subdivision 4;

(2) urinates or defecates;

(3) consumes an alcoholic beverage, as defined in section 340A.101, subdivision 2;

(4) damages a transit vehicle or transit facility in a manner that meets the requirements for criminal damage to property in the fourth degree under section 609.595, subdivision 3, and is not otherwise a violation under section 609.595, subdivision 1, 1a, or 2;

(5) performs vandalism, defacement, or placement of graffiti, as defined in section 617.90, subdivision 1; or

(6) engages in disorderly conduct as specified in section 609.72, subdivision 1, clause (3).

(b) A peace officer, as defined in section 626.84, subdivision 1, paragraph (c), may order a person to depart a transit vehicle or transit facility for a violation under paragraph (a).

EFFECTIVE DATE. This section is effective July 1, 2023, and applies to violations committed on or after that date.

Sec. 102. Minnesota Statutes 2022, section 609.855, subdivision 7, is amended to read:

Subd. 7. **Definitions.** (a) The definitions in this subdivision apply in this section.

(b) "Public transit" or "transit" has the meaning given in section 174.22, subdivision 7.

(c) "Public transit vehicle" or "transit vehicle" means any vehicle used for the purpose of providing public transit, whether or not the vehicle is owned or operated by a public entity.

(d) "Public transit facilities" or "transit facilities" means any vehicles, equipment, property, structures, stations, improvements, plants, parking or other facilities, or rights that are owned, leased, held, or used for the purpose of providing public transit, whether or not the facility is owned or operated by a public entity.

(e) "Fare medium" means a ticket, smart card, pass, coupon, token, transfer, or other medium sold or distributed by a public transit provider, or its authorized agents, for use in gaining entry to or use of the public transit facilities or vehicles of the provider.

(f) "Proof of fare payment" means a fare medium valid for the place or time at, or the manner in, which it is used. If using a reduced-fare medium, proof of fare payment also includes proper identification demonstrating a person's eligibility for the reduced fare. If using a fare medium issued solely for the use of a particular individual, proof of fare payment also includes an identification document bearing a photographic likeness of the individual and demonstrating that the individual is the person to whom the fare medium is issued.

(g) "Authorized transit representative" means the person authorized by the transit provider to operate the transit vehicle, a peace officer, a transit official under section 473.4075, subdivision 1, or any other person designated by the transit provider as an authorized transit ~~provider~~ representative under this section.

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

Sec. 103. Laws 2005, First Special Session chapter 6, article 3, section 103, is amended to read:

Sec. 103. ADDITIONAL DEPUTY REGISTRAR OF MOTOR VEHICLES FOR HENNEPIN COUNTY.

Notwithstanding Minnesota Statutes, section 168.33, and rules adopted by the commissioner of public safety, limiting sites for the office of deputy registrar based on either the distance to an existing deputy registrar office or the annual volume of transactions processed by any deputy registrar within Hennepin County before or after the proposed appointment, the commissioner of public safety shall appoint a new deputy registrar of motor vehicles and driver's license agent for Hennepin County to operate a new full-service office of deputy registrar, with full authority to function as a registration and motor vehicle tax collection and driver's license bureau, at the Midtown Exchange Building and the North Minneapolis Service Center at 1001 Plymouth Avenue North in the city of Minneapolis. The addition of a deputy registrar establishes the North Minneapolis Service Center as a full-service office with full authority to function as a registration and motor vehicle tax collection and driver's license bureau. All other provisions regarding the appointment and operation of a deputy registrar of motor vehicles and driver's license agent under Minnesota Statutes, sections 168.33 and 171.061, and Minnesota Rules, chapter 7406, apply to the office.

Sec. 104. Laws 2013, chapter 127, section 63, is amended to read:

Sec. 63. CONVEYANCE OF STATE LAND; LE SUEUR COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 16B.281 to 16B.287, 92.45, 161.43, and 161.44, or any other law to the contrary, the commissioner of transportation may convey and quitclaim to a private party all right, title, and interest of the state of Minnesota, in the land described in paragraph (e). The consideration for a conveyance shall be the cost of planning, designing, acquiring, constructing, and equipping a comparable rest area facility on terms acceptable to the commissioner of transportation.

(b) Proceeds from the sale of real estate or buildings under this section shall be deposited in the safety rest area account established in Minnesota Statutes, section 160.2745.

(c) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy. The conveyance may take place only upon conditions determined by the commissioner of transportation.

(d) No direct access shall be permitted between marked Trunk Highway 169 and the land conveyed under this section.

(e) The land to be conveyed is located in Le Sueur County and is described as tracts A, B, and C:

Tract A consists of that part of the West Half of the Southeast Quarter of Section 19, Township 112 North, Range 25 West, Le Sueur County, Minnesota, lying southeasterly of the southeasterly right-of-way line of marked Trunk Highway 169 as the same was located prior to January 1, 1990, and northerly of the northerly right-of-way line of old marked Trunk Highway 169 (now known as County State-Aid Highway 28); excepting therefrom that part thereof lying southwesterly of the following described line: From a point on the east line of said Section 19, distant 1273 feet north of the east quarter corner thereof, run southwesterly at an angle of 37 degrees 47 minutes 00 seconds from said east section line (measured from south to west) for 3332.5 feet; thence deflect to the right on a 01 degree 00 minute 00 second curve (delta angle 40 degrees 11 minutes 00 seconds) having a length of 4018.3 feet for 133.6 feet to the point of beginning of the line to be described; thence deflect to the left at an angle of 90 degrees 00 minutes 00 seconds to the tangent of said curve at said point for 1000 feet and there terminating.

Tract B consists of that part of the East Half of the Southeast Quarter of Section 19, Township 112 North, Range 25 West, Le Sueur County, Minnesota, lying southerly of the southeasterly right-of-way line of marked Trunk Highway 169 as located prior to January 1, 1990, northerly of the northerly right-of-way line of old marked Trunk Highway 169 (now known as County State-Aid Highway 28) and westerly of the following described line: From a point on the east line of said Section 19, distant 1273 feet north of the East Quarter corner thereof, run southwesterly at an angle of 37 degrees 47 minutes 00 seconds from said east section line (measured from south to west) for 2318 feet to the point of beginning of the line to be described; thence deflect to the left at an angle of 90 degrees 00 minutes 00 seconds for 400 feet; thence deflect to the right at an angle of 43 degrees 00 minutes 00 seconds for 1100 feet and there terminating.

Tract C consists of that part of the Southwest Quarter of the Southeast Quarter of Section 19, Township 112 North, Range 25 West, Le Sueur County, Minnesota, lying southeasterly of marked Trunk Highway 169 as located prior to January 1, 1971, and northwesterly of old marked Trunk Highway 169 (now known as County State-Aid Highway 28) and southwesterly of the following described line: From a point on the east line of said Section 19, distant 1273 feet north of the East Quarter corner thereof, run southwesterly at an angle of 37 degrees 47 minutes 00 seconds with said east section line for 3332.5 feet; thence deflect to the right on a 01 degree 00 minute 00 second curve (delta angle 40 degrees 11 minutes 00 seconds) having a length of 4018.3 feet for 133.6 feet to the point of beginning of the line to be described; thence deflect to the left at an angle of 90 degrees 00 minutes 00 seconds with the tangent of said curve at said point for 1000 feet and there terminating.

Sec. 105. Laws 2021, First Special Session chapter 5, article 4, section 143, is amended to read:

Sec. 143. **STUDY ON POST-COVID PANDEMIC PUBLIC TRANSPORTATION.**

(a) ~~From funds specified under Minnesota Statutes, section 161.53, paragraph (b), the commissioner of transportation~~ Using existing resources, the Metropolitan Council must arrange and pay for a study by the Center for Transportation Studies at the University of Minnesota that examines public transportation after the COVID-19 pandemic is substantially curtailed in the United States. At a minimum, the study must:

(1) focus primarily on transit service ~~for commuters in~~ throughout the metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2;

(2) specifically review Northstar Commuter Rail and commuter-oriented transit service by the Metropolitan Council and by the suburban transit providers; and

(3) provide analysis and projections for the public transit system in the metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2, on anticipated changes in:

(i) ridership;

(ii) demand for different modes and forms of active and public transportation;

(iii) transit service levels and features;

(iv) revenue and expenditures; and

(v) long-term impacts.

(b) By ~~February~~ October 1, 2023 ~~2024~~, the ~~commissioner~~ chair of the Metropolitan Council must provide a copy of the study to the members of the legislative committees with jurisdiction over transportation policy and finance.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 106. Laws 2022, chapter 39, section 2, is amended to read:

Sec. 2. **SOUTHWEST LIGHT RAIL TRANSIT; EXPENDITURES AND SCHEDULE.**

(a) Annually by January 1 and July 1, the Metropolitan Council must provide status updates on the Southwest light rail transit project to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance. Each status update must include:

(1) total expenditures on the project during the previous six months as compared to projections;

(2) total expenditures on the project anticipated over the next six months; ~~and~~

(3) total expenditures on the project to date;

(4) the total project cost estimate; and

(5) any change in the date of anticipated project completion.

(b) The Metropolitan Council must notify the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance within seven calendar days of making a determination that:

(1) the anticipated Southwest light rail project completion date is delayed by six months or more beyond the estimated completion date determined as of the effective date of this section;

(2) the anticipated Southwest light rail project completion date is delayed by six months or more beyond the most recent estimated completion date;

(3) the total Southwest light rail project cost is anticipated to increase by five percent or more above the project cost estimate determined as of the effective date of this section; or

(4) the total Southwest light rail project cost is anticipated to increase by five percent or more above the most recent cost estimate.

(c) On a quarterly basis, the Metropolitan Council must submit a summary of expenditures since the last quarterly report for review and comment to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance and to the members of the Legislative Commission on Metropolitan Government. A summary must include the following for each expenditure or for a subtotal of related expenditures:

(1) the expenditure or subtotal amount;

(2) the specific standard cost category; and

(3) identification or a brief summary of the nature of the expenditure.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies to expenditures made on or after October 1, 2023. This section applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 107. **RETROACTIVE DRIVER'S LICENSE REINSTATEMENT.**

(a) The commissioner of public safety must make an individual's driver's license eligible for reinstatement if the license is solely suspended pursuant to:

(1) Minnesota Statutes 2020, section 169.92, subdivision 4, if the person did not appear in court (i) in compliance with the terms of a citation for a petty misdemeanor, or (ii) for a violation of Minnesota Statutes, section 171.24, subdivision 1;

(2) Minnesota Statutes 2020, section 171.16, subdivision 2, if the person was convicted only under Minnesota Statutes, section 171.24, subdivision 1 or 2;

(3) Minnesota Statutes 2020, section 171.16, subdivision 3; or

(4) any combination of clauses (1), (2), and (3).

(b) By December 1, 2023, the commissioner must provide written notice to an individual whose license has been made eligible for reinstatement under paragraph (a), addressed to the licensee at the licensee's last known address.

(c) Notwithstanding any law to the contrary, before the license is reinstated, an individual whose driver's license is eligible for reinstatement under paragraph (a) must pay a single reinstatement fee of \$20.

(d) The following applies for an individual who is eligible for reinstatement under paragraph (a) and whose license was suspended, revoked, or canceled under any other provision in Minnesota Statutes:

(1) the suspension, revocation, or cancellation under any other provision in Minnesota Statutes remains in effect;

(2) subject to clause (1), the individual may become eligible for reinstatement under paragraph (a); and

(3) the commissioner is not required to send the notice described in paragraph (b).

(e) Paragraph (a) applies notwithstanding Minnesota Statutes 2020, sections 169.92, subdivision 4; and 171.16, subdivision 2 or 3; or any other law to the contrary.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 108. ADDITIONAL DEPUTY REGISTRAR OF MOTOR VEHICLES FOR RAMSEY COUNTY.

Notwithstanding Minnesota Statutes, section 168.33, and rules adopted by the commissioner of public safety limiting sites for the office of deputy registrar based on either the distance to an existing deputy registrar office or the annual volume of transactions processed by any deputy registrar within Ramsey County before or after the proposed appointment, the commissioner of public safety must appoint a new private deputy registrar of motor vehicles to operate a new office of deputy registrar, with full authority to function as a registration and motor vehicle tax collection bureau, at or in the vicinity of the Hmong Village shopping center at 1001 Johnson Parkway in the city of St. Paul. All other provisions regarding the appointment and operation of a deputy registrar of motor vehicles under Minnesota Statutes, section 168.33, and Minnesota Rules, chapter 7406, apply to the office.

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

Sec. 109. TRAFFIC SAFETY VIOLATIONS DISPOSITION ANALYSIS.

(a) The commissioner of public safety must enter into an agreement with the Center for Transportation Studies at the University of Minnesota to conduct an evaluation of the disposition in recent years of citations for speeding, impairment, distraction, and seatbelt violations. The evaluation under the agreement must include but is not limited to analysis of:

(1) rates of citations issued compared to rates of citations contested in court and the outcomes of the cases;

(2) amounts of fines imposed compared to counts and amounts of fine payments; and

(3) any related changes in patterns of traffic enforcement from 2017 to 2022.

(b) The agreement must require the Center for Transportation Studies to submit an interim progress report by July 1, 2024, and a final report by July 1, 2025, to the commissioner and the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance and public safety.

Sec. 110. **FEDERAL TRANSPORTATION GRANTS TECHNICAL ASSISTANCE.**

Subdivision 1. **Definition.** For purposes of this section, "commissioner" means the commissioner of transportation.

Subd. 2. **Technical assistance grants.** (a) The commissioner must establish a process to provide grants for technical assistance to a requesting local unit of government or Tribal government that seeks to submit an application for a federal discretionary grant for a transportation-related purpose.

(b) A transportation-related purpose includes but is not limited to a project, a program, planning, program delivery, administrative costs, ongoing operations, and other related expenditures. Technical assistance includes but is not limited to hiring consultants for identification of available grants, grant writing, analysis, data collection, technical review, legal interpretations necessary to complete an application, planning, pre-engineering, application finalization, and similar activities.

Subd. 3. **Evaluation criteria.** (a) The commissioner must establish a process for solicitation, submission of requests for technical assistance, screening requests, and award of technical assistance grants.

(b) The process must include criteria for projects or purposes that:

(1) address or mitigate the impacts of climate change, including through:

(i) reduction in transportation-related pollution or emissions; and

(ii) improvements to the resiliency of infrastructure that is subject to long-term risks from natural disasters, weather events, or changing climate conditions;

(2) are located in areas of persistent poverty or historically disadvantaged communities as measured and defined in federal law, guidance, and notices of funding opportunity;

(3) improve safety for motorized and nonmotorized users;

(4) are located in townships or in cities that are eligible for small cities assistance aid under Minnesota Statutes, section 162.145;

(5) support grants to Tribal governments; and

(6) provide for geographic balance of grants throughout the state.

Subd. 4. **Requirements.** (a) A technical assistance grant may not exceed \$30,000.

(b) The commissioner may not award more than one grant to each unit of government in a calendar year. The commissioner may award multiple grants to a Tribal government in a calendar year.

(c) From available funds in each fiscal year, the commissioner must reserve:

(1) at least 15 percent for Tribal governments; and

(2) at least 15 percent for cities that are eligible for small cities assistance aid under Minnesota Statutes, section 162.145.

(d) Money reserved under paragraph (c) that is unused at the end of a fiscal year may be used for grants to any eligible recipient in the following fiscal year.

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

Sec. 111. **INFRASTRUCTURE INVESTMENT AND JOBS ACT (IIJA) DISCRETIONARY MATCH.**

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

(b) "Commissioner" means the commissioner of transportation.

(c) "Federal discretionary grant" means federal funds under a discretionary grant program enacted or authorized in the Infrastructure Investment and Jobs Act (IIJA), Public Law 117-58, and federal funds under any subsequent federal appropriations acts directly associated with a spending authorization or appropriation under the IIJA.

(d) "Federal grant recipient" means an entity that receives a federal discretionary grant under the applicable federal program.

Subd. 2. **General requirements.** (a) The commissioner must establish a process to allocate funds made available for purposes of this section.

(b) The commissioner must allocate available funds in the order of (1) requests submitted by federal grant recipients, followed by (2) announcement or notification of the federal grant award. The commissioner may allocate funds for a federal discretionary grant awarded prior to the effective date of this section.

(c) The commissioner must only allocate available funds:

(1) to a federal grant recipient for match requirements under federal discretionary grants;

(2) for a transportation-related purpose, including but not limited to a project, a program, planning, program delivery, administrative costs, ongoing operations, and other related expenditures; and

(3) in an amount not to exceed the lesser of (i) the amount necessary for the federal match requirements, or (ii) \$10,000,000.

Subd. 3. **Uses of funds.** (a) From available funds under this section, the commissioner may:

(1) expend funds for the trunk highway system;

(2) allocate funds among any transportation modes and programs, including but not limited to local roads and bridges, transit, active transportation, aeronautics, alternative fuel corridors, electric vehicle infrastructure, and climate-related programs; and

(3) make grants to a federal grant recipient, which as appropriate includes but is not limited to federally recognized Tribal governments, local units of government, and metropolitan planning organizations.

(b) Funds under this section are available regardless of the eligible uses of federal funds under the federal discretionary grant award.

Subd. 4. **Public information.** The commissioner must maintain information on a public website that details funds allocated under this section. The information must include:

(1) a summary of federal grant recipients, projects including a general status, and the amounts of match funding requested and provided;

(2) identification of any unfunded requests; and

(3) a fiscal review that provides breakouts by type of project or purpose, transportation mode, federal program, and region of the state.

Subd. 5. **Expiration.** This section expires June 30, 2029.

Sec. 112. **RAIL CORRIDOR SERVICE.**

Subdivision 1. **Commuter rail extension.** The commissioner of transportation, in collaboration with the Metropolitan Council, must conduct an assessment of a project to extend Northstar Commuter Rail service to the city of St. Cloud. The assessment must include but is not limited to project scoping; documentation of the necessary steps to apply for and receive federal funding; estimation of the project scope and costs of predesign, design, project development, construction, rolling stock, and equipment; and a detailed summary of all necessary steps to complete the rail extension to St. Cloud prior to construction, including but not limited to any additional analysis, outreach, predesign, and design.

Subd. 2. **Corridor development analysis.** (a) Of the amount appropriated under subdivision 1 that remains following the assessment under this subdivision, the commissioner must conduct a comprehensive analysis and evaluation of options for development of transit and rail service

improvements in the corridor between the cities of St. Paul, Minneapolis, Coon Rapids, St. Cloud, Fargo, and Moorhead.

(b) At a minimum, the analysis must:

(1) identify and evaluate alternatives for service in the corridor, including but not limited to:

(i) intercity passenger rail, commuter rail, bus service, other public transportation alternatives identified by the commissioner, or a combination of service between Minneapolis and St. Paul;

(ii) extension of current Amtrak train service between Minneapolis and St. Paul and Chicago to St. Cloud;

(iii) intercity passenger rail service between St. Paul, Minneapolis, Coon Rapids, St. Cloud, Fargo, and Moorhead; and

(iv) intercity passenger rail service through Minnesota on a line with origins and destinations outside the state;

(2) evaluate elimination of Northstar Commuter Rail service in conjunction with options under clause (1), including but not limited to a comprehensive fiscal review of costs and reductions in expenditures, analysis of barriers, and any other considerations;

(3) provide for estimation of:

(i) ridership, including potential impacts of stops in the vicinity of St. Cloud State University and the Department of Veterans Affairs health care center in St. Cloud;

(ii) capital and operating costs; and

(iii) revenue impacts;

(4) consider project barriers and risks;

(5) examine transit service administration, which may include jurisdictional transfers and contracting for service; and

(6) make recommendations for rail service development in the corridor.

Subd. 3. **Legislative reports.** (a) By February 15, 2024, the commissioner of transportation must submit a report on the commuter rail extension assessment under subdivision 2 to the speaker of the house, the house minority leader, the senate majority leader, the senate minority leader, and the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance. At a minimum, the report must:

(1) include the results of the assessment; and

(2) provide an overview of the status of the corridor analysis under subdivision 2.

(b) By February 1, 2025, the commissioner of transportation must submit a report on the corridor analysis and evaluation under subdivision 2 to the speaker of the house, the house minority leader,

the senate majority leader, the senate minority leader, and the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance. At a minimum, the report must:

- (1) provide a summary of the corridor analysis;
- (2) review each of the elements specified under subdivision 2, paragraph (b); and
- (3) provide recommendations for legislative changes, if any.

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

Sec. 113. **TRANSIT SERVICE INTERVENTION PROJECT.**

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

(b) "Council" means the Metropolitan Council established under Minnesota Statutes, chapter 473.

(c) "Intervention project" means the Transit Service Intervention Project established in this section.

Subd. 2. **Establishment.** A Transit Service Intervention Project is established to provide coordinated, high-visibility interventions on light rail transit lines that provide for enhanced social services outreach and engagement, code of conduct regulation, and law enforcement.

Subd. 3. **Project management.** The council must implement the intervention project.

Subd. 4. **Participating organizations.** The council must seek the participation of the following entities to provide for coordination on the intervention project:

- (1) the Department of Human Services;
- (2) the Department of Public Safety;
- (3) the Minnesota State Patrol;
- (4) the Metropolitan Council;
- (5) the Metro Transit Police Department;
- (6) each county within which a light rail transit line operates;
- (7) each city within which a light rail transit line operates;
- (8) the Metropolitan Airports Commission;
- (9) the National Alliance on Mental Illness Minnesota;
- (10) the exclusive representative of transit vehicle operators; and

(11) other interested community-based social service organizations.

Subd. 5. **Duties.** (a) In collaboration with the participating organizations under subdivision 5, the council must:

(1) establish social services intervention teams that consist of county-based social services personnel, as available, and personnel from nonprofit organizations having mental health services or support capacity to perform on-site social services engagement with (i) transit riders experiencing homelessness, (ii) transit riders with substance use disorders or mental or behavioral health disorders, or (iii) a combination;

(2) establish coordinated intervention teams that consist of personnel under clause (1), community service officers, and peace officers;

(3) implement interventions in two phases as follows:

(i) by June 1, 2023, and for a period of three weeks, deploy the social services intervention teams on a mobile basis on light rail transit lines and facilities; and

(ii) beginning at the conclusion of the period under item (i), and for a period of at least nine weeks, deploy the coordinated intervention teams on a mobile basis on light rail transit lines and facilities, utilizing both social services and law enforcement partners; and

(4) evaluate impacts of the intervention teams related to social services outreach, code of conduct violations, and rider experience.

(b) Social services engagement under paragraph (a) includes but is not limited to outreach, preliminary assessment and screening, information and resource sharing, referral or connections to service providers, assistance in arranging for services, and precrisis response.

Subd. 6. **Administration.** Using existing resources, the council must provide staff assistance and administrative support for the project.

Subd. 7. **Reports.** By the 15th of each month, the council must submit a status report to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance. At a minimum, each report must include:

(1) a summary of activities under the intervention project;

(2) a fiscal review of expenditures; and

(3) analysis of impacts and outcomes related to social services outreach, violations under Minnesota Statutes, sections 473.4065 and 609.855, and rider experience.

Subd. 8. **Expiration.** The intervention project under this section expires June 30, 2024.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 114. **OPERATING AND CAPITAL ASSISTANCE; GREATER MINNESOTA TRANSIT.**

(a) Notwithstanding Minnesota Statutes, section 174.24, subdivision 3b, the commissioner of transportation must fund the operating costs of any eligible public transit system under Minnesota Statutes, section 174.24, subdivision 2, such that the percentage of total contracted operating costs paid by any recipient from local sources will not exceed five percent.

(b) Notwithstanding Minnesota Statutes, section 174.24, subdivision 3c, and Minnesota Rules, part 8835.0320, the commissioner of transportation must fund 90 percent of the capital costs approved by the commissioner under the public transit participation program under Minnesota Statutes, section 174.24. The recipient must provide the remaining ten percent of the approved capital costs from local sources.

EFFECTIVE DATE. This section is effective July 21, 2023, and expires June 30, 2025.

Sec. 115. **SOUTHWEST LIGHT RAIL TRANSIT; EXPENDITURE LIMITATIONS.**

Notwithstanding encumbrances or other spending commitments made or currently applied for in a grant prior to the effective date of this section, the Metropolitan Council is prohibited from expending any Coronavirus Response and Relief Supplemental Appropriations Act funds for the Southwest light rail transit (Green Line Extension) project.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 116. **BLUE LINE LIGHT RAIL EXTENSION ENGAGEMENT MEETINGS.**

(a) The Blue Line light rail extension project office must, at least quarterly, organize and facilitate community engagement meetings in consultation with community groups located along the Blue Line extension alignment route, primarily focused on Minneapolis neighborhoods, including the Lyn-Park, Willard-Hay, Near North, and Jordan communities. Information requested by community groups in the meetings or in correspondence to the project office must be supplied in a timely manner and, if practicable, before the next quarterly meeting. Information, concerns, and requests presented by the community at the community engagement meetings or provided directly to the extension project office must be documented in the official meeting minutes and must be provided to the project Corridor Management Committee and posted on the Blue Line extension project website.

(b) Representatives from the Metropolitan Council, Hennepin County, and the Department of Transportation must participate in the community engagement meetings and all other meetings relating to antidisplacement initiatives connected to the Blue Line light rail extension project. Representatives from the cities of Minneapolis, Robbinsdale, Crystal, and Brooklyn Park must attend meetings that occur in their respective cities, attend all meetings relating to antidisplacement initiatives, and attend other project-related meetings as requested.

(c) By July 1, 2023, the Blue Line light rail extension project office must coordinate with community groups to establish a framework for community engagement meetings. The framework must at a minimum include project information, light rail impacts on and opportunities for businesses

and residents, and business mitigation and antidisplacement strategies. The framework must also include a process for community feedback on project design options.

(d) State funds for the Blue Line light rail extension project must be available no sooner than August 1, 2023.

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

Sec. 117. **BLUE LINE LIGHT RAIL EXTENSION ROUTE ALIGNMENT CONSULTATION.**

The commissioner of transportation and the city of Minneapolis must consult with the Metropolitan Council and Hennepin County to evaluate the possible redesign of the overpass or the entrance and exit ramps of marked Interstate Highway 94, 10th Avenue, or Washington Avenue between downtown Minneapolis and West Broadway Avenue for a possible route of the Blue Line light rail extension project in the area between Interstate Highway 94 and the Mississippi River. All cities along the corridor must have the opportunity to present their concerns and proposals to the Blue Line extension project's Corridor Management Committee for consideration.

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

Sec. 118. **MICROTRANSIT SERVICE.**

From sales tax revenue, as defined in Minnesota Statutes, section 473.4465, subdivision 1, the Metropolitan Council must provide financial assistance to replacement service providers under Minnesota Statutes, section 473.388, for improvements related to demand response transit service. The council must make grants in fiscal year 2024 as follows:

(1) \$2,300,000 to Minnesota Valley Transit Authority for vehicle costs;

(2) \$3,500,000 to Minnesota Valley Transit Authority for infrastructure and other capital costs;

(3) \$3,000,000 to SouthWest Transit for vehicle costs, infrastructure, and other capital costs, and

(4) \$200,000 to Maple Grove Transit for vehicle costs.

APPLICATION. This section applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 119. **TRANSIT SIGNAL PRIORITY SYSTEM PLANNING.**

Subdivision 1. **Establishment.** From sales tax revenue, as defined in section 473.4465, subdivision 1, the Metropolitan Council must convene a working group by August 1, 2023, to perform planning on transit signal priority systems and related transit advantage improvements on high-frequency and high-ridership bus routes in the metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2.

Subd. 2. **Membership.** The Metropolitan Council must solicit the following members to participate in the working group:

- (1) one member representing Metro Transit, appointed by the Metropolitan Council;
- (2) one member representing the Department of Transportation, appointed by the commissioner of transportation;
- (3) one member representing Minneapolis, appointed by the Minneapolis City Council;
- (4) one member representing St. Paul, appointed by the St. Paul City Council;
- (5) one member representing Hennepin County, appointed by the Hennepin County Board;
- (6) one member representing Ramsey County, appointed by the Ramsey County Board;
- (7) one member from a city participating in the replacement service program under Minnesota Statutes, section 473.388, appointed by the Suburban Transit Association;
- (8) one member from the Center for Transportation Studies at the University of Minnesota;
- (9) one member from Move Minnesota; and
- (10) other members as identified by the Metropolitan Council.

Subd. 3. **Duties.** At a minimum, the working group must:

- (1) assess the current status and capability of transit signal priority systems among the relevant road authorities;
- (2) identify key barriers and constraints and measures to address the barriers;
- (3) explore methods for ongoing coordination among the relevant road authorities;
- (4) estimate costs of potential improvements; and
- (5) develop a proposal or recommendations to implement transit signal priority systems and related transit advantage improvements, including a prioritized listing of locations or routes.

Subd. 4. **Administration.** Upon request of the working group, the Metropolitan Council and the commissioner of transportation must provide administrative and technical support for the working group.

Subd. 5. **Report.** By February 15, 2024, the Metropolitan Council must submit a report on transit signal priority system improvements to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance. At a minimum, the report must summarize the results of the working group and provide information on each of the activities specified in subdivision 3.

Subd. 6. **Expiration.** The working group under this section expires June 30, 2024.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 120. MIDTOWN GREENWAY BICYCLE AND PEDESTRIAN TRAIL EXPANSION PLANNING.

(a) The Metropolitan Council must plan continuous and dedicated bicycle and pedestrian trails from the current eastern terminus of the Midtown Greenway in Hennepin County to 27th Avenue Southeast in Hennepin County and to Allianz Field in Ramsey County. The Metropolitan Council may use available funding to support project management and implementation, data collection, legal analysis, community engagement, and use of consultants.

(b) When planning the trail expansions, the Metropolitan Council must coordinate with the Hennepin County Regional Railroad Authority, the Ramsey County Regional Railroad Authority, other local governments, and affected property owners.

(c) The bicycle and pedestrian trails to be planned must include the following segments:

(1) Segment 1 from the eastern terminus of the Midtown Greenway extending eastward over the Short Line Bridge on the railroad right-of-way to Cleveland Avenue North in the city of St. Paul. Segment 1 must include a connection to the existing bicycle facility on Pelham Boulevard via a new trail on St. Anthony Avenue;

(2) Segment 2 from the eastern end of the Short Line Bridge extending over marked Interstate Highway 94 to the existing bicycle facility on 27th Avenue Southeast in the city of Minneapolis. Segment 2 must include connections to Franklin Avenue Southeast, Cecil Street Southeast, Seymour Avenue Southeast, and the existing pedestrian bridge at Seymour Avenue Southeast over marked Interstate Highway 94;

(3) Segment 3 from Cleveland Avenue North extending eastward on Gilbert Avenue to Prior Avenue North and on Prior Avenue North northward to the intersection of Prior Avenue North and St. Anthony Avenue;

(4) Segment 4 from Prior Avenue North extending eastward on St. Anthony Avenue to the existing bicycle and pedestrian bridge at Aldine Street over marked Interstate Highway 94; and

(5) Segment 5 from the intersection of Aldine Street and St. Anthony Avenue to Allianz Field on a route to be determined that does not include railroad right-of-way.

(d) East of Cleveland Avenue, the Metropolitan Council may also consider alternative routes for the bicycle and pedestrian trail that still connect to Allianz Field.

(e) At a minimum, the developed plans must include:

(1) a project layout that provides a safe and consistent two-way, curb-separated trail protected from motor vehicle traffic wherever possible;

(2) features of the existing Midtown Greenway that provide safety and wayfinding, including but not limited to lighting, signage, and emergency call boxes;

(3) an analysis of which portions of the planned trails can be completed independently of other portions. In completing this analysis, the Metropolitan Council may subdivide the segments listed in paragraph (c) as needed;

(4) an analysis of what portions of the planned trails can be completed either without using railroad right-of-way or on railroad right-of-way without significantly affecting current rail operations;

(5) a recommendation for a reasonable easement or shared use agreement for the Short Line Bridge between the railroad and the entity responsible for operating the trail, which may include but is not limited to Hennepin County, the Metropolitan Council, the Minneapolis Park Board, the Department of Transportation, or other trail operator, that maintains active rail tracks on the upstream side of the bridge while accommodating a bicycle and pedestrian trail on the downstream side of the bridge; and

(6) estimates for construction costs broken out by segments and features.

(f) The council must allocate revenues collected under Minnesota Statutes, section 297A.9915, for the purpose of the planning activities in paragraphs (a) to (e).

(g) The council may contract with a third party to perform the planning activities in paragraphs (a) to (e) with revenues collected under Minnesota Statutes, section 297A.9915.

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

Sec. 121. **METRO MOBILITY ENHANCEMENT PILOT PROGRAM.**

Subdivision 1. **Definition.** For purposes of this section, "pilot program" means the Metro Mobility enhancement pilot program established in this section.

Subd. 2. **Establishment.** Subject to available funds, the Metropolitan Council must implement a pilot program to enhance the existing service levels of Metro Mobility under Minnesota Statutes, section 473.386.

Subd. 3. **Requirements.** The pilot program must:

(1) commence by September 1, 2023, and operate until December 31, 2025;

(2) provide for advanced scheduling of enhanced Metro Mobility service;

(3) to the extent feasible, provide service outside of the current Metro Mobility hours of service, as follows:

(i) on weekdays from 6:00 a.m. to 10:00 p.m.;

(ii) on Saturdays from 7:00 a.m. to 11:00 p.m.; and

(iii) on Sundays from 7:00 a.m. to 10:00 p.m.;

(4) cover the entirety of the geographic area specified in Minnesota Statutes, section 473.386, subdivision 3, clause (9); and

(5) establish rider eligibility and fares in a manner that is substantially comparable to the requirements under Metro Mobility.

Subd. 4. **Legislative report.** By February 1, 2026, the Metropolitan Council must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance concerning the pilot program. At a minimum, the report must:

- (1) summarize pilot program implementation;
- (2) provide a fiscal review that identifies uses of funds;
- (3) analyze results under the pilot program, including improvements to service and customer experience;
- (4) evaluate accessibility impacts and constraints for riders who use a wheelchair or otherwise require specialized equipment or service;
- (5) consider service models, technologies, partnership models, and anticipated industry changes;
- (6) identify findings, practices, and considerations for replication in communities throughout the state;
- (7) review any modifications under consideration, planned, or implemented for the Metro Mobility program; and
- (8) make any recommendations on service improvements related to Metro Mobility, including fiscal implications.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 122. **TRANSIT FARE ELIMINATION PILOT PROGRAM.**

Subdivision 1. **Pilot program established.** From sales tax revenue, as defined in section 473.4465, subdivision 1, the Metropolitan Council must establish a pilot program to provide transit service for free or at a reduced fare for all riders, as specified in this section.

Subd. 2. **Requirements.** The Metropolitan Council must implement the pilot program:

- (1) from July 1, 2023, to December 31, 2024;
- (2) for two regular route bus lines, which may include express bus and bus rapid transit;
- (3) on the entirety of each selected route; and
- (4) during both peak and nonpeak service hours.

Subd. 3. **Metro Mobility customers.** (a) During the pilot program, the Metropolitan Council must provide regular route transit, as defined in Minnesota Statutes, section 473.385, subdivision 1, free of charge to an individual who is (1) certified as disabled under the Americans with Disabilities Act requirements of the Federal Transit Administration; or (2) certified by the Metropolitan Council under Minnesota Statutes, section 473.386, subdivision 2a.

(b) The requirements under this subdivision apply to all regular route service and are not limited to those lines selected under the pilot program.

Subd. 4. **Legislative report.** (a) By February 15, 2025, the Metropolitan Council must submit a report on the pilot program to the chairs, ranking minority members, and staff of the legislative committees with jurisdiction over transportation policy and finance. At a minimum, the report must include:

(1) an overview of pilot program implementation;

(2) evaluation of the effects on (i) ridership, (ii) travel time, (iii) service equity, and (iv) rider experience and other measures of quality of life;

(3) a review of fiscal impacts, including foregone revenue, costs related to service changes, and potential cost efficiencies;

(4) analysis of barriers, best practices, economic impacts, and other relevant considerations;
and

(5) any recommendations regarding any subsequent implementation of free or reduced-fare transit service.

(b) For purposes of this subdivision, "staff" means those employees who are identified in any of the following roles for the legislative committees: committee administrator, committee legislative assistant, caucus research, fiscal analysis, counsel, or nonpartisan research.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 123. **METROPOLITAN GOVERNANCE TASK FORCE.**

Subdivision 1. **Established.** A Metropolitan Governance Task Force is established to study and make recommendations to the legislature on reform and governance of the Metropolitan Council.

Subd. 2. **Membership.** (a) The task force consists of the following members:

(1) four members of the senate, with two appointed by the senate majority leader and two appointed by the senate minority leader;

(2) four members of the house of representatives, with two appointed by the speaker of the house and two appointed by the minority leader of the house of representatives;

(3) one person representing cities in the metropolitan area, appointed by the Association of Metropolitan Municipalities;

(4) one county commissioner representing counties in the metropolitan area, appointed by the Association of Minnesota Counties;

(5) one person representing townships in the metropolitan area, appointed by the Minnesota Association of Townships;

(6) one person representing an employee collective bargaining unit of the Metropolitan Council, appointed by the Minnesota AFL-CIO;

(7) one person appointed by the governor;

(8) one person representing transit, appointed by Move Minnesota;

(9) one person representing institutions of higher education, appointed by the Office of Higher Education; and

(10) two members of the public, appointed by the Legislative Coordinating Commission.

(b) The appointing authorities under paragraph (a) must make the appointments by July 15, 2023.

Subd. 3. **Chair; other officers.** The task force must elect from among its legislative members a chair and vice-chair and any other officers that the task force determines would be necessary or convenient.

Subd. 4. **Duties.** The task force must study and evaluate options to reform and reconstitute governance of the Metropolitan Council. The study must include an analysis of the costs and benefits of:

(1) direct election of members to the Metropolitan Council;

(2) a combination of directly elected and appointed members to the Metropolitan Council;

(3) a council of governments which would replace the current Metropolitan Council;

(4) reapportioning responsibilities of the Metropolitan Council to state agencies and local units of government;

(5) adoption of a home rule charter for governance of the Metropolitan Council; and

(6) any other regional governance approaches that are viable alternatives to the current structure of the Metropolitan Council.

Subd. 5. **State; metropolitan agencies must cooperate; subcommittees.** The Metropolitan Council and state and metropolitan agencies must cooperate with the task force and provide information requested in a timely fashion. The task force may establish subcommittees and invite other stakeholders to participate in the task force's study and development of recommendations.

Subd. 6. **Compensation.** Member compensation and reimbursement for expenses are governed by Minnesota Statutes, section 15.059, subdivision 3.

Subd. 7. **Grants.** The task force may accept grant funds from any federal, state, local, or nongovernmental source to support its work and offset any costs, provided accepting the money

does not create a conflict of interest for the task force or its members. The Legislative Coordinating Commission may administer any grant money given to the task force.

Subd. 8. **Administrative support; staff.** The Legislative Coordinating Commission must provide meeting space, administrative support, and staff support for the task force. The task force may hold meetings in any publicly accessible location in the Capitol Complex that is equipped with technology that can facilitate remote testimony.

Subd. 9. **Open meeting law.** Meetings of the task force are subject to Minnesota Statutes, chapter 13D.

Subd. 10. **Report.** The task force shall report its findings and recommendations to the chairs and ranking minority members of the legislative committees with responsibility for or jurisdiction over the Metropolitan Council and metropolitan agencies. The report is due by February 1, 2024.

Subd. 11. **Expiration.** The task force expires on June 30, 2024.

EFFECTIVE DATE; EXPIRATION; APPLICATION. This section is effective the day following final enactment. Subdivision 5 applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 124. **CLEAN TRANSPORTATION FUEL STANDARD WORKING GROUP; REPORT REQUIRED.**

Subdivision 1. **Creation.** By August 1, 2023, the commissioners of the Pollution Control Agency, transportation, commerce, and agriculture must convene a Clean Transportation Fuel Standard Working Group to study and address information gaps and opportunities related to a clean transportation fuel standard that requires the aggregate carbon intensity of transportation fuel supplied to Minnesota be reduced to at least 25 percent below the 2018 baseline level by the end of 2030, by 75 percent by the end of 2040, and by 100 percent by the end of 2050.

Subd. 2. **Membership.** (a) Appointments to the working group are made pursuant to Minnesota Statutes, section 15.0597.

(b) Appointments to the working group must include two individuals representing each of the following:

(1) renewable fuel producers;

(2) renewable natural gas and organic waste interests, including at least one local government that manages organic waste;

(3) general farm organizations;

(4) agricultural commodity groups;

(5) conventional transportation fuel producers and retailers;

(6) Tribal governments;

- (7) environmental science organizations;
- (8) environmental justice organizations;
- (9) automotive manufacturers;
- (10) forestry interests;
- (11) electric utilities or cooperatives;
- (12) electric vehicle charging infrastructure companies;
- (13) aviation interests;
- (14) water quality interests;
- (15) a statewide organization of environmental and natural resource organizations;
- (16) organizations with expertise in renewable energy and low-carbon transportation fuel policy;
- (17) conservation organizations;
- (18) organizations representing sustainable agriculture or regenerative biofuels producers;
- (19) public health interests; and
- (20) labor unions.

Subd. 3. **Administration.** Appointments and designations to the working group authorized by this section must be completed by July 1, 2023. Public members serve without compensation or payment of expenses. The members of the working group must select a chair from its membership who must not be a commissioner or their designee. Any of the commissioners convening the working group may contract with a third-party facilitator.

Subd. 4. **Report.** By February 1, 2024, the working group must submit its findings and recommendations to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation and energy policy.

Subd. 5. **Expiration.** The working group expires on January 1, 2025, or upon submission of the report required under subdivision 4, whichever is earlier.

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

Sec. 125. **GREENHOUSE GAS EMISSIONS IMPACT MITIGATION WORKING GROUP.**

Subdivision 1. **Establishment; purpose.** By August 1, 2023, the commissioner of transportation must convene a Greenhouse Gas Emissions Impact Mitigation Working Group to assist the commissioner with:

- (1) development of a process for impact assessment under Minnesota Statutes, section 161.178;

(2) development of an impact mitigation plan;

(3) consideration of options related to funding greenhouse gas emissions mitigation activities in conjunction with transportation capacity expansion projects; and

(4) consideration of options for alternative mitigation options.

Subd. 2. **Membership; chair.** (a) At a minimum, the working group must include:

(1) the commissioner of transportation, or a designee;

(2) the chair of the Metropolitan Council, or a designee;

(3) two representatives from the Department of Transportation Sustainable Transportation Advisory Council;

(4) two representatives from the Minnesota County Engineers Association;

(5) two representatives from the City Engineers Association of Minnesota;

(6) one representative from a metropolitan planning organization or regional development organization in greater Minnesota; and

(7) one representative from Move Minnesota.

(b) Appointments and designations to the working group must be completed by July 1, 2023.

(c) The members of the working group must select a chair from its membership.

Subd. 3. **Administration.** (a) The working group must meet a minimum of six times.

(b) Members serve without compensation or payment of expenses. The commissioner must provide administrative support to the working group.

(c) Appointments and designations to the working group must not include a member of the legislature.

Subd. 4. **Legislative report.** By February 1, 2024, the working group must submit its findings and recommendations, including any recommendations for legislation, to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation finance and policy.

Subd. 5. **Expiration.** The working group expires on the earlier of February 15, 2025, or upon submission of the report required under subdivision 4.

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

Sec. 126. **LEGISLATIVE REPORT; SPEED SAFETY CAMERAS.**

(a) By November 1, 2024, the commissioner of public safety must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation

policy and finance that identifies a process and associated policies for issuance of a mailed citation to the owner or lessee of a motor vehicle that a speed safety camera system detects is operated in violation of a speed limit.

(b) The commissioner must convene a task force to assist in the development of the report. The task force must include the Advisory Council on Traffic Safety under Minnesota Statutes, section 4.076, a representative from the Minnesota County Attorneys Association, and a person with expertise in data privacy and may include other members as the commissioner determines are necessary to develop the report.

(c) At a minimum, the report must include consideration and analysis of:

(1) methods to identify the owner, operator, and any lessee of the motor vehicle;

(2) compliance with federal enforcement requirements related to holders of a commercial driver's license;

(3) authority of individuals who are not peace officers to issue citations;

(4) data practices, including but not limited to concerns related to data privacy;

(5) due process, an appeals process, the judicial system, and other legal issues;

(6) technology options, constraints, and factors; and

(7) recommendations regarding implementation, including but not limited to any legislative proposal and information on implementation costs.

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

Sec. 127. LEGISLATIVE REPORT; ROAD FUNDING GAP.

(a) By November 1, 2024, the commissioners of transportation and management and budget must submit a report on road funding to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation finance and policy.

(b) At a minimum, the report must:

(1) analyze revenue options to address the funding gap over fiscal years 2025 to 2034 between (i) projected revenue to the highway user tax distribution fund, and (ii) revenue required to meet performance targets, or a metric for system maintenance, on each of the highway systems for which funding is allocated via the highway user tax distribution fund; and

(2) develop recommendations, including proposed legislative changes, following from the analysis under clause (1).

(c) In developing the report, the commissioners must evaluate a range of options that:

(1) analyze impacts across individuals and motor vehicles, accounting for factors that include but are not limited to vehicle class, power train, fuel or power type, vehicle age, vehicle weight, and annual miles traveled; and

(2) consider financial stability, social equity, user convenience, administrative efficiency, transparency, and other appropriate policy and finance principles.

Sec. 128. **REVISOR INSTRUCTION.**

(a) The revisor of statutes must change the terms "driver services operating account" and "vehicle services operating account" to "driver and vehicle services operating account" wherever the terms appear in Minnesota Statutes.

(b) The revisor of statutes shall recodify Minnesota Statutes, section 115E.042, subdivision 2, as Minnesota Statutes, section 219.055, subdivision 2a, and Minnesota Statutes, section 115E.042, subdivision 3, as Minnesota Statutes, section 219.055, subdivision 3a. The revisor shall correct any cross-references made necessary by this recodification.

Sec. 129. **REPEALER.**

(a) Minnesota Statutes 2022, sections 167.45; and 360.915, subdivision 5, are repealed.

(b) Minnesota Statutes 2022, sections 168B.15; and 169.829, subdivision 2, are repealed.

(c) Minnesota Statutes 2022, sections 168.121, subdivision 5; 168.1282, subdivision 5; 168.1294, subdivision 5; 168.1299, subdivision 4; and 299A.705, subdivision 2, are repealed.

(d) Minnesota Rules, parts 7411.0530; and 7411.0535, are repealed.

EFFECTIVE DATE. Paragraph (b) is effective August 1, 2023.

ARTICLE 5

SUPPLEMENTAL TRANSPORTATION POLICY

Section 1. Minnesota Statutes 2022, section 160.27, subdivision 7, is amended to read:

Subd. 7. ~~Bicycle racks and bicycle storage~~ **Micromobility facilities.** (a) For purposes of this subdivision, "micromobility facility" means an installation for micromobility devices as defined in section 169.011, subdivision 40b, whether for personal use or shared mobility services, that provides one or more of the following: a rack or docking station, a battery charging or swapping station, or a storage facility.

(b) ~~In cities of the first class~~ a statutory or home rule charter city, advertisements, public art, and informational signs may be placed and maintained on ~~bicycle racks and bicycle storage facilities, and on any enclosure around them;~~ a micromobility facility if:

(1) a road authority has issued a permit to the city authorizing the ~~bicycle racks and storage facilities~~ micromobility facility to be placed within the right-of-way of a public highway;

(2) the city has recommended and the road authority has authorized in the permit the placement of advertisements, public art, and informational signs on the ~~bicycle racks and bicycle storage facilities~~, micromobility facility; and

(3) the placement does not create an unsafe situation.

(c) Advertisements, public art, and information signs authorized under this subdivision are subject to the terms and conditions imposed by the road authority authorizing their placement.

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

Sec. 2. Minnesota Statutes 2022, section 160.27, is amended by adding a subdivision to read:

Subd. 7a. **Shared electric vehicle facilities.** (a) For purposes of this subdivision, "shared electric vehicle facility" means an installation for one or more parking spaces that is:

(1) established as part of a shared mobility service;

(2) identified for use by all-electric vehicles as defined in section 169.011, subdivision 1a; and

(3) equipped to recharge an all-electric vehicle, recharge an all-electric vehicle energy storage device, or provide for swapping an all-electric vehicle battery.

(b) In a statutory or home rule charter city, advertisements, public art, and informational signs may be placed and maintained on a shared electric vehicle facility if:

(1) a road authority has issued a permit to the city authorizing the shared electric vehicle facility to be placed within the right-of-way of a public highway;

(2) the city has recommended and the road authority has authorized in the permit the placement of advertisements, public art, and informational signs on the shared electric vehicle facility; and

(3) the placement does not create an unsafe situation.

(c) Advertisements, public art, and information signs authorized under this subdivision are subject to the terms and conditions imposed by the road authority authorizing their placement.

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

Sec. 3. Minnesota Statutes 2022, section 161.082, subdivision 2a, is amended to read:

Subd. 2a. **Town bridges and culverts; town road account.** (a) Money in the town bridge account must be expended on replacement or rehabilitation of town road bridge structures that are ten feet or more in length and on town road culverts that replace existing town road bridges. In addition, if the present bridge structure is less than ten feet in length but a hydrological survey indicates that the replacement bridge structure or culvert must be ten feet or more in length, then the bridge or culvert is eligible for replacement funds.

(b) The town bridge account may be used to pay the costs to abandon an existing bridge that is deficient and in need of replacement; but where no replacement will be made. It may also be used

to pay the costs to construct a road or street to facilitate the abandonment of an existing bridge determined by the commissioner to be deficient; if the commissioner determines that construction of the road or street is more cost-efficient than replacing the existing bridge. It may also be used to pay the costs for environmental documentation, preliminary design, and final design of historic bridges and for repurposing and restoring salvageable components of historic bridges, including disassembly, transportation to a new location, construction, and other associated costs.

(c) When bridge approach construction work exceeds \$10,000 in costs, or when the county engineer determines that the cost of the replacement culverts alone will not exceed \$20,000, or engineering costs exceed \$10,000, the town shall be eligible for financial assistance from the town bridge account. Financial assistance shall be requested by resolution of the county board and shall be limited to:

(1) 100 percent of the cost of the bridge approach work that is in excess of \$10,000;

(2) 100 percent of the cost of the replacement culverts when the cost does not exceed \$20,000 and the town board agrees to be responsible for all the other costs, which may include costs for structural removal, installation, and permitting. The replacement structure design and costs shall be approved and certified by the county engineer; but need not be subsequently approved by the Department of Transportation; or

(3) 100 percent of all related engineering costs that exceed \$10,000, or in the case of towns with a net tax capacity of less than \$300,000, 100 percent of the engineering costs.

(d) Money in the town road account must be distributed as provided in section 162.081.

Sec. 4. Minnesota Statutes 2022, section 161.115, subdivision 265, is amended to read:

Subd. 265. **Route No. 334.** Beginning at a point on Route No. 116 at or near Inver Grove Heights; thence extending in a general northerly direction to a point ~~on Route No. 102 at or near Kellogg Boulevard East in St. Paul.~~

EFFECTIVE DATE. This section is effective the day after the commissioner of transportation receives a copy of the agreement between the commissioner and the governing body of the city of St. Paul to transfer jurisdiction of a portion of Legislative Route No. 334 and notifies the revisor of statutes electronically or in writing that the conditions required to transfer the route have been satisfied.

Sec. 5. Minnesota Statutes 2022, section 161.115, is amended by adding a subdivision to read:

Subd. 271. **Route No. 340.** Beginning at a point at or near the entrance of the Upper Sioux Agency State Park; thence extending in a generally northwesterly direction to a point on Route No. 67 at or near Granite Falls.

EFFECTIVE DATE. This section is effective the day after the commissioner of transportation notifies the revisor of statutes electronically or in writing of the effective date.

Sec. 6. Minnesota Statutes 2022, section 161.125, subdivision 1, is amended to read:

Subdivision 1. **Implementation.** The commissioner of transportation shall implement noise abatement measures within or along the perimeter of freeways and expressways ~~in incorporated areas~~ contingent on the availability of funding, in accordance with section 116.07, subdivision 2a.

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

Sec. 7. Minnesota Statutes 2022, section 161.32, subdivision 2, is amended to read:

Subd. 2. **Direct negotiation.** In cases where the estimated cost of construction work or maintenance work does not exceed \$250,000, the commissioner may enter into a contract for the work by direct negotiation; by obtaining two or more quotations for the work; and without advertising for bids or otherwise complying with the requirements of competitive bidding if the total contractual obligation of the state for the directly negotiated contract or contracts on any single project does not exceed \$250,000. All quotations obtained shall be kept on file for a period of at least one year after receipt of the quotation. For purposes of this subdivision only, "construction work or maintenance work" includes work on department-owned buildings or property.

Sec. 8. **[161.369] INDIAN EMPLOYMENT PREFERENCE.**

As authorized by United States Code, title 23, section 140, paragraph (d), the commissioner may implement an Indian employment preference for members of federally recognized Tribes on projects carried out under United States Code, title 23, on or near an Indian reservation. For purposes of this section, a project is near an Indian reservation if the project is within the distance a person seeking employment could reasonably be expected to commute to and from each workday. The commissioner, in consultation with federally recognized Minnesota Tribes, may determine when a project is near an Indian reservation.

Sec. 9. Minnesota Statutes 2022, section 161.41, is amended to read:

161.41 SURPLUS PROPERTY NOT NEEDED FOR HIGHWAY PURPOSES.

Subdivision 1. **Commissioner may declare surplus.** The commissioner is authorized to declare as surplus any property acquired by the state for highway purposes, excluding ~~real estate land~~, which the commissioner determines to be no longer needed or necessary for state highway purposes.

Subd. 2. **Determination of value; disposition.** The commissioner shall administer all aspects of the disposition of property declared to be surplus under this section, including buildings used for trunk highway purposes. The commissioner shall first determine the value of the surplus property. The commissioner may then transfer the possession of the surplus property to any state agency or political subdivision of this state or to the United States government upon receipt of payment in an amount equal to the value of the surplus property.

The commissioner may also sell the surplus property under the competitive bidding provisions of chapter 16C if no state agency or political subdivision of this state offers to purchase the surplus property for its determined value.

Subd. 3. **Money credited to trunk highway fund.** The commissioner shall deposit all money received under this section with the commissioner of management and budget to be credited to the trunk highway fund.

Subd. 4. **Disposal of obsolete or unsafe buildings.** If the commissioner determines that the department is no longer using a building for trunk highway purposes or that the building is a safety or fire hazard, the commissioner may demolish the building.

Sec. 10. Minnesota Statutes 2022, section 162.07, subdivision 2, is amended to read:

Subd. 2. **Money needs defined.** For the purpose of this section, money needs of each county are defined as the estimated total annual costs of constructing, over a period of 25 years, the county state-aid highway system ~~in~~ located and established by that county. Costs incidental to construction, or a specified portion ~~thereof~~ of those costs, as set forth in the commissioner's rules, may be included in determining money needs. To avoid variances in costs due to differences in construction policy, construction costs shall be estimated on the basis of the engineering standards developed cooperatively by the commissioner and the county engineers of the several counties.

Sec. 11. Minnesota Statutes 2022, section 162.13, subdivision 2, is amended to read:

Subd. 2. **Money needs defined.** For the purpose of this section, money needs of each city having a population of 5,000 or more are defined as the estimated cost of constructing and maintaining over a period of 25 years the municipal state-aid street system ~~in~~ located and established by such city. Right-of-way costs and drainage shall be included in money needs. Lighting costs and other costs incidental to construction and maintenance, or a specified portion of ~~such~~ those costs, as set forth in the commissioner's rules, may be included in determining money needs. To avoid variances in costs due to differences in construction and maintenance policy, construction and maintenance costs shall be estimated on the basis of the engineering standards developed cooperatively by the commissioner and the engineers, or a committee thereof, of the cities.

Sec. 12. Minnesota Statutes 2022, section 162.13, subdivision 3, is amended to read:

Subd. 3. **Screening board.** On or before September 1 of each year, the engineer of each city having a population of 5,000 or more shall update the city's data and forward to the commissioner ~~on forms prepared by the commissioner~~, all information relating to the money needs of the city that the commissioner deems necessary in order to apportion the municipal state-aid street fund in accordance with the apportionment formula ~~heretofore set forth under this section~~. Upon receipt of the information, the commissioner shall appoint a board of city engineers. The board shall be composed of the following:

- (1) two city engineers from the metropolitan district;
- (2) one city engineer from each ~~state highway construction district, and in addition thereto,~~ nonmetropolitan district; and
- (3) one city engineer from each city of the first class.

The board shall investigate and review the information submitted by each city. On or before November 1 of each year, the board shall submit its findings and recommendations in writing as to each city's money needs to the commissioner on a form prepared by the commissioner. Final determination of the money needs of each city shall be made by the commissioner. In the event that any city shall fail to submit the required information ~~provided for herein~~, the commissioner shall estimate the money needs of the city. The estimate shall be used in solving the apportionment formula. The

commissioner may withhold payment of the amount apportioned to the city until the information is submitted.

Sec. 13. Minnesota Statutes 2022, section 168.1235, subdivision 1, is amended to read:

Subdivision 1. **General requirements; fees.** (a) The commissioner shall issue a special plate emblem for each plate to an applicant who:

(1) is a member of a congressionally chartered veterans service organization and is a registered owner of a passenger automobile, pickup truck, van, or self-propelled recreational vehicle;

(2) pays the registration tax required by law;

(3) pays a fee in the amount specified for special plates under section 168.12, subdivision 5, for each set of two plates, and any other fees required by this chapter; and

(4) complies with this chapter and rules governing the registration of motor vehicles and licensing of drivers.

(b) The additional fee is payable at the time of initial application for the special plate emblem and when the plates must be replaced or renewed. An applicant must not be issued more than two sets of special plate emblems for motor vehicles listed in paragraph (a) and registered to the applicant.

(c) The applicant must present a valid card indicating membership in the American Legion or Veterans of Foreign Wars, or Disabled American Veterans.

Sec. 14. Minnesota Statutes 2022, section 168.1253, subdivision 3, is amended to read:

Subd. 3. **No fee.** The commissioner shall issue a set of Gold Star plates, or a single plate for a motorcycle, to an eligible person free of charge, and shall replace the plate or plates without charge if they become damaged. If the eligible person requests personalized Gold Star plates, the commissioner must not charge the fees listed in section 168.12, subdivision 2a.

Sec. 15. Minnesota Statutes 2022, section 168.1293, is amended by adding a subdivision to read:

Subd. 8. **Legislative report.** (a) By February 1 annually, the commissioner must submit a report on special plates to the legislative committees with jurisdiction over transportation policy and finance. At a minimum, the report must:

(1) identify the number of special plate issuances and total plate counts for each type of special plate, with a breakout by each alternative or additional design; and

(2) for each special plate in which a onetime or annual contribution is required:

(i) provide a fiscal summary of the contributions, including to specify the appropriate contribution account, identify total contributions received in the two most recently completed fiscal years, and identify the direct recipients of contribution funds; and

(ii) provide a description of how contribution funds were spent in the prior fiscal or calendar year, as provided by each direct recipient.

(b) An entity that receives special plate special contribution funds under this chapter directly from the commissioner must submit information on contribution funds expenditures in the form and manner specified by the commissioner.

Sec. 16. Minnesota Statutes 2022, section 168.185, is amended to read:

168.185 USDOT NUMBERS.

(a) Except as provided in paragraph (d), an owner of a truck or truck-tractor having a gross vehicle weight of more than 10,000 pounds, as defined in section 169.011, subdivision 32, shall report to the commissioner at the time of registration its USDOT carrier number. ~~A person subject to this paragraph who does not have a USDOT number shall apply for the number at the time of registration by completing a form MCS-150 Motor Carrier Identification Report, issued by the Federal Motor Carrier Safety Administration, or comparable document as determined by the commissioner. The commissioner shall not assign a USDOT carrier number to a vehicle owner who is not subject to this paragraph.~~

(b) Assigned USDOT numbers must be displayed as required by section 221.031, subdivision 6. The vehicle owner shall notify the commissioner if there is a change to the owner's USDOT number.

(c) If an owner fails to report or apply for a USDOT number, the commissioner shall suspend the owner's registration.

(d) This section does not apply to (1) a farm truck that is not used in interstate commerce, (2) a vehicle that is not used in intrastate commerce or interstate commerce, or (3) a vehicle that is owned and used solely in the transaction of official business by the federal government, the state, or any political subdivision.

Sec. 17. Minnesota Statutes 2022, section 168.27, subdivision 11, is amended to read:

Subd. 11. Dealers' licenses; location change notice; fee. (a) Application for a dealer's license or notification of a change of location of the place of business on a dealer's license must include a street address, not a post office box, and is subject to the commissioner's approval.

(b) Upon the filing of an application for a dealer's license and the proper fee, unless the application on its face appears to be invalid, the commissioner shall grant a 90-day temporary license. During the 90-day period following issuance of the temporary license, the commissioner shall inspect the place of business site and insure compliance with this section and rules adopted under this section.

(c) The commissioner may extend the temporary license 30 days to allow the temporarily licensed dealer to come into full compliance with this section and rules adopted under this section.

(d) In no more than ~~120~~ 180 days following issuance of the temporary license, the dealer license must either be granted or denied.

(e) A license must be denied under the following conditions:

(1) ~~The license must be denied~~ if within the previous ten years the applicant was enjoined due to a violation of section 325F.69 or convicted of violating section 325E.14, 325E.15, 325E.16, or 325F.69, or convicted under section 609.53 of receiving or selling stolen vehicles, or convicted of violating United States Code, title 49, sections 32701 to 32711 or pleaded guilty, entered a plea of nolo contendere or no contest, or has been found guilty in a court of competent jurisdiction of any charge of failure to pay state or federal income or sales taxes or felony charge of forgery, embezzlement, obtaining money under false pretenses, theft by swindle, extortion, conspiracy to defraud, or bribery; or

(2) ~~A license must be denied~~ if the applicant has had a dealer license revoked within the previous ten years.

(f) A license may be denied if a dealer is not in compliance with location requirements under subdivision 10 or has intentionally misrepresented any information on the dealer license application that would be grounds for suspension or revocation under subdivision 12.

~~(g)~~ (g) If the application is approved, the commissioner shall license the applicant as a dealer for one year from the date the temporary license is granted and issue a certificate of license that must include a distinguishing number of identification of the dealer. The license must be displayed in a prominent place in the dealer's licensed place of business.

~~(h)~~ (h) Each initial application for a license must be accompanied by a fee of \$100 in addition to the annual fee. The annual fee is \$150. The initial fees and annual fees must be paid into the state treasury and credited to the general fund except that \$50 of each initial and annual fee must be paid into the vehicle services operating account in the special revenue fund under section 299A.705.

Sec. 18. Minnesota Statutes 2022, section 168.27, subdivision 16, is amended to read:

Subd. 16. Dealer plates: distinguishing number, fee, tax, use. (a) The registrar shall issue to every motor vehicle dealer, upon a request from the motor vehicle dealer licensed as provided in subdivision 2 or 3, one or more plates displaying a general distinguishing number. This subdivision does not apply to a scrap metal processor, a used vehicle parts dealer, or a vehicle salvage pool. The fee for each of the first four plates is \$75 per registration year, of which \$60 must be paid to the registrar and the remaining \$15 is payable as sales tax on motor vehicles under section 297B.035. For each additional plate, the dealer shall pay the registrar a fee of \$25 and a sales tax on motor vehicles of \$15 per registration year. The registrar shall deposit the tax in the state treasury to be credited as provided in section 297B.09. Replacement plates are subject to the fees in section 168.12. Motor vehicles, new or used, owned by the motor vehicle dealership and bearing the number plate, except vehicles leased to the user who is not an employee of the dealer during the term of the lease, held for hire, or ~~customarily~~ used by the dealer as a tow truck, service truck, or parts vehicle, may be driven upon the streets and highways of this state:

(1) by the motor vehicle dealer or dealer's spouse, or any full-time employee of the motor vehicle dealer for either private or business purposes;

(2) by a part-time employee when the use is directly related to a particular business transaction of the dealer;

(3) for demonstration purposes by any prospective buyer for a period of 48 hours or in the case of a truck, truck-tractor, or semitrailer, for a period of seven days; or

(4) in a promotional event that lasts no longer than four days in which at least three motor vehicles are involved.

(b) A new or used motor vehicle sold by the motor vehicle dealer and bearing the motor vehicle dealer's number plate may be driven upon the public streets and highways for a period of 72 hours by the buyer for either of the following purposes: (1) removing the vehicle from this state for registration in another state, or (2) permitting the buyer to use the motor vehicle before the buyer receives number plates pursuant to registration. Use of a motor vehicle by the buyer under clause (2) before the buyer receives number plates pursuant to registration constitutes a use of the public streets or highways for the purpose of the time requirements for registration of motor vehicles.

Sec. 19. Minnesota Statutes 2022, section 168A.11, subdivision 3, is amended to read:

Subd. 3. **Records.** Every dealer ~~shall~~ must maintain for three years at an established place of business a record in the form the department prescribes of every vehicle bought, sold, or exchanged, or received for sale or exchange, which ~~shall~~ must be open to inspection by a representative of the department or peace officer during ~~reasonable business hours~~ established inspection hours listed on the initial dealer license application or as noted on the dealer record. With respect to motor vehicles subject to the provisions of section 325E.15, the record ~~shall~~ must include either the true mileage as stated by the previous owner or the fact that the previous owner stated the actual cumulative mileage was unknown; the record also ~~shall~~ must include either the true mileage the dealer stated upon transferring the vehicle or the fact the dealer stated the mileage was unknown.

Sec. 20. Minnesota Statutes 2022, section 168A.151, subdivision 1, is amended to read:

Subdivision 1. **Salvage and prior salvage brands.** (a) When an insurer, licensed to conduct business in Minnesota, acquires ownership of a vehicle, excluding a recovered intact vehicle, through payment of damages, the insurer must:

(1) for a late-model or high-value vehicle, immediately apply for a certificate of title that bears a "salvage" brand or stamp the existing certificate of title with "salvage" in a manner prescribed by the department; or

(2) for a vehicle that is not subject to clause (1), immediately apply for a certificate of title that bears a "prior salvage" brand or stamp the existing certificate of title with "prior salvage" in a manner prescribed by the department.

(b) Notwithstanding any other law to the contrary, supporting documents used to transfer ownership of a vehicle to an insurer after payment of damages do not require a notarized signature and may be signed electronically. For purposes of this paragraph, supporting documents include but are not limited to power of attorney forms. The insurer shall indemnify and hold harmless the department for any claims resulting from issuing a certificate of title, salvage title, or junking certificate pursuant to this section.

~~(b)~~(c) Within ten days of obtaining the title of a vehicle through payment of damages, an insurer must notify the department in a manner prescribed by the department.

(d) Except as provided in section 168A.11, subdivision 1, a person must immediately apply for a certificate of title that bears a "salvage" brand if the person acquires a damaged late-model or high-value vehicle that:

- (1) was acquired by an insurer through payment of damages;
- (2) will incur a cost of repairs that exceeds the value of the damaged vehicle;
- (3) has an out-of-state salvage certificate of title as proof of ownership; or
- (4) bears the brand "damaged," "repairable," "salvage," or any similar term on the certificate of title.

(e) Except as provided in section 168A.11, subdivision 1, a person must immediately apply for a certificate of title that bears a "prior salvage" brand if the person acquires a damaged vehicle and:

- (1) a "salvage" brand is not required under paragraph (c); and
- (2) the vehicle:
 - (i) bears the brand "damaged," "repairable," "salvage," "rebuilt," "reconditioned," or any similar term on the certificate of title; or
 - (ii) had a salvage certificate of title or brand issued at any time in the vehicle's history by any other jurisdiction.

(f) A self-insured owner of a vehicle that sustains damage by collision or other occurrence which exceeds 80 percent of its actual cash value must:

- (1) for a late-model or high-value vehicle, immediately apply for a certificate of title that bears a "salvage" brand; or
- (2) for a vehicle that is not subject to clause (1), immediately apply for a certificate of title that bears a "prior salvage" brand.

Sec. 21. Minnesota Statutes 2022, section 168B.045, is amended to read:

168B.045 TOWED MOTOR VEHICLES.

A person who tows and stores a motor vehicle at the request of a law enforcement officer ~~shall~~ must have a lien on the motor vehicle for the value of the storage and towing and recovery of the vehicle and cargo, storage of the vehicle and cargo, and accident site cleanup, and must have the right to retain possession of the motor vehicle and cargo, subject to the right to retrieve contents under section 168B.07, subdivision 3, until the lien is lawfully discharged. This section does not apply to tows of vehicles parked in violation of snow emergency regulations.

Sec. 22. Minnesota Statutes 2022, section 168B.07, subdivision 1, is amended to read:

Subdivision 1. **Payment of charges.** Except as provided in this subdivision, the owner or any lienholder of an impounded vehicle shall must have a right to reclaim such vehicle from the unit of government or impound lot operator taking it into custody upon payment of all charges for towing and ~~storage charges~~ recovery of the vehicle and cargo, storage of the vehicle and cargo, and accident site cleanup resulting from taking the vehicle and cargo into custody within 15 or 45 days, as applicable under section 168B.051, subdivision 1, 1a, or 2, after the date of the notice required by section 168B.06. The registered owner of a vehicle who is homeless or receives relief based on need, as defined in section 168B.07, subdivision 3, is not liable for charges for recovery of cargo, storage of cargo, or accident site cleanup unless the costs are covered by the owner's motor vehicle insurance. For purposes of this subdivision, "cargo" means commercial goods or private property being transported by motor vehicle, as defined in section 168A.01, subdivision 24, or trailer, as defined in section 168.002, subdivision 35.

Sec. 23. Minnesota Statutes 2022, section 169.011, is amended by adding a subdivision to read:

Subd. 40b. **Micromobility device.** (a) "Micromobility device" means a vehicle that:

(1) is capable of: (i) being propelled solely by human power; (ii) being powered solely by an electric motor drawing current from rechargeable storage batteries, fuel cells, or other portable sources of electrical current; or (iii) both (i) and (ii);

(2) when solely powered by an electric motor, is not capable of propelling the vehicle at a speed greater than 30 miles per hour on a paved level surface; and

(3) has an unloaded weight of up to 500 pounds.

(b) Micromobility device includes a bicycle, a motorized foot scooter, and an electric personal assistive mobility device. Micromobility device includes a motorized bicycle that meets the requirements under paragraph (a).

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

Sec. 24. Minnesota Statutes 2022, section 169.09, subdivision 8, is amended to read:

Subd. 8. **Officer to report accident to commissioner.** A peace officer who, in the regular course of duty, investigates an accident that must be reported under this section shall, within ten days after the date of the accident, forward an electronic or written report of the accident as prescribed by the commissioner of public safety. Within two business days after identification of a fatality that resulted from an accident, the reporting agency must notify the commissioner of the basic circumstances of the accident using an electronic format as prescribed by the commissioner.

Sec. 25. Minnesota Statutes 2022, section 169.14, is amended by adding a subdivision to read:

Subd. 5j. **Speed limit on Trunk Highway 19 in the city of Lonsdale.** Notwithstanding any provision to the contrary in this section, the speed limit on Trunk Highway 19 in the city of Lonsdale between 5th Avenue Northwest and the northern city limits is 45 miles per hour. The commissioner must erect appropriate signs displaying the speed limit.

Sec. 26. Minnesota Statutes 2022, section 169.346, subdivision 2a, is amended to read:

Subd. 2a. **Parking space free of obstruction; penalty.** The owner or manager of the property on which the designated parking space is located ~~shall~~ must ensure that the parking space and associated access aisle are kept free of obstruction. If the owner or manager does not have the parking space properly posted or knowingly allows the parking space or access aisle to be blocked by plowed snow, merchandise, or similar obstructions ~~for 24 hours after receiving a warning from a peace officer,~~ the owner or manager is guilty of a misdemeanor and subject to a fine of up to \$500.

Sec. 27. Minnesota Statutes 2022, section 169.451, subdivision 2, is amended to read:

Subd. 2. **Inspection certificate.** Except as provided in subdivision 2a, no person shall drive, or no owner shall knowingly permit or cause to be driven, any school bus or Head Start bus unless there is displayed thereon a certificate issued by the commissioner of public safety stating that ~~on a certain date, which shall be within 13 months of the date of operation,~~ in the month specified on the certificate, a member of the Minnesota State Patrol inspected the bus and found that on the date of inspection the bus complied with the applicable provisions of state law relating to construction, design, equipment, and color. The certificate is valid for 12 months after the month specified on the certificate.

Sec. 28. Minnesota Statutes 2022, section 169.451, subdivision 3, is amended to read:

Subd. 3. **Inspection criteria.** (a) The commissioner of public safety must inspect school buses in accordance with the School Bus Inspection Manual as prescribed in section 169.4501, subdivision 3. Upon completion of an inspection, the commissioner must provide a printed or electronic vehicle examination report to the carrier or school district.

(b) A school bus displaying a defect as defined in the "School Bus Recommended Out-of-Service Criteria" in the most recent edition of the "National School Transportation Specification and Procedures" adopted by the National Congress on School Transportation is deemed unsafe for student transportation. A member of the State Patrol must affix a rejection sticker to the lower left corner of the windshield. A person may remove the rejection sticker only upon authorization from a member of the State Patrol who has determined that all defects have been corrected. Pending reinspection and certification of the vehicle by a member of the State Patrol, a bus bearing a rejection sticker may be used to transport students if for up to 30 days provided the defects have been corrected and the vehicle examination report is signed by the owner or a designee certifying that all defects have been corrected. The signed report must be carried in the first aid kit on the bus.

(c) A school bus that has had an inspection completed in which no out-of-service defects were identified has passed the inspection and a member of the State Patrol must affix an inspection certificate to the lower left corner of the windshield. All defects identified must be repaired within 14 days of the inspection. The person completing the repairs must sign and date the inspection report indicating the repairs were made. The inspection report must be retained at the principal place of business of the carrier or school district for 12 months following the inspection and must be available for review by a representative of the commissioner of public safety.

(d) A defect discovered during an inspection that was identified by a member of the State Patrol during a previous inspection but has not been corrected results in a failed inspection. A member of the State Patrol must affix a rejection sticker to the lower left corner of the windshield.

Sec. 29. Minnesota Statutes 2022, section 169.451, subdivision 4, is amended to read:

Subd. 4. ~~Violation; penalty~~ **Violations; penalties.** (a) The State Patrol ~~shall~~ must enforce subdivisions 2 ~~and 2a~~ to 3.

(b) A person who operates a school bus without a valid inspection certificate issued pursuant to subdivision 2 or an interim inspection certificate issued pursuant to subdivision 2a is guilty of a misdemeanor.

(c) A person who operates, or an owner who knowingly permits the operation of, a school bus displaying a rejection sticker issued in accordance with subdivision 3, paragraph (b), and has not fulfilled all the requirements specified in subdivision 3, paragraph (b), is guilty of a gross misdemeanor.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

Sec. 30. Minnesota Statutes 2022, section 169.454, subdivision 2, is amended to read:

Subd. 2. **Age of vehicle.** Vehicles ~~12 years or older~~ model year 2007 or older must not be used as type III vehicles to transport school children, except those vehicles that are manufactured to meet the structural requirements of federal motor vehicle safety standard 222, Code of Federal Regulations, title 49, part 571.

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

Sec. 31. Minnesota Statutes 2022, section 169.70, is amended to read:

169.70 REAR VIEW MIRROR.

Every motor vehicle ~~which is so~~ constructed, loaded, or connected with another vehicle ~~as to obstruct that obstructs~~ the driver's view to the rear ~~thereof~~ from the driver's position ~~shall~~ must be equipped with a mirror ~~so located as to reflect~~ or other technology that reflects or displays to the driver a view of the highway for a distance of at least 200 feet to the rear of ~~such~~ the vehicle.

Sec. 32. Minnesota Statutes 2022, section 169.781, subdivision 3, is amended to read:

Subd. 3. **Inspector certification; suspension and revocation; hearing.** (a) An inspection required by this section may be performed only by:

(1) an employee of the Department of Public Safety or Transportation who has been certified by the commissioner after having received training provided by the State Patrol; or

(2) another person who has been certified by the commissioner after having received training provided by the State Patrol or other training approved by the commissioner.

(b) A person who is not an employee of the Department of Public Safety or Transportation may be certified by the commissioner if the person is:

(1) an owner, or employee of the owner, of one or more commercial motor vehicles that are power units;

(2) a dealer licensed under section 168.27 and engaged in the business of buying and selling commercial motor vehicles, or an employee of the dealer;

(3) engaged in the business of repairing and servicing commercial motor vehicles; or

(4) employed by a governmental agency that owns commercial vehicles.

(c) Certification of persons described in paragraph (b), clauses (1) to (4), is effective for two years from the date of certification. The commissioner may require biennial retraining of persons holding a certificate under paragraph (b) as a condition of renewal of the certificate. The commissioner may charge a fee of not more than \$10 for each certificate issued and renewed. A certified person described in paragraph (b), clauses (1) to (4), may charge a reasonable fee for each inspection of a vehicle not owned by the person or the person's employer.

(d) Except as otherwise provided in subdivision 5, the standards adopted by the commissioner for commercial motor vehicle inspections under sections 169.781 to 169.783 must be the standards prescribed in Code of Federal Regulations, title 49, section 396.17, and in chapter III, subchapter B, appendix G A.

(e) The commissioner may classify types of vehicles for inspection purposes and may issue separate classes of inspector certificates for each class.

(f) The commissioner, after notice and an opportunity for a hearing, may suspend a certificate issued under paragraph (b) for failure to meet annual certification requirements prescribed by the commissioner or failure to inspect commercial motor vehicles in accordance with inspection procedures established by the State Patrol. The commissioner shall revoke a certificate issued under paragraph (b) if the commissioner determines after notice and an opportunity for a hearing that the certified person issued an inspection decal for a commercial motor vehicle when the person knew or reasonably should have known that the vehicle was in such a state of repair that it would have been declared out of service if inspected by an employee of the State Patrol. Suspension and revocation of certificates under this subdivision are not subject to sections 14.57 to 14.69.

Sec. 33. Minnesota Statutes 2022, section 169A.60, subdivision 13, is amended to read:

Subd. 13. **Special registration plates.** (a) At any time during the effective period of an impoundment order, a violator or registered owner may apply to the commissioner for new registration plates, which must bear a special series of numbers or letters so as to be readily identified by traffic law enforcement officers. ~~The commissioner may authorize the issuance of special plates if:~~

~~(1) the violator has a qualified licensed driver whom the violator must identify;~~

~~(2) the violator or registered owner has a limited license issued under section 171.30;~~

~~(3) the registered owner is not the violator and the registered owner has a valid or limited driver's license;~~

~~(4) a member of the registered owner's household has a valid driver's license; or~~

~~(5) the violator has been reissued a valid driver's license.~~

(b) The commissioner may not issue new registration plates for that vehicle subject to plate impoundment for a period of at least one year from the date of the impoundment order. In addition, if the owner is the violator, new registration plates may not be issued for the vehicle unless the person has been reissued a valid driver's license in accordance with chapter 171.

(c) A violator may not apply for new registration plates for a vehicle at any time before the person's driver's license is reinstated.

(d) The commissioner may issue the special plates on payment of a \$50 fee for each vehicle for which special plates are requested, except that a person who paid the fee required under paragraph (f) must not be required to pay an additional fee if the commissioner issued an impoundment order pursuant to paragraph (g).

(e) Paragraphs (a) to (d) notwithstanding, the commissioner must issue upon request new registration plates for any vehicle owned by a violator or registered owner for which the registration plates have been impounded if:

(1) the impoundment order is rescinded;

(2) the vehicle is transferred in compliance with subdivision 14; or

(3) the vehicle is transferred to a Minnesota automobile dealer licensed under section 168.27, a financial institution that has submitted a repossession affidavit, or a government agency.

(f) Notwithstanding paragraphs (a) to (d), the commissioner, upon request and payment of a \$100 fee for each vehicle for which special plates are requested, must issue new registration plates for any vehicle owned by a violator or registered owner for which the registration plates have been impounded if the violator becomes a program participant in the ignition interlock program under section 171.306. This paragraph does not apply if the registration plates have been impounded pursuant to paragraph (g).

(g) The commissioner shall issue a registration plate impoundment order for new registration plates issued pursuant to paragraph (f) if, before a program participant in the ignition interlock program under section 171.306 has been restored to full driving privileges, the program participant:

(1) either voluntarily or involuntarily ceases to participate in the program for more than 30 days;
or

(2) fails to successfully complete the program as required by the Department of Public Safety due to:

(i) two or more occasions of the participant's driving privileges being withdrawn for violating the terms of the program, unless the withdrawal is determined to be caused by an error of the department or the interlock provider; or

(ii) violating the terms of the contract with the provider as determined by the provider.

Sec. 34. Minnesota Statutes 2022, section 171.041, is amended to read:

171.041 RESTRICTED LICENSE FOR FARM WORK.

(a) Notwithstanding any provisions of section 171.04 relating to the age of an applicant to the contrary, the commissioner may issue a restricted farm work license to operate a motor vehicle to a person who has attained the age of 15 years and who, except for age, is qualified to hold a driver's license. The applicant is not required to comply with the six-month instruction permit possession provisions of sections 171.04, subdivision 1, clause (2), and 171.05, subdivision 2a, or with the 12-month provisional license possession provision of section 171.04, subdivision 1, clause (1), item (i).

(b) The restricted license must be issued solely for the purpose of authorizing the person to whom the restricted license is issued to assist ~~the person's parents or guardians~~ with farm work. An individual may perform farm work under the restricted license for any entity authorized to farm under section 500.24. A person holding this restricted license may operate a motor vehicle only during daylight hours and only within a radius of 40 miles of the ~~parent's or guardian's~~ farmhouse on the farm where the person is working.

(c) An applicant for a restricted license must apply to the commissioner for the license on forms prescribed by the commissioner. The application must be accompanied by:

(1) a copy of a property tax statement showing that the applicant's parent ~~or~~ guardian, or employer owns land that is classified as agricultural land or a copy of a rental statement or agreement showing that the applicant's parent or guardian rents land classified as agricultural land; ~~and~~

(2) a written verified statement by the applicant's parent or guardian setting forth the necessity for the license; and

(3) if the applicant is not working for a parent or guardian, a written verified statement by the farm owner setting forth the necessity for the license.

Sec. 35. Minnesota Statutes 2022, section 171.06, subdivision 3, as amended by Laws 2023, chapter 13, article 1, section 3, and Laws 2023, chapter 34, article 1, section 2, is amended to read:

Subd. 3. Contents of application; other information. (a) An application must:

(1) state the full name, date of birth, sex, and either (i) the residence address of the applicant, or (ii) designated address under section 5B.05;

(2) as may be required by the commissioner, contain a description of the applicant and any other facts pertaining to the applicant, the applicant's driving privileges, and the applicant's ability to operate a motor vehicle with safety;

(3) state:

(i) the applicant's Social Security number; or

(ii) if the applicant does not have a Social Security number and is applying for a Minnesota identification card, instruction permit, or class D provisional or driver's license, that the applicant elects not to specify a Social Security number;

(4) contain a notification to the applicant of the availability of a living will/health care directive designation on the license under section 171.07, subdivision 7; and

(5) include a method for the applicant to:

(i) request a veteran designation on the license under section 171.07, subdivision 15, and the driving record under section 171.12, subdivision 5a;

(ii) indicate a desire to make an anatomical gift under subdivision 3b, paragraph (e);

(iii) as applicable, designate document retention as provided under section 171.12, subdivision 3c; ~~and~~

(iv) indicate emergency contacts as provided under section 171.12, subdivision 5b; and

(v) indicate caretaker information as provided under section 171.12, subdivision 5c; and

(6) meet the requirements under section 201.161, subdivision 3.

(b) Applications must be accompanied by satisfactory evidence demonstrating:

(1) identity, date of birth, and any legal name change if applicable; and

(2) for driver's licenses and Minnesota identification cards that meet all requirements of the REAL ID Act:

(i) principal residence address in Minnesota, including application for a change of address, unless the applicant provides a designated address under section 5B.05;

(ii) Social Security number, or related documentation as applicable; and

(iii) lawful status, as defined in Code of Federal Regulations, title 6, section 37.3.

(c) An application for an enhanced driver's license or enhanced identification card must be accompanied by:

(1) satisfactory evidence demonstrating the applicant's full legal name and United States citizenship; and

(2) a photographic identity document.

(d) A valid Department of Corrections or Federal Bureau of Prisons identification card containing the applicant's full name, date of birth, and photograph issued to the applicant is an acceptable form of proof of identity in an application for an identification card, instruction permit, or driver's license as a secondary document for purposes of Minnesota Rules, part 7410.0400, and successor rules.

(e) An application form must not provide for identification of (1) the accompanying documents used by an applicant to demonstrate identity, or (2) except as provided in paragraphs (b) and (c), the applicant's citizenship, immigration status, or lawful presence in the United States. The commissioner and a driver's license agent must not inquire about an applicant's citizenship, immigration status, or lawful presence in the United States, except as provided in paragraphs (b) and (c).

Sec. 36. Minnesota Statutes 2022, section 171.0605, subdivision 3, is amended to read:

Subd. 3. **Evidence; lawful status.** Only a form of documentation identified under subdivision 2, paragraph (a), clauses (2) to (10), or a document issued by a federal agency that demonstrates the applicant's lawful status are satisfactory evidence of an applicant's lawful status under section 171.06, subdivision 3, paragraph (b), clause (2).

Sec. 37. Minnesota Statutes 2022, section 171.0605, subdivision 5, is amended to read:

Subd. 5. **Evidence; residence in Minnesota.** (a) Submission of two forms of documentation from the following is satisfactory evidence of an applicant's principal residence address in Minnesota under section 171.06, subdivision 3, paragraph (b):

- (1) a home utility services bill issued no more than 12 months before the application;
- (2) a home utility services hook-up work order issued no more than 12 months before the application;
- (3) United States bank or financial information issued no more than 12 months before the application, with account numbers redacted, including:
 - (i) a bank account statement;
 - (ii) a credit card or debit card statement;
 - (iii) a brokerage account statement; ~~or~~
 - (iv) a money market account statement;
 - (v) a Health Savings Account statement; or
 - (vi) a retirement account statement;
- (4) a certified transcript from a United States high school, if issued no more than 180 days before the application;
- (5) a certified transcript from a Minnesota college or university, if issued no more than 180 days before the application;
- (6) a student summary report from a United States high school signed by a school principal or designated authority and issued no more than 180 days before the application;
- ~~(6)~~ (7) an employment pay stub issued no more than 12 months before the application that lists the employer's name and address;
- ~~(7)~~ (8) a Minnesota unemployment insurance benefit statement issued no more than 12 months before the application;
- ~~(8)~~ (9) a statement from an assisted living facility licensed under chapter 144G, nursing home licensed under chapter 144A, or a boarding care facility licensed under sections 144.50 to 144.56, that was issued no more than 12 months before the application;
- ~~(9)~~ (10) a current policy or card for health, automobile, homeowner's, or renter's insurance;

~~(10)~~ (11) a federal or state income tax return for the most recent tax filing year;

~~(11)~~ (12) a Minnesota property tax statement for the current or prior calendar year or a proposed Minnesota property tax notice for the current year that shows the applicant's principal residential address both on the mailing portion and the portion stating what property is being taxed;

~~(12)~~ (13) a Minnesota vehicle certificate of title;

~~(13)~~ (14) a filed property deed or title for current residence;

~~(14)~~ (15) a Supplemental Security Income award statement issued no more than 12 months before the application;

~~(15)~~ (16) mortgage documents for the applicant's principal residence;

~~(16)~~ (17) a residential lease agreement for the applicant's principal residence issued no more than 12 months before the application;

(18) an affidavit of residence for an applicant whose principal residence is a group home, communal living arrangement, cooperative, or a religious order issued no more than 90 days before the application;

(19) an assisted living or nursing home statement issued no more than 90 days before the application;

~~(17)~~ (20) a valid driver's license, including an instruction permit, issued under this chapter;

~~(18)~~ (21) a valid Minnesota identification card;

~~(19)~~ (22) an unexpired Minnesota professional license;

~~(20)~~ (23) an unexpired Selective Service card;

~~(21)~~ (24) military orders that are still in effect at the time of application;

~~(22)~~ (25) a cellular phone bill issued no more than 12 months before the application; or

~~(23)~~ (26) a valid license issued pursuant to the game and fish laws.

(b) In lieu of one of the two documents required by paragraph (a), an applicant under the age of 18 may use a parent or guardian's proof of principal residence as provided in this paragraph. The parent or guardian of the applicant must provide a document listed under paragraph (a) that includes the parent or guardian's name and the same address as the address on the document provided by the applicant. The parent or guardian must also certify that the applicant is the child of the parent or guardian and lives at that address.

(c) A document under paragraph (a) must include the applicant's name and principal residence address in Minnesota.

(d) For purposes of this section, Internet service and cable service are utilities under this section and Minnesota Rules, part 7410.0410, subpart 4a.

Sec. 38. Minnesota Statutes 2022, section 171.12, is amended by adding a subdivision to read:

Subd. 5c. **Caretaker information.** (a) Upon request by an applicant for a driver's license, instruction permit, or Minnesota identification card under section 171.06, subdivision 3, the commissioner must maintain electronic records of names and contact information for up to three individuals receiving exclusive care from the applicant. The request must be made on a form prescribed by the commissioner. The commissioner must make the form available on the department's website. The form must include a notice as described in section 13.04, subdivision 2.

(b) A person who has provided caretaker information under this subdivision may change, add, or delete the information at any time. Notwithstanding sections 171.06, subdivision 2; and 171.061, the commissioner or a driver's license agent must not charge a fee for a transaction described in this paragraph.

(c) Caretaker data are classified as private data on individuals, as defined in section 13.02, subdivision 12, except that the commissioner may share caretaker information with law enforcement agencies to notify the cared-for individuals regarding an emergency.

Sec. 39. Minnesota Statutes 2022, section 171.306, subdivision 4, is amended to read:

Subd. 4. Issuance of restricted license. (a) The commissioner shall issue a class D driver's license, subject to the applicable limitations and restrictions of this section, to a program participant who meets the requirements of this section and the program guidelines. The commissioner shall not issue a license unless the program participant has provided satisfactory proof that:

(1) a certified ignition interlock device has been installed on the participant's motor vehicle at an installation service center designated by the device's manufacturer; and

(2) the participant has insurance coverage on the vehicle equipped with the ignition interlock device. If the participant has previously been convicted of violating section 169.791, 169.793, or 169.797 or the participant's license has previously been suspended, revoked, or canceled under section 169.792 or 169.797, the commissioner shall require the participant to present an insurance identification card that is certified by the insurance company to be noncancelable for a period not to exceed 12 months.

(b) A license issued under authority of this section must contain a restriction prohibiting the program participant from driving, operating, or being in physical control of any motor vehicle not equipped with a functioning ignition interlock device certified by the commissioner. A participant may drive an employer-owned vehicle not equipped with an interlock device while in the normal course and scope of employment duties pursuant to the program guidelines established by the commissioner and with the employer's written consent.

(c) A program participant whose driver's license has been: (1) revoked under section 169A.52, subdivision 3, paragraph (a), clause (1), (2), or (3), or subdivision 4, paragraph (a), clause (1), (2), or (3); 169A.54, subdivision 1, clause (1), (2), (3), or (4); or 171.177, subdivision 4, paragraph (a), clause (1), (2), or (3), or subdivision 5, paragraph (a), clause (1), (2), or (3); or (2) revoked under section 171.17, subdivision 1, paragraph (a), clause (1), or suspended under section 171.187, for a violation of section 609.2113, subdivision 1, clause (2), item (i) or (iii), (3), or (4); subdivision 2, clause (2), item (i) or (iii), (3), or (4); or subdivision 3, clause (2), item (i) or (iii), (3), or (4); or

609.2114, subdivision 2, clause (2), item (i) or (iii), (3), or (4), resulting in bodily harm, substantial bodily harm, or great bodily harm, where the participant has fewer than two qualified prior impaired driving incidents within the past ten years or fewer than three qualified prior impaired driving incidents ever; may apply for conditional reinstatement of the driver's license, subject to the ignition interlock restriction.

(d) A program participant whose driver's license has been: (1) revoked, canceled, or denied under section 169A.52, subdivision 3, paragraph (a), clause (4), (5), or (6), or subdivision 4, paragraph (a), clause (4), (5), or (6); 169A.54, subdivision 1, clause (5), (6), or (7); or 171.177, subdivision 4, paragraph (a), clause (4), (5), or (6), or subdivision 5, paragraph (a), clause (4), (5), or (6); or (2) revoked under section 171.17, subdivision 1, paragraph (a), clause (1), or suspended under section 171.187, for a violation of section 609.2113, subdivision 1, clause (2), item (i) or (iii), (3), or (4); subdivision 2, clause (2), item (i) or (iii), (3), or (4); or subdivision 3, clause (2), item (i) or (iii), (3), or (4); or 609.2114, subdivision 2, clause (2), item (i) or (iii), (3), or (4), resulting in bodily harm, substantial bodily harm, or great bodily harm, where the participant has two or more qualified prior impaired driving incidents within the past ten years or three or more qualified prior impaired driving incidents ever; may apply for conditional reinstatement of the driver's license, subject to the ignition interlock restriction, if the program participant is enrolled in a licensed substance use disorder treatment or rehabilitation program as recommended in a chemical use assessment. As a prerequisite to eligibility for eventual reinstatement of full driving privileges, a participant whose chemical use assessment recommended treatment or rehabilitation shall complete a licensed substance use disorder treatment or rehabilitation program. If the program participant's ignition interlock device subsequently registers a positive breath alcohol concentration of 0.02 or higher, the commissioner shall extend the time period that the participant must participate in the program until the participant has reached the required abstinence period described in section 169A.55, subdivision 4.

(e) Notwithstanding any statute or rule to the contrary, the commissioner has authority to determine when a program participant is eligible for restoration of full driving privileges, except that the commissioner shall not reinstate full driving privileges until the program participant has met all applicable prerequisites for reinstatement under section 169A.55 and until the program participant's device has registered no positive breath alcohol concentrations of 0.02 or higher during the preceding 90 days.

Sec. 40. **[174.07] EXPIRATION OF REPORT MANDATES.**

Subdivision 1. **Expiration.** (a) If submission of a report by the commissioner to the legislature, including but not limited to chairs and ranking minority members of a legislative committee or the Legislative Coordinating Commission, is required by law, the requirement to submit the report expires in accordance with this section.

(b) For a law enacted before January 1, 2023, the requirement to submit a report to the legislature expires as follows:

(1) for an annual report, on January 1, 2025; or

(2) for a biennial or less frequent report, on January 1, 2026.

(c) For a law enacted on or after January 1, 2023, the requirement to submit a report to the legislature expires as follows:

(1) for an annual report, three years after the date of enactment; or

(2) for a biennial or less frequent report, five years after the date of enactment.

Subd. 2. **Expirations list.** By February 15 annually, the commissioner must submit an expirations list to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation finance and policy, the revisor of statutes, and the Legislative Reference Library. The list must identify (1) all reports set to expire under this section during the upcoming 12-month period, and (2) all reports in which the requirement for submission has expired in the past 12-month period.

Subd. 3. **Exceptions.** This section does not apply to:

(1) a law that establishes a requirement with general applicability for an agency or agencies to submit a report, including but not limited to reports and information under sections 14.05, subdivision 5, and 14.116;

(2) a law that specifies a reporting expiration date or a date for the submission of a final report;

(3) information required by law to be included in a budget submission to the legislature under section 16A.11;

(4) the plans required under section 174.03, subdivisions 1a, 1b, and 1c;

(5) the forecast information requirements under section 174.03, subdivision 9; and

(6) the reports required under sections 161.088, subdivision 7; 161.089; 161.3203, subdivision 4; 165.03, subdivision 8; 165.14, subdivision 5; 174.03, subdivision 12; 174.185, subdivision 3; 174.247; 174.56, subdivisions 1 and 2; and 174.75, subdivision 3.

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

Sec. 41. Minnesota Statutes 2022, section 174.38, subdivision 5, is amended to read:

Subd. 5. **Eligibility.** Eligible recipients of financial assistance under this section are:

(1) a political subdivision; ~~and~~

(2) a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code, as amended; and

(3) a federally recognized Indian Tribe.

Sec. 42. Minnesota Statutes 2022, section 174.40, subdivision 4a, is amended to read:

Subd. 4a. **Eligibility.** A statutory or home rule charter city, county, ~~or town,~~ or federally recognized Indian Tribe is eligible to receive funding under this section only if it has adopted subdivision regulations that require safe routes to school infrastructure in developments authorized on or after June 1, 2016.

Sec. 43. Minnesota Statutes 2022, section 174.50, subdivision 7, is amended to read:

Subd. 7. **Bridge grant program; rulemaking.** (a) The commissioner of transportation shall develop rules, procedures for application for grants, conditions of grant administration, standards, and criteria as provided under subdivision 6, including bridge specifications, in cooperation with road authorities of political subdivisions, for use in the administration of funds appropriated to the commissioner and for the administration of grants to subdivisions. The commissioner must publish all rules, procedures, conditions, standards, and criteria on the department's website. Grants under this section are subject to the procedures and criteria established in this subdivision and in subdivisions 5 and 6.

(b) The maximum use of standardized bridges is encouraged. Regardless of the size of the existing bridge, a bridge or replacement bridge is eligible for assistance from the state transportation fund if a hydrological survey indicates that the bridge or replacement bridge must be ten feet or more in length.

(c) As part of the standards or rules, the commissioner shall, in consultation with local road authorities, establish a minimum distance between any two bridges that cross over the same river, stream, or waterway, so that only one of the bridges is eligible for a grant under this section. As appropriate, the commissioner may establish exceptions from the minimum distance requirement or procedures for obtaining a variance.

(d) Political subdivisions may use grants made under this section to rehabilitate, construct, or reconstruct bridges, including but not limited to:

(1) matching federal aid grants to construct or reconstruct key bridges;

(2) paying the costs to abandon an existing bridge that is deficient and in need of replacement but where no replacement will be made; ~~and~~

(3) paying the costs to construct a road or street to facilitate the abandonment of an existing bridge if the commissioner determines that the bridge is deficient, and that construction of the road or street is more economical than replacement of the existing bridge; and

(4) paying the costs of acquiring and rehabilitating and reconstructing historic bridges, including the costs of: (i) acquiring salvageable components from historic bridges and the disassembly, repurposing, restoring, and transportation to a new location of the salvageable components for the construction, rehabilitation, or reconstruction of a bridge; and (ii) related environmental documentation, preliminary design, and final design associated with the reconstruction of historic bridges.

(e) Funds appropriated to the commissioner from the Minnesota state transportation fund shall be segregated from the highway tax user distribution fund and other funds created by article XIV of the Minnesota Constitution.

(f) The commissioner must maintain a local bridge project list that includes every local bridge replacement or rehabilitation project which has approved plans. The list must include the total bridge cost estimate for each project. The commissioner must update this list annually. The commissioner must publish the list on the department's website.

(g) The commissioner is prohibited from awarding a grant of \$7,000,000 or more under this section for a local bridge replacement or rehabilitation project, except:

(1) for major local bridges as provided in subdivision 6d; or

(2) if every other local bridge replacement or rehabilitation project with a total bridge cost estimate of \$7,000,000 or less on the local bridge project list required by paragraph (f) has been fully funded.

(h) The commissioner must publish on the department's website a list of all projects that were considered for funding. The list must identify the projects that were selected and the projects that were not selected. For each project that was not selected, the commissioner must include the reason it was not selected. This paragraph does not apply when there is no funding from any source for the program in a fiscal year.

(i) Notwithstanding subdivision 1, grants for costs under paragraph (d), clause (2), are limited to general fund appropriations that must be segregated from all funds authorized under articles XI and XIV of the Minnesota Constitution.

Sec. 44. Minnesota Statutes 2022, section 174.52, subdivision 2, is amended to read:

Subd. 2. Trunk highway corridor projects account. A trunk highway corridor projects account is established in the local road improvement fund. Money in the account is annually appropriated to the commissioner of transportation for expenditure as specified in this section. Money in the account must be used as grants or loans to statutory or home rule charter cities, towns, ~~and~~ counties, and federally recognized Indian Tribes to assist in paying the local or Tribal share of trunk highway projects that have local or Tribal costs that are directly or partially related to the trunk highway improvement and that are not funded or are only partially funded with other state and federal funds. The commissioner shall determine the amount of the local or Tribal share of costs eligible for assistance from the account.

Sec. 45. Minnesota Statutes 2022, section 174.52, subdivision 4, is amended to read:

Subd. 4. Local road account for routes of regional significance. A local road account for routes of regional significance is established in the local road improvement fund. Money in the account is annually appropriated to the commissioner of transportation for expenditure as specified in this section. Money in the account must be used as grants or loans to statutory or home rule charter cities, towns, ~~and~~ counties, and federally recognized Indian Tribes to assist in paying the costs of constructing or reconstructing city streets, county highways, ~~or~~ town roads, or Tribal roads with statewide or regional significance that have not been fully funded through other state, federal, ~~or~~ local, or Tribal funding sources.

Sec. 46. Minnesota Statutes 2022, section 174.52, subdivision 5, is amended to read:

Subd. 5. Grant procedures and criteria. (a) The commissioner shall establish procedures for statutory or home rule charter cities, towns, ~~and~~ counties, and federally recognized Indian Tribes to apply for grants or loans from the fund and criteria to be used to select projects for funding. The commissioner must publish the procedures on the department's website. The commissioner shall establish these procedures and criteria in consultation with representatives appointed by the

Association of Minnesota Counties, League of Minnesota Cities, Minnesota Association of Townships, ~~and~~ the appropriate state agency as needed, and Tribal representatives under section 10.65. The criteria for determining project priority and the amount of a grant or loan must be based upon consideration of:

- (1) the availability of other state, federal, ~~and~~ local, and Tribal funds;
- (2) the regional significance of the route;
- (3) effectiveness of the proposed project in eliminating a transportation system deficiency;
- (4) the number of persons who will be positively impacted by the project;

(5) the project's contribution to other local, regional, ~~or~~ state, or Tribal economic development or redevelopment efforts including livestock and other agricultural operations permitted after July 1, 2005; and

(6) ability of the local unit of government or federally recognized Indian Tribe to adequately provide for the safe operation and maintenance of the facility upon project completion.

(b) The commissioner must publish on the department's website a list of all projects that were considered for funding. The list must identify the projects that were selected and the projects that were not selected. For each project that was not selected, the commissioner must include the reason it was not selected. This paragraph does not apply when there is no funding from any source for the program in a fiscal year.

Sec. 47. Minnesota Statutes 2022, section 222.50, subdivision 7, is amended to read:

Subd. 7. **Expenditures.** (a) The commissioner may expend money from the rail service improvement account for the following purposes:

(1) to make transfers as provided under section 222.57 or to pay interest adjustments on loans guaranteed under the state rail user and rail carrier loan guarantee program;

(2) to pay a portion of the costs of capital improvement projects designed to improve rail service of a rail user or a rail carrier;

(3) to pay a portion of the costs of rehabilitation projects designed to improve rail service of a rail user or a rail carrier;

(4) to acquire, maintain, manage, and dispose of railroad right-of-way pursuant to the state rail bank program;

(5) to provide for aerial photography survey of proposed and abandoned railroad tracks for the purpose of recording and reestablishing by analytical triangulation the existing alignment of the in-place track;

(6) to pay a portion of the costs of acquiring a rail line by a regional railroad authority established pursuant to chapter 398A;

(7) to pay the state matching portion of federal grants for rail-highway grade crossing improvement projects;

(8) to pay the nonfederal matching portion of federal grants for freight rail projects that support economic development;

~~(8)~~ (9) to fund rail planning studies; and

~~(9)~~ (10) to pay a portion of the costs of capital improvement projects designed to improve capacity or safety at rail yards.

(b) All money derived by the commissioner from the disposition of railroad right-of-way or of any other property acquired pursuant to sections 222.46 to 222.62 shall be deposited in the rail service improvement account.

Sec. 48. Minnesota Statutes 2022, section 325F.6641, subdivision 2, is amended to read:

Subd. 2. **Disclosure requirements.** (a) If a motor vehicle dealer licensed under section 168.27 offers a vehicle for sale in the course of a sales presentation to any prospective buyer the dealer must provide a written disclosure; and ~~an oral disclosure,~~ except for sales performed online, an oral disclosure of:

(1) prior vehicle damage as required under subdivision 1;

(2) the existence or requirement of any title brand under section 168A.05, subdivision 3, 168A.151, 325F.6642, or 325F.665, subdivision 14, if the dealer has actual knowledge of the brand; and

(3) if a motor vehicle, which is part of a licensed motor vehicle dealer's inventory, has been submerged or flooded above the bottom dashboard while parked on the dealer's lot.

(b) If a person receives a flood disclosure as described in paragraph (a), clause (3), whether from a motor vehicle dealer or another seller, and subsequently offers that vehicle for sale, the person must provide the same disclosure to any prospective subsequent buyer.

(c) Written disclosure under this subdivision must be signed by the buyer and maintained in the motor vehicle dealer's sales file in the manner prescribed by the registrar of motor vehicles.

(d) The disclosure required in subdivision 1 must be made in substantially the following form: "To the best of my knowledge, this vehicle has has not sustained damage in excess of 80 percent actual cash value."

Sec. 49. Minnesota Statutes 2022, section 473.375, is amended by adding a subdivision to read:

Subd. 9b. **Safe accessibility training.** (a) The council must ensure that vehicle operators who provide bus service receive training on assisting persons with disabilities and mobility limitations to enter and leave the vehicle. The training must cover assistance in circumstances where regular access to or from the vehicle is unsafe due to snow, ice, or other obstructions. This subdivision applies to vehicle operators employed by the Metropolitan Council or by a replacement service provider.

(b) The council must consult with the Transportation Accessibility Advisory Committee on the training.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 50. Minnesota Statutes 2022, section 473.408, is amended by adding a subdivision to read:

Subd. 4a. **Transit passes.** The council may establish transit fare programs and passes that are consistent with the fare policy purposes stated in subdivision 2, including but not limited to:

(1) discount pass programs for public and private employers, public and private organizations, and school districts; and

(2) special pass programs for demonstration projects or special events.

EFFECTIVE DATE. This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 51. Minnesota Statutes 2022, section 609.50, subdivision 1, is amended to read:

Subdivision 1. **Crime.** Whoever intentionally does any of the following may be sentenced as provided in subdivision 2:

(1) obstructs, hinders, or prevents the lawful execution of any legal process, civil or criminal, or apprehension of another on a charge or conviction of a criminal offense;

(2) obstructs, resists, or interferes with a peace officer while the officer is engaged in the performance of official duties;

(3) interferes with or obstructs a firefighter while the firefighter is engaged in the performance of official duties;

(4) interferes with or obstructs a member of an ambulance service personnel crew, as defined in section 144E.001, subdivision 3a, who is providing, or attempting to provide, emergency care; or

(5) by force or threat of force endeavors to obstruct any employee of the Department of Revenue, Department of Public Safety Driver and Vehicle Services Division, a driver's license agent appointed under section 171.061, or a deputy registrar appointed under section 168.33 while the employee is lawfully engaged in the performance of official duties for the purpose of deterring or interfering with the performance of those duties.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

Sec. 52. **LEGISLATIVE ROUTE NO. 264 REMOVED.**

(a) Minnesota Statutes, section 161.115, subdivision 195, is repealed effective the day after the commissioner of transportation receives a copy of the agreement between the commissioner and the governing bodies of Jackson County and Nobles County to transfer jurisdiction of Legislative Route No. 264 and notifies the revisor of statutes under paragraph (b).

(b) The revisor of statutes shall delete the route identified in paragraph (a) from Minnesota Statutes when the commissioner of transportation sends notice to the revisor electronically or in writing that the conditions required to transfer the route have been satisfied.

Sec. 53. LEGISLATIVE ROUTE NO. 274 REMOVED.

(a) Minnesota Statutes, section 161.115, subdivision 205, is repealed effective the day after the commissioner of transportation receives a copy of the agreement between the commissioner and the governing body of Yellow Medicine County to transfer jurisdiction of Legislative Route No. 274 and notifies the revisor of statutes under paragraph (b).

(b) The revisor of statutes shall delete the route identified in paragraph (a) from Minnesota Statutes when the commissioner of transportation sends notice to the revisor electronically or in writing that the conditions required to transfer the route have been satisfied.

Sec. 54. LEGISLATIVE ROUTE NO. 301 REMOVED.

(a) Minnesota Statutes, section 161.115, subdivision 232, is repealed effective the day after the commissioner of transportation receives a copy of the agreement between the commissioner and the governing body of the city of St. Cloud to transfer jurisdiction of Legislative Route No. 301 and notifies the revisor of statutes under paragraph (b).

(b) The revisor of statutes shall delete the route identified in paragraph (a) from Minnesota Statutes when the commissioner of transportation sends notice to the revisor electronically or in writing that the conditions required to transfer the route have been satisfied.

Sec. 55. REPEALER.

(a) Minnesota Statutes 2022, sections 160.05, subdivision 2; and 171.06, subdivision 3a, are repealed.

(b) Minnesota Statutes 2022, section 473.1467, is repealed.

(c) Minnesota Statutes 2022, section 473.408, subdivisions 6, 7, 8, and 9, are repealed.

(d) Minnesota Rules, part 8835.0350, subpart 2, is repealed.

(e) Laws 2002, chapter 393, section 85, is repealed.

EFFECTIVE DATE. Paragraphs (a) and (d) are effective July 1, 2023. Paragraphs (b), (c), and (e) are effective the day following final enactment.

Sec. 56. EFFECTIVE DATE.

Except as otherwise provided, this article is effective August 1, 2023.

ARTICLE 6**INDEPENDENT EXPERT REVIEW**

Section 1. Minnesota Statutes 2022, section 168.002, is amended by adding a subdivision to read:

Subd. 12a. **Full-service provider.** "Full-service provider" means a person who is appointed by the commissioner as both a deputy registrar under this chapter and a driver's license agent under chapter 171 who provides all driver services, excluding International Registration Plan and International Fuel Tax Agreement transactions. The commissioner is not a full-service provider.

Sec. 2. Minnesota Statutes 2022, section 168.327, subdivision 1, is amended to read:

Subdivision 1. **Records and fees.** (a) Upon request by any person authorized in this section, the commissioner ~~shall~~ or full-service provider must furnish a certified copy of any driver's license record, instruction permit record, Minnesota identification card record, vehicle registration record, vehicle title record, or accident record.

(b) Except as provided in subdivisions 4, 5a, and 5b, and other than accident records governed under section 169.09, subdivision 13, the requester ~~shall~~ must pay a fee of \$10 for each certified record specified in paragraph (a) or a fee of \$9 for each record that is not certified.

(c) Except as provided in subdivisions 4, 5a, and 5b, in addition to the record fee in paragraph (b), the fee for a copy of the history of any vehicle title not in electronic format is \$1 for each page of the historical record.

~~(d) Fees collected under paragraph (b) for driver's license, instruction permit, and Minnesota identification card records must be paid into the state treasury with 50 cents of each fee credited to the general fund. the remainder of the fees collected must be credited to the driver services operating account in the special revenue fund under section 299A.705.~~

~~(e) Fees (d) Of the fee collected by the commissioner under paragraphs (b) and (c) for vehicle registration or title records must be paid into the state treasury with 50 cents of each fee credited to must be deposited in the general fund, and the remainder of the fees collected must be credited to must be deposited in the driver and vehicle services operating account in the special revenue fund specified in under section 299A.705.~~

(e) Of the fee collected by a full-service provider under paragraphs (b) and (c), the provider must transmit 50 cents of each fee to the commissioner for deposit in the general fund, and the provider must retain the remainder.

(f) Except as provided in subdivisions 4, 5a, and 5b, the commissioner ~~shall~~ must permit a person to inquire into a record by the person's own electronic means for a fee of \$4.50 for each inquiry, except that no fee may be charged when the requester is the subject of the data. Of the fee:

(1) \$2.70 must be deposited in the general fund; and

(2) ~~for driver's license, instruction permit, or Minnesota identification card records, the remainder must be deposited in the driver and vehicle services operating account in the special revenue fund under section 299A.705; and.~~

~~(3) for vehicle title or registration records, the remainder must be deposited in the vehicle services operating account in the special revenue fund under section 299A.705.~~

(g) Fees and the deposit of the fees for accident records and reports are governed by section 169.09, subdivision 13.

EFFECTIVE DATE. This section is effective July 1, 2023. Paragraph (a) is effective January 1, 2024, and applies to record requests made on or after that date.

Sec. 3. Minnesota Statutes 2022, section 168.327, subdivision 2, is amended to read:

Subd. 2. **Requests for information; surcharge on fee.** (a) Except as otherwise provided in subdivision 3, the commissioner ~~shall~~ or full-service provider must impose a surcharge of 50 cents on each fee charged ~~by the commissioner~~ under section 13.03, subdivision 3, for copies or electronic transmittals of public information about the registration of a vehicle or an applicant, or holder of a driver's license, instruction permit, or Minnesota identification card.

(b) The surcharge only applies to a fee imposed in response to a request made in person ~~or~~, by mail, or ~~to a request for transmittal through a computer modem~~ online. The surcharge does not apply to the request of an individual for information about that individual's driver's license, instruction permit, or Minnesota identification card or about vehicles registered or titled in the individual's name.

(c) The surcharges collected ~~by the commissioner~~ under this subdivision must be credited to the general fund. The surcharges collected by a full-service provider must be transmitted to the commissioner for deposit in the general fund.

EFFECTIVE DATE. This section is effective January 1, 2024, and applies to record requests made on or after that date.

Sec. 4. Minnesota Statutes 2022, section 168.327, subdivision 3, is amended to read:

Subd. 3. **Exception to fee and surcharge.** (a) Notwithstanding subdivision 2 or section 13.03, a fee or surcharge may not be imposed in response to a request for public information about the registration of a vehicle if the commissioner or full-service provider is satisfied that:

(1) the requester seeks the information on behalf of a community-based, nonprofit organization designated by a local law enforcement agency to be a requester; and

(2) the information is needed to identify suspected prostitution law violators, controlled substance law violators, or health code violators.

(b) The commissioner ~~shall~~ or full-service provider must not require a requester under paragraph (a) to make a minimum number of data requests or limit the requester to a maximum number of data requests.

EFFECTIVE DATE. This section is effective January 1, 2024, and applies to record requests made on or after that date.

Sec. 5. Minnesota Statutes 2022, section 168.327, is amended by adding a subdivision to read:

Subd. 7. Monitoring and auditing. The commissioner must monitor and audit the furnishing of records by full-service providers under this section to ensure full-service providers are complying with this section, chapter 13, and United States Code, title 18, section 2721, et seq.

EFFECTIVE DATE. This section is effective January 1, 2024.

Sec. 6. Minnesota Statutes 2022, section 168.345, subdivision 2, is amended to read:

Subd. 2. Lessees; information. The commissioner may not furnish information about registered owners of passenger automobiles who are lessees under a lease for a term of 180 days or more to any person except the owner of the vehicle, the lessee, personnel of law enforcement agencies and trade associations performing a member service under section 604.15, subdivision 4a, and federal, state, and local governmental units, and, at the commissioner's discretion, to persons who use the information to notify lessees of automobile recalls. The commissioner may release information about lessees in the form of summary data, as defined in section 13.02, to persons who use the information in conducting statistical analysis and market research.

Sec. 7. Minnesota Statutes 2022, section 169.09, subdivision 13, is amended to read:

Subd. 13. Reports confidential; evidence, fee, penalty, appropriation. (a) All reports and supplemental information required under this section must be for the use of the commissioner of public safety and other appropriate state, federal, county, and municipal governmental agencies for accident analysis purposes, except:

(1) upon written request, the commissioner of public safety, a full-service provider as defined in section 171.01, subdivision 33a, or any law enforcement agency ~~shall~~ must disclose the report required under subdivision 8 to:

(i) any individual involved in the accident, the representative of the individual's estate, or the surviving spouse, or one or more surviving next of kin, or a trustee appointed under section 573.02;

(ii) any other person injured in person, property, or means of support, or who incurs other pecuniary loss by virtue of the accident;

(iii) legal counsel of a person described in item (i) or (ii);

(iv) a representative of the insurer of any person described in item (i) or (ii); or

(v) a city or county attorney or an attorney representing the state in an implied consent action who is charged with the prosecution of a traffic or criminal offense that is the result of a traffic crash investigation conducted by law enforcement;

~~(2) the commissioner of public safety shall, upon written request, provide the driver filing a report under subdivision 7 with a copy of the report filed by the driver;~~

~~(3)~~ (2) the commissioner of public safety may verify with insurance companies vehicle insurance information to enforce sections 65B.48, 169.792, 169.793, 169.796, and 169.797;

~~(4)~~ (3) the commissioner of public safety ~~shall~~ must provide the commissioner of transportation the information obtained for each traffic accident involving a commercial motor vehicle, for purposes of administering commercial vehicle safety regulations;

~~(5)~~ (4) upon specific request, the commissioner of public safety ~~shall~~ must provide the commissioner of transportation the information obtained regarding each traffic accident involving damage to identified state-owned infrastructure, for purposes of debt collection under section 161.20, subdivision 4; and

~~(6)~~ (5) the commissioner of public safety may give to the United States Department of Transportation commercial vehicle accident information in connection with federal grant programs relating to safety.

(b) Accident reports and data contained in the reports are not discoverable under any provision of law or rule of court. ~~No report shall~~ A report must not be used as evidence in any trial, civil or criminal, or any action for damages or criminal proceedings arising out of an accident. However, the commissioner of public safety ~~shall~~ must furnish, upon the demand of any person who has or claims to have made a report or upon demand of any court, a certificate showing that a specified accident report has or has not been made to the commissioner solely to prove compliance or failure to comply with the requirements that the report be made to the commissioner.

(c) Nothing in this subdivision prevents any individual who has made a report under this section from providing information to any individuals involved in an accident or their representatives or from testifying in any trial, civil or criminal, arising out of an accident, as to facts within the individual's knowledge. It is intended by this subdivision to render privileged the reports required, but it is not intended to prohibit proof of the facts to which the reports relate.

(d) Disclosing any information contained in any accident report, except as provided in this subdivision, section 13.82, subdivision 3 or 6, or other statutes, is a misdemeanor.

(e) The commissioner of public safety ~~shall~~ or full-service provider as defined in section 171.01, subdivision 33a, must charge authorized persons as described in paragraph (a) a \$5 fee for a copy of an accident report. ~~Ninety percent~~ Of the \$5 fee collected by the commissioner under this paragraph, 90 percent must be deposited in ~~the special revenue fund and credited to the driver and vehicle services operating account established in~~ under section 299A.705 and ten percent must be deposited in the general fund. ~~Of the \$5 fee collected by a full-service provider, the provider must transmit 50 cents to the commissioner for deposit in the general fund, and the provider must retain the remainder.~~ The commissioner may also furnish an electronic copy of the database of accident records, which must not contain personal or private data on an individual, to private agencies as provided in paragraph (g), for not less than the cost of preparing the copies on a bulk basis as provided in section 13.03, subdivision 3.

(f) The fees specified in paragraph (e) notwithstanding, the commissioner and law enforcement agencies ~~shall~~ must charge commercial users who request access to response or incident data relating to accidents a fee not to exceed 50 cents per record. "Commercial user" is a user who in one location requests access to data in more than five accident reports per month, unless the user establishes that

access is not for a commercial purpose. Of the money collected by the commissioner under this paragraph, 90 percent must be deposited in ~~the special revenue fund and credited to the driver and vehicle services operating account established in under~~ section 299A.705 and ten percent must be deposited in the general fund.

(g) The fees in paragraphs (e) and (f) notwithstanding, the commissioner ~~shall~~ must provide an electronic copy of the accident records database to the public on a case-by-case basis using the cost-recovery charges provided for under section 13.03, subdivision 3. The database provided must not contain personal or private data on an individual. However, unless the accident records database includes the vehicle identification number, the commissioner ~~shall~~ must include the vehicle registration plate number if a private agency certifies and agrees that the agency:

(1) is in the business of collecting accident and damage information on vehicles;

(2) will use the vehicle registration plate number only for identifying vehicles that have been involved in accidents or damaged, to provide this information to persons seeking access to a vehicle's history and not for identifying individuals or for any other purpose; and

(3) will be subject to the penalties and remedies under sections 13.08 and 13.09.

EFFECTIVE DATE. This section is effective July 1, 2023. Paragraph (a) is effective January 1, 2024, and applies to report disclosures made on or after that date.

Sec. 8. Minnesota Statutes 2022, section 169.09, is amended by adding a subdivision to read:

Subd. 20. Monitoring and auditing. The commissioner must monitor and audit the furnishing of records by full-service providers under this section to ensure full-service providers are complying with this section, chapter 13, and United States Code, title 18, section 2721, et seq.

EFFECTIVE DATE. This section is effective January 1, 2024.

Sec. 9. Minnesota Statutes 2022, section 171.01, is amended by adding a subdivision to read:

Subd. 33a. Full-service provider. "Full-service provider" has the meaning given in section 168.002, subdivision 12a.

Sec. 10. Minnesota Statutes 2022, section 171.0705, is amended by adding a subdivision to read:

Subd. 11. Manual and study material availability. The commissioner must publish the driver's manual and study support materials for the written exam and skills exam. The study support materials must focus on the subjects and skills that are most commonly failed by exam takers. The commissioner must ensure that the driver's manual and study support materials are easily located and are available for no cost.

Sec. 11. Minnesota Statutes 2022, section 171.12, subdivision 1a, is amended to read:

Subd. 1a. Driver and vehicle services information system; security and auditing. (a) The commissioner must establish written procedures to ensure that only individuals authorized by law may enter, update, or access not public data collected, created, or maintained by the driver and

vehicle services information system. An authorized individual's ability to enter, update, or access data in the system must correspond to the official duties or training level of the individual and to the statutory authorization granting access for that purpose. All queries and responses, and all actions in which data are entered, updated, accessed, shared, or disseminated, must be recorded in a data audit trail. Data contained in the audit trail are public to the extent the data are not otherwise classified by law.

(b) If the commissioner ~~must immediately and permanently revoke the authorization of any~~ determines that an individual ~~who~~ willfully entered, updated, accessed, shared, or disseminated data in violation of state or federal law, the commissioner must impose disciplinary action. If an individual willfully gained access to data without authorization by law, the commissioner must forward the matter to the appropriate prosecuting authority for prosecution. The commissioner must not impose disciplinary action against an individual who properly accessed data to complete an authorized transaction or to resolve an issue that did not result in a completed authorized transaction.

(c) The commissioner must establish a process that allows an individual who was subject to disciplinary action to appeal the action. If the commissioner imposes disciplinary action, the commissioner must notify the individual in writing of the action, explain the reason for the action, and explain how to appeal the action. The commissioner must transmit the notification within five calendar days of the action.

(d) The commissioner must arrange for an independent biennial audit of the driver and vehicle services information system to determine whether data currently in the system are classified correctly, how the data are used, and to verify compliance with this subdivision. The results of the audit are public. No later than 30 days following completion of the audit, the commissioner must provide a report summarizing the audit results to the commissioner of administration; the chairs and ranking minority members of the committees of the house of representatives and the senate with jurisdiction over transportation policy and finance, public safety, and data practices; and the Legislative Commission on Data Practices and Personal Data Privacy. The report must be submitted as required under section 3.195, except that printed copies are not required.

(e) For purposes of this subdivision, "disciplinary action" means a formal or informal disciplinary measure, including but not limited to requiring corrective action or suspending or revoking the individual's access to the driver and vehicle information system.

EFFECTIVE DATE. This section is effective October 1, 2023. Paragraphs (b), (c), and (e) apply to audits of data use that are open on or after October 1, 2023.

Sec. 12. Minnesota Statutes 2022, section 171.13, subdivision 1, is amended to read:

Subdivision 1. **Examination subjects and locations; provisions for color blindness, disabled veterans.** (a) Except as otherwise provided in this section, the commissioner ~~shall~~ must examine each applicant for a driver's license by such agency as the commissioner directs. This examination must include:

(1) a test of the applicant's eyesight, provided that this requirement is met by submission of a vision examination certificate under section 171.06, subdivision 7;

(2) a test of the applicant's ability to read and understand highway signs regulating, warning, and directing traffic;

(3) a test of the applicant's knowledge of (i) traffic laws; (ii) the effects of alcohol and drugs on a driver's ability to operate a motor vehicle safely and legally, and of the legal penalties and financial consequences resulting from violations of laws prohibiting the operation of a motor vehicle while under the influence of alcohol or drugs; (iii) railroad grade crossing safety; (iv) slow-moving vehicle safety; (v) laws relating to pupil transportation safety, including the significance of school bus lights, signals, stop arm, and passing a school bus; (vi) traffic laws related to bicycles; and (vii) the circumstances and dangers of carbon monoxide poisoning;

(4) an actual demonstration of ability to exercise ordinary and reasonable control in the operation of a motor vehicle; and

(5) other physical and mental examinations as the commissioner finds necessary to determine the applicant's fitness to operate a motor vehicle safely upon the highways.

(b) Notwithstanding paragraph (a), the commissioner must not deny an application for a driver's license based on the exclusive grounds that the applicant's eyesight is deficient in color perception or that the applicant has been diagnosed with diabetes mellitus. War veterans operating motor vehicles especially equipped for disabled persons, if otherwise entitled to a license, must be granted such license.

~~(c) The commissioner shall make provision for giving the examinations under this subdivision either in the county where the applicant resides or at a place adjacent thereto reasonably convenient to the applicant. The commissioner must ensure that an applicant may take an exam either in the county where the applicant resides or in an adjacent county at a reasonably convenient location. The schedule for each exam station must be posted on the department's website.~~

(d) The commissioner shall ensure that an applicant is able to obtain an appointment for an examination to demonstrate ability under paragraph (a), clause (4), within 14 days of the applicant's request if, under the applicable statutes and rules of the commissioner, the applicant is eligible to take the examination.

(e) The commissioner must provide real-time information on the department's website about the availability and location of exam appointments. The website must show the next available exam dates and times for each exam station. The website must also provide an option for a person to enter an address to see the date and time of the next available exam at each exam station sorted by distance from the address provided.

EFFECTIVE DATE. This section is effective January 1, 2024.

Sec. 13. Minnesota Statutes 2022, section 171.13, subdivision 1a, is amended to read:

Subd. 1a. **Waiver when license issued by another jurisdiction.** (a) If the commissioner determines that an applicant for a driver's license is 21 years of age or older and possesses a valid driver's license issued by another state or jurisdiction that requires a comparable examination to obtain a driver's license, the commissioner may must waive the requirement requirements that the applicant pass a knowledge examination and demonstrate ability to exercise ordinary and reasonable

control in the operation of a motor vehicle ~~on determining that the applicant possesses a valid driver's license issued by a jurisdiction that requires a comparable demonstration for license issuance.~~

(b) If the commissioner determines that an applicant for a two-wheeled vehicle endorsement is 21 years of age or older and possesses a valid driver's license with a two-wheeled vehicle endorsement issued by another state or jurisdiction that requires a comparable examination to obtain an endorsement, the commissioner must waive the requirements with respect to the endorsement that the applicant pass a knowledge examination and demonstrate the ability to exercise ordinary and reasonable control in the operation of a motor vehicle.

(c) For purposes of this subdivision, "jurisdiction" includes, but is not limited to, both the active and reserve components of any branch or unit of the United States armed forces, and "valid driver's license" includes any driver's license that is recognized by that branch or unit as currently being valid, or as having been valid at the time of the applicant's separation or discharge from the military within a period of time deemed reasonable and fair by the commissioner, up to and including one year past the date of the applicant's separation or discharge.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to applications made on or after that date.

Sec. 14. **DRIVER AND VEHICLE SERVICES INFORMATION SYSTEM ACCESS REINSTATEMENT.**

(a) An individual whose access was permanently revoked under Minnesota Statutes, section 171.12, subdivision 1a, between October 1, 2018, and September 30, 2023, based on the commissioner's determination that the individual willfully entered, updated, accessed, shared, or disseminated data in violation of state or federal law, may apply to the commissioner for reinstatement of their access. An individual convicted of a crime related to the conduct that resulted in permanent revocation of their access is ineligible to reapply for access under this section.

(b) Any individual reapplying for access under this section must submit the request in writing to the commissioner no later than June 30, 2024, and the request must contain:

(1) written documentation that demonstrates the individual is currently employed at an agency or entity that requires access for the employee to conduct their work duties;

(2) written documentation that demonstrates the individual is in compliance with all existing requirements to be considered eligible for access, including completion of required background checks;

(3) a signed statement from the individual's employer acknowledging the employer is aware that the individual's access was previously revoked and any future violations of state or federal law may again result in permanent revocation of access; and

(4) a signed statement from the individual describing:

(i) their understanding of appropriate use of the system data under state and federal laws; and

(ii) the remedial steps they have taken to ensure that no future misuse occurs.

(c) The commissioner must evaluate applications for reinstatement of access in the manner provided for appeal of a disciplinary action under Minnesota Statutes, section 171.12, subdivision 1a. The commissioner must respond in writing to the individual's request for access within 90 days of receipt of the request.

(d) The commissioner's decision under this section is final, and an individual applying under this section is not entitled to further review.

EFFECTIVE DATE. This section is effective October 1, 2023, and applies to requests made on or after that date.

Sec. 15. **REPORT; DEPUTY REGISTRAR AND DRIVER'S LICENSE AGENT FINANCIAL SUSTAINABILITY.**

(a) By January 15, 2025, the commissioner of public safety must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation finance and policy evaluating deputy registrar and driver's license agent operations and sustainability. The commissioner must engage with stakeholders in preparing and developing the report.

(b) At a minimum, the report must:

(1) evaluate the current performance and impact of the quality of services provided by deputy registrars and driver's license agents to the residents of Minnesota;

(2) evaluate and make recommendations on how to implement financial sustainability for deputy registrars and driver's license agents;

(3) detail the amount of financial assistance necessary to sustain deputy registrars and driver's license agents on an ongoing basis;

(4) explain each considered model of financial assistance or support for deputy registrars and driver's license agents;

(5) evaluate the impact on deputy registrars and driver's license agents if expanded online services are offered by the Division of Driver and Vehicle Services;

(6) detail a five-, ten-, and 20-year analysis of the role of deputy registrars and driver's license agents in motor vehicle registration and driver licensing; and

(7) evaluate and make recommendations on the Division of Driver and Vehicle Services assuming all of the services provided by deputy registrars and driver's license agents or the services provided by private deputy registrars and private driver's license agents, including but not limited to identification of necessary financial resources, market-rate financial assistance cost of a transition, and analysis of fees and appropriations.

(c) Upon request of the commissioner, a deputy registrar or driver's license agent must provide sufficient financial information to meet the evaluation and analysis requirements under paragraph (b), clauses (2) and (3). Financial data provided by a private deputy registrar or private driver's

license agent is classified as nonpublic data, as defined in Minnesota Statutes, section 13.02, subdivision 9.

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

Sec. 16. **REPORT; DRIVER AND VEHICLE SERVICES RECOMMENDATIONS.**

(a) By January 15, 2024, the commissioner of public safety must report to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation finance and policy on driver and vehicle services recommendations and operations. The report must:

(1) review recommendations from the independent expert review of driver and vehicle services issued January 12, 2022, as identified under paragraph (b);

(2) review the recommendations made to the commissioner in the legislative auditor's report on driver examination stations issued in March 2021;

(3) provide the commissioner's plan for the locations, schedule, and staffing allocation of driver examination stations; and

(4) propose any statutory changes necessary or beneficial in implementing recommendations under clauses (1) and (2).

(b) The report must include information on the independent expert review recommendations to:

(1) revise the deputy registrar and driver's license agent contracts to encourage all deputy registrars and driver's license agents to become or remain full-service providers as defined in Minnesota Statutes, section 168.002, subdivision 12a;

(2) implement data and reporting practices to assist the commissioner in making decisions focused on the residents of the state;

(3) conduct a staffing review that balances staff quantity and quality, leverages technology automations and configurations, and establishes performance standards and targets that meet the needs of the state;

(4) identify performance and service standards and create a deputy registrar performance scorecard and a driver's license agent performance scorecard that monitors user performance to ensure a consistently positive experience for Minnesotans;

(5) provide a rapid response communication method for situations where deputy registrars or driver's license agents need immediate support;

(6) explore ways to accelerate background checks of new employees at the Division of Driver and Vehicle Services offices and deputy registrar offices, including using a police department or county sheriff to conduct the background checks;

(7) promote the preapplication process and expand the use of preapplications to all feasible areas;

(8) evaluate and make recommendations to the legislature on areas where it is appropriate to make preapplications mandatory;

(9) adjust policies and practices to automate as many approval transactions as possible;

(10) determine the proper user level field needed by transaction type and explore additional differentiated user levels in MNDRIVE;

(11) allow deputy registrars to have increased visibility to and influence on the MNDRIVE enhancement process;

(12) provide additional training and clear guidance regarding permissible use of records and enable in-application notation of usage other than for paid transactions;

(13) consider what security measures are appropriate at each deputy registrar or driver's license agent location, including the possible need for a security officer or for cameras with recording capabilities; and

(14) offer training in de-escalation and negotiation techniques to all public-facing staff.

(c) For each of the recommendations under paragraphs (a), clauses (1) and (2), and (b), the report must specify whether the recommendation is under active consideration, in the process of being implemented, has already been implemented, or the reasons why the recommendation will not be implemented.

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

Sec. 17. **REPEALER.**

Minnesota Statutes 2022, section 168.345, subdivision 1, is repealed.

ARTICLE 7

DRIVER AND VEHICLE SERVICES OPERATING ACCOUNT CONFORMING CHANGES

Section 1. Minnesota Statutes 2022, section 168.013, subdivision 8, is amended to read:

Subd. 8. **Tax proceeds to highway user fund; fee proceeds to vehicle services account.** (a) Unless otherwise specified in this chapter, the net proceeds of the registration tax imposed under this chapter must be collected by the commissioner, paid into the state treasury, and credited to the highway user tax distribution fund.

(b) All fees collected under this chapter, unless otherwise specified, must be deposited in the driver and vehicle services operating account ~~in the special revenue fund~~ under section 299A.705.

Sec. 2. Minnesota Statutes 2022, section 168.1293, subdivision 7, is amended to read:

Subd. 7. **Deposit of fee; appropriation.** The commissioner shall deposit the application fee under subdivision 2, paragraph (a), clause (3), in the driver and vehicle services operating account ~~of the special revenue fund~~ under section 299A.705. An amount sufficient to pay the department's

cost in implementing and administering this section, including payment of refunds under subdivision 4, is appropriated to the commissioner from that account.

Sec. 3. Minnesota Statutes 2022, section 168.1295, subdivision 5, is amended to read:

Subd. 5. **Contribution and fees credited.** Contributions under subdivision 1, paragraph (a), clause (5), must be paid to the commissioner and credited to the state parks and trails donation account established in section 85.056. The other fees collected under this section must be deposited in the driver and vehicle services operating account ~~of the special revenue fund~~ under section 299A.705.

Sec. 4. Minnesota Statutes 2022, section 168.1296, subdivision 5, is amended to read:

Subd. 5. **Contribution and fees credited.** Contributions under subdivision 1, paragraph (a), clause (5), must be paid to the commissioner and credited to the Minnesota critical habitat private sector matching account established in section 84.943. The fees collected under this section must be deposited in the driver and vehicle services operating account ~~of the special revenue fund~~ under section 299A.705.

Sec. 5. Minnesota Statutes 2022, section 168.1298, subdivision 5, is amended to read:

Subd. 5. **Contribution and fees credited.** Contributions under subdivision 1, paragraph (a), clause (5), must be paid to the commissioner and credited to the Minnesota "Support Our Troops" account established in section 190.19. The fees collected under this section must be deposited in the driver and vehicle services operating account ~~in the special revenue fund~~ under section 299A.705.

Sec. 6. Minnesota Statutes 2022, section 168.27, subdivision 11, is amended to read:

Subd. 11. **Dealers' licenses; location change notice; fee.** (a) Application for a dealer's license or notification of a change of location of the place of business on a dealer's license must include a street address, not a post office box, and is subject to the commissioner's approval.

(b) Upon the filing of an application for a dealer's license and the proper fee, unless the application on its face appears to be invalid, the commissioner shall grant a 90-day temporary license. During the 90-day period following issuance of the temporary license, the commissioner shall inspect the place of business site and insure compliance with this section and rules adopted under this section.

(c) The commissioner may extend the temporary license 30 days to allow the temporarily licensed dealer to come into full compliance with this section and rules adopted under this section.

(d) In no more than 120 days following issuance of the temporary license, the dealer license must either be granted or denied.

(e) A license must be denied under the following conditions:

(1) The license must be denied if within the previous ten years the applicant was enjoined due to a violation of section 325F.69 or convicted of violating section 325E.14, 325E.15, 325E.16, or 325F.69, or convicted under section 609.53 of receiving or selling stolen vehicles, or convicted of violating United States Code, title 49, sections 32701 to 32711 or pleaded guilty, entered a plea of

nolo contendere or no contest, or has been found guilty in a court of competent jurisdiction of any charge of failure to pay state or federal income or sales taxes or felony charge of forgery, embezzlement, obtaining money under false pretenses, theft by swindle, extortion, conspiracy to defraud, or bribery.

(2) A license must be denied if the applicant has had a dealer license revoked within the previous ten years.

(f) If the application is approved, the commissioner shall license the applicant as a dealer for one year from the date the temporary license is granted and issue a certificate of license that must include a distinguishing number of identification of the dealer. The license must be displayed in a prominent place in the dealer's licensed place of business.

(g) Each initial application for a license must be accompanied by a fee of \$100 in addition to the annual fee. The annual fee is \$150. The initial fees and annual fees must be paid into the state treasury and credited to the general fund except that \$50 of each initial and annual fee must be paid into the driver and vehicle services operating account ~~in the special revenue fund~~ under section 299A.705.

Sec. 7. Minnesota Statutes 2022, section 168.327, subdivision 5b, is amended to read:

Subd. 5b. **Custom data request record fees.** (a) For purposes of this subdivision, "custom data request records" means a total of 1,000 or more (1) vehicle title records, (2) vehicle registration records, or (3) driver's license records.

(b) The commissioner must charge a fee of \$0.02 per record for custom data request records.

(c) Of the fees collected for custom data request records:

(1) 20 percent must be credited:

~~(i) for vehicle title or registration records, to the driver and vehicle services operating account under section 299A.705, subdivision 1, and is appropriated to the commissioner for the purposes of this subdivision; and~~

~~(ii) for driver's license records, to the driver services operating account under section 299A.705, subdivision 2, and is appropriated to the commissioner for the purposes of this subdivision;~~

(2) 30 percent must be credited to the data security account in the special revenue fund under section 3.9741, subdivision 5; and

(3) 50 percent must be credited to the driver and vehicle services technology account under section 299A.705, subdivision 3.

(d) The commissioner may impose an additional fee for technical staff to create a custom set of data under this subdivision.

Sec. 8. Minnesota Statutes 2022, section 168.381, subdivision 4, is amended to read:

Subd. 4. **Appropriations.** (a) Money appropriated to the Department of Public Safety to procure the plates for any fiscal year or years is available for allotment, encumbrance, and expenditure from and after the date of the enactment of the appropriation. Materials and equipment used in the manufacture of plates are subject only to the approval of the commissioner.

(b) This section contemplates that money to be appropriated to the Department of Public Safety to carry out the terms and provisions of this section will be appropriated by the legislature from the highway user tax distribution fund.

(c) A sum sufficient is appropriated annually from the driver and vehicle services operating account ~~in the special revenue fund~~ under section 299A.705 to the commissioner to pay the costs of purchasing, delivering, and mailing plates, registration stickers, and registration notices.

Sec. 9. Minnesota Statutes 2022, section 168A.152, subdivision 2, is amended to read:

Subd. 2. **Inspection fee; proceeds allocated.** (a) A fee of \$35 must be paid to the department before the department issues a certificate of title for a vehicle that has been inspected and for which a certificate of inspection has been issued pursuant to subdivision 1. The only additional fee that may be assessed for issuing the certificate of title is the filing fee imposed under section 168.33, subdivision 7.

(b) Of the fee collected by the department under this subdivision, for conducting inspections under subdivision 1, \$20 must be deposited in the general fund and the remainder of the fee collected must be deposited in the driver and vehicle services operating account ~~in the special revenue fund as specified in~~ under section 299A.705.

Sec. 10. Minnesota Statutes 2022, section 168A.29, subdivision 1, is amended to read:

Subdivision 1. **Amounts.** (a) The department must be paid the following fees:

(1) for filing an application for and the issuance of an original certificate of title, \$8.25, of which \$4.15 must be paid into the driver and vehicle services operating account under section 299A.705, subdivision 1, and a surcharge of \$2.25 must be added to the fee and credited to the driver and vehicle services technology account under section 299A.705, subdivision 3;

(2) for each security interest when first noted upon a certificate of title, including the concurrent notation of any assignment thereof and its subsequent release or satisfaction, \$2, except that no fee is due for a security interest filed by a public authority under section 168A.05, subdivision 8;

(3) for each assignment of a security interest when first noted on a certificate of title, unless noted concurrently with the security interest, \$1; and

(4) for issuing a duplicate certificate of title, \$7.25, of which \$3.25 must be paid into the driver and vehicle services operating account under section 299A.705, subdivision 1, and a surcharge of \$2.25 must be added to the fee and credited to the driver and vehicle services technology account under section 299A.705, subdivision 3.

(b) In addition to the fee required under paragraph (a), clause (1), the department must be paid \$3.50. The additional \$3.50 fee collected under this paragraph must be deposited in the special revenue fund and credited to the public safety motor vehicle account established in section 299A.70.

Sec. 11. Minnesota Statutes 2022, section 168A.31, subdivision 2, is amended to read:

Subd. 2. **Expenses; appropriation.** All necessary expenses incurred by the department for the administration of sections 168A.01 to 168A.31 must be paid from money in the driver and vehicle services operating account of the special revenue fund as specified in under section 299A.705, and such funds are hereby appropriated.

Sec. 12. Minnesota Statutes 2022, section 168D.06, is amended to read:

168D.06 FUEL LICENSE FEES.

License fees paid to the commissioner under the International Fuel Tax Agreement must be deposited in the driver and vehicle services operating account ~~in the special revenue fund~~ under section 299A.705. The commissioner shall charge an annual fuel license fee of \$15, an annual application filing fee of \$13 for quarterly reporting of fuel tax, and a reinstatement fee of \$100 to reinstate a revoked International Fuel Tax Agreement license.

Sec. 13. Minnesota Statutes 2022, section 168D.07, is amended to read:

168D.07 FUEL DECAL FEE.

The commissioner shall issue a decal or other identification to indicate compliance with the International Fuel Tax Agreement. The commissioner shall collect a fee for the decal or other identification in the amount established in section 168.12, subdivision 5. Decal or other identification fees paid to the commissioner under this section must be deposited in the driver and vehicle services operating account ~~in the special revenue fund~~ under section 299A.705.

Sec. 14. Minnesota Statutes 2022, section 169A.60, subdivision 16, is amended to read:

Subd. 16. **Fees credited.** Fees collected from the sale or reinstatement of license plates under this section must be paid into the state treasury and credited one-half to the driver and vehicle services operating account ~~in the special revenue fund specified in under~~ section 299A.705 and one-half to the general fund.

Sec. 15. Minnesota Statutes 2022, section 171.07, subdivision 11, is amended to read:

Subd. 11. **Standby or temporary custodian.** (a) Upon the written request of the applicant and upon payment of an additional fee of \$4.25, the department shall issue a driver's license or Minnesota identification card bearing a symbol or other appropriate identifier indicating that the license holder has appointed an individual to serve as a standby or temporary custodian under chapter 257B.

(b) The request must be accompanied by a copy of the designation executed under section 257B.04.

(c) The department shall maintain a computerized records system of all individuals listed as standby or temporary custodians by driver's license and identification card applicants. This data

must be released to appropriate law enforcement agencies under section 13.69. Upon a parent's request and payment of a fee of \$4.25, the department shall revise its list of standby or temporary custodians to reflect a change in the appointment.

(d) At the request of the license or cardholder, the department shall cancel the standby or temporary custodian indication without additional charge. However, this paragraph does not prohibit a fee that may be applicable for a duplicate or replacement license or card, renewal of a license, or other service applicable to a driver's license or identification card.

(e) Notwithstanding sections 13.08, subdivision 1, and 13.69, the department and department employees are conclusively presumed to be acting in good faith when employees rely on statements made, in person or by telephone, by persons purporting to be law enforcement and subsequently release information described in paragraph (b). When acting in good faith, the department and department personnel are immune from civil liability and not subject to suit for damages resulting from the release of this information.

(f) The department and its employees:

(1) have no duty to inquire or otherwise determine whether a designation submitted under this subdivision is legally valid and enforceable; and

(2) are immune from all civil liability and not subject to suit for damages resulting from a claim that the designation was not legally valid and enforceable.

(g) Of the fees received by the department under this subdivision:

(1) Up to \$61,000 received must be deposited in the general fund.

(2) All other fees must be deposited in the driver and vehicle services operating account ~~in the special revenue fund specified in~~ under section 299A.705.

Sec. 16. Minnesota Statutes 2022, section 171.13, subdivision 7, is amended to read:

Subd. 7. **Examination fees.** (a) A fee of \$10 must be paid by an individual to take a third and any subsequent knowledge test administered by the department if the individual has failed two previous consecutive knowledge tests on the subject.

(b) A fee of \$20 must be paid by an individual to take a third and any subsequent skills or road test administered by the department if the individual has previously failed two consecutive skill or road tests in a specified class of motor vehicle.

(c) A fee of \$20 must be paid by an individual who fails to appear for a scheduled skills or road test or who cancels a skills or road test within 24 hours of the appointment time.

(d) All fees received under this subdivision must be paid into the state treasury and credited to the driver and vehicle services operating account ~~in the special revenue fund specified~~ under section 299A.705.

Sec. 17. Minnesota Statutes 2022, section 171.29, subdivision 2, is amended to read:

Subd. 2. **Reinstatement fees and surcharges allocated and appropriated.** (a) An individual whose driver's license has been revoked by reason of one or more convictions, pleas of guilty, forfeitures of bail not vacated, or mandatory revocations under section 169.791, 169.792, 169.797, 171.17, or 171.172, and who is otherwise eligible for reinstatement must pay a single \$30 fee before the driver's license is reinstated. An individual whose driver's license has been revoked under provisions specified in both this paragraph and paragraph (b) must pay the reinstatement fee as provided in paragraph (b).

(b) A person whose driver's license has been revoked under section 169A.52, 169A.54, 171.177, 609.2112, 609.2113, or 609.2114, or Minnesota Statutes 2012, section 609.21, must pay a \$250 fee plus a \$430 surcharge for each instance of revocation before the driver's license is reinstated, except as provided in paragraph (f). The \$250 fee must be credited as follows:

(1) 20 percent to the driver and vehicle services operating account ~~in the special revenue fund as specified in~~ under section 299A.705;

(2) 67 percent to the general fund;

(3) eight percent to a separate account to be known as the Bureau of Criminal Apprehension account. Money in this account is annually appropriated to the commissioner of public safety and the appropriated amount must be apportioned 80 percent for laboratory costs and 20 percent for carrying out the provisions of section 299C.065; and

(4) five percent to a separate account to be known as the vehicle forfeiture account, which is created in the special revenue fund. The money in the account is annually appropriated to the commissioner for costs of handling vehicle forfeitures.

(c) The revenue from \$50 of the surcharge must be credited to a separate account to be known as the traumatic brain injury and spinal cord injury account. The revenue from \$50 of the surcharge on a reinstatement under paragraph (f) is credited from the first installment payment to the traumatic brain injury and spinal cord injury account. The money in the account is annually appropriated to the commissioner of health to be used as follows: 83 percent for contracts with a qualified community-based organization to provide information, resources, and support to assist persons with traumatic brain injury and their families to access services, and 17 percent to maintain the traumatic brain injury and spinal cord injury registry created in section 144.662. For the purposes of this paragraph, a "qualified community-based organization" is a private, not-for-profit organization of consumers of traumatic brain injury services and their family members. The organization must be registered with the United States Internal Revenue Service under section 501(c)(3) as a tax-exempt organization and must have as its purposes:

(1) the promotion of public, family, survivor, and professional awareness of the incidence and consequences of traumatic brain injury;

(2) the provision of a network of support for persons with traumatic brain injury, their families, and friends;

(3) the development and support of programs and services to prevent traumatic brain injury;

(4) the establishment of education programs for persons with traumatic brain injury; and

(5) the empowerment of persons with traumatic brain injury through participation in its governance.

A patient's name, identifying information, or identifiable medical data must not be disclosed to the organization without the informed voluntary written consent of the patient or patient's guardian or, if the patient is a minor, of the parent or guardian of the patient.

(d) The remainder of the surcharge must be credited to a separate account to be known as the remote electronic alcohol-monitoring program account. The commissioner shall transfer the balance of this account to the commissioner of management and budget on a monthly basis for deposit in the general fund.

(e) When these fees are collected by a driver's license agent, appointed under section 171.061, a filing fee is imposed in the amount specified under section 171.061, subdivision 4. The reinstatement fees, surcharge, and filing fee must be deposited in an approved depository as directed under section 171.061, subdivision 4.

(f) A person whose driver's license has been revoked as provided in subdivision 1 under section 169A.52, 169A.54, or 171.177 may choose to pay 50 percent and an additional \$25 of the total amount of the surcharge and 50 percent of the fee required under paragraph (b) to reinstate the person's driver's license, provided the person meets all other requirements of reinstatement. If a person chooses to pay 50 percent of the total and an additional \$25, the driver's license must expire after two years. The person must pay an additional 50 percent less \$25 of the total to extend the license for an additional two years, provided the person is otherwise still eligible for the license. After this final payment of the surcharge and fee, the license may be renewed on a standard schedule, as provided under section 171.27. A filing fee may be imposed for each installment payment. Revenue from the filing fee is credited to the driver and vehicle services operating account ~~in the special revenue fund~~ under section 299A.705 and is appropriated to the commissioner.

(g) Any person making installment payments under paragraph (f), whose driver's license subsequently expires, or is canceled, revoked, or suspended before payment of 100 percent of the surcharge and fee, must pay the outstanding balance due for the initial reinstatement before the driver's license is subsequently reinstated. Upon payment of the outstanding balance due for the initial reinstatement, the person may pay any new surcharge and fee imposed under paragraph (b) in installment payments as provided under paragraph (f).

Sec. 18. Minnesota Statutes 2022, section 171.36, is amended to read:

171.36 LICENSE FEES; RENEWAL.

All licenses expire one year from the date of issuance and may be renewed upon application to the commissioner. Each application for an original or renewal school license must be accompanied by a fee of \$150 and each application for an original or renewal instructor's license must be accompanied by a fee of \$50. The license fees collected under sections 171.33 to 171.41 must be paid into the driver and vehicle services operating account ~~in the special revenue fund specified~~ under section 299A.705. A license fee must not be refunded in the event that the license is rejected or revoked."

Delete the title and insert:

"A bill for an act relating to transportation; establishing a budget for transportation; appropriating money for transportation purposes, including Department of Transportation, Department of Public Safety, and Metropolitan Council activities; modifying prior appropriations; authorizing the sale and issuance of state bonds; modifying various policy and finance provisions; establishing metropolitan region sales and use tax; requiring Metropolitan Council to implement and enforce transit safety measures; authorizing administrative citations; establishing criminal penalties; establishing an advisory committee, a task force, and a working group; establishing pilot programs; requiring a study; requiring reports; transferring money; making conforming changes; amending Minnesota Statutes 2022, sections 3.9741, subdivision 5; 13.69, subdivision 1; 13.6905, by adding a subdivision; 115E.042, subdivisions 2, 3, 4, 5, 6, by adding a subdivision; 123B.90, subdivision 2; 151.37, subdivision 12; 160.262, subdivision 3; 160.266, subdivisions 1b, 6, by adding a subdivision; 160.27, subdivision 7, by adding a subdivision; 161.045, subdivision 3; 161.082, subdivision 2a; 161.088, subdivisions 1, 2, 4, 5, as amended, by adding subdivisions; 161.115, subdivision 265, by adding a subdivision; 161.125, subdivision 1; 161.14, subdivision 97, by adding a subdivision; 161.32, subdivision 2; 161.41; 161.45, subdivisions 1, 2; 161.46, subdivision 2; 161.53; 162.07, subdivision 2; 162.13, subdivisions 2, 3; 162.145, subdivisions 2, 3, 4; 163.051, subdivision 1; 168.002, by adding a subdivision; 168.012, by adding a subdivision; 168.013, subdivisions 1a, 8; 168.1235, subdivision 1; 168.1253, subdivision 3; 168.1293, subdivision 7, by adding a subdivision; 168.1295, subdivision 5; 168.1296, subdivision 5; 168.1298, subdivision 5; 168.185; 168.27, subdivisions 11, 16, 31; 168.326; 168.327, subdivisions 1, 2, 3, 5b, by adding a subdivision; 168.33, subdivision 7; 168.345, subdivision 2; 168.381, subdivision 4; 168A.11, subdivision 3; 168A.151, subdivision 1; 168A.152, subdivision 2; 168A.29, subdivision 1, by adding a subdivision; 168A.31, subdivision 2; 168B.045; 168B.07, subdivision 1; 168D.06; 168D.07; 169.011, subdivision 27, by adding a subdivision; 169.09, subdivisions 8, 13, by adding a subdivision; 169.14, by adding subdivisions; 169.18, subdivision 11, by adding a subdivision; 169.222, subdivision 4, by adding a subdivision; 169.345, subdivision 2; 169.346, subdivision 2a; 169.451, subdivisions 2, 3, 4; 169.454, subdivision 2; 169.475, subdivisions 2, 3; 169.70; 169.781, subdivision 3; 169.8261; 169.865, subdivision 1a; 169A.60, subdivisions 13, 16; 171.01, by adding subdivisions; 171.041; 171.042; 171.05, subdivision 2; 171.06, subdivisions 2, 3, as amended, 7, by adding a subdivision; 171.0605, subdivisions 3, 5; 171.061, subdivision 4; 171.07, subdivisions 11, 15; 171.0705, by adding a subdivision; 171.12, subdivision 1a, by adding a subdivision; 171.13, subdivisions 1, 1a, 7; 171.26; 171.29, subdivision 2; 171.306, subdivision 4; 171.36; 174.01, by adding a subdivision; 174.03, subdivision 1c; 174.38, subdivisions 3, 5, 6; 174.40, subdivision 4a; 174.50, subdivision 7; 174.52, subdivisions 2, 4, 5; 174.634; 219.015, subdivision 2; 219.1651; 221.0269, by adding a subdivision; 222.37, subdivision 1; 222.50, subdivision 7; 239.761, by adding a subdivision; 256.9752, by adding a subdivision; 270C.15; 296A.07, subdivision 3; 296A.08, subdivision 2; 297A.64, subdivisions 1, 2; 297A.71, by adding a subdivision; 297A.94; 297A.99, subdivision 1; 297A.993, by adding a subdivision; 297B.02, subdivision 1; 297B.03; 297B.09; 299A.01, by adding a subdivision; 299A.55; 299A.705, subdivision 1; 299F.60, subdivision 1; 299J.16, subdivision 1; 325F.6641, subdivision 2; 357.021, subdivisions 6, 7; 360.915, subdivision 6; 473.145; 473.375, by adding a subdivision; 473.39, subdivision 6, by adding a subdivision; 473.3999; 473.4051;

473.408, by adding a subdivision; 473.859, subdivision 2, by adding a subdivision; 609.50, subdivision 1; 609.855, subdivisions 1, 3, 7, by adding a subdivision; Laws 2005, First Special Session chapter 6, article 3, section 103; Laws 2013, chapter 127, section 63; Laws 2018, chapter 214, article 1, section 16, subdivision 11, as amended; Laws 2021, First Special Session chapter 5, article 1, section 4, subdivision 4; article 4, section 143; Laws 2022, chapter 39, section 2; proposing coding for new law in Minnesota Statutes, chapters 4; 41A; 123B; 160; 161; 162; 168; 169; 171; 174; 219; 289A; 290; 297A; 473; proposing coding for new law as Minnesota Statutes, chapter 168E; repealing Minnesota Statutes 2022, sections 160.05, subdivision 2; 167.45; 168.121, subdivision 5; 168.1282, subdivision 5; 168.1294, subdivision 5; 168.1299, subdivision 4; 168.345, subdivision 1; 168B.15; 169.829, subdivision 2; 171.06, subdivision 3a; 299A.705, subdivision 2; 360.915, subdivision 5; 473.1467; 473.408, subdivisions 6, 7, 8, 9; Laws 2002, chapter 393, section 85; Minnesota Rules, parts 7411.0530; 7411.0535; 8835.0350, subpart 2."

We request the adoption of this report and repassage of the bill.

House Conferees: Frank Hornstein, Erin Koegel, Brad Tabke, Jeff Brand

Senate Conferees: D. Scott Dibble, Kelly Morrison, Jim Carlson, Jennifer McEwen

Senator Dibble moved the foregoing recommendations and Conference Committee report on H.F. No. 2887 be now adopted, and that the bill be repassed as amended by the Conference Committee.

The roll was called, and there were yeas 34 and nays 31, as follows:

Those who voted in the affirmative were:

Boldon	Frentz	Kupec	Mohamed	Putnam
Carlson	Gustafson	Latz	Morrison	Rest
Champion	Hauschild	Mann	Murphy	Seeberger
Cwodzinski	Hawj	Marty	Oumou Verbeten	Westlin
Dibble	Hoffman	Maye Quade	Pappas	Wiklund
Dziedzic	Klein	McEwen	Pha	Xiong
Fateh	Kunesh	Mitchell	Port	

Pursuant to Rule 40, Senator Boldon cast the affirmative vote on behalf of the following Senators: Hawj, Mann, Pha, and Port.

Those who voted in the negative were:

Abeler	Drazkowski	Howe	Lucero	Weber
Anderson	Duckworth	Jasinski	Mathews	Wesenberg
Bahr	Eichorn	Johnson	Miller	Westrom
Coleman	Farnsworth	Koran	Nelson	
Dahms	Green	Lang	Rarick	
Dornink	Gruenhagen	Lieske	Rasmusson	
Draheim	Housley	Limmer	Utke	

Pursuant to Rule 40, Senator Jasinski cast the negative vote on behalf of the following Senators: Bahr, Coleman, Duckworth, and Lang.

The motion prevailed. So the recommendations and Conference Committee report were adopted.

H.F. No. 2887 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 34 and nays 32, as follows:

Those who voted in the affirmative were:

Boldon	Frentz	Kupec	Mohamed	Putnam
Carlson	Gustafson	Latz	Morrison	Rest
Champion	Hauschild	Mann	Murphy	Seeberger
Cwodzinski	Hawj	Marty	Oumou Verbeten	Westlin
Dibble	Hoffman	Maye Quade	Pappas	Wiklund
Dziedzic	Klein	McEwen	Pha	Xiong
Fateh	Kunesh	Mitchell	Port	

Pursuant to Rule 40, Senator Boldon cast the affirmative vote on behalf of the following Senators: Hawj, Mann, Pha, and Port.

Those who voted in the negative were:

Abeler	Drazkowski	Howe	Limmer	Utke
Anderson	Duckworth	Jasinski	Lucero	Weber
Bahr	Eichorn	Johnson	Mathews	Wesenberg
Coleman	Farnsworth	Koran	Miller	Westrom
Dahms	Green	Kreun	Nelson	
Dornink	Gruenhagen	Lang	Rarick	
Draheim	Housley	Lieske	Rasmusson	

Pursuant to Rule 40, Senator Jasinski cast the negative vote on behalf of the following Senators: Bahr, Coleman, Duckworth, and Lang.

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MEMBERS EXCUSED

Senator Miller was excused from the Session of today from 12:00 noon to 12:20 p.m. Senator Pratt was excused from the Session of today at 6:20 p.m.

ADJOURNMENT

Senator Dziedzic moved that the Senate do now adjourn until 10:30 a.m., Monday, May 22, 2023. The motion prevailed.

Thomas S. Bottern, Secretary of the Senate

